

Corporate Asset Management Plan

Economic Development

AGENDA ITEM:

PORTFOLIO: Leader of the Council and Cabinet Member for Economic Development, Cabinet Member Corporate Services & Performance

Reason for this Report

1. To enable Cabinet to consider and approve the Corporate Asset Management Plan (CAMP) for 2016-2017.

Background

2. In November 2014 the Council, for the first time, adopted a five year Corporate Property Strategy (2015-2020), which set out a clear framework within which all property related issues can be addressed in a structured manner. The CAMP is an annual document that acts as the implementation vehicle for the Strategy.
3. The CAMP sets out various information and objectives for the operational and investment estate. It sets out key data, reinforces overarching principles for the strategy of the estate, summarises what was achieved the year before, what is planned for the year ahead and provides explicit targets relating to the reduction in the size and cost of the estate.

Issues

4. Property asset management is a key strategic activity which aligns service strategies with the property estate. It ensures optimisation of property assets in a way which best supports the organisations business goal and objectives.
5. The requirement for asset management is based on treating property as a corporate resource. The importance of the corporate approach is due to the significant costs and value of the Council estate and its importance in assisting with the delivery of effective Council services. Property can also act as an enabler for service change and modernisation.
6. The overarching principles for the asset management of the Council estate is best summarised in the Property Strategy strapline 'Fewer but better buildings'. The key principles of rationalisation, modernisation and

collaboration essentially work towards a smaller, more efficient and fit for purpose modern estate. The targets set out in the CAMP include reducing the maintenance backlog, reducing running costs and generating capital receipts.

7. The CAMP provides a snap shot at a given point in time, however the nature of the property market and changes in demands on services means asset management is a dynamic operation.
8. CAMP 2015/16. The targets and end of year achievements for the CAMP 2015/16 are shown below.

		Building GIA (sqft)	Maintenance Backlog	Running Cost (14/15)	Capital Receipts
Achieved 2015/16	Achieved figure	274,083	£4,440,123	£987,867	£6,869,352
	Percentage	3.5	4.3	2.7	n/a
Reported AMP target 2015/16	Target figure	273,549	£4,300,000	£1,620,000	£6,200,000
	Percentage	3.5	4.1	4.5	n/a

9. CAMP 2016/17. The new targets for this year's CAMP are:

	Building GIA (sqft)	Maintenance Backlog	Running Cost (14/15)	Capital Receipts
Target figure	325,651	£4,500,000	£1,600,000	£7,300,000
Target Percentage	4.2	4.3	4.4	n/a

10. The CAMP will be implemented through the Asset Management Board (AMB) which is chaired by the Chief Executive. This board provides a strategic and corporate oversight across the Council's objectives. The board is supported by the Asset Management Working Group, a group of senior managers from across various service areas who assess and review opportunities to make better use of the estate in more detail.
11. In addition to the internal Council review of the estate the CAMP will also consider opportunities to work closer with other public sector partners. There will be quarterly meetings with Chief Executives from other public sector bodies which will deliberate ideas to better collaborate and this will be supported with bi-monthly working group meetings with property managers who will deliberate and implement ideas.
12. The CAMP will also align with the Operational Development Programme to ensure a structured approach that aligns with other Council objectives.

Conclusion

13. The CAMP sets out objectives and targets for the Council's property estate. The overarching principles being to continuously challenge the estate in order to make it more efficient and modern.

Local Member consultation (where appropriate)

14. Member engagement will take place through the implementation of the plan.

Reasons for Recommendations

15. To enable Cabinet to consider the 2016-17 asset management progress, objectives and principles.

Financial Implications

16. This report has no direct financial implications. Property assets used by the Council influence a significant part of service delivery and also form a large part of the revenue and capital budget of the authority. A sustainable and efficient property portfolio, based on a Corporate Asset Management Plan, will result in savings in expenditure and allow prioritisation of limited resources to assets essential in delivering improved services.
17. The budget report 2016/17 highlighted the need for the Council to make savings in relation to its property estate. The release of property, based on a Corporate Asset Management Plan, will result in savings in revenue expenditure from the operating costs of holding property. These will contribute towards the additional savings target of £1.25M proposed from office accommodation under the 'Addressable Spend' part of the budget.
18. The budget report has also consistently highlighted the need for the Council to undertake additional borrowing in order to support the Council's Capital Programme. The capital programme includes allocations to address property condition as highlighted in this report, however significant allocations are not affordable and relinquishment of assets can help minimise the backlog and allow the resources that do exist, to be prioritised on assets that are intended to be retained and essential in service delivery.
19. The budget report 2016/17 indicated that within the financial climate of reducing revenue resources it is clear that all necessary actions must be taken to reduce both initial capital expenditure by accelerating a reduction in the Council's asset base within a limited timeframe and also the subsequent need to borrow.
20. The role of the Asset Management Board is key in ensuring strategic and affordable choices are made in relation to property retention, acquisition and disposal, securing holistic solutions which consider both revenue and capital budgets.
21. This report highlights a range of property Initiatives, such as reducing the size of the estate, reducing the maintenance backlog, reducing running costs and generating capital receipts. These initiatives potentially have a range of differing financial implications which will need to be considered in conjunction in Financial Services, as the strategy is implemented. The

financial implications of such initiatives will be reported as part of the Asset Management Board arrangements, identified in the report.

22. Properties identified for disposal should be done so promptly in order to minimise revenue costs associated with holding onto surplus property

Legal Implications

23. The Council has an obligation to ensure value for money in its management, acquisition and disposal of land and property as public assets

RECOMMENDATION

24. The Cabinet is recommended to approve the attached 2016/17 Corporate Asset Management Plan.

Neil Hanratty
July 2016

The following appendices are attached:

- 2016-17 CAMP