
REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 7
DATE OF MEETING:	4th DECEMBER 2008	CATEGORY: DELEGATED
REPORT FROM:	DIRECTOR OF CORPORATE SERVICES	OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (595811)	DOC: u/ks/amp/amp covering report 08
SUBJECT:	ASSET MANAGEMENT PLAN 2008 to 2011	REF:
WARD (S) AFFECTED:	ALL	TERMS OF REFERENCE: FM 01

1.0 Recommendations

- 1.1 That the Council's Asset Management plan for 2008 to 2011 is considered and approved.
- 1.2 That the Plan is reviewed and updated as necessary and at least on a yearly basis.

2.0 Purpose of Report

- 2.1 This report updates the Council's Asset Management Plan (AMP).
- 2.2 Having reviewed the Council's medium-term financial and capital investment strategies at its October meeting, the Committee is now asked to consider and review its arrangements for managing the Council's assets prior to the 2009/10 budget round.

3.0 Executive Summary

- 3.1 The AMP sets out the Council's property related requirements and the way in which it intends to manage its non-housing related property portfolio. It is the framework, which details the principles and practices on which the Council deals with asset management.
- 3.2 It is a policy statement, but it also acts as a status and progress report on current arrangements and how those arrangements are to be strengthened, where necessary, to improve performance.

National Position

- 3.3 There continues to be a clear signal from the Government that they wish to see all Councils improving their arrangements for asset management and that

it contributes to the Value for Money agenda announced in last year's Comprehensive Spending Review (CSR 07).

3.4 Indeed the 2009 Comprehensive Area Assessment identifies asset management as one of the 3 key areas for meeting the Government's Value for Money agenda. The plan sets out what the Government will expect from asset management in the future and how the Council will look to address this, the key messages being:

- A focus on outcomes (not just process).
- Partnership working
- Community involvement in the management of assets
- Sustainability

Use of Resources Assessment

3.5 Asset management is currently reviewed by the Council's External Auditors in its annual Use of Resources Assessment.

3.6 The Council's AMP reflects requirements in this assessment and those that will be expected in the future as summarised above.

3.7 In particular, the associated work plan highlights the need to more formally assess the suitability of assets and how they can be made more efficient. This includes a focus on disposing or replacing inefficient assets through options appraisal.

The Council's Portfolio

3.8 The Council has a mixture of operational assets (used to provide a service) such as offices, depots and leisure centres, and non-operational, investment assets such as industrial and shop units leased to tenants.

3.9 The Council has a varied property portfolio and the current asset register shows 142 individual properties as summarised in the following table.

ASSET	NUMBER
Town Hall	1
Civic Offices	1
Depot	1
Leisure Centres	2
Village Halls	3
Community Rooms	10
Bungalow (Forestry Centre)	1
Craft Units (Forestry Centre)	7
Off Street Car Parks	20
Public Conveniences	9
Pavilions and Changing Rooms	15
Cemetery Sites	2
Industrial Site (factory)	1
Industrial Units (on 2 sites)	41

Town Centre Shops Units	12
Restaurants and Cafés	2
Other Shop Units (Linton)	3
Bus Station	1
Market Hall	1
Other Properties comprising: Coton in the Elms former Band Room, Eureka Park tool shed, Former Winding House, Woodhouse Street, Snooker Annexe, Store to r/o of Snooker Hall, Bank House, Garage rear of Bank House, Offices for the Job Centre, The Delph, Grove Hall (now separate from Greenbank Leisure Centre).	9

3.10 In addition, the Council owns 370 acres of parks and open spaces and 21 acres of land awaiting development.

Recent and Current Performance

3.11 As highlighted above, the Council's asset management arrangements are subject to annual review by the Audit Commission under the Use of Resources Assessment. The assessment for 2005 evaluated the Council as being "below minimum requirements – inadequate performance."

3.12 This was expected, as it was only in 2005 that the Council invested additional resources into asset management and gave it a separate identity in a revised senior management restructure.

3.13 During 2005/06, a new Property Services Unit was set-up that began the work of improving the Council's asset management arrangements.

3.14 Consequently, the Council was successful in improving its overall score from a level 1 to a level 3 in 2006, i.e. "consistently above minimum requirements and performing well." This was maintained in 2007 and is expected to do so for 2008.

Resourcing Property Services

3.15 The Council's Property Services has 2 full-time qualified property surveyors supported by a technician. A freelance surveyor is also employed on a part-time basis to deal with the Council's Disposals Programme. Some external support via the County Council is also used to deal with stock condition surveys.

Property Records

3.16 It cannot be overstated just how important it is to have good quality, up-to-date property records to make informed decisions. The Council has built upon the significant progress made in previous years with the continuous improvement

of its property records and implementation of a computerised asset management system (the Asset Register).

- 3.17 The Council now has a good base and will continue to improve its property records on an ongoing basis as data changes and improves.
- 3.18 In addition, Legal Services, working in conjunction with Property Services, have completed the process of carrying out voluntary registration of all Council owned land and the Council's land ownership terrier has been updated.

Disposal of Assets Deemed Surplus to Requirements

- 3.19 The Council has adopted a Corporate Disposals Policy. A number of pieces of land have been identified as surplus to requirements and reports have been taken to this Committee recommending disposal where appropriate.
- 3.20 Again, this is on-going work in order to generate receipts to reinvest in capital projects. Each piece of land will continue to be subject to an options appraisal and judged on its own merits. This could include public open space.
- 3.21 It is normal to dispose of land at best consideration to the Council, in order to satisfy Section 123 of the 1972 Local Government Act. This may include provisions to protect the future interests of the Council and to benefit from increased asset values post sale.
- 3.22 The plan also allows for the purchase of assets, including land where this is deemed appropriate to meet service needs. In particular, this could be utilised to provide additional cemetery space in the future.

Planned Maintenance

- 3.23 During 2005/06, the Council commissioned stock condition surveys on a rolling programme basis. A pilot covering 10% was completed in the first year. The aim is to cover the entire portfolio over 5-years with completion by April 2010.
- 3.24 Whilst to date 45% of the total number of assets has been surveyed, this proportion actually equates to over 60% of the total floor area, as all major assets have been inspected. Further surveys will be commissioned over the life of this Plan for the remainder.
- 3.25 From this, a work plan has been produced to address the potential backlog maintenance that the Council could face based upon the surveys. Capital resources have been set-aside in a planned maintenance programme to deal with the maintenance liability.
- 3.26 Consequently, works have been commissioned and completed over the last 3 years. This includes work to make Council buildings and the services within, more accessible.

Backlog Maintenance

- 3.27 We have now reviewed the latest Priority 1 and 2 Condition Schedule, which details the works that should ideally be undertaken within the next 2 years.
- 3.28 Repairs which are tenant responsibility, deemed inappropriate or have already been undertaken have been identified and, as a consequence, the estimated cost of these works has reduced from a previous total of £1.47m to £755,000, of which £25,000 is deemed essential.
- 3.29 A further review will now be undertaken to progress the repairs in a priority order based on condition, usage and value for money. Having regard to the remaining repairs budget we intend to commission works totalling £150,000 in the first quarter of 2009 – this will include the essential works of £25,000.
- 3.30 The work plan will be revised when more properties have been surveyed or when there is a change in the data that it relies upon.
- 3.31 Again, with the benefit of continuous improvement of data over time and resurveys, the Council will have a clearer indication of its total maintenance liability and will be able to plan for it effectively.

Next Stage - the Proposed Work Plan (Appendix 1)

- 3.32 Although the Council currently satisfies all assessment criteria to Level 3 Use of Resources, the Authority's arrangements for asset management are subject to continuous improvement.
- 3.33 It is considered that work still needs to be completed in order to reach the higher levels set out in the annual assessment regarding asset management and for that being proposed by the Government.
- 3.34 Consequently, the work plan to drive forward areas of continuous improvement has been reviewed and is detailed in **Appendix 1**. This will be subject to further review in order to meet any future changes in requirements and service delivery.
- 3.35 The main focus will be on assessing the suitability of assets (using improved performance indicators and existing data) and how they can be made more efficient. This includes assessing disposal or replacing inefficient assets.
- 3.36 It is anticipated that during the lifetime of this Plan, alternative locations or uses for one or two key assets will be appraised. This may result in some change to service provision.
- 3.37 In addition, the current disposals programme (mainly affecting "surplus" land) will continue to be progressed. This will enable capital resources to be generated for reinvestment and/or improvement to community facilities at a local level.

Energy Performance

- 3.38 Energy performance has now being surveyed in accordance with recent legislation, and consideration will now need to be given to appropriate works necessary to improve this performance where practicable.
- 3.39 We have now obtained the two types of energy certificate required for new and existing commercial buildings: Energy Performance Certificates (EPC) for our void, non operational buildings and Display Energy Certificates (DEC) for our public buildings over 1,000 sq m.
- 3.40 Each building is given an operational rating which assesses how well it has operated based on actual energy consumption information. Each EPC will require renewal every 10 years and each DEC every year. An analysis of ratings and performance is shown in the following tables.

Display Energy Performance Certificates

Property	Energy	CO2	Water
Civic Offices	F	F	D
Darklands Depot	B	B	G
Green Bank Leisure Centre	G	G	B
Melbourne Leisure Centre	F	F	E

* Ratings from A – G with A being the most efficient.

Energy Performance Benchmark

Property	Gross Internal Area (m ²)	Actual Consumption ^{*1}		Benchmarks Typical Consumption ^{*2}		Difference Typical ^{*3}	
		Gas (kWh.m ⁻²)	Elec (kWh.m ⁻²)	Gas (kWh.m ⁻²)	Elec (kWh.m ⁻²)	Gas (%)	Elec (%)
Civic Offices	4399	108	96	143	81	-24%	19%
Darklands Depot	2035	203	31	311	39	-35%	-20%
Green Bank Leisure Centre	4961	640	129	1321	258	-52%	-50%
Melbourne Leisure Centre	1070	282	23	343	105	-18%	-78%

^{*1} 2007 consumption figures

^{*2} Benchmarked using Energy Consumption Guide (ECG) 087

^{*3} Negative differences indicate lower consumption: positive indicates higher consumption

Conclusion

Overall the four key buildings consume less gas and electricity than typical model buildings, with the sole exception of the consumption of electricity at the Civic Offices. Measures are being put in place to reduce the electricity usage at the Civic Offices such as lighting sensors and regular checks on electrical equipment usage.

Energy Performance Certificates

Property	Actual*	Similar Age*
Unit 3 George Holmes Business Centre	D	D
Unit 11 George Holmes Business Centre	C	C
Unit 20 George Holmes Business Centre	D	C

*Ratings from A – G with A being the most efficient

4.0 **Detail**

- 4.1 The detailed AMP is available on the Council's web-site at <http://www.south-derbys.gov.uk/CouncilGovernmentDemocracy/Councils/CouncilTaxAndFinance/property/?qsNavSetting>
- 4.2 The work plan is attached to this report as **Appendix 1**. This also shows progress against current assessment criteria together with legislative requirements and provides a summary of the main work areas.

5.0 **Financial Implications**

- 5.1 No direct implications with formulating and updating the AMP.

6.0 **Corporate Implications**

- 6.1 Land and Property is the largest resource after the Council's workforce. Consequently, the efficient management and use of the assets can be a key factor in the performance of service provision.

7.0 **Community Implications**

- 7.1 A key theme of the AMP is contributing to the vision and priorities of the Council and meeting service requirements. These are largely formulated after consultation with the local community and other stakeholders.
- 7.2 The Plan has been subject to the Council's Equality Impact Assessment and has been "screened" as Medium. Evidence suggests that different groups of people may have different needs when it comes to accessing services in Council property.
- 7.3 Such issues are dealt with as part of the plan based on accessibility audits. Any reasonable adjustments identified form part of the subsequent maintenance programme.
- 7.4 In addition, the AMP can provide opportunities to promote equality more effectively. For example, new and upgraded facilities can be designed and constructed with equality issues in mind.