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REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 12
DATE OF MEETING:	25 JULY 2002	CATEGORY: DELEGATED
REPORT FROM:	CHIEF EXECUTIVE	OPEN
MEMBERS' CONTACT POINT:	DAVID SOANES (EXT 5714)	DOC:
SUBJECT:	ASSET MANAGEMENT PLAN	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: FM01

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## 1.0 Recommendations

1.1 Members are asked to approve the Asset Management Plan set out at Appendix A

## 2.0 Purpose of Report

2.1 This report seeks Member approval for the third annual Asset Management Plan (AMP).

## 3.0 Detail

3.1 The Council produced its first formal Asset Management Plan last year, following on from the initial 'dry run' document. This achieved a 'satisfactory' assessment from the Government Office East Midlands (GOEM).

3.2 Progress over the last year has been mainly through the Asset Management Best Value Review. The review's Final Report, Baseline Assessment and Improvement Plan will be completed shortly and brought before this committee for approval. However, as a number of references have been made to the review within the AMP, a draft Improvement Plan (which has yet to be finalised) has been annexed (B) for reference.

3.3 All authorities are now required to report on five property performance indicators (pPI's). Details can be found in Annex A, which also reports performance of several other indicators.

- **pPI 1 - Objective** - To measure the condition of the asset for its current use. To show the severity and extent to which maintenance problems affect the portfolio. To assist in the development of detailed information on backlog relating to both revenue and capital expenditure.

- *Indicator - A* - % gross internal floorspace in condition categories A-D

- *B* - Backlog of maintenance by cost expressed as a % in priority levels 1-4 and by value

Figures have to be reported by main CIPFA category i.e Operational (Other land & buildings) and Non-operational general

- **pPI 2 - Objective** - To demonstrate the justification, in financial terms, for maintaining an investment portfolio. It will ensure accountability for investment decisions illustrating the financial advantages and disadvantages of holding/disposing of assets in the investment portfolio
    - *indicator* - Current internal rate of return (IRR) for the portfolio expressed as an average for (a) industrial, (b) retail and (c) agricultural investment property
  - **pPI 3 - Objective** - To measure the cost and efficiency of property services provision
    - *indicator* - Annual Management costs per sq.m
      - (a) Total for operational property
      - (b) Total for non-operational property
  - **pPI 4 - Objective** - To encourage reduction of property revenue running costs over time and year on year energy efficiency
    - *indicator* - *A* - Revenue running costs per sq m
    - *B* - To measure CO2 emissions in tonnes of carbon dioxide per sq m for operational property. Provide a baseline for July 2002
  - **PPI 5 - Objective** - To measure improvement in the delivery of capital projects against set time/budget targets. For projects where the authority is both in sole charge and is the controlling partner
    - *indicator* - *A* - % of project costs where outturn falls within +5% of the estimated outturn, expressed as a % of the total projects completed in that financial year
    - *B* - % of projects falling within +5% of the estimated timescale, expressed as a % of the total projects completed in that financial year
- 3.4 The strategy follows guidance from the DETR and DTZ Piedad Consulting, including the assessment criteria which GOEM will use to decide whether the AMP is 'poor', 'satisfactory' or 'good'. Criteria are divided into 17 primary criteria, all of which must be achieved if a 'satisfactory' assessment is to be obtained, and 26 secondary criteria, 75% of which must be achieved if a 'good' assessment is to be obtained.
- 3.5 These criteria have changed from those used last year, and some of the previous secondary criteria have now become primary requirements. The criteria were not published until May and therefore there has been little time to implement those criteria which have yet to be achieved. However, all the primary criteria appear to have been met, together with many of the secondary criteria. To fully achieve all the criteria and therefore guarantee a 'good' score will require greater corporate effort and resourcing.

- 3.6 The Asset Management Steering group, which oversaw production and monitoring of the previous AMP, has now been merged with the Capital Programme Working Group. Its' terms of reference are set out in section 1.4 of the AMP and have expanded to give it a greater role in consideration of asset matters. During the coming year the group will need to establish itself and corporately focus on asset performance and outcomes, as well as overseeing and monitoring the Best Value Improvement Plan.

#### **4.0 Financial Implications**

- 4.1 The Asset Management Planning process and Best Value Review have and will continue to provide opportunities for the Council to review the management and efficiency of its assets.
- 4.2 Achieving a 'satisfactory' or 'good' score for the AMP will result in an additional Capital allocation through the Single Pot.

#### **5.0 Corporate Implications**

- 5.1 The assessment process now has a stronger focus on performance and outcomes and this will increase in subsequent years. As mentioned above, greater corporate effort and resourcing will be required to properly meet these requirements.

#### **6.0 Conclusions**

- 6.1 A good deal of progress has been made over the last 12 months, mainly through the Best Value Review and the collation of performance data.
- 6.2 The Asset Management and Monitoring Group must work corporately to address the many issues which need to be pursued, including the delivery and monitoring of the Best Value Review Improvement Plan. The final report of this review will shortly be brought to this committee for its' approval.

#### **7.0 Background Papers**

- 7.1 Asset Management Plan 2001

