
REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM:	12
DATE OF MEETING:	24 JULY 2003	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

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 2003 Asset Management Plan (AMP) and gives details of the Council's performance against the national property performance indicators.

3.0 Detail

3.1 The Council is required to produce an annual Asset Management Plan setting out, against government guidelines, the progress it has made in developing its Asset Management arrangements.

3.2 Progress over the last year has been mainly through the rolling out of the Asset Management Best Value Review Improvement Plan (which was approved by Members in February 2003). Actions currently being progressed include the development of a Corporate Property Strategy, development of corporate guidance on holding, managing and disposing of assets, a review of committee terms of reference relating to asset management, development of a home working policy, undertaking disability access audits of public buildings, and developing a centralised asset IT system.

3.3 In addition, the 2002 AMP also included an Action Plan which set out a number of additional action points. Progress on these is set out in section 6.1 of the AMP.

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

3.5 **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 % and by value in priority levels 1-3

A = Good - performing as intended and operating efficiently

B = Satisfactory - performing as intended but showing minor deterioration

C = Poor - showing major defects and/or not operating as intended

D = Bad - Life expired and/or serious risk of imminent failure

1 = Urgent works that will prevent immediate closure of premises and/or address an immediate high risk to the health and safety of the occupants and/or remedy a serious breach of legislation

2 = Essential work required within two years that will prevent serious deterioration of the fabric or services and/or address a medium risk to the health and safety of the occupants and/or remedy a minor breach of the legislation

3 = Desirable work required within 3 to 5 years that will prevent deterioration of the fabric or services and/or address a medium risk to the health and safety of the occupants and/or a minor breach of the legislation.

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

The figures shown in annex A to the AMP show that the majority of the Council's properties are in category B - satisfactory, but that some are in category C - poor.

The total value of the maintenance backlog is £135,720. The majority of this is non-urgent work related to the Civic Offices and Depot.

A service growth bid was submitted in October 2002 requesting that £25,000 be allocated each year to deal with this backlog. The bid was unsuccessful but has been resubmitted in the July 2003 additional bidding round.

According to local benchmarking data, we about average in respect of indicator A, and in the upper quartile for indicator B (i.e we have a smaller backlog than many authorities).

3.6 **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

According to national benchmarking data, the Council is in the lower quartile for its industrial portfolio. However, this is predominantly as a result of the units held at Boardman Industrial Estate, where the Council are locked into a long lease with a head landlord at a high rent. If this is excluded from the figures, then its performance is about average, as is the case for its retail portfolio.

3.7 **pPI 3 - Objective** - To measure the cost and efficiency of property services provision

Indicator - Annual Management costs per sq.m

The indicator only relates to strategic management of the portfolio. According to national benchmarking data, the Council is about average for this figure.

3.8 **pPI 4 - Objective** - To encourage efficient use of assets over time and year on year improvements in energy efficiency

Indicator A - Repair & maintenance costs per sq.m GIA

B - Energy costs per sq.m GIA (gas, electricity, oil, solid fuel

C - Water costs per sq.m GIA

D - CO2 emissions in tonnes of carbon dioxide per sq m for operational property.

According to national benchmarking data, the Council's costs (indicators A, B & C) are in the upper quartile (i.e they are low compared to other authorities), whilst its CO2 figures are about average.

3.9 **pPI 5 - Objectives** - To measure and monitor the performance of the whole authority in the delivery of capital projects in terms of costs and time predictability. To impact on the prioritising process for projects and the associated local performance measures and monitoring systems put in place.

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

According to national benchmarking data, the Council is in the upper quartile for indicator A and about average for indicator B.

3.10 The strategy follows guidance from the ODPM 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.

3.11 The Council's 2002 document was scored as 'satisfactory'. We achieved approx 70% of the secondary criteria, so were just short of a 'good' score.

3.12 In preparing this years submission, we have concentrated on meeting the secondary criteria which we failed last year. Certain of the criteria are impossible for us to meet

at this moment in time, although the actions put in place under the Best Value Improvement Plan will mean that we will meet all the criteria in the next 2 or 3 years. However, we should have made sufficient progress against other criteria to achieve a 'good' score for this AMP.

3.13 The benefits of obtaining a 'good' score are that the Council receives additional resources from the Single Capital Pot and that it will not need to submit its AMP to GOEM in future years, as is the case with the Council's Capital Strategy.

3.14 The Asset Management and Monitoring group oversees the development and monitoring of the AMP, as well as the Capital Strategy, Capital Programme and Best Value Improvement Plan. Its' terms of reference are set out in section 1.4 of the AMP. Over the last year the group has begun to consider many other asset management issues, including consideration of issues being submitted to committee.

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 'good' score for the AMP will result in an additional Capital allocation through the Single Pot.

5.0 Corporate Implications

5.1 The AMP assessment process now has a stronger focus on performance and outcomes and this will increase in subsequent years. The Best Value Improvement Plan is providing opportunities to improve a number of areas of strategic asset management. However, greater corporate effort and resourcing will be required to properly address some of these requirements.

6.0 Conclusion

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, and it is hoped that a 'good' score will be obtained for this years AMP.

7.0 Background Papers

7.1 Asset Management Plan 2002
Best Value Improvement Plan