

CORPORATE ASSET MANAGEMENT PLAN 2012/13

1. INTRODUCTION

- 1.1 The Council's Corporate Asset Management Plan describes the arrangements which the Moray Council has made for Asset Management Planning; links the asset management planning process to other key concerns of the Council; highlights progress in the preparation of Asset Management Plans for the six main categories of asset, and includes an Action Plan for the coming year.
- 1.2 The Plan also seeks to make explicit the links which exist between the Asset Management Planning process and the Financial Planning process, particularly Capital Planning, and this is addressed throughout the Plan.
- 1.3 The Corporate Action Plan has been prepared according to the guidelines set out in the CIPFA Guide to Asset Management and Capital Planning ("the CIPFA Guide").

2 BACKGROUND

- 2.1 The Asset Management Working Group was established to develop and oversee overall asset management arrangements within Moray Council. A key task for the Group is to assist in the development of proposals for capital expenditure based on asset management principles. These proposals are then fed into the Council's financial planning process. They aim to establish appropriate expenditure plans for the medium term. On 17 January 2012 the Council approved a ten-year Capital plan.
- 2.2 The Group is also responsible for developing the corporate asset management framework and for overseeing progress on the development of individual asset management plans. Progress on the development of asset management planning is reported to the Policy and Resources Committee, which approves the Corporate Asset Management Plan on an annual basis.
- 2.3 Asset Management Planning is closely linked to Capital Planning, and has come of age in local government under the Prudential Code. Long-term affordability is therefore a major concern for asset management planning. The Corporate Asset Management Plan places this under the umbrella of sustainability and this will be discussed from three aspects – financial sustainability, environmental sustainability and economic sustainability – in section 3 of the Plan.
- 2.4 As well as affordability, the Asset Management process aims to achieve efficiency in terms of use of assets, and maximisation of value in terms of asset disposal.

- 2.4 The CIPFA Guide identifies the six main categories of asset for asset management planning as: property, open space, roads and associated structures, housing, fleet and ICT. Asset Management Plans should be based on robust data about the number of assets in each category; their condition; suitability for use; sufficiency for use, and revenue cost of use. They should set targets for performance; relate to service plans for future delivery of service; identify investment needs; support the Single Outcome Agreement or other Council policy priorities.
- 2.5 In order to better reflect local priorities and operational needs two of these main categories have been subdivided. Property is subdivided into the School Estate and Offices and Other properties; Roads etc is subdivided into Roads and directly associated infrastructure; Harbours; Flood Alleviation Schemes.
- 2.6 Assessment of current progress on preparation of asset management plans for each asset type is key to the actions proposed to develop asset management during future financial years and this is summarised in section 4 of the Plan.
- 2.7 The Action Plan for 2012/13 forms section 5 of the Plan.

3. SUSTAINABILITY

3.1 Financial Sustainability

- 3.1.1 For the Council to be able to assess the sustainability of its asset base, it must have good quality information on the condition of its assets and use this to estimate the cost to the Council of maintaining each asset over its expected life.
- 3.1.2 Good progress has been made in obtaining and analysing condition data on the Council's assets. In order to use this information as a predictive tool, the Council must set target standards for its assets – the higher the standard, the more costly the asset will be to maintain to that standard.
- 3.1.3 The Capital Strategy approved on 10 May 2011 identified the need to set target standards for the School Estate and for the road and associated infrastructure network. These assets were identified as potentially the most costly and because of the high level of backlog maintenance identified as the asset areas posing most risk to the Council.

- 3.1.4 Target standards for the School Estate were approved by Council on 28 September 2011. The Road Asset Management Plan contains good quality information which will enable target standards to be set for that asset category. The processes used for these assets are different, but common themes can be discerned. It is proposed that a corporate approach to developing target asset standards is developed in 2012/13, to ensure a consistent underpinning of the Council's asset management plans and to facilitate future planning.
- 3.1.5 In tandem to this it is proposed to commence the process of identifying the short to medium term cost of maintaining the Council's current asset base. This will require to be adjusted as target standards are agreed, but will build upon the work already done in informing the development of the capital plan, by mirroring this with revenue maintenance requirements. A complete picture of the cost to the council can then be arrived at.
- 3.1.6 Arising from this work is the continued requirement to keep the Capital Plan under review, to reflect changing Council requirements and changing external influences.
- 3.1.7 The Council's Capital Strategy sets out the principles underlying the Capital Planning process and in doing so describes how Asset Management Planning and Capital Planning inter-relate.

3.2 Environmental Sustainability

- 3.2.1 The Council has invested in energy efficiency projects and benefited from funding from the Central Energy Efficiency Fund and a capital grant from the Scottish Government. The Council has established a Working Group to reduce the Council's carbon footprint. Target energy efficiency savings will be developed and approved as this process develops. The Property Asset Management Group conducts post-project evaluation reviews of energy efficiency projects. Proposals for capital projects will seek to maximise environmental benefits, balanced with cost to the Council. Some policy initiatives are cross-cutting between environmental and economic sustainability – particularly those referring to renewable energy, transportation and flood risk alleviation.
- 3.2.2 Environmental considerations will remain an important consideration in the development of individual asset management plans and in developing individual projects. The development of the Annexe notably incorporated energy efficient features and significantly increased the environmental performance of the building. The Corporate Plan acknowledges the importance of environmental sustainability but no specific actions are proposed corporately for 2012/13.

3.3 Economic Sustainability

- 3.1 The Council aims to support a sustainable economy in Moray and to that end supports various policy initiatives designed to support economic development locally. The development of the Moray Economic Partnership will be a key to this. Initiatives such as Elgin Traffic Management and Moray Local Transport Strategy support economic development initiatives, as does the development of the council's Industrial Estate portfolio.
- 3.2 This is a key Council priority, and potentially impacts on how the Council plans to use its assets. It is therefore of prime importance that Asset Management Planning is complimentary to economic development planning. In recognition of this growing agenda, the Asset Management Working Group now has a representative of the Council's Economic Development service as a member. A key task for 2012/13 will be to strengthen the links between Asset Management planning and Economic Development planning.
- 3.3 Economic sustainability is primarily about ensuring the Council's asset management planning process supports the economic development process with a view to joined-up planning with partners in the Moray Economic Partnership. However, there may also be potential within this sphere for maximising the Council's capital receipts, and this will be explored.

4. ASSET MANAGEMENT PLANS

4.1 Property

4.1.1 The School Estate

The Council approved target grades of B for both condition and suitability for the Moray School Estate. Improvements designed to achieve these targets are include in Capital Plan 2012 – 2022. Due to the lead-in period to achieve this there will continue to be a need for significant revenue maintenance of the School Estate during the period of upgrade, and thereafter continued increased expenditure to maintain the schools at the target standard. Work on the Schools Estate Management Plan is well-progressed and will be used as a template to identify similar issues for other Council properties, to ensure a consistent approach.

4.1.2 Non-school properties

A Property Asset Management Strategy was approved by Policy and Resources Committee on 11 October 2011. The action plan in the strategy identifies the timescale for production of Property AMPs and this will be monitored by the Property Asset Management Working Group. Service Property AMPs will underpin the Corporate Property Investment Plan, which will provide information to feed into the financial planning process. The target for having this information is September 2012. Options for targets for condition and suitability will be developed, and these will have implications for cost. An overview of potential cost pressures has already been fed into the Council's financial planning process.

4.1.3 Office Accommodation

The Designing Better Services Property Theme includes the Council's office accommodation requirements and this has been the main vehicle to date for developing property asset management planning for offices from the angle of sufficiency. The Council has recognised that there is scope to achieve efficiency savings from the office estate by adapting offices to more flexible patterns of working. The DBS business case for Elgin office accommodation is based on achieving such efficiencies. Out of Elgin office requirements are the next subject for review.

4.1.4 Other operational buildings

The Property Asset Management Working Group leads development of asset management planning in this area. The council has recognised the need to invest in its leisure facilities in the Capital Plan for 2012 – 2022. The Council recognises Community Asset Transfer as a corporate priority, and this has potential to impact on asset management planning.

4.1.5 Industrial Estates

The annual report on Industrial Estates is the vehicle for asset management planning for the Council's industrial portfolio. This is a well established process, and proposed developments of the Estates are assessed for return on capital employed.

4.2 Open Space

4.2.1 The category of Open Space is a recent addition to the categories for Asset Management Planning, and consistent, complete and robust information has yet to be established, although there is a variety of information held by different departments. This is not considered to be a high priority for the Council's asset management process, however the position will be kept under review, to mitigate the risk to the Council of an unexpected asset failure.

4.3 Roads

4.3.1 Roads and related infrastructure

A draft Roads Asset Management Plan has been completed, following a nationally developed model, and was reported to Economic Development and Infrastructure Services Committee on 13th March. The Plan identifies areas where asset infrastructure requires improvement, and identifies the need for asset condition standards to be approved by Council. The Plan addresses the specific lifecycle requirements of 5 different component assets: carriageways; footways, footpaths and cycle tracks; structures (road bridges, foot bridges and retaining walls); street lighting, and street furniture. The information on condition contained in the Plan was used in the preparation of the Capital Plan 2012 – 2022 as an indication of the required level of investment in Moray's roads. This will require to be monitored and revisited as target standards are developed and set.

4.3.2 Elgin Traffic Management

Elgin Traffic Management has been specifically identified as a Council priority, and an agreed scheme of development is being progressed as a separate project from general roads asset management.

4.3.3 Harbours

The Council has recognised the need to invest in harbours to (a) upgrade the infrastructure and facilities and (b) facilitate economic development. A key focus this year has been to review the options for future dredging operations at the Council's harbours. It is intended that all these strands will be brought together into an asset management plan for harbours. There is good information on the condition of the harbours.

4.3.4 Flood Alleviation Schemes

The major Flood Alleviation Schemes are the most costly items in the Capital Plan. They conform to Asset Management best practice by including whole life costing of their development.

4.4 Housing

The asset management process is well developed in Housing. The Standard Delivery Plan informs the Council's Housing Business Plan, and this is updated annually to reflect progress to date and revised expenditure requirements arising from service developments and changes in the environment in which the service operates. The objective of the Housing Standard Delivery Plan is to achieve the Scottish Housing Quality Standard by the nationally-set target of 2015. Progress towards this target is reported annually, to the Scottish Government. A Housing Asset Management Strategy was approved in February 2010, and the investment programme for 2011/12 was approved when the rent level was set by Special Council on 10th February 2011.

4.5 Fleet

A first draft Fleet Asset Management Plan was developed and used in the drafting of the Capital Plan 2012 – 2022. That draft identified further actions required to strengthen the Fleet Asset Management Planning process, which is driven by departmental needs, and Fleet service user departments are being consulted on a revised draft AMP. The current policy for replacing vehicles is to plan to replace them at the age assessed as being, on average, the optimum replacement age for that type of vehicle. The allowance in the capital plan is based on that desktop calculation. Actual replacement is made by reviewing the performance of each individual vehicle and projected departmental need. The DBS Transport, Vehicle and Plant theme set an efficiency target for the reduction of the Councils owned fleet by 5%, and work is progressing towards that. The draft Asset Management Plan seeks to consolidate progress in this area. It can therefore be seen that good asset management practice is being followed in terms of life-cycle costing, sufficiency and efficiency, although the finalised Plan is yet to be approved.

4.6 ICT

The use of ICT underpins all of the Council's activities, to a greater or lesser extent. It is recognised that robust asset management planning for this area is of great importance. Detailed information was used in the development of the Capital Programme 2012 – 2022, but development of a formal Asset Management Plan is not intended until after implementation of DBS, which is heavily reliant on ICT for its success. However, work is planned to map the current infrastructure (hardware and software) to enhance future planning in this area.

CORPORATE ASSET MANANAGEMENT PLAN

ACTIONS PLANNED FOR 2012/13

- 1 Identify overarching themes and develop an approach to setting corporate strategy and standards for asset management;
- 2 Establish links between the asset management planning process and the economic development planning process, to ensure economic development priorities are reflected in the Corporate Asset Management Plan;
- 3 Start to aggregate identified revenue maintenance requirements, to feed into the financial planning process;
- 4 Review the 10 year capital plan;
- 5 Review information on assets with a view to identifying gaps;
- 6 Build up an assessment of ICT infrastructure and future replacement / maintenance requirements;
- 7 Monitor progress on the development of Asset Management Plans across the 6 categories of asset.