

**CORPORATE ASSET MANAGEMENT PLAN 2017/18**

**1. INTRODUCTION**

- 1.1 The council's Corporate Asset Management Plan (CAMP) 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 CAMP 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 CAMP.
- 1.3 The CAMP 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. At that time the ten-year plan was recognised to be unaffordable, and one-year capital plans for 2013/14, 2014/15, 2015/16, 2016/17 and 2017/18 have successively been approved, pending revision of the ten-year plan. The ten-year plan was updated to reflect the Council's approved asset standards and current condition of the asset base prior to approval of the 2016/17 plan on 30 March 2016 and further reviewed prior to approval of the 2017/18 plan on 15 February 2017..
- 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 CAMP on an annual basis.

2.3 The key drivers for asset management planning are listed below:

**Driver**

Condition	This requires to be measured for each class of asset, and each asset within that class graded. The Council should set targets for condition for each asset class.
Suitability	This assesses whether or not an asset is fit for purpose.
Sufficiency	This is about asset capacity rather than asset use and reflects demand for the asset.
Revenue Costs	The costs of operating the asset.
Accessibility	Both physical accessibility – eg with the duty to make reasonable adjustments under the Equalities Act 2010 – and whether specialist knowledge is required to operate the asset, potentially restricting its use.
Value	This could be the book value of the asset, the market value or replacement value.

2.4 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 recognised 6 drivers listed above all impact on affordability. The CAMP 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.

2.5 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.

2.6 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.

2.7 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, industrial estates and offices and other properties; Roads etc is subdivided into roads and directly associated infrastructure; harbours; flood alleviation schemes.

- 2.8 Assessment of current progress on preparation of asset management plans for each asset type is summarised in section 4.
- 2.9 The Action Plan for 2017/18 forms section 5 of the CAMP.

### **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 has set target standards for every class of its assets – the higher the standard, the more costly the asset will be to maintain to that standard.
- 3.1.3 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. The latest version of the Capital Strategy was approved on 30 March 2016. The Strategy identifies the need for the Council to ascertain the optimal asset base from which to deliver services at an affordable level.
- 3.1.4 The council requires to reduce expenditure to an affordable and sustainable level over the next two years. An important part of this process will be to reduce the council's asset base; to review the standards to which the council aspires its assets to reach; to agree on an affordable level of capital expenditure, and to agree a process for prioritising capital expenditure across asset types and prioritising new developments. In the meantime, a policy of "Make Do and Mend" was approved by the council on 25 May 2016 to guide officers involved in preparatory work for capital expenditure in order to minimise the amount of abortive work that would be incurred by continuing to work on current policies and priorities.
- 3.1.5 The draft ten year plan is based on the work required to meet the council's approved standards for all asset groups. The approved plan for 2017/18 has been modified to Make Do and Mend.

#### **3.2 Environmental Sustainability**

- 3.2.1 The Council's has a target of reducing CO<sup>2</sup> from building usage by 20% by 2023.
- 3.2.2 The Council has invested in energy efficiency projects and in prior years has benefited from funding from the Central Energy Efficiency Fund and a capital grant from the Scottish Government. SALIX, a government funded body

which finances energy efficiencies in the public sector, gave an interest-free loan towards the cost of refurbishing Forres swimming pool.

- 3.2.3 The council is currently replacing all SON and SOX street lanterns with LED lanterns, a significant energy saving project.
- 3.2.3 Environmental considerations will remain an important consideration in the development of individual asset management plans and in developing individual projects. Proposals for capital projects will seek to maximise environmental benefits, balanced with cost to the Council.

### **3.3 Economic Sustainability**

- 3.3.1 Sustainable Economic Development is the Council's first priority in the 10 year Plan, Moray 2023. The Council aims to support a sustainable economy in Moray through various policy initiatives designed to support economic development locally and in particular through the development of the Moray Economic Partnership.
- 3.3.2 For asset management planning, economic sustainability has three strands: ensuring the Council's asset management planning process supports the economic development process by joined-up planning with partners in the Moray Economic Partnership; planning asset management which directly supports economic development (such as developing industrial estates or facilitating development at Buckie harbour), and managing the assets which underpin economic growth – roads, schools, housing.
- 3.3.4 Asset disposal can support financial sustainability by maximising capital or other financial receipts. Economic sustainability can also be assisted by facilitating community development and the Council's Community Asset Transfer process seeks to support local sustainable community ventures. This process has recently been incorporated more closely with the mainstream asset management planning function of the Council.

## **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 included in the nine years of the draft capital plan which cover 2018 – 2027. A programme of refurbishment, based on a whole-school approach, has been developed to bring all primary schools up to the approved standards. The preferred option for secondary schools is new build rather than refurbishment, and this option is dependent on Scottish Government funding. The approved plan for 2017/18 has been modified under Make Do and Mend to cover major elements at risk of imminent failure. The

Sustainable Education Review which was reported to Council on 3 November 2014 included consideration of the school estate. Two new schools (a secondary school and a primary school) have been built under a PPP arrangement and are operative. A further new build is underway as part of a Scottish Futures Trust (SFT) initiative, and a further SFT new build has been approved and is currently going through the preparatory stages. Four primary schools are being refurbished through a combination of Moray Council and Scottish Government funding and this refurbishment is due to be completed shortly.

#### 4.1.2 Non-school properties

A Property Asset Management Strategy was approved by Policy and Resources Committee on 11 October 2011. There is good information on the performance of all the Council's properties. Property condition information has been used to inform the ten-year capital plan.

#### 4.1.3 Office Accommodation

The Designing Better Services Property Theme included rationalising the Council's office accommodation requirements in Elgin. The completion of this project was reported to this Committee on 7 October 2014 (paragraph 10 of the Minute refers). Since then there have been reviews of office accommodation in Buckie, Forres and Keith. The need for office accommodation is kept under regular review to meet changing requirements. The integration of health and social care has led to changed requirements in those areas which are currently under discussion.

#### 4.1.4 Other operational buildings

The Property Asset Management Group leads development of asset management planning in this area. A review of depots in East Moray was reported to the Communities Committee on 13 October 2015 (paragraph 10 of the Minute refers) and to Economic Development and Infrastructure Services Committee on 20 October 2015 (paragraph 8 of the Minute refers). The review identified opportunities to rationalise use of depots and to make consequent savings by releasing industrial units for let. The review also identified opportunities to consolidate waste management facilities onto one site and preliminary estimates for the proposed facilities are included in the draft ten-year capital plan.

#### 4.1.5 Industrial Estates

The annual report on industrial estates is been the vehicle for asset management planning for the Council's industrial portfolio. The latest report was to Economic Development & Infrastructure Services Committee on 28 June 2016 (paragraph 13 of the minute refers).

## **4.2 Open Space**

- 4.2.1 A draft Open Space Strategy was approved by the Planning and Regulatory Committee on 28 February 2017. This draft strategy is applicable to more than the council's own assets but will form decisions about the council's assets as well as provide guidance for developers.
- 4.2.2 There is information on many of the structures within the council's own open spaces, but information is not complete.

## **4.3 Roads**

### **4.3.1 Roads and Associated Infrastructure**

A Roads Asset Management Plan (RAMP) was completed in April 2012, following a nationally developed model. The RAMP identified areas where asset infrastructure required improvement, and identified the need for asset condition standards to be approved by council. The RAMP addressed 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 was modified in the preparation of the financial plan for 2014/15 in which a target of reducing the standard of Moray's roads to the Scottish average over the next ten years was set.

- 4.3.2 The Council participates in SCOTS/CSS Wales partnership to continue development of Roads Asset Management Planning. A national Accounts Commission report suggested that all councils should set milestones for road improvement in their areas to assist in monitoring local roads asset management plans. The Council's target, as a target relative to other Scottish Local Authorities road standards, requires monitoring and potential modification to respond to the impact of roads asset management across Scotland.

- 4.3.3 The roads modelling exercise has been refreshed in recent months and a target recommended for the 2017/18 CAMP is to update the RAMP to take into account the new model. As part of that exercise the target standard should be reviewed to ensure that it is still considered to be appropriate.

### **4.3.3 Harbours**

During 2015/16 the Council's harbours were surveyed in order that an asset management plan for harbours could be based on up-to-date condition information. This information has been collated and analysed, and was used in the preparation of the capital plan for 2017/27.

#### **4.3.4 Flood Alleviation Schemes**

The recently constructed Flood Alleviation Schemes at Lhanbryde, Rothies, Forres and Elgin conform to asset management best practice by including whole life costing in their development. Future development of flood alleviation measures should take place within the context of the council's Flood Risk Management plans.

#### **4.4 Housing**

4.4.1 The asset management process is well developed in Housing. The Housing Standard Delivery Plan met the target of achieving the Scottish Housing Quality Standard (SHQS) by April 2015. The Moray Standard is slightly higher than SHQS. The target for Moray Standard compliance is 2018. A further national standard, the Energy Efficiency Standard for Social Housing (EESH), has a target compliance date of 2020. The Moray Standard will be reviewed in light of EESH. The Housing business plan was reviewed in November 2016. The investment programme for 2017/18 was approved when the rent level was set by council on 15 February 2017. The investment programme reflects investment priorities identified by tenants in the 2015 tenant's survey.

4.4.2 Moray 2026 includes Housing as a priority, with number, condition and energy efficiency of the housing stock all identified with targets. The Council has a fourteen year building programme which will deliver 600 new dwelling houses. These houses are being delivered with funding support from the Scottish Government as part of the Moray affordable housing supply programme. The housing is being built to high levels of sustainable design and energy efficiency, achieving the "silver" level of Building Standards. The programme is overseen by a Project Board comprised of officers from key Council services, including Housing and Property, Finance, Legal Services and Planning.

#### **4.5 Fleet**

4.5.1 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 were consulted on a revised 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.

4.5.2 The DBS Transport, Vehicle and Plant theme set an efficiency target for the reduction of the Councils owned fleet by 5%. That target was partially achieved. The 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.

- 4.5.3 A desk-top review of the replacement requirements of the Council's fleet was carried out as part of the process of revising the Council's ten year capital plan, and was re-costed to take into account price increases arising from the need for the larger vehicles in the fleet to comply with the latest European specification for engine emissions (Euro 6); general increases in the cost of light vehicles, and an increase in the bus fleet arising from the need for more dial a buses and two larger buses to meet service needs.

#### **4.6 ICT**

- 4.6.1 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 ten-year capital plan but a formal asset management plan has not yet been developed.
- 4.6.2 Asset management planning in this area is heavily influenced by external factors, including supplier support for products.

### **5. ACTIONS PLANNED FOR 2017/18**

- 5.1 The principal action for 2017/18 is to subsume the process of prioritising capital projects within the development of a target to reduce the council's asset base, as part of the corporate planning process.
- 5.2 The other key tasks are noted below:
- The process of prioritising capital projects requires to be subsumed within the development of a target to reduce the council's asset base, as part of the corporate planning process;
  - To develop monitoring of project benefits and milestones;
  - To report to members a review of the roads asset management plan; based on an updated model of road conditions;
  - End of project review of the four schools project;
  - Promote the completion of further end of project reports.
- 5.3 In addition to these tasks, the Asset Management Working Group will keep the status of AMPs under review with a view to identifying further actions to improve the asset management planning process.