



---

**REPORT TO: POLICY AND RESOURCES COMMITTEE ON 13 MARCH 2018**

**SUBJECT: CORPORATE ASSET MANAGEMENT PLAN**

**BY: ACTING CORPORATE DIRECTOR (CORPORATE SERVICES)**

**1. REASON FOR REPORT**

- 1.1 To provide the committee with a report of progress made against the Corporate Asset Management Plan for 2017/18 and to consider targets for 2018/19.
- 1.2 This report is submitted to committee in terms of Section III (A) (30) of the Council's Scheme of Administration relating to the formulation, implementation and review of asset management policies and practices, and to the maintenance of an overview of the council's property disposal programme.

**2. RECOMMENDATION**

**2.1 It is recommended that the committee:**

- (i) considers and notes the work done to date to meet the targets set in the Corporate Asset Management Plan for 2017/18;
- (ii) notes the status of Asset Management Plans for each type of asset as set out in APPENDIX 2;
- (iii) notes that asset management planning in the council is now a well-established process and that the focus in future years will be on asset management planning as a tool for sustainable financial planning, with a focus on cost reduction, and
- (iv) approves the targets set in the Corporate Asset Management Plan for 2018/19.

### **3. BACKGROUND**

- 3.1 The Policy and Resources committee approved the council's first Corporate Asset Management Plan on 23 September 2008 (paragraph 6 of the minute refers) and has approved annual updates since then. The updated plan for 2017/18 was approved by this committee on 13 March 2017 (paragraph 6 of the minute refers).
- 3.2 A schematic representation of the asset management planning process is included as **APPENDIX 1** to this report. Committee should note the iterative nature of asset management planning, taking financial affordability into account. The next stage in the development of asset management across the council is a reiteration to address financial sustainability. For the past two years financial affordability has been addressed by the Make Do and Mend policy, but this is a short –term measure and the council requires to move forward to addressing long-term sustainability.
- 3.3 A summary of progress to date on developing individual asset management plans is included as **APPENDIX 2** to this report.

### **4. REPORT ON PROGRESS UNDER THE CORPORATE ASSET MANAGEMENT PLAN 2017/18**

- 4.1 The Corporate Asset Management Plan (CAMP) for 2017/18 reflected a year of continuing consolidation, with the key aim of the CAMP being to ensure that the work needed to underpin and deliver a ten-year capital plan was identified, resourced and carried out. As part of that piece of work, the policies and priorities of the council underpinning the capital plan have been reviewed.
- 4.2 The key tasks identified for 2017/18 were:
- The development of a target to reduce the council's asset base, as part of the corporate planning process, including the development of a process to prioritise capital projects;
  - 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 more end of project reports; and
  - Continue general development of AMPs.
- 4.3 The ten year capital plan was updated to cover all known current asset management requirements and current council priorities in November 2017. This was used as years two to ten of the indicative ten year capital plan reported to council on 14 February 2018. The resultant plan remains unaffordable within the context of the council's revenue commitments and expected funding. Work is ongoing with members to review the sustainability of the council's asset base and the development of a target to reduce the council's asset base will be considered as part of the corporate planning process. Preliminary work on this has been started and will be reported when

more fully developed. This will be the focus of asset management planning in 2018/9 and beyond.

- 4.4 Council on 25 May 2016 (paragraph 11 of the minute refers) approved an interim strategy for capital expenditure and avoiding potentially abortive costs: Make Do and Mend. This interim strategy was applied to the capital plan for 2017/18 and continues to be adopted for 2018 / 19. This is not viable in the long term.
- 4.5 Preliminary work on the development of a process to monitor project benefits and milestones was begun. The Asset Management Working Group decided this should be aligned with work being carried out by the Programme Management Office to monitor projects, to ensure consistency through the council and this work will continue in 2018 / 19.
- 4.6 The Roads Asset Management Plan approved in February 2012 was based on a modelling exercise which was refreshed in 2014 as part of the budget setting process. A further refresh was carried out in 2017 and the results and options for future targets and expenditure presented to Economic Development and Infrastructure Services Committee. The target is of road conditions deteriorating to the mid-table for condition was approved at the on 31 October 2017 (paragraph 11 of the minute refers).
- 4.7 The Asset Management Working Group considered the Four schools end of project review in December 2017. The review conclusion was that although the project got off to an unsteady start by early 2015 the majority of the issues had been resolved and progress continued smoothly enabling all works to be completed by Easter 2017. The original project budget was increased, due to constraints of time to meet Scottish Government grant condition deadlines, abnormal ground conditions and additional suitability requirements incorporated into the scheme. The final outturn of the contract is still awaited but savings on the revised budget are anticipated. Lessons learned focussed heavily on managing the impact of the tight time constraints placed by the funding offer.
- 4.8 Further projects have been selected for post project reviews – Dallas flood prevention scheme, Forres swimming pool, Urquhart Place complex, implementation of new HR/Payroll system – but timescales for the reviews have yet to be set. Review timescales must be such that anticipated benefits – eg energy efficiencies - have time to materialise and to be measured.
- 4.9 Continuing the development of individual asset management plans is an on-going task.

## **5. CORPORATE ASSET MANAGEMENT PLAN 2018/19**

5.1 The undernoted tasks are recommended for inclusion in the 2018/19 CAMP:

- The development of a target to reduce the council's asset base, as part of the corporate planning process, including the development of a process to prioritise capital projects;
- To review the remit and membership of the Asset Management Working Group;
- To contribute to the school ASG review process;
- To report to members the Property Asset Management Strategy;
- To receive the post-project reviews agreed upon and to promote the completion of more end of project reports;
- Harbours Asset Management Plan completion; and
- Continue general development of AMPs.

5.2 The full plan is included as **APPENDIX 3** to this report.

## **6. SUMMARY OF IMPLICATIONS**

### **(a) Moray 2026: A Plan for the Future and Moray Corporate Plan 2015 - 2017**

Asset management planning assists the council to deliver council and community planning priorities whilst achieving Best Value.

### **(b) Policy and Legal**

There are no policy or legal implications arising directly from this report.

### **(c) Financial implications**

There are no financial implications arising directly from this report. Asset management planning feeds into the council's financial planning process and will begin to form a key part of the strategy for reducing budget pressures.

### **(d) Risk Implications**

There are no risks to the council arising directly from this report. Asset management planning reduces the risk to the council of unexpected issues arising relating to the council's assets.

### **(e) Staffing Implications**

There are no staffing implications arising directly from this report. All recommended actions are planned to be carried out within current staffing resources.

### **(f) Property**

There are no property implications arising directly from this report.

**(g) Equalities**

There are no equalities issues arising directly from this report.

**(h) Consultations**

Members of the Corporate Management Team and of the Asset Management Working Group, the Head of Legal and Democratic Services, the Democratic Services Manager and the Equal Opportunities Officer have been consulted in the preparation of this report

**6. CONCLUSION**

- 6.1 Progress continues to be made with the development of asset management processes and plans.**
- 6.2 The Corporate Asset Management Plan for 2018/19 sets out the actions planned for next financial year to progress asset management planning in the council.**
- 6.3 Asset Management Planning is now sufficiently advanced to become a tool for assisting in the council's achievement of financial sustainability.**

Author of Report:	Paul Connor, Principal Accountant
Background Papers:	
Ref:	PC/LJC/239-2360/239-2362/239-2364/213-3078