

APPENDIX 3

CORPORATE ASSET MANAGEMENT PLAN 2018/19**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, 2017/18 and 2018/19 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, approval of the 2017/18 plan on 15 February 2017 and further reviewed prior to approval of the 2018/19 plan on 14 February 2018.
- 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 2018/19 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 reducing 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 2018/19 has been modified to Make Do and Mend.

3.2 Environmental Sustainability

- 3.2.1 The Council's has an aspirational target of reducing CO² 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.

3.3.5 The Council continues to work on the Moray Growth Bid and it is hoped that an agreement in principle will be possible in 2018. From 2019 / 20 funding will be allocated in the capital plan as a sign of council commitment of the Growth Deal

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. This is, however, unaffordable and consequently the approved plan for 2017/18 to 2019/20 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 rationalisation of the school estate. Council decided not to progress this. Three new schools (two secondary schools and a primary school) have been built through a combination of public and private funding. A further new build has been approved for Scottish Futures Trust funding and is progressing through the preparatory stages. Four primary schools have been refurbished through a combination of Moray Council and Scottish Government funding.

4.1.2 Non-school properties

The known condition of our corporate buildings is now a driver for prioritised planned maintenance expenditure under the 'make do and mend' policy. Planned maintenance has been minimised in recent years due to financial constraints and the priorities only focus on critical failing elements that could result in forced building closure or health and safety risks. This position is not considered sustainable in the medium / long term. A new Asset Management Strategy is under preparation to stimulate high level discussion on future plans for all our building assets.

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 and this is ongoing as further occupation changes arise. 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. There have been reviews of specific buildings such as depots and waste management facilities. The most recent development is an overarching document that will be reported to Committee in due course.

4.1.5 Industrial Estates

The annual industrial portfolio report on industrial estates is the vehicle for asset management planning for the Council's industrial portfolio. The latest report was to Economic Development & Infrastructure Services Committee on 5 September 2017 (paragraph 12 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

The first Roads Asset Management Plan (RAMP) was completed in April 2012, following a nationally developed model. The RAMP addressed the specific lifecycle requirements of 5 different asset groups: carriageways, footways (including footpaths and cycle tracks), structures (road bridges, foot bridges and retaining walls), street lighting and street furniture. This was then 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, and this target has since been clarified as being a desired mid-table ranking.

- 4.3.2 The Council participates in SCOTS project to continue development of Roads Asset management Planning. The project is now in Phase 3, with Atkins as the new Support Consultant, and the initial focus for this phase of the project will include the development of risk management and unit cost benchmarking.

- 4.3.3 The roads modelling exercise was refreshed in 2017, with options presented to committee in October. The chosen option is predicted to see road condition deteriorate well below the mid-table target, so this will be monitored and further options presented to committee as and when necessary..

4.3.4 Harbours

- 4.3.5 A module for management of harbour assets was set up within WDM (the council database for roads, bridges, lighting and flood risk management) in 2016. This is a basic inventory of smaller non-structural elements such as ladders, davits, navigation lights and the like. It is also a repository for drawings and works done to the harbour structure itself.
- 4.3.6 The present capital works programme has been drawn up from surveys, completed in 2015, and repair drawings developed by the Council's specialist consultant over the past three years. This programme is under review and will be presented to the relevant committee in due course. The major priorities are unlikely to change however; the extent of underwater repairs may, due to possible deterioration in the defect following identification in the initial survey. To anticipate possible increases in cost of works, diving inspections will be carried out as close to procurement of works as possible.

- 4.3.7 Work to the north pier at Buckie Harbour will commence in May 2018. Further work will be affected by the emergency repairs carried out to Cullen Harbour wall in January and February 2018. This has yet to be factored into the 2018/19 programme.

4.3.8 Flood Alleviation Schemes

The recently constructed Flood Alleviation Schemes at Lhanbryde, Rothes, 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 2018/19 was approved when the rent level was set by council on 14 February 2018. 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 The current policy for replacing ICT assets varies depending whether the equipment is related to the schools' network or the corporate network but essentially based on the optimal age for the type of asset in the particular setting. Actual replacement, however, does need to take into account other factors such as performance of the asset but also external factors such as third party support, compatibility with other products, general trends in technology, and security requirements / accreditation.

4.6.3 ICT are currently implementing a new Servicedesk solution which will integrate with the ICT asset inventory. Once it is fully operational, the system will allow for more efficient management of the ICT assets and will provide improved information on asset performance.

5. ACTIONS PLANNED FOR 2018/19

5.1 The principal action for 2018/19 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:

- To review the remit and membership of the Asset management Working Group;
- The AMWG to input into the school ASG review process;
- To report to members on the review of the Property Asset management Strategy;

- End of project review of the four schools project;
- Harbours Asset Management Plan to be completed and reviewed by group prior to submission to members;
- 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.