


Agenda Item No:	5	
Committee:	Overview and Scrutiny Panel	
Date:	15 August 2016	
Report Title:	Asset Management Plan 2016-19	

## 1 Purpose / Summary

- The Members of Overview and Scrutiny Panel are asked to reflect and make recommendations on the proposed draft Asset Management Plan as part of the development phase of this Council policy document.

## 2 Key issues

- The Council last published its Asset Management Plan in 2007. During the past 9 years there has been significant financial, legislative and structural changes affecting and influencing the management of assets.
- In common with other Local Authorities across the UK, Fenland District Council faces unprecedented challenges and budgetary pressures.
- The Asset Management Plan 2016-19 has been prepared to ensure that FDC and the management of its property assets is fit to meet the future challenges and ensure that its property assets are well managed to meet the needs of our services and our customers.

## 3 Recommendations

- Members are asked to provide their overview and opinions regarding the proposed draft Asset Management Plan 2016-19.

<b>Wards Affected</b>	Various
<b>Forward Plan Reference No.(if applicable)</b>	
<b>Portfolio Holder(s)</b>	Cllr John Clark – Leader Cllr Ralph Butcher –Portfolio Holder for Growth Cllr Chris Seaton – Finance Portfolio Holder
<b>Report Originator</b>	Gary Garford – Corporate Director & Corporate Property Officer Justin Wingfield – Head of Business & Economy Trevor Watson – Head of Asset & Projects
<b>Contact Officer(s)</b>	Rob Bridge - Corporate Director (Finance) Gary Garford – Corporate Director (Growth & Infrastructure) Justin Wingfield – Head of Business & Economy Trevor Watson – Head of Assets & Projects
<b>Background Paper(s)</b>	

## 1.0 Introduction

The Asset Management Plan (AMP) is intended to be adopted as a policy document by Fenland District Council to aid the delivery of a transformation project to refine existing processes, maximise the value of our assets and provide a clear plan for the future of our assets.

### 1.1 How did we get here?

The previous AMP was written in 2007 and was intended to last for 3 years. 9 years later and a very different picture has emerged with a rapidly changing landscape within both National and Local Government. In the face of persistent financial pressures upon the organisation, it is imperative that FDC has adopted an 'up-to-date' and 'fit for purpose' AMP.

Officers set out just over a year ago to revise & rewrite the AMP to ensure that FDC is able to meet the needs of our evolving service demands.

It is important to note that the AMP sets an approach for managing the Council's assets and currently focuses on the Council's property portfolio and does not include 'non-property' assets or public-realm assets (street lighting, street furniture, playground equipment etc.). As work develops there are certain asset groups that will require a bespoke strategy, however the fundamental principles as contained in the proposed AMP will apply. Such asset groups include sewage treatment works (STWs), car parks and Wisbech Port.

## 2.0 Purpose & scope

The AMP sets out how the Council will manage property and assets in the future. In particular it:

- Establishes property as a strategic resource which will be managed corporately;
- Align the Corporate Vision with service delivery & the relationship with the assets it occupies;
- Provides a clear high level statement of the purpose and performance levels;
- Ensures asset governance, statutory compliance and establishes risk;
- Establishes the Corporate Property Officer (CPO) as the single point of responsibility for all Council property;
- Focuses upon releasing surplus assets to secure capital receipts and/or revenue income from the Property Portfolio.
- Helps support the decision-making process relating to our assets.
- Helps inform and shape the planned maintenance of our assets

## 3.0 The Key Stakeholders

To ensure that good asset management practice is engrained within the organisation it is intended that awareness will be raised through engagement with key stakeholders:

- Members – For the AMP to be successful it will need endorsement at the highest level. It is intended that the Portfolio Holder Growth, with responsibility for assets will be an ambassador for the implementation of the AMP;
- Corporate Management Team – The Chief Executive, through CMT and it's appointed 'Corporate Property Officer' (a senior Officer lead and symbolic figurehead for asset management issues) will ensure 'top-down' implementation of the AMP throughout the organisation;
- Corporate Asset Team – By mandate from Members & CMT, the CAT will become the stewards of the AMP, ensuring that the vision, strategy and action plan are realised via the implementation of the AMP;
- Service Managers – Will help to shape the direction & needs to be met by the AMP through their experience of their services and the interaction with the Council's customers.

## 4.0 Development of the Asset Management Plan

When Officers first approached the revision and rewriting of the Asset Management Plan we asked ourselves 3 key questions:

- Where are we now? – What is the baseline position? How are assets currently supporting Service Delivery? E.g. Physical condition and suitability of the Asset? What data is required to assess this?
- Where do we want to be? – What are FDC's plans for the future and what assets are needed to support future service need? (Develop an understanding of impact of future service changes and set targets for improving the condition and performance of assets, to match service need).
- How do we get there? - How will FDC move from where we are to where we want to be? Prioritisation of future investments in assets, requiring rigorous approach to the evaluation of options and choices, to maximise user benefits, provide value for money, be affordable and have an acceptable level of risk.

## 5.0 Where are we now?

### 5.1 Progress & Achievements since the last AMP:

Since the last Asset Management Plan was produced, Fenland District Council has continued to forge ahead with its ambitious service transformation and regeneration programme. Examples of progress and achievements delivered over the last 9 years include:

#### Structural & Corporate:

- Housing Stock Transfer;
- Adopted County-wide Asset Management Strategy;
- Completed mandatory Land Registration of assets.

#### Financial

- Disposal of £5.4m of surplus assets;
- Recognised operational savings through co-location with partners.

#### Physical

- Construction The Boathouse Business, South Fens Enterprise Park
- Construction of Chatteris Leisure Suite and Leisure Centre refurbishments;
- Nene Waterfront remediation and development of Lot 3.

#### Environmental

- Completed 30 efficiency projects saving £72k p.a.;
- Realised £380k in utility cost savings.

### 5.2 Portfolio Summary

The Council has a diverse property estate spread across the district. The estate includes assets in each of the 4 market towns of Chatteris, March, Whittlesey & Wisbech, together with a number of assets in the surrounding villages and the rural environment. The estate is predominately freehold and reflects the historic preference of asset ownership. The broad dimensions of the portfolio are summarised in the Portfolio Summary included at Appendix 1

### 5.3 The Portfolio assessment

During the life of the Asset Management Plan Officers will undertake a variety of tasks which will assess and categorise assets within the portfolio through:

- Condition & repair;
- Age, Suitability & Sufficiency
- Statutory Compliance
- Sustainability & Energy
- Performance Management & Data recording

### 5.4 The focus to date has been on primarily on our property-based assets. Further analysis and assessment of the Council's car parks and other assets, such as Wisbech Port and Sewerage Treatment Works will be undertaken during the life of the AMP.

- 5.5 Condition Survey Assessment and categorisation  
Condition surveys are assessed on Condition Rating of A-D (A being Good) and a Priority Rating of 1-4 (1 being Urgent) the criteria for categorisation can be found at Appendix 2. An up to date assessment of our property base has recently been carried out through the preparation of a series of Surveys of the Council's core Operational Assets.

The completion of the first tranche of Condition Surveys (10 key operational assets), has enabled the Council to also establish that the current value of backlog repairs to the portfolio is £3.29 million, although this figure is likely to increase as other assets are assessed, this does not imply that the cost of those repairs will have to be incurred, as through the asset challenge process, options may include disposal of underperforming or inadequate assets, and the delivery of that service from partner or alternative premises, as an example.

The current Repairs backlog:

Urgent and Essential repairs – those to be undertaken within 2 years

Urgent £430,000 + Essential £200,000 = £630,000

The existing annual building and sites repairs and maintenance budget of approx. £530,000 addresses the day to day repairs of our assets and the application of these funds to reduce the Urgent & Essential repairs backlog is currently under review.

An allocation of £400,000 from the revenue reserve to fund capital was made in 2015/16 to address part of the urgent repairs already identified.

Further budget provision is required in subsequent years to maintain our assets and this will be determined via the budget planning process.

## 6.0 Where do we want to be?

### 6.1 Corporate Objectives, Overview & Linkage with AMP

The AMP explains how it fits with the Business Plan and how our well managed asset base can positively contribute towards our objectives, create improvements to the delivery of our services and recognise tangible savings from the efficiencies generated.

### 6.2 Asset Management Vision & Mission

The Council's priorities, as contained within the Councils Business Plan are to 'support the overarching aim of improving quality of life in Fenland'. This is to be achieved by addressing social, environmental and economic needs for residents, enabling them to lead happy and fulfilled lives.

Good Asset Management plays a key part in supporting these aims and to this end the Council will adopt the following Asset Management Vision and Mission:

#### Asset Management Vision 2019

*"To ensure that Fenland District Council operates an efficient and effective estate which supports the Council's Corporate Priorities and provides sufficient flexibility to respond to change and to enable the cost effective delivery of Council services across the District"*

#### Asset Management Mission

*"To be a robust and well managed Authority, recognised for good quality Asset Management, working together across the whole public sector estate to achieve efficiency targets, realise cost savings and work to provide a cohesive and effective service to our customers and the Community at large".*

### 6.5 Strategic Asset Management Priorities

The future strategic direction of asset management in Fenland will need to ensure that the Council's asset portfolio is fully utilised, cost effective and efficient. In future it is anticipated that the Council will have a smaller asset base and the assets that are retained will be used more intensively, likely to produce additional income and ceased all unnecessary expenditure.

Assets will need to be more flexible, able to support a greater number of uses and complement collaborative service models which may dictate the requirement to share accommodation or further rationalise FDC's retained asset base. Our management and use of assets must also support the Council's move towards financial self-sufficiency.

In this respect the following Strategic Asset Management Priorities have been identified:

- To establish a stronger asset management culture;
- To better understand how our assets perform;
- To challenge whether we need to keep all of our assets;
- To dispose of assets we no longer require or explore alternative uses;
- To improve our financial management and decision making processes;
- Where appropriate and justified, to acquire new assets;
- To maintain and continue to invest in the assets we retain;
- To ensure that we maximise the efficiency of our assets;
- To better utilise the assets we retain;

## **7.0 How do we get there?**

7.1 The challenge for the AMP is to acknowledge the economic, political and demographic challenges and set out a plan of how to take FDC from '*Where we are now*' to '*Where we want to be*', ensuring that sufficient resources are programmed and allocated to achieve each action.

### **7.2 AMP Action Plan**

The final section of the AMP will capture the actions summarised in each of the 9 Strategic Asset Management Priorities and allocates resources, the lead team and target timescale for delivery of the particular task that will progress our asset management objectives.

## **8.0 Summary**

- FDC faces some significant financial, social and demographic challenges;
- Planning for the future will involve the Council becoming financially 'self-sufficient' and more agile;
- The Government continues to pursue an austerity agenda driving authorities to do more for less and work smarter with limited resources;
- Opportunities exist to generate greater revenue income and use capital receipts for reinvestment into services and Council priorities;
- Greater collaboration with other partner authorities is required and will become the new 'norm';
- Continued consideration of alternative delivery models/options for services;
- The Council's future asset strategy will require a greater focus on repairs and management to ensure it maximises the benefits from its diverse portfolio, which includes Leisure, Business and Port Assets;
- It is important that the Council positions itself to ensure that the portfolio is able respond to forthcoming legislative changes and provides flexible operational workspace for the ever-evolving workforce;
- Performance management requirements will need to be rationalised and improved to ensure that monitoring of performance complements the Council's need become leaner and more efficient.
- The AMP has an added impetus to ensure that FDC maximises its asset base;
- Solid corporate governance will ensure improvements/efficiencies are achieved.

## Appendix 1 – Portfolio Summary

The Council and Area		Property Use		Value		Annual Running Costs (2015-16)	
<b>Net Annual Spend</b>	£13m	<b>Corporate Headquarters</b>	1	<b>Asset Value</b>	£49m	<b>Business Rates</b>	£460,320
(gross expenditure net of grants and other local income streams)		<b>Operations Depot</b>	1	<i>(Capital Accounting Purposes upto 31.03.16)</i>		<b>Repairs &amp; Maintenance</b>	£656,020
<b>Population</b>	95,300	<b>One Stop Shops</b>	2	<b>Operational (of Asset Value)</b>	£42m	<b>Grounds Maintenance</b>	£635,859
		<b>Community Hubs</b>	2	<b>Surplus (Estimate)</b>	£6.66m	<b>Energy</b>	£504,347
						<b>Water</b>	£93,700
		<b>Other Offices</b>	2			<b>Cleaning &amp; Refuse</b>	£255,342
Size of Portfolio		<b>Leisure Centres</b>	4	Costs		<b>Insurance</b>	£370,868
<b>Number of Operational Assets</b>	218	<b>Public Conveniences</b>	4	<b>Annual Running Costs</b>	£3,237,424	<b>Rent (Outgoing)</b>	£188,750
<b>Parks &amp; Public Open Space</b>	241	<b>Business Conference Centres</b>	2				
<b>Others (inc. Surplus/Non-Op)</b>	97	<b>Light Industrial Units</b>	65				
		<b>Serviced Office Suites</b>	82	Income (2015-16)		Repair Backlog (Key Assets)	
		<b>Sewage Treatment Plants</b>	15	<b>Land &amp; Buildings</b>	£17,944	<b>Priority Urgent (&gt;1 year)</b>	£430,000
		<b>Car Parks</b>	24	<b>Business Premises Portfolio</b>	£746,578	<b>Essential (1-2 years)</b>	£200,000
		<b>Cemeteries</b>	13	<b>Miscellaneous Land &amp; Buildings</b>	£23,863	<b>Desirable (3-5 years)</b>	£280,000
		<b>Port estate &amp; quayside</b>	1	<b>Port Estate</b>	£102,480	<b>Longer Term (5 years +)</b>	£2,380,000
						<b>Condition</b>	
						<b>Good</b>	70%
						<b>Satisfactory</b>	30%
						<b>Bad</b>	0%
						<b>Poor</b>	0%
				Liabilities			
<b>NOTE:</b> The data is drawn from a range of sources and is intended to indicate the broad dimensions of the Council's asset portfolio and should be used as a guide only.				<b>Backlog Maintenance (Key Operational Assets)</b>	£3.29m		

## Appendix 2 – Condition Survey Key

<b>Priority Rating</b>	
<b>1</b>	Urgent work that will: <ul style="list-style-type: none"><li>• prevent immediate closure of premises</li><li>• address an immediate high risk to the health and safety of occupants</li><li>• remedy a serious breach of legislation.</li></ul>
<b>2</b>	Essential work required within two years that will: <ul style="list-style-type: none"><li>• prevent serious deterioration of the fabric or services.</li><li>• address a medium risk to the health and safety of occupants.</li><li>• remedy a less serious breach of legislation.</li></ul>
<b>3</b>	Desirable work required within three to five years that will: <ul style="list-style-type: none"><li>• prevent deterioration of the fabric or services</li><li>• address a low risk to the health and safety of occupants</li><li>• remedy a minor breach of legislation.</li></ul>
<b>4</b>	Long-term desirable work required beyond a period of five years that will: <ul style="list-style-type: none"><li>• prevent deterioration of the fabric or services</li></ul>

<b>Condition Rating</b>	
<b>A - Good</b>	Performing as intended and operating efficiently
<b>B - Satisfactory</b>	Performing as intended but minor repairs are required
<b>C - Poor</b>	Exhibits various defects, each of which might not be significant in itself but need attention on a planned basis.
<b>D - Life Expired</b>	Exhibits major deterioration. Serious risk of imminent breakdown or is a health and safety hazard.