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Review date for release N/A

Asset Management Plan for General Fund Assets

Report summary:

The Council's General Fund Asset Management Plan (AMP) sets out the Council's approach to the strategic management of its land and building assets managed by the Place, Assets & Commercialisation Service.

The Council's last AMP was for the period 2014 – 2017 and was developed in consultation between Senior Officers and Members of the Asset Management Forum. The AMP seeks to ensure that assets are used in the most effective and efficient way to meet service and financial objectives.

The adopted AMP continued to hold weight beyond its duration. That said, with a new Council Plan now in place and a number of corporate strategies (Leisure Strategy, Cultural Strategy etc) emerging along with our climate change declaration, the increasing financial pressures and significantly improved intelligence and data of the asset portfolio, a new AMP is now of paramount importance to help inform future decision making.

This report forms the beginning of that process to adopt a new AMP and sets out some high level principles. If Asset Management Forum (AMF) Members support the principles contained within, then the next steps set out in para 7.1 will be progressed. Any other principles put forward by AMF will also be considered in preparing the AMP.

Is the proposed decision in accordance with:

Budget Yes No

Policy Framework Yes No

Recommendation:

That the Asset Management Forum recommend to Cabinet:

That Officers in consultation with the Portfolio Holder for Economy & Assets along with SMT:

- a) Develop the 3 protocols:
 - Investment / Capital programme Protocol
 - Disposal & Acquisition Protocol
 - Property Commercialism 'Let Property' Protocol
- b) Develop Action Plan to sit within and be the core part of the Asset Management Plan

Before then bringing back a draft Asset Management Plan to AMF seeking a recommendation for adoption to Cabinet.

Reason for recommendation:

To take forward the preparation of a new Asset Management Plan.

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Portfolio(s) (check which apply):

- Climate Action and Emergency Response
- Coast, Country and Environment
- Council and Corporate Co-ordination
- Democracy, Transparency and Communications
- Economy and Assets
- Finance
- Strategic Planning
- Sustainable Homes and Communities
- Tourism, Sports, Leisure and Culture

Equalities impact Low Impact

Climate change Low Impact

Risk: Low Risk;

Links to background information [2014 - 2017 Asset Management Plan](#)

Link to [Council Plan](#)

Priorities (check which apply)

- Better homes and communities for all
 - A greener East Devon
 - A resilient economy
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Report in full

Introduction

- 1.1 The Council's current Asset Management Plan (AMP) is outdated and no longer relevant. It is also impacted by significantly improved intelligence and data of the asset portfolio in respect of future investment costs which needs considering alongside the Council's wider financial challenges, but also needs to be considered alongside the Council Plan but also other emerging strategies – leisure strategy, climate change declaration and cultural strategy being examples. It is essential that EDDC is equipped with a new comprehensive AMP with agreed asset options to drive forward new ways of managing the portfolio by proactive asset management.
- 1.2 The new AMP needs to recognise a number of key challenges which lie ahead and which need to be overcome to enable the asset portfolio to be viable rather than being unsustainable due to the low income in relation to forecast expenditure. Furthermore the AMP needs to identify new priorities and through the three protocols referenced, a clear route map for doing things differently to improve the performance of the portfolio; invest or acquire where it makes

sense to do so, maximise return where possible, and dispose where appropriate. The explanation and criteria on which protocol will be applied on an asset by asset basis with a priority for progressing each asset needs to be developed. On the adoption of a new AMP there needs to be a clear and agreed programme having been agreed for those high priority assets enabling transactions and projects to progress and deliver asset specific tangible deliverables. It is essential these new ways of codifying and managing assets are adopted to enable the challenges to be effectively managed and opportunities delivered. Furthermore it is critical that decisions can be made quickly and supported by clear business cases to enable the AMP to be delivered and the savings and receipts to materialise.

1.3 Implementation of a new AMP will identify opportunities to:

- Increase revenue income.
- Reduce costs – smaller but better performing asset base in terms of both financial and non-financial return.
- Invest wisely – component replacement or wider investment by being proactive and by identifying where both financial and non-financial returns can be improved. By being proactive there will be better management of future capital requirements.
- Identify assets to sell commercially and enable this to be done efficiently and effectively.
- Identify assets to transfer to local communities to help forge stronger local engagement.

Why do we need Asset Management

2.1 Proactive Asset Management provides a structured process to ensure best value is achieved from land and building assets which better serve the strategic needs of the organisation and this AMP needs to set out how this will be achieved. A new AMP for a 3 year period is proposed.

2.2 The definition of Asset Management that would be adopted is:

“Asset management is the management of our physical assets to meet the service and financial objectives of the Council”

2.3 Therefore the AMP would provide:

“The effective targeting of resources to have the greatest effect in raising performance, maximising value for money and maximising the wider potential of assets”

2.4 The AMP would recognise that effective asset management includes the 3 key themes:

- Proactive Asset Management – Those activities which maximise the returns from assets and where possible, through increasing income and reducing costs, disposing of assets that have a poor return financially and/or non-financially, acquiring assets where supported by a sound business case, and ensuring that assets are held in such a way to maximise the benefits to the community.
- Investment and Capital Programme – Those activities to proactively maintain the stock to maintain or improve its condition where there is a business case to do so and to invest more widely in wider works where again a strong business case supports such a course of action. Unless this course of action is adopted, financial and non-financial returns cannot be maximised.

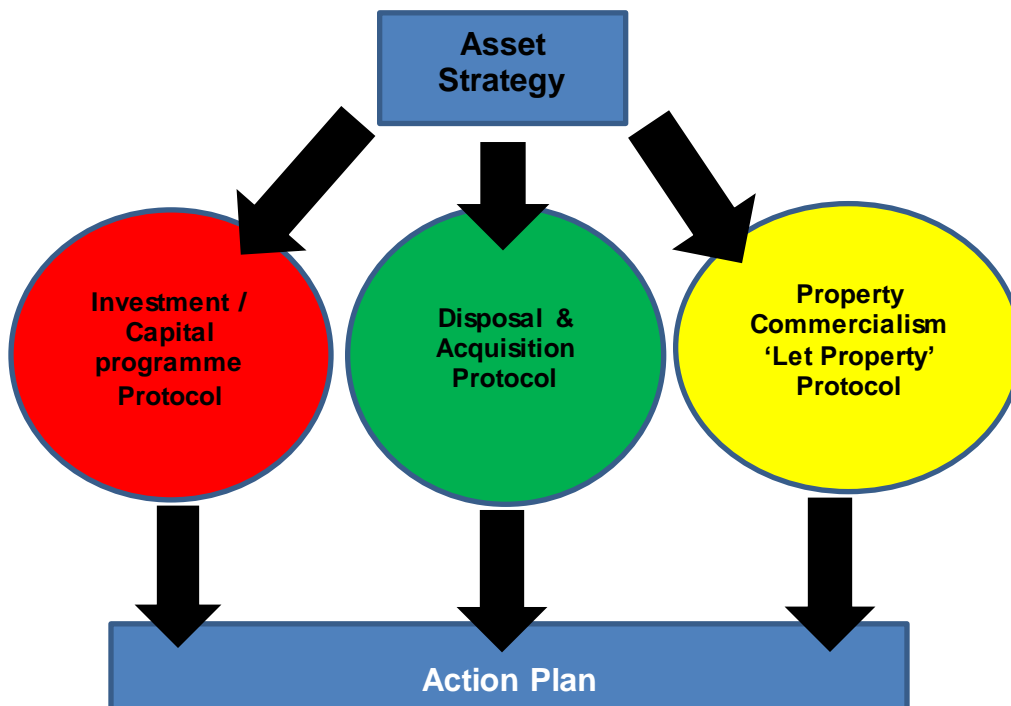
- Supporting wider objectives – Being clear where and how asset management is supporting wider objectives, such as benefitting the community, shaping the built landscape, supporting the Council in its service delivery and proactively supporting our commitment to tackling climate change.

Scope

3.1 This AMP would apply to decisions across the whole of the Council’s General Fund land and property asset portfolio managed by the Place, Assets & Commercialisation Service.

Delivery

4.1 The AMP would be delivered through three interrelated protocols which are detailed below. These protocols underpin the AMP and inform the Action Plan.



Investment / Capital Programme Protocol –

- Statement – To manage assets proactively by creating a capital programme based on stock condition data and to invest more widely on improving assets where there is a sound business case.
- Importance – Without this protocol the assets will fall into disrepair, costs can’t be forecast, costs over an extended period will likely be greater and the general quality of the assets will deteriorate negatively impacting on the surrounding communities.

Disposal and Acquisition Protocol –

Disposals

- Statement - To rationalise the asset portfolio by disposing of poor performing assets or assets with realisable development potential.
- Importance - The Council holds many poorly performing assets. In almost all instances these could be disposed of without adversely impacting on the community.

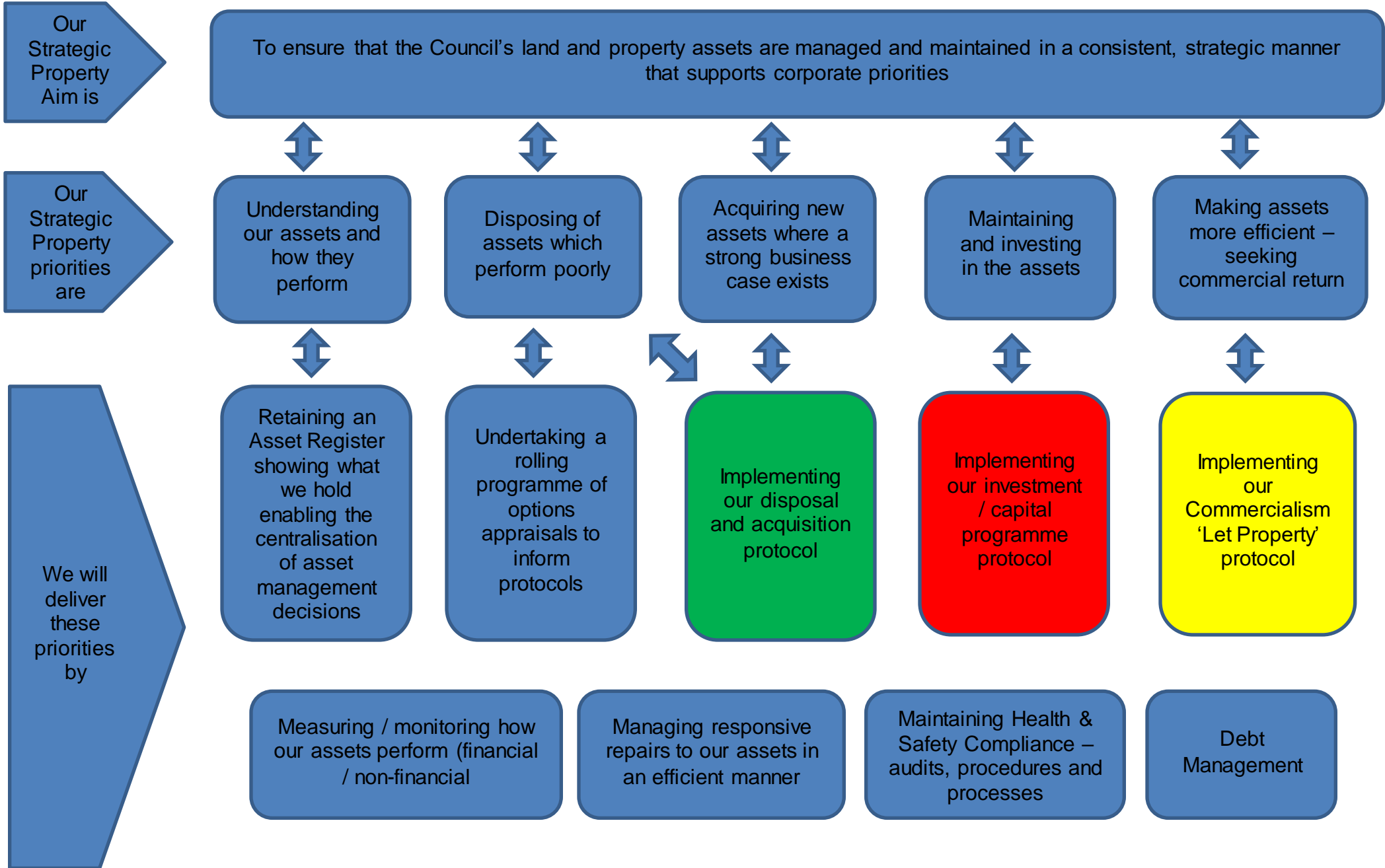
Acquisitions

- Statement – To acquire assets where there is a sound business case to do so
- Importance – It is important to be able to respond to opportunities and invest when appropriate in high performing assets (financial and non-financial).

Commercialism 'Let Property' Protocol

- Statement - Maximise rental income and minimise liability for costs across the Let Portfolio
- Importance - A major contributor to the negative NPV of the asset portfolio. In some instances a higher rental might generate more entrepreneurial approaches by tenants and therefore benefit the community as a whole through the tenant perhaps diversifying, investing or becoming more commercial.

4.2 The approach to Asset Management in the new AMP would address issues beyond those covered by the three protocols. Those aims are clearly set out on the following page.



Asset Management Tools

5.1 The AMP will set out the asset management tools which will support effective decision making and delivery, including:

- Robust and up to date stock condition data

Data for the AMP is based on stock condition data and for buildings already exists. This data from the surveys is held electronically and kept up to date through routine periodic inspections by the Council's Property & FM Team to inform future capital programmes and inform data on general asset performance. This needs to be a key deliverable within the Acton Plan.

- Data management to support compliance

In addition to the Council's legal duties and obligations, providing a safe environment for tenants, our communities and staff is a fundamental principle. Effective compliance management is in place, beginning with complete and accurate records. The development of efficient procedures to ensure compliance is maintained through a rolling programme of inspections needs to be a key deliverable within the Action Plan.

- Understanding of asset performance – new Asset Performance Tool

The Council has developed an approach to understanding asset performance. A portfolio wide model is now in place to provide information on financial and increasingly also on non-financial performance, but also for specific individual assets. The Action Plan will set out how this Performance Tool and the data within will be used to inform future plans. Where stock is performing poorly, on either a financial or non-financial basis, alternative options will be explored for these properties before investment decisions are made. This ensures resources are targeted where they will provide maximum value to the Council and communities.

- Skills and expertise

To deliver against the Action Plan it will be imperative that the Teams within the Service are adequately resourced and any vacant posts quickly filled.

Risk Management

6.1 The AMP will recognise that assets can also become liabilities, threatening the Council's viability.

Key risks to the delivery of our asset management objectives are:

- Data management
- Affordability and cost control
- Re-investment in the wrong stock
- Lack of strategic approach to managing the asset portfolio and reluctance to adopt a more commercial approach in line with best practice.
- Lack of buy in by the wider Council.
- Lack of sufficient internal and / or external resource to deliver strategy.

Key risks will be monitored closely and actions taken to address if necessary.

Next Steps

- 7.1 If AMF Members are supportive of the above approach to developing a new AMP, then Officers will in consultation with the Portfolio Holder for Economy & Assets along with SMT:
- c) Develop the 3 protocols:
 - Investment / Capital programme Protocol (Growth)
 - Disposal & Acquisition Protocol
 - Property Commercialism 'Let Property' Protocol
 - d) Develop Action Plan to sit within and be the core part of the AMP

Before then bringing back to AMF seeking a recommendation for adoption to Cabinet.

Financial implications:

There are no direct financial implications at this stage of the Plans formation.

Legal implications:

There is no direct comment to be made in relation to this report, each and any individual issue will need to be considered as it arises.