

3 November, 2009

Corporate Asset Management Plan

Ward(s) All

Portfolios: Cllr Adrian Andrew - Regeneration

Summary of report:

Property is one of the key Council resources and to enable its effective management, a Corporate Asset management plan is regularly updated. The last plan was approved by Cabinet in October 2007. It is proposed to take the new plan in 2010. This report will advise scrutiny of current asset management activity which will inform the new plan.

Background papers:

None

Reason for scrutiny:

The Head of Property Services proposed that scrutiny consider the development of the new asset management plan. A presentation was made to Corporate scrutiny on the current plan in early 2008

Resource and legal considerations:

Property is one of the Council's key resources and the asset management plan will set out a range of strategic improvement initiatives that will enable the Council to:

- Reduce revenue expenditure on property
- Rationalise the operational and non-operational estate – release capital receipts for reinvestment and reduction of capital charges;
- Ensure assets are fit for purpose by improving their condition;
- Support flexible working and the transformation of business processes; and
- Promote high performing property under CAA.

Citizen impact:

The review of the Property estate is likely to impact on current properties used by citizens to access services, for example co location of services previously delivered in separate buildings. It may also require relocation of service delivery

Environmental impact:

The Carbon management plan will be a key element of the new asset management plan. This will set key targets for the Council to reduce Carbon emissions from the property estate and therefore reduce the Council's operational impact on the environment

Performance management:

Scrutiny will be able to review current proposals and advise of other areas to be considered in the development of the new plan

Equality Implications:


There will be elements of the plan which will need EQIAs at the development and implementation stage

Consultation:

All Services will be consulted in the development of the plan.

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1. Report

This summary focuses on asset management and not the Property 'Service'. It identifies the key issues for the management of the Council's property estate, actions completed and planned and outcomes. The Corporate asset management plan was approved by Cabinet in October 2007.

a) Key asset management objectives

The corporate asset management plan sets out a range of strategic improvement initiatives that will enable the Council to:

- Reduce revenue expenditure on property
- Rationalise the operational and non-operational estate – release capital receipts for reinvestment and reduction of capital charges;
- Ensure assets are fit for purpose by improving their condition;
- Support flexible working and the transformation of business processes; and
- Promote high performing property under CAA.

b) Actions to deliver objectives

There have been a number of projects and activities completed and there are future activities to deliver on the objectives, this can be summarised as follows:

a. Completed workstreams

- The re-provision of care homes (Housing 21), this was led by SCI supported by Property Services.
- The rationalisation of the library estate, this was led by Neighbourhoods supported by Property Services
- The ring fencing of land for regeneration, including sales at Less than Best Consideration and SRF
- Modernisation of energy procurement savings for corporate buildings of £800k over a 12 month period
- Investment in schools to address the maintenance backlog, achieved in replacement schools, e.g.
 - Fibbersley school where 3 schools were closed and incorporate in a new school building
 - The replacement of Mary Elliot school with a new building.
 - Further reduction in the maintenance backlog will be achieved through the Council's Academy programme, Building Schools for the Future
- The introduction of corporate office standards to enable the development of an efficient office estate

- Asset review of leisure centres to identify the costs of re provision to inform the wider review of the leisure centre estate. This work commenced the introduction of options appraisals for property decisions
- Improvement in H&S including the introduction of a building logbook, ensuring the Council and its staff comply with legislation
- The adoption of new procurement methods for design and maintenance consultancy and construction, including frameworks established by the Council and others, e.g. PfS

b. Current workstreams

- Office rationalisation, reducing town centre accommodation by 20% by 2012, with 10% already achieved. All leased accommodation to be released by 2015. Cumulative savings from leased accommodation of £2.6m by 2016. This aims will be achieved through investment in the Civic Centre to increase capacity as part of the adaptive working programme.
- Development of a Carbon Management plan to reduce the Council's carbon emissions by 40% over the next 10 years. This would mitigate future energy price increases and depending on what the Council has budgeted for over the next 10 years this could save or offset up to £10m in energy costs, this is for buildings only
- Review of the Community building accommodation occupied by Voluntary groups including Sons of Rest and regulating the lease arrangements with Community Associations with a corporate approach to community and voluntary group.
- Review of the total cost of the buildings which contribute to the main backlog of maintenance, revenue and maintenance, this work is in support of the planned workstream
- Re-provision of the Council's depot. This will reduce the maintenance liability of the current depot over a 5 year period by £1m and reduce revenue costs such as energy consumption etc
- Co-location opportunities through BSF. For example collocation of a library would reduce utilities; rates etc, a target saving for this should start at £1m pa. The Council is already developing plans for share facilities with the PCT in Pelsall and this will save on revenue costs of the current library
- Pro active management of the capital receipts programme, bringing receipts forward at the appropriate time to achieve best value. Future capital receipts range between £20-£40m
- Combined heat and power study for Walsall and the wider West Midlands. Any savings are likely to be achieved 5 years plus say £50k pa in Civic complex initially

To support the development of asset management, the Council is a member of the West Midlands Collaborative working group of Metropolitan Authorities, collaborating on sharing best practice, procurement and other initiatives, and has been a pilot authority (2009) in 4Ps/RIEP asset management project to enable accelerated change of local authority asset management as part of a programme of West Midlands Authorities to benchmark Property Data and set targets for improvement

c. Planned workstreams – ‘the asset management project 2010’

Property Services is restructuring its service to maximise the asset management expertise and resources across the service. This ‘asset management project’ needs to be completed in time for the budget setting in Autumn 2010 to inform the 2011/12 budget onwards, this will identify investment and savings. The asset management project needs to start immediately. This activity will include:

- Review every building and type to identify opportunities and to challenge its use and potential use and opportunities to invest or dispose. Savings should be targeted to achieve £5-£10m pa
- Review of the commercial estate and non-operational property including
 - shops/industrial units (mainly offsetting capital liability and mitigating a terminal decline in income)
 - Farms
 - Public toilets (disposal will save £300k pa)
- Reviewing the provision of youth centres, if not provided this could save approx £0.5 revenue costs per annum
- Disposing or demolishing redundant buildings, savings on rates approx £50k pa
- Identifying opportunities for property trusts this could offset rates, for example the Council House complex could save £2-300k pa estimated
- Reviewing the Town Halls savings. Greater efficiency and income generation and offsetting costs
- Carbon Management
 - Identifying Invest to save projects for reduce carbon emissions, for 2011/12 onwards
 - Implementing energy performance surveys and certificates on all buildings
 - Developing an energy action plan for the Council's top 50 worst buildings

- Production of a 'Borough' asset management plan, to maximise sharing opportunities with public sector partners
- Reflection on total place and 6 neighbourhoods proposals and the way in which property can support
- Assembling more effective Property Data
 - Understanding the total cost of property
 - Implementing asset challenge, the rating of all the Council's building 1-5
 - Continue programme of condition and measured surveys for schools
- Continuing to maximise shared procurement