

REPORT TO EXECUTIVE



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PORTFOLIO	Resources
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Asset Management Strategy

PURPOSE

1. To update Members on the current status of the Council's Asset Management Planning Process and Asset Management Strategy.

RECOMMENDATION

2. The Executive is requested to approve the current arrangements for Asset Management Planning and make any comments on the Draft Asset Management Strategy 2009 prior to its approval.

REASONS FOR RECOMMENDATION

3. To strengthen the Council's procedures for Asset Management and Capital Strategy Planning.
4. It is clear that more resources have to be devoted to this area of activity to fulfil the requirements of the Use of Resources within the Comprehensive Area Assessment from 2009.

SUMMARY OF KEY POINTS

Background

5. At its meeting on 1st April 2008, Executive approved the Council's then draft Asset Management Strategy (AMS). Since this time, further progress has been made however ongoing work is required to ensure that the Asset Management plan remains fit for purpose. The latest version of the Asset Management Strategy is attached in Appendix 1.
6. The Strategy sets out the role that good asset management plays in the delivery of high quality public services, delivering an efficient service and creating a sense of place.

Guidance on Asset Management

7. The benefits of good asset management include:
- (a) releasing capital funds for re-investment or debt reduction;
 - (b) improving the range of services;
 - (c) increasing civic pride;
 - (d) empowerment of communities and citizens;
 - (e) increasing service delivery through co-location of services;
 - (f) improving the quality of property;
 - (g) reducing the annual running costs;
 - (h) aligning assets and with locally agreed objectives;
 - (i) reducing the required level of maintenance; and
 - (j) leverage for private sector funding.
8. Latest guidelines from DCLG highlights the following responsibilities:-
- Raising the profile of strategic asset management within authorities and ensuring that asset management is properly resourced.
 - Ensuring that the local authority has an adequate system in place to develop, implement and review asset management strategies.
 - Looking strategically at the performance of all assets and looking at how they can be used to deliver efficiency gains, as set out in the National Efficiency and Improvement Strategy (still to be published).
 - Engaging with local communities and Councillors when developing plans for assets.
 - Encouraging greater exploitation of under-used assets and disposal of assets no longer required for service delivery. There are great savings to be made, both in running costs, and where applicable, in the generation of capital receipts. The Government recognises that there is no "one size fits all" scenario and encourages local authorities to explore all possibilities.
 - The new performance framework has radically reduced the number of performance indicators to 198 (the published indicators are on the Department's website). Whilst there is no one indicator which underpins asset management, it can be reflected in several indicators and local authorities are encouraged to use additional asset management indicators, such as those set out in the National Property Performance Management Initiative.
 - Under Audit Commission guidance on the new Comprehensive Area Assessment (CAA), the proposal is that local authority asset management should be assessed as a part of the managing resources assessment. In December 2009 the Audit Commission stated that " the Council's Performance Management in this area has significantly improved"
 - There is also a responsibility for ensuring the sustainability of assets and Members will be aware that the Council has recently signed up to Carbon Management Plan committing it to meeting testing targets on reducing it's carbon footprint.

9. The following list covers the ongoing opportunities being explored, examples of which are set out in the Strategy:-
- Joined up working. There are a number of excellent examples of joined up working between different public sector bodies to deliver a better experience to our customers and increase efficiency gains.
 - Working with the private sector. In addition to working with other public sector bodies, working with the private sector either through Private Finance Initiatives, Joint Vehicles or Public Private Partnerships.
 - Community ownership of assets.
 - Financing new assets, including the prudential capital finance system; capital receipts; grants; and other sources of income.
 - Sharing knowledge with other authorities.

Asset Management in Burnley

10. Service Managers have been consulted on and given guidance on asset management planning in the Service Planning Guidance for the 2009/10 Service Planning Round, which is ongoing.
11. The Council's Asset Management Group, Chaired by Nick Aves, the Council's Director of Resources and Corporate Property Officer, and supported by the Head of Property Consultancy, continues to meet as and when needed to consider asset management issues for the Authority.
12. The group deals with three main issues as part of the Asset Management Planning process:
1. Corporate property issues – e.g. Accommodation Strategy, Asset Review;
 2. Improvements to the Council's property records and systems;
 3. Assessment of asset condition and backlog repairs.

Corporate Property Issues

13. At Padiham Town Hall, Council, private and NWDA monies have been used to being used to refurbish the vacant former Council office accommodation and the building has been fully let for commercial use. Work is ongoing to complete alterations at Parker Lane and the Contact Centre to facilitate the relocation of Council staff.

Improvement of the Council's property records and systems

14. Work on updating and improving the Council's land and property records and systems is ongoing. Digital map based overlays, and supporting Access databases showing all land owned, sold and let by the Council, are in place and are used as an

essential tool in the day-to-day and longer term strategic management of the Council's property assets. The Council also maintains an Asset Register, as required by the Chartered Institute of Public Finance and Accounting (CIPFA) Code for Capital Accounting for Local Authorities. Valuations of the Council's Assets are undertaken on a five year rolling programme. As part of this process, assets are assessed on review to consider whether the reasons for holding them are still valid or whether better use might be made of them or the resources they embody.

Assessment of asset condition and backlog repairs

15. A detailed assessment of the condition of the Council-owned properties is compiled by Building Maintenance Officers on a 3-year cycle. This information is then used to inform the review of the Council's ongoing 5-year Planned Maintenance Programme. The estimate of the backlog maintenance needed on the Council's operational buildings as at 31/3/08 was £4,217,365. This will, however, need to be updated to reflect works completed from this year's Maintenance Budget and new works becoming due or arising. In order to assist with this process a new building condition survey form has been developed and new software purchased to improve on the current database.
16. As part a member of the Association of Chief Estates Surveyor's (ACES) the Head of Property Consultancy contributes to a benchmarking group comparing the Property Performance Indicators it collects on the Council's buildings and considering examples of best practice.

Key Issues/Action Plan 2009/10

17. The key priorities are:
 - Continuing to raise the profile of property matters as part of the service planning process and making it an integral part of the regeneration process.
 - Continually reviewing the Council's Accommodation Strategy Action Plan and its implementation and any feed back regarding progress made.
 - Finalising a CPO Strategy Development Programme to bring forward sites for development in the Elevate areas in partnership with our lead developer partner.
 - Securing the delivery of the Development Programme in the Elevate neighbourhoods.
 - Securing the key developments identified in the Town Centre Masterplan.
 - Progressing the development of the Curzon Street Retail development site and the finalisation of a Development Programme, as well as progressing redevelopment of Charter Walk.
 - Completion of the redevelopment of the former Princess Way site and surrounding land with Burnley College for use as a new campus/associated development.
 - Securing the improvement and redevelopment of key sites facing and adjacent

to the new College building

- Securing the redevelopment of Land at Moorhouse Street to provide a new Brewery, visitors centre and offices.
- Finalising development at Network 65 and Heasandford and bringing forward new industrial/commercial development sites at the “Bridge” and AIT site to match future demand.
- Identifying private and public sector partners and Completing Development Agreements in connection with the regeneration of the Weavers' Triangle.
- Integrating the Asset Management Strategy with the emerging Area Action Plans, which will form the Local Development Framework.
- Reviewing energy efficiency/usage in Council buildings following the introduction of energy certificates on relevant buildings in order to meet the commitments set out in the Council’s Carbon Management Plan.
- Building on existing arrangements for partnership working following the examples of the St Peter’s Health and Leisure Centre, the Bus Interchange Tourist Information Centre, the MAPS (Multi Agency Problem Solving) Office and the Hammerton Street “Drop In” Centre.
- Increasing disabled access to the Council’s land and buildings.
- Continuing the process of property review i.e. “What do we own? Where is it? Why do we own it? Can we improve its performance? What is the opportunity cost of holding it? Can it be sold to generate a capital receipt if there is no strategic or financial reason for holding it?”

Conclusion

18. Good Asset Management Planning continues to be key to the services provided by Property Consultancy and the Resources Directorate. By using its land and property holdings in a strategic way, the Council has and can continue to direct and influence the development of the Borough to secure its corporate objectives.
19. There is still a requirement for a cultural shift in the organisation to understand this and a series of Asset Management Planning Workshops will be arranged with Service Heads by the Corporate Property Officer and Head of Property Consultancy.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

20. The ongoing proper management of the Council’s land and property assets contributes to the provision of services in a cost effective way by reducing costs, promoting redevelopment and generating capital receipts.
21. There is a need for additional resources to improve the property records and systems and more effectively link this to the assessment of asset condition and backlog repairs. There is a variety of software on the market that would allow us to do this. As well as the software, there would be a need for additional staff resources to update all the records.

POLICY IMPLICATIONS

22. A clear Asset Management Strategy and Capital Strategy help the Council to make best use of its assets and contribute towards it achieving its corporate objectives in relation to People, Places, Prosperity and improving Performance.

DETAILS OF CONSULTATION

23. Primary Care Trust (PCT);
Lancashire Constabulary;
Lancashire County Council;
Fire Service;
Elevate;
Housing and Community Agency;
Calico;
Great Places;
Accent;
NWDA.

BACKGROUND PAPERS

24. Files held in Property Consultancy

FURTHER INFORMATION:

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ALSO: Nick Aves – Ext. 2200

[Appendix](#)