

ASSET MANAGEMENT PLAN : OVERVIEW ISSUES REPORT

PORTFOLIO RESPONSIBILITY: RESOURCES

CABINET

18TH JANUARY, 2007

Wards Affected

County-wide

Purpose

To endorse the Asset Management Plan 2006/07, approve revised Asset Management arrangements and to inform Cabinet of the key issues and actions relating to the implementation of the Council's Asset Management Plan 2006/07.

Key Decision

This is not a Key Decision

Recommendations

- THAT (a) the Asset Management Plan for 2006/07 be endorsed;**
- (b) the revised Asset Management arrangements outlined at Appendix 2 be approved in principle; and**
- (c) the key issues and actions identified be noted.**

Reasons

To comply with the requirement to obtain Cabinet endorsement of the Asset Management Plan.

Considerations

1. There is a continuing requirement to produce an annual Asset Management Plan (AMP) that sets out the Council's approach to managing its property assets.
2. There is no longer a requirement to submit the AMP to the Government Office of the West Midlands (GOWM) but there is an expectation that it will continue to represent a significant statement of the Council's intentions in respect of how it uses its resources and will, therefore, form a key part of the Use of Resources Assessments by the Audit Commission.
3. There is an expectation that the AMP will be reported annually to the Cabinet and endorsed as Council Policy.

Key Issues and Actions

4. Restructuring Asset Management and Property Services

The Council has recognised a need to manage its assets more strategically and has appointed an Interim Head of Asset Management & Property Services to manage the transition of the property service as part of the new Directorate of Resources.

The capacity of the service is currently limited and there is an urgent need to build in additional capacity and resilience. There is a need to reflect the competitive nature of the market for professional staff in recruiting and retaining staff.

Asset Management & Property Services will be reorganised to provide a Strategic Asset Management and Property Operations focus structured around five main areas of operation plus business support {As shown in Appendix 1}.

Actions:

- Detailed work on developing the team structures and implementation plan will commence and will include discussions on identifying staff to transfer from other Directorates and funding streams – target date for completion - end January 2007.
- A detailed financial appraisal of the impact of the proposals and the additional costs of implementing the proposed management structure will be undertaken and will identify possible sources of funding to deliver an affordable solution – target date – January 2007.
- Recruitment of the Head of Asset Management & Property Services will start in January 2007 – target for appointment - mid to end March 2007.
- The definition of the job role and evaluation of the new posts of Strategic Asset Manager and Property Operations Manager will be commenced and recruitment start – target for appointment - end March to mid April 2007.
- The definition of the job roles of the Group Leader posts and recruitment to new posts will commence following appointment of the Strategic Asset Manager and Property Operations Manager.

5. Review of the Corporate Asset Management arrangements

Work to review the suitability of current organisational arrangements for corporate asset management outlined in Appendix 3 of the Asset Management Plan will be undertaken.

The purpose of this review will be to streamline the reporting arrangements and secure greater senior officer involvement in owning the development of the asset management plan and capital strategy.

It is proposed that the principles shown in the outline diagram at Appendix 2 of this report be developed as the preferred model and that a Corporate Property Strategy Group {CPSG}, chaired by the Director of Resources, and reporting directly to the Corporate Management Board, take the place of the Capital Strategy Group {CSG}.

Actions:

- The revised management and reporting arrangements will be introduced by the end of March 2007.

6. **Strategic Fit Property Review**

There is a need to develop an improved understanding of the contribution of property assets to the Council's {and its partners'} plans by carrying out a 'Strategic Fit Property Review'.

The aim of the review will be to identify strategic issues and opportunities for the built estate, which support the Council's Corporate Strategy, Community Plan and Service Plans and inform business decisions in respect of its own {and partners} property assets.

The Review will comprise a 'high-level' exercise to establish the current position in respect of the Council's property interests and focus attention on properties identified as no longer meeting an identified service priority or requiring significant investment to make them fit for purpose.

It will include engagement with key stakeholders and partners to identify service issues and priorities and will identify the current and future need for property by the Council (and its external partners in so far as they affect the Council).

The outcome will be recommendations for a prioritised programme of more specific property reviews and site studies to work up the range of options available and develop outline business cases (OBC) and project plans for securing improvements in the performance of property.

Actions:

Work has commenced on a Strategic Fit Pilot project in Hereford City –

- Hereford City Pilot – complete by end February 2007 (to inform accommodation strategy)
- Market Towns – rolling programme March to June 2007

7. **Support to Corporate Projects**

A number of the Council's corporate projects are dependent upon property advice and support will be provided as follows:

Public Service Trust (PST). The development of the model for the PST will require detailed consideration of the respective partners' property assets and identification of the opportunities and constraints for improved partnership working and joint ownership.

Actions:

- The potential for new ways of working and the possibilities for disposing of assets to fund the property strategy of the PST will require detailed professional property input from an early stage.

Herefordshire Connects. The ability to translate the aspiration of transforming the way services are accessed by the public through the exploitation of developments in communications technology and local customer access points (Info shops etc.) requires property needs to be identified and integrated to ensure that future customer needs and property requirements are aligned.

Actions:

- Detailed professional property input will continue to be provided to the project.

New Ways of Working. The importance of matching future property needs to reflect changes in the way services are delivered in future has been recognised.

Actions:

- Property and facilities management expertise will be required in translating future service models into functional workspace environments incorporating a mix of solutions ranging from home-working; hot-desking and touch-down facilities to fully dedicated workstations.
- Provision of support areas comprising break-out areas; informal and formal meeting areas; cyber cafes; archiving and storage will also be included.

Accommodation Strategy. The reconsideration of the Council's Accommodation Strategy, following the decision by Scottish & Newcastle to postpone a decision on the sale or otherwise of their Plough Lane offices and additional land to the Council, will require significant property input.

Actions:

- The development of the strategy for accommodating the Council's 'back office' staff and those staff delivering services in the community will include examining single site, dual site and multi site options and will depend upon translating needs identified through the Herefordshire Connects and New Ways of Working projects.
- Translating the strategic requirement into an operational delivery plan will involve detailed site identification and evaluation and will include examining availability of sites close to Hereford City Centre (e.g. Edgar Street Grid) and also elsewhere within the city.

Edgar Street Grid Development. Representation of the Council's property interests as a partner in the Edgar Street Grid joint venture will require input at both strategic and operational levels.

Actions:

- A strategic objective for the provision of professional property support will be input to the development of the Master Plan to ensure the proposals recognise the Council's position as major land-owner and protect the duty to demonstrate best consideration, whilst using the well-being powers where appropriate.
- At an operational level, assistance will be needed to manage the acquisition of identified properties {where necessary by use of compulsory purchase powers} and to manage properties bought in until required for redevelopment.

Rotherwas Futures. The management of the Council's investment in the Rotherwas Industrial Estate and the continued realisation of the significant revenue and employment opportunities will remain a high priority.

Actions:

- The potential for additional investment in the area and the release of further employment land offered by the proposed Rotherwas Relief Road will be closely monitored and promoted.

8. **Maintenance Backlog needs and Building Condition**

The outstanding backlog maintenance of the Council will be systematically reduced through continued focus including:

Assessment of priority need. The amount of outstanding backlog maintenance needing to be addressed over the next five years has been assessed at £17.75 million. Of this £10,000 is categorised as Unavoidable (i.e work to prevent immediate closure of buildings) whilst £9,400,000 is categorised as Essential (i.e. work required within 2 years to avoid significant deterioration).

Action:

- A range of strategies to maintain the Council's buildings at an acceptable standard are in place and, where necessary, disposal is pursued as an alternative option to major repairs.

Disability Discrimination Act (DDA) adaptations. The number of buildings open to the public which fully comply with the requirements of the DDA (excluding schools) are 38 out of a total of 72. This represents 53% of the assets.

The investment needed to bring the rest of the estate up to the required standard is estimated at between £2million and £3million although a number of buildings could be disposed of as an alternative to carrying out the adaptations.

Action:

- As above a range of alternative strategies are in place to improve the proportion of Council buildings which comply with the requirements of the DDA.

Energy & waste reduction initiatives. The importance of carbon management in reducing the amount of energy consumed and wasteful emissions is a financial imperative as well as a corporate priority in respect of the Council's sustainability objectives.

Action:

- Carbon management initiatives and the use of external sources of grant funding will continue to be identified and the return on investment measured.

9. **Partnerships – Partnering Contracts: HJS and Owen Williams**

The Strategic partnerships that the Council has in place will be actively managed in respect of:

Contract monitoring and compliance - ensuring delivery of quality outcomes throughout the supply chain.

Leveraging the relationship - in respect of knowledge transfer and innovation and supporting development of supply chain partners.

Capacity building - providing confidence that peak demands can be met in a cost effective way that retains access to skills and expertise.

Action:

- Liaison with the Council's partners will continue to obtain the additional benefits that should result from close co-operation in the areas of innovation and knowledge transfer.

10. **Service Reviews**

Advice and support will be provided to service directorates in respect of service planning and fundamental service reviews e.g.

Schools Review;

Adult & Community Services property rationalisation;

Strategic Housing Needs & Affordable Housing.

Action:

- Liaison with service clients through regular workshops to understand service priorities and identify opportunities for improved asset management and rationalisation will take place.

11. **S106 Planning Obligations**

The need to contribute to work to identify the property requirements arising from the impact of new development proposals as part of the negotiating of S106 Planning Obligations will continue and participation in the major sites review group will be a continuing priority.

Action:

- The provision of property input and subsequent monitoring and application of funds received through S106 contributions will be managed as a function of the Strategic Asset Manager's role and through the revised asset management arrangements.

12. **County Farms Rationalisation Programme**

The programme to realise capital receipts from the disposal of farm buildings in accordance with the management plan for rationalising the agricultural estate will continue with an annual target of £1 million.

Action:

- The strategy of rationalising the Council's agricultural estate will continue and opportunities to reduce the size of the estate and realise capital receipts will be pursued.

13. **Development Projects**

Two major property development projects are programmed to start over the next twelve months as follows:

Relocation of Cattle Market.

Building Schools for the Future – Replacement for Minster College.

Action:

- Professional property project management of these schemes will be prioritised to ensure delivery on time and budget and to the quality specified.

14. **Disposals**

A number of disposals are programmed to take place over the next twelve months.

Action:

- The programme of disposals will be supported to deliver the required level of capital receipts to support the Council's priorities.

Appendices

Appendix 1 – Asset Management & Property Services Proposed Organisation

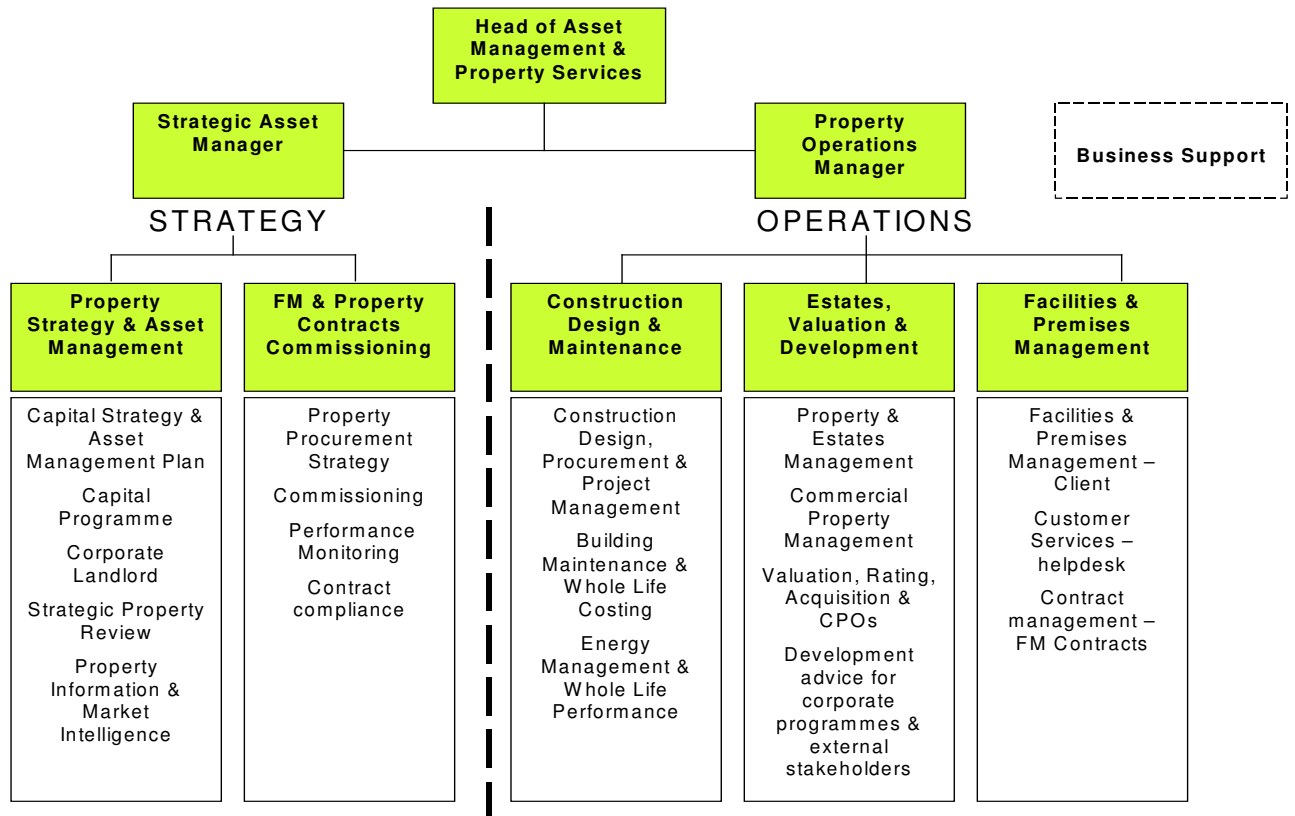
Appendix 2 – Organisational Arrangements for Corporate Asset Management

Background Papers:

Herefordshire Council Asset Management Plan July 2006

ASSET MANAGEMENT & PROPERTY SERVICES

PROPOSED ORGANISATION



ORGANISATIONAL ARRANGEMENTS FOR CORPORATE ASSET MANAGEMENT

