

BROMSGROVE DISTRICT COUNCIL

CABINET

1ST OCTOBER 2008

REVIEW OF THE ASSETS MANAGEMENT PLAN

Responsible Portfolio Holder	Councillor Roger Smith
Responsible Head of Service	Claire Felton, Monitoring Officer
Non-Key Decision	

1. SUMMARY

- 1.1 This report summarises the framework for Local Authority Asset Management and how Bromsgrove District Council will manage and deliver its assets management functions.

2. RECOMMENDATION

- 2.1 Cabinet is requested to read and approve the Council's revised Assets Management Plan at appendix 1 to this report.
- 2.2 Cabinet is requested to note and approve the Assets Management Action Plan which can be found within the body of the Assets Management Plan at appendix 1 of this report.
- 2.3 Cabinet is requested to note and approve a recommendation to Cabinet for the review and potential disposal of investment property in accordance with the overarching assets management plan and the guidance from the Council's external auditor.
- 2.4 Cabinet approve a that power be delegated to the Corporate Property Officer in consultation with the corresponding portfolio holder to dispose of assets that do not meet the retention criteria.

3. BACKGROUND

- 3.1 Since 2002 local authorities in England have been required to prepare annual asset management plans. In accordance with this requirement the Bromsgrove District Council Assets Management Plan has been reviewed and updated to reflect the Council's current strategy for managing its assts portfolio.
- 3.2 Cabinet is aware of the importance of good strategic asset management. The 2006 Local Government White Paper sets out the Governments ambition to create strong, safe and prosperous communities with a greater

- emphasis on planning and managing what local people want and need when administering local services.
- 3.3 Bromsgrove District Council has fixed assets worth £35.489 million which makes them the second most costly resource, after staff, for us to manage. Bromsgrove District Council's assets base also plays a major role in delivering services to our residents and as such not only create an important impression of the Council as an organisation, but also contribute to the delivery of the Council's vision and priorities.
 - 3.4 Assets Management has a strong role to play in supporting the delivery of the vision set out for the local area in the Sustainable Community Strategy, the Local Area Agreement and the Local Development Framework, and the context of the 2007 Local Government and Public Involvement in Health Act and the promotion of devolution to the lowest possible level.
 - 3.5 The Council is committed to make the best use of all its resources. A key element of this will be a more strategic approach to the identification of service needs and priorities and to associated resource deployment.
 - 3.6 A formal programme of asset reviews is currently being undertaken and whilst this will enable the Council to determine efficiencies and energy performance within its existing portfolio it will influence the requirements of the new site within the wider Town Centre Partnership Project.
 - 3.7 Key elements of this approach are a suitability assessment, the condition of the asset, the amount spent on maintenance and running costs and the expenditure needed to bring the asset up to standard, or to enable a proposed change in service delivery.
 - 3.8 There are a number of assets that aren't considered to be suitable for service delivery however these views are mostly subjective and should not be used as the basis for making a decision. This highlights the need to undertake asset reviews as soon as possible. The most significant asset that the Council owns is the Council House in Bromsgrove, the council's main administrative headquarters. The Council House isn't really fit for purpose as modern office accommodation and is in need of review. Added to this and given the Council's priority of delivering affordable housing, the planning moratorium the use of the Council House needs to be reviewed as soon as possible.
 - 3.9 In 2005/06 the Council's external auditors KPMG raised their concerns in relation to the investment properties owned by Bromsgrove District Council. It was the advice of KPMG that a review be undertaken in respect of the investment portfolio in particular the need to retain these assets. The recommendation further indicated that a review should focus on the maintenance costs of the buildings, the Council's wider priorities and the delivery of value for money.

- 3.10 In line with this recommendation and the wider assets management agenda, that requires local council's to view their assets portfolio alongside their capital programme when delivering services to the community, it is proposed that the review is undertaken in the context of the town centre partnership, the Council's priorities and objectives over the next 3 years and the need for us to assess our services within the value for money context.
- 3.11 Officers are being asked to approve the adoption of the revised asset management plan, the programme of review and where appropriate disposal of assets.
- 3.12 Members will note that within the existing Asset Management Plan there are aspects of the action plan that remain outstanding and that have as a consequence been rolled over into the action plan within the proposed Asset Management Plan.
- 3.13 Members will appreciate that over the last 12 months the officer responsible for the delivery of the Asset Management agenda has changed and that the restructuring within the department has led to the negotiation of a service level agreement with Worcestershire County Council to deliver this agenda.
- 3.14 In addition the asset management module which sits within the wider Spatial Project did not become operational within the original timescales.
- 3.15 Members are advised that the service level agreement with the County Council is working well and that the assets are now being entered into the assets management system.

4. FINANCIAL IMPLICATIONS

- 4.1 The Asset Management Plan is a key element of the Council's Use of Resources judgement and the delivery of an effective plan will ensure assets are maintained within a planned and funded programme.

The current Capital Programme as included in the Medium Term Financial Plan requires funding from borrowing from 2010/11 of £211K. The recommendation as detailed in 2.3 will enable the Council, where appropriate, to release funds tied up in investment property to enable resources to be redirected to key priorities and this may defer the impact from borrowing. If approved the review and disposal of these assets will be included in the Medium Term Financial Plan 2009/10 – 2011/12 to fund future year's capital projects together with increasing the funds available to invest and generate interest to offset the cost to the revenue account.

5. LEGAL IMPLICATIONS

- 5.1 There are no direct Legal Implications arising out of this report although the disposal of any asset will need to be managed in accordance with the legal process associated with this.

6. COUNCIL OBJECTIVES

- 6.1 This report will have indirect links with all of the Council's objectives. The way in which our assets are administered will impact on the way in which our services are delivered and our customers will gain an impression of us as an organisation from the buildings that we own and the image that we present.

The Council is committed to a programme of Improvement and as a result will need to demonstrate that the assets management process is at the heart of the capital programme and use of resources assessment.

In order to regenerate the district the Council is committed to the wider Town Centre Partnership Programme which will combine all public assets in the town centre to ensure appropriate and cost effective assets management throughout the town centre across all public authorities.

The process for delivering purpose built accommodate will ensure that environmental issues are factored into the build of all premises which deliver public services. The Council is committed to working with the County Council to ensure that every environmental opportunity is maximised.

In addition all existing sites will be considered for regeneration purposes.

7. RISK MANAGEMENT

- 7.1 The main risk associated with the details included in this report is:

- *Risk of challenge by external auditors on the Council's use of resources*

- 7.2 This risk is being managed as follows:

Risk Register: Legal, Equalities and Democratic Services

Key Objective Ref No: 4

Key Objective: Effective asset management

8. CUSTOMER IMPLICATIONS

The principle impact on external customers will be as a result of the town centre partnership and the rationalisation of publicly owned buildings within the town centre.

Bromsgrove District Council is working closely with the Disabled Users Group, the Equality and Diversity Forum and through the issues and options consultation process. The intelligence gained from this process will be fed into the work that we are doing with the Worcestershire County Council and other public sector partners.

9. EQUALITIES AND DIVERSITY IMPLICATIONS

Bromsgrove District Council is working closely with the Disabled Users Group, the Equality and Diversity Forum and through the issues and options consultation process.

10. VALUE FOR MONEY IMPLICATIONS

As stated above the Council's assets are valued at £35.489 million and is the second most expensive resource (following staff) for the Council and as such ensuring that these assets are effectively managed and are fit for purpose (in terms of supporting service delivery) is crucial to achieving value for money.

11. OTHER IMPLICATIONS

Procurement Issues	None
Personnel Implications	None
Governance/Performance Management	Improved and effective ethical governance
Community Safety including Section 17 of Crime and Disorder Act 1998	None
Policy	None
Environmental	None

12. OTHERS CONSULTED ON THE REPORT

Portfolio Holder	Yes
Chief Executive	Yes
Executive Director (Partnerships and Projects)	Yes
Executive Director (Services)	Yes
Assistant Chief Executive	Yes

Head of Service	N/a
Head of Financial Services	Yes
Head of Legal, Equalities & Democratic Services	N/a
Head of Organisational Development & HR	Yes
Corporate Procurement Team	<u>No</u>

13. WARDS AFFECTED

All Wards

14. APPENDICES

Appendix 1 Asset Management Plan

15. BACKGROUND PAPERS

None

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