

Corporate Asset Management Plan 2010

Introduction

1. The Corporate Asset Management Plan (CAMP) was changed last year with the aim of providing a shorter, higher level document that intentionally avoids detailed explanations of needs or proposals for property and detailed action plans. Instead it sets out how our property will need to change to help meet efficiencies and objectives. It sets out a clearly defined Asset Strategy, derived from corporate objectives and priorities.

Purpose of the Corporate Asset Management Plan

2. The purpose of the CAMP is to:
 - Give an overview of the Council's strategic direction and objectives and the implications this has for its property and how property needs to change and can be used to help achieve those objectives
 - Describe the objectives for property that arise from this and the strategy for each category of its assets (the asset strategy)
 - Set out the action to be taken, at a high level
 - Provide a clear statement of the Council's approach to its property
3. The Asset Strategy is part of the CAMP. It is a high level corporate strategy which establishes the role of the Council's assets in meeting strategic objectives and the business efficiency strategy. The strategy is driven by corporate and service objectives, rather than a bottom up approach.
4. The Council's property will need to change significantly in terms of its size, composition, use and cost if it is to positively contribute to meeting the Business Strategy objectives.
5. Asset Management is a contributor to business resource planning and seeks to ensure that the property asset base is optimally structured in the best corporate interest of the organisation. The Asset Strategy drives the asset management process.
6. The benefits of good asset management are clearly set out in best practice guidance. Land and buildings are the slowest of all strategic resources to respond to change, due to legal, financial, construction, organisational and development constraints and therefore it is necessary to plan for change in a systematic, long term way. Incremental change will not be sufficient as it cannot respond to the challenges of delivering service transformation and delivery of community objectives. The Asset Strategy will help to deliver a structured and programmed approach to change in assets.

7. There will also be a lower level Asset Programme which sets out how the strategy will be implemented, where possible involving cross-directorate shared use and funding, putting these into programmes of action. The programmes will include acquisitions; capital projects; refurbishment; maintenance, disposals and transfer of assets to community organisations.
8. The CAMP considers the period from 2011/12 to 2014/15 to allow forward planning and integration with the Council's Business Strategy, Service & Resource Planning process, and Medium Term Financial Plan (MTFP) but also considers longer term business drivers and asset needs.

Objectives and Business Efficiency Strategy

9. The County Council's objectives and Business Strategy determine decisions about the Council's direction and therefore its assets.
10. The Corporate Plan contains the following priorities and themes:

Efficient Public Services

- Delivering our savings target
- Business Strategy including changing the way we work including re-engineering staff work practices and processes; improving our use of technology; rationalising property and other assets; streamlining the organisational structure; giving priority to vital services; exploiting internal and external opportunities to find savings by moving more functions into our 'shared service' centre
- Community leadership;
- Customer focus;
- Collaborative working: identifying opportunities to work with others to deliver services more effectively, and reviewing existing partnership arrangements to maximise the benefit we receive for the investment we make in them.

World Class Economy

- Supporting growth;
- Oxfordshire City Region Partnership;
- Infrastructure;
- Tackling congestion;
- Young people – improving educational attainment;
- Skill levels – link adult skills provision to the needs of the local economy

Healthy and Thriving Communities

- Community self-help;
- Closer to Communities: developing our locality-focused approach to service planning and delivery;

- Breaking the cycle of deprivation;
- Prevention: early intervention on adult and children's services;
- Safeguarding: providing a high quality, focused safeguarding service for vulnerable children and adults;
- Demographic Change: supporting the increasing number of older people and people with disabilities to live in their own home rather than a care home

Environment & Climate Change

- Increasing energy efficiency and reduce emissions;
- Increasing rates of recycling and reducing the amount of household waste;
- Protecting the natural and built environment

11. The **Business Strategy** requires a rationalisation of the asset base to help deliver £155 million of savings between 2010/11 and 2014/15.

Financial Context

12. The current economic conditions place higher demand on public services and have significant implications on capital and revenue resources. The council has already experienced a sharp reduction in the value of capital receipts as well as delays in delivery of the disposal programme. Similarly, it is witnessing increasing demands from developers to reassess and renegotiate the need for, and terms applied to, contributions and infrastructure secured through planning obligations. We will receive significantly less funding from central government from 2011/12 onwards.

13. This makes the effective use of the Council's assets and limited capital resources of utmost importance.

How do our Assets Need to Change?

14. The Council's objectives, overall theme of breaking the cycle of deprivation and Business Strategy mean that the asset base will need to change significantly to support delivery of those objectives. The broad asset implications of the objectives are shown below.

Efficient Public Services

- The cost and size of our assets needs to be significantly reduced
- The amount of maintenance that can be carried out will reduce and available funding must be used to support the Business Strategy
- Property assets must be treated as a corporate and community resource and their future planned with our partners
- Investment will need to be focussed on priority services and joint asset planning with partners.

World Class Economy

- Infrastructure will need to be provided for growth areas
- Schools premises will need to be improved to help raise educational attainment, and sufficient pupil places will need to be provided

Healthy and Thriving Communities

- Changes to the provision of adult social care will mean changes to the property estate
- Encouraging community self help through joint and community use of assets
- The need to improve health and well-being will require more effective working and co-location with our partners

Environment and Climate Change

- The environmental impact of our property will need to be reduced and the estate be made more resilient to climate change to minimise impacts on services and costs
- Improved facilities for waste disposal and recycling will be required

The Council's Property Portfolio

15. The Council has approximately 850 properties, the vast majority of which are operational rather than investment properties. They have an asset value of approximately of £1.4 billion. The main property types are listed below.

- secondary schools
- primary schools
- offices
- special schools
- fire stations
- libraries
- museums
- day centres
- highway depots
- staff houses
- children's centres
- young people's centres
- waste recycling centres

16. There is significant investment in the portfolio each year, through the capital programme and the repairs and maintenance programme. This has led to significant investment in for example schools, offices, children's centres and libraries. However only 41% of the portfolio is fully fit for purpose and there is required maintenance of £77 million. There will need to be significant change to the portfolio for it to be affordable and to ensure it supports delivery of the Business Strategy. The challenge is to reduce the size of the portfolio and reconfigure it in a way that is strategically driven, affordable and enables and facilitates service change. There will be less investment for the foreseeable future and what investment there is will need to focus on enabling the Business Strategy in a way that as far as possible contributes to Property Objectives.

Property Objectives

17. In view of the Council's objectives and Business Strategy the Council's property objectives are set out below. The purpose of these objectives is to set out the overall approach to property. There are specific and detailed targets for property included in the annual Report on the Performance of the Property Portfolio.

Objective 1	Aim to reduce the size of the property portfolio by 25%, contributing to MTFP savings targets
Objective 2	Change the portfolio to support and enable locality working
Objective 3	Increase co-location of services and sharing with partners and community organisations to improve service delivery and reduce costs
Objective 4	Put in place property that is fit for purpose and supports corporate priorities and service business models
Objective 5	Reduce energy consumption and avoid or reduce tax liabilities

Approach to Asset Base

18. Work on developing the Asset Strategy led to 7 recommendations:

- a) Strengthen the strategic approach to property assets by taking a corporate landlord approach.
- b) Undertake locality reviews with partners to enable service strategies and identify property solutions.
- c) Develop an office accommodation strategy to enable New Ways of Working and reduce costs.
- d) Establish and own an Oxfordshire Property Forum to enable a partnership approach to asset management.
- e) Overhaul the Asset Management Information System to support effective asset management.
- f) Put in place a cross council Facilities Management function to enable cost savings and effective servicing of the estate.
- g) Dispose of non-operational property unless there is a business case for retention.

19. The recommendations are being progressed as shown in the 'Strategic Actions' section of the AMP. The recommendations will all help to achieve

the Property Objectives and help support delivery of the Business Strategy. Property Asset Management is working with services as they develop their Business Strategies to ensure that proposals are delivered in such a way that Property Objectives are met and a coordinated approach is taken.

20. The scale of budget reductions mean significant change is being proposed to what services are delivered and how they are delivered. It is not, therefore, possible at this time to set out clearly how assets will change. Current proposals are, however, largely consistent with the Property Objectives set out in this plan and should lead to a smaller portfolio, support locality working, increase co-location and reduce energy consumption.
21. Some proposals involve the potential for transfer of assets to community organisations. An approach to Transfer of Assets is being developed and this will need to take into account property, legal and financial considerations. Depending on the basis of transfer there is a risk that the portfolio will not be reduced sufficiently in size and cost to meet MTFP targets.
22. An initial implementation plan for reducing the size of the portfolio will be in place by April 2011. Depending on progress with development of service strategies, the Implementation Plan is likely to need further development beyond April 2011.

Performance Management

23. Performance against national and local property indicators is used to monitor performance of the property portfolio and with benchmarking information and targets for future performance, is included in the annual Report to the Cabinet on the Property Portfolio.
24. The performance of the Council's property from April 2009 to March 2010 showed:
 - Capital receipts of £7.2m;
 - Total required maintenance decreased by 3.86% from 2008/09. Total spend on repairs and maintenance increased from £7.8m in 2008/09 to £9.1m. The split between planned and responsive maintenance improved to 68% planned and 32% responsive. Overall the position on total required maintenance is positive, although further improvement is dependent on continued investment;
 - 65% of properties perform better than typical in terms of environmental performance, a slight improvement on 2008/09 despite a cold winter;
 - Consultants are meeting target in terms of time and cost predictability of capital projects at the design/planning stage, and time predictability at the construction stage, but are below target for cost predictability at the construction stage. Gateway procedures have now been put in place to reduce the likelihood of change once a contract has been let and to increase accountability.

- The number of properties categorised as fit for purpose remains 41% as survey data for 2010 is still being processed at the time of writing. The target of 90% of properties fit for purpose by 2015 will be difficult to achieve, although the Asset Strategy should drive change in the portfolio over the next 4 years, reduce the total number of properties and contribute significantly to improvements in fitness for purpose.

Organisational Arrangements

25. New arrangements have been put in place following a review of capital governance in 2008. The purpose is to improve the delivery of corporate objectives through better management of our assets.
26. The governance structure has a Capital Investment Board (CCMT & Cabinet) and a Capital Programme Board. The new structure is assisting in:
- Changing the culture and approach to asset management
 - Improving planning of capital investment
 - Making more effective use of assets
 - Enhanced cross-service working
 - Improved working and asset sharing with partners
27. The role of the Capital Investment Board is to set the vision and agenda for capital investment and asset planning to put in place the next generation of infrastructure and to deal with the asset implications of the Business Strategy.
28. The role of the Capital Programme Board is to provide a single point of contact for all capital and asset matters, to ensure development and delivery of the asset strategy, enhance cross-service and organisation working, develop a programme of strategic capital investment and to provide officer leadership and challenge.
29. Property Asset Management has been restructured from November 2010 to allow a refocusing of resources to increase the capacity for strategic work, and to ensure that all asset considerations are made in a corporate context.

Strategic Actions

30. The main strategic property actions required to support the achievement of the Council's objectives are to have:

By the end of 2009/10

- completed the Better Offices Programme – **achieved**
- a consolidated Facilities Management Service in place (for the main offices) – **achieved**

- a strategy in place for the provision and procurement of Property Services from 2012 when most existing contracts come to an end – **achieved**

By the end of 2010/11

- a fully developed Asset Strategy approved and in use to help ensure that decisions about property support the Council's objectives – **on target**
- a plan underway for meeting Business Efficiency savings from reducing the size of the portfolio with savings commencing in 2011/12 – **underway and on programme for completion by April 2011.**
- arrangements in place for joint asset planning with partners – **operational level 'Asset Collaboration Group' in place. Joint mapping underway. Locality reviews commencing January 2011.**
- "New Ways of Working" framework in place to allow our staff to work effectively and flexibly and to make the most effective use of our assets – **report on approach to be considered by CCMT in April 2011.**

By the end of 2011/12

- the new procurement arrangements for Property Asset Management in place and able to deliver the savings required by the Business Strategy – **on target.**
- Improvement in Asset Management information system complete – action plan in place.
- A Corporate Landlord approach to assets in place, with all relevant non-school premises budgets transferred to Strategic Asset Management.

By the end of 2014/15

- delivered the property savings required by the Business Efficiency Strategy – **plans for reducing the size of the portfolio by 25% are being prepared.**

Annually

- meet the fitness for purpose targets – **not on target (2009/10)**
- meet the disposals target – **not met (2009/10)**
- deliver the capital programme – **achieved (2009/10)**
- deliver the repairs and maintenance programme – **achieved (2009/10)**
- meet the target for reducing carbon dioxide emissions – **not met (2009/10)**

Mark Tailby
Acting Head of Property
Contact: 01865 816012