

**OVERVIEW & SCRUTINY COMMITTEE**

**Thursday, 4 October 2018**

**INFORMATION BULLETIN – ASSET MANAGEMENT SERVICE (REP1208)**

**EXECUTIVE SUMMARY**

1. This Information Bulletin is a document that is made available with the published agenda papers. It can include update information requested by the Committee, as well as information that a service considers should be made known to the Committee, but is not for discussion at the meeting.
2. This information bulletin gives a further progress update on Asset Management, to that received in June 2018.
3. Members are advised to contact officers if they have any questions about the Council's involvement in this area.

|                               |   |
|-------------------------------|---|
| Is the report Open or Exempt? | Open  |
| <b>Wards Affected:</b>        | All   |
| <b>Cabinet Member:</b>        | Cllr B Provan<br>Cabinet Member for Resources   |
| <b>Supporting Officer:</b>    | Kerry Blair<br>Head of Operations<br>01502 523007<br><a href="mailto:kerry.blair@eastsoffolk.gov.uk">kerry.blair@eastsoffolk.gov.uk</a> |

## **1 INTRODUCTION**

- 1.1 The Chairman of the Overview & Scrutiny Committee has requested that information bulletins be provided as part of the agenda, where issues are required to be brought to Members' attention, but are not to be discussed at the meeting.
- 1.2 Members are requested to contact the officer shown on this report if they have any queries with regards to this information bulletin.

## **2 ASSET MANAGEMENT – ACTIONS IN SUPPORT OF IMPROVEMENTS RAISED BY INTERNAL AUDIT**

This bulletin summarises the steps taking, in support of the improvements as part of an internal audit report.

### **Property Asset Strategy and Planning**

- 2.1 A desktop review of the asset management portfolio was undertaken by Kathryn Hurlock (Asset & Investment Manager) in October 2017. The review was able to summarise the income, maintenance cost and overall return using figures obtained by Financial Services. This highlighted a requirement to undertake a review of the assets within the ownership of WDC and SCDC. Following a review of the assets it will then be possible to determine the suitability of assets and the changes that are required to bring the portfolio up to the desired standard.
- 2.2 A review of the assets within the Councils' ownership is proposed to be undertaken on a geographic basis; targeting assets within specific areas within the District to eventually build up a total picture. To ensure the review process is undertaken methodically and documented in a consistent manner a pilot scheme has been launched.
- 2.3 The basis for the review comprises the following:
  - Identification of assets on a plan
  - Inspection of assets using an 'Inspection Template' document
  - Review of occupation / rights / legal issues
  - Valuation of assets using Argus Software based on Market Value.
  - Preliminary categorisation of assets into community use, assets held for economic benefit or investment purposes.
  - Recommendations for disposal, refurbishment or retention for community use.
  - Asset information recorded on Information @ Work and Uniform.
- 2.4 The asset review commenced on 1 September 2018, once the Asset Management Team re-structure was complete the new staff were in place. There are circa 1,500 assets to be reviewed and the current objective is to have inspected them all by year end. This is however a demanding schedule, requiring an average of 14 inspections per week per surveyor, which needs to be balanced against other 'business as usual' workloads. We will monitor progress over the next few weeks and review resourcing needs depending on the outputs.
- 2.5 The other part of the exercise is the loading of the captured information onto the Council property database, Uniform. At present this cannot be progressed as we are awaiting system provider Idox's support to configure the system for receipt of the information. We are working with ICT to resolve this. Once we have a timeframe for this work, we will be looking to recruit additional temporary resource to help with the data inputting.

## Corporate Property Asset Management Group

- 2.6 RICS guidance suggests the formation of a corporate property asset management group. This group would have overall responsibility for developing a corporate approach to capital planning, expenditure, use of assets and would manage the implementation of the agreed property asset management plans and strategy.
- 2.7 An Asset Management Group was formed in January 2018 with Heads of Service from Legal Services, Financial Services, Housing Services, Economic Development, Planning, Operations and a Strategic Director. The first meeting was held on 25 January 2018 and minutes of this meeting are available for review. The terms of reference for this group have now been agreed.

### Risk Register

- 2.8 A risk register is in place as set out below:

| RISK  | ACTION   |
|---|--|
| To ensure that lessees and other prospective occupiers of Council land are not allowed to take possession or enter the land until a lease or agreement, in a form approved by the Director / Head of Service in consultation with the Chief Finance Officer, has been established as appropriate. | All properties occupied by third parties are let on licence or lease agreements. These are executed by Legal Services and copies of the completion notices are put on a forward plan as a reminder for the expiry date. The use of Uniform will replace the forward plan and ensure that leases/agreements are renewed on expiry. As part of the asset review being undertaken during 2018, all agreements let to third parties are being reviewed.  |
| To ensure the proper security of all buildings and other assets under their control.  | Properties which are vacant are inspected on a weekly basis by Building Services. A template form is being revised in conjunction with the Officer responsible for insurance to ensure our inspections are as compliant as possible for insurance purposes. A further meeting was held on 26 April with Mike Wood (Finance), Emma Macfarlane (Estates Manager) and Guy Butler (Building Services) to discuss the inspection regime for all properties and an inspection form has been created.<br><br>In addition, all assets are subject to periodic condition surveys. |
| Where land or buildings are surplus to requirements, a recommendation for sale should be the subject to scrutiny of the Asset Management Group then a joint report by the Director / Head of Service and the Chief Finance Officer.   | A disposals strategy will form part of the Asset Management Strategy however a disposals policy has been drafted. In addition as part of the review of all assets, it is anticipated a number of surplus assets will be identified for disposal.   |

## **Investment Strategy**

- 2.9 The case for a trading company was brought to cabinet in 2017. Since this date specialist legal and financial advice has been sought from Trowers & Hamblins and Grant Thornton. A teleconference call was held on 31 October 2017 to consider a number of assumptions for the trading company. In addition, internal meetings were held on 23 January, 13 February and 6 March 2018 to model different scenarios for the transfer of assets into a company. A subsequent meeting was held with Grant Thornton on 19 April 2018 to address a number of outstanding queries relating to the formation of the business case for a trading company.
- 2.10 Work has been undertaken by Officers to analyse potential assets and companies (scaffolding company) to be transferred into a trading company. This has involved financial modelling and determining a number of assumptions.
- 2.11 The Interim Head of Asset Management (Rupert Grass) is working closely with Chris Hartgrove in Finance to produce both a Capital Strategy and Asset Management Strategy in readiness for 1 April 2019. In conjunction with this work, they are also preparing a business case for the establishment of a number of Local Authority Trading Companies to support the delivery of these strategies. This will be presented to Cabinet early in the New Year.

## **Delivery Review – Property Asset Performance in Support of Service Delivery**

- 2.12 Asset Management are in the process of working through the RICS Performance and Improvement action in order to assist putting in place an Asset Management Strategy.

## **Data and Information Management**

- 2.13 In response to the recommendation by audit and also as part of the formation of an Asset Strategy based on RICS guidance, an Asset Management System Review Project Group has been organised by Sandra Lewis from ICT. An initial meeting between Sandra Lewis and Kathryn Hurlock was held on 16 October 2017 as an introduction to the programme.
- 2.14 The group comprises representatives from ICT and Asset Management. The progress with this project is covered in 2.3 above.