

OVERVIEW & SCRUTINY COMMITTEE

Thursday, 14 June 2018

INFORMATION BULLETIN – ASSET MANAGEMENT (REP1735)

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 progress update on Asset Management.
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
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Wards Affected:	All
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Cabinet Member:	Councillor B Provan Cabinet Member for Resources
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Supporting Officer:	Kerry Blair Head of Operations 01502 523007 kerry.blair@eastsoffolk.gov.uk
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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 On completion of the review of assets within the pilot scheme by the end of July 2018, it is proposed to undertake the review across all assets within the portfolio.
- 2.5 It is anticipated the review of assets will be completed by January 2019 which will provide sufficient information to populate an Asset Management Plan. In the interim period, a draft strategy has been prepared which sets out at a high level the Asset Management vision. This document is in draft form only and will need to be refined before being taken forward to the Asset Management Group and Cabinet for adoption. It is envisaged this document will also include the Asset Management Plan, once the Asset Review is completed.

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 been drafted and are due to be agreed at the next meeting.

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 will be 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 a draft inspection form has been created. The next stage is to work with Zurich to ensure our inspection template and regime is compliant. 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 specialise legal and financial advice has been sought from Trowers & Hamlin 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 Due to Kathryn Hurlock being on maternity leave from 11 May 2018, the work to establish an investment strategy for a commercial company has been allocated to the interim Asset & Investment Manager.

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 last meeting was held on 19 March 2018. Progress for the upload of the freehold information of assets held by WDC was reported at the meeting; it is envisaged 90% of the data will be uploaded by August 2019 with completion due by December 2019. A review was undertaken to determine the information being uploaded and the capabilities of the programme.