

SUBMISSION TO STRATEGIC (OVERVIEW AND SCRUTINY) COMMITTEE

Date: 26th November 2013

Agenda Item: 5

Contact Officer: Richard King

Telephone: 01543 308060

Key Decision: No

SUBMISSION BY CABINET MEMBER FOR FINANCE, DEMOCRATIC AND LEGAL SERVICES

FIT FOR THE FUTURE – ASSET MANAGEMENT REVIEW

1. Purpose of Report

- 1.1 To note the latest position regarding the review of asset management that is taking place as part of the Fit 4 Future Programme and to consider whether the scope of the review and the Project Initiation Document is satisfactory.

2. Summary of Policy Development

- 2.1 The purpose of a service review is to consider what service is required, assess how we currently deliver it, compare, contrast and challenge those working practices and determine how it could be delivered differently in the future, either internally, as a shared service, or externally thereby ensuring efficiencies are delivered and the service is improved.
- 2.2 As part of Phase Two of the Fit 4 Future Programme, a comprehensive review of asset management is taking place. The value of the Council's Operational Properties is £33,417,719 and Investment Properties are valued at £6,430, 250. We currently receive £448,800 income from the Investment Properties, the costs of which total £74,033.
- 2.3 A Project Initiation Document has been prepared and this is attached at **APPENDIX A**. The outcomes which the project is seeking to achieve are as follows: -
- Release of Capital for re-investment
 - Efficient running costs
 - Better public service provision (including co-location of services)
 - Improve property utilisation and productivity
 - Delivery of community objectives
 - Strategic procurement
 - Sustainable management
 - Equalities, health and safety compliance
- 2.4 A meeting of the Project Group, which comprises Officers from across the Authority, took place on 7 August 2013 and it was agreed that the asset review should focus on the following three key themes: -
- i) The Council's asset base – including a review of the asset portfolio against key criteria to ensure assets are being used as effectively as possible to either support service delivery or produce a rental income
 - ii) The management of assets and facilities retained by the Authority to ensure most efficient management of those assets we must hold in order to support the work of the Council.
 - iii) Consideration of staff suggestions which cover a range of issues from utility management to better use of existing assets.

2.5 The next meeting of the Project Group has been arranged to take place on 26 November 2013, and consideration will be given to the following: -

- Finalisation of Questionnaire accurately capturing everyone's involvement with Asset Management
- Review of the Council's asset portfolio having regard to criteria including financial return, redevelopment potential and service delivery
- Staff suggestions relating to asset management

2.6 Some efficiencies have already been achieved, including increased rental income from co-location with both the Police and County Council Officers, who are occupying space at the District Council resulting in £30k per annum income for the Council. We have also stopped refreshments for internal officer meetings, saving £2k per annum.

3. Community Benefits

3.1 A well maintained and efficient asset portfolio assists the District Council in delivering services to the community.

4. Recommendation

4.1 That the Committee notes the contents of the report and the work that has taken place to date as part of the review.

5. Financial Implications

5.1 Increased income of £30,000 per annum has been achieved through finding office accommodation at the District Council House for both the Police and Staffordshire County Council Officers and £2,000 by stopping refreshments at internal officer meetings.

6. A Plan for Lichfield District Council - Implications

6.1 A well managed property portfolio can help the major themes of the Plan for Lichfield District including supporting people, shaping place and boosting business.

7. Sustainability and Carbon Reduction Issues

7.1 Sustainability is a key consideration in managing the Council's assets and part of the review will look at energy efficiency measures.

8. Human Rights Issues

8.1 None

9. Crime and Community Safety Issues

9.1 None

10. Risk Management Issues

Risk	Likelihood/ Impact	Risk Category	Countermeasure	Responsibility
The Council does not maintain its property portfolio resulting in health and safety issues.	Low/High	Financial/ Reputational	An inspection regime is in place including water hygiene and electrical testing	Premises Managers
Property Portfolio not managed efficiently, resulting in loss of revenue or opportunities for Capital returns	Low/High	Financial/ Reputational	The Asset Management Working Group review on an annual basis, the Council's property portfolio and determine which assets the Council should seek to dispose of. In addition, premises managers are continually looking at opportunities to reduce costs and dispose of assets where appropriate.	Premises Managers

Background Document: Project Initiation Document

Document purpose
<p>The Project Initiation Document (PID) is the collation of information that defines the project and how it will be managed.</p> <p>The PID has three main purposes:</p> <ol style="list-style-type: none"> 1. To ensure that the Leadership Team and Cabinet have all information necessary to assess the project 2. To be a baseline document that future progress and ongoing viability can be assessed against 3. To provide a single-source of reference about the project, enabling people to access the information needed to familiarise themselves with what the project is about and how it is being managed

Project details	
Project Name	Asset Management
Project Manager (Champion?)	John Brown
Project Sponsor	Jane Kitchen /Richard King
Project team	John Brown, Helen Cook, Ged Cooper, Mark Hooper, Richard King, Jane Kitchen, Steve Langston, Adam Mullins, Gareth Thomas, Anthony Thomas, Kevin Sleeman and John Smith (plus a 'critical friend' to be invited from another authority).
Lead Councillor	Councillor Spruce
Challenge Director/Cabinet member	Diane Tilley

Document details	
Version	2
Version date	13 November 2013
Status	draft / final / approved
Source file location	

PROJECT DEFINITION

1. Project description

What is it you propose to do? From project brief

Asset Management for the purpose of this project is defined as the strategic management of land and buildings. In this context the overall aim of asset management is to optimise the utilisation of assets in terms of service benefit and financial return.

The project will review asset management arrangements and seek to ensure that the management of assets is aligned with the organisation's operational and financial goals and objectives.

2. Project background

Give details as to the background to this project, what opportunities or problems prompted it? From project brief

Asset management is a structured process that seeks to ensure best value for money from property assets in serving the strategic needs of the authority.

Property assets have unique characteristics that underline the need for good management:

- They are expensive in terms of capital value and annual cost of upkeep
- They need to be carefully managed over their lives to ensure best value (in terms of use, maintenance and generation of income).
- It takes a considerable amount of time to determine new property needs, to procure and provide them. As a result there is a need to plan change in a systematic way.
- Their management needs to have regard to health and safety.

Both the localism agenda and the drive to reduce expenditure is likely to result in more functions being transferred to other bodies and local communities.

In line with national policy and to address budgetary pressure the council needs to review its asset base and asset management arrangements, devolving responsibilities for assets where appropriate.

Incremental change will not suffice and there is a need to ensure that asset management is structured to address future challenges, adapt to change and is fit for purpose.

3. Project objectives

List the objectives of the project. That is, what does the project seek to achieve?

The project will seek to ensure that the processes, structures, skills and resources are in place to realise the benefits associated with good asset management in terms of:

(i) Corporate Governance Arrangements and Asset Challenge

Asset challenge and review at the strategic level often has the greatest potential for achieving value for money efficiencies.

The Authority needs to be sure that the assets it holds are aligned with its strategic objectives.

(ii) Property Information and Data

Good property information is essential for ensuring efficient management of assets. The Authority currently maintains a deeds system, geographical information system and asset register (the latter comprising all assets valued in excess of £10K).

A project is currently underway to reconcile all property records and plot them on the Council's GIS system and the possibility of extending the project to include more detailed information about assets has been raised.

Reliable, comprehensive information is a prerequisite of asset reviews and challenge (see (i) above)

(iii) Sweating Assets

The term 'sweating assets' refers to maximising the use of assets and their service and income generating potential.

(iv) Office Rationalisation and Flexible Working

Offices are large consumers of energy, expensive to maintain and operate and represent a capital income opportunity if sold or leased. In addition they can often be under-utilised with space wasted through poor design, inefficient layouts etc.

(v) Shared Use and Collaboration

Successful collaboration between local authorities and their partners has the potential to reduce costs through rationalisation and disposal of assets, improve service delivery and share property running costs.

(vi) Procurement/In House Management of Assets and Construction Related Services

Procurement of asset related services represents a large area of local government spend.

The authority currently outsources a number of property functions including:

- Valuation
- Some legal work
- Water Hygiene
- Various repairs and maintenance/construction services

(vii) Environmental Performance and Climate Change

Good environmental performance reduces carbon and saves money. The Council needs to consider on an ongoing basis how buildings are designed, refurbished, managed, maintained, operated and used.

(viii) Legislative compliance - including landlord and tenant provisions, equalities, health and safety.

Property and property management is subject to many legal and regulatory considerations. Asset management must ensure compliance with these.

4. Project outcomes

List the outcomes the project seeks to achieve. That is, what is it that will be produced or changed as a result of the project?

Outcomes sought include:

- Release of capital for re-investment
- Efficient running costs
- Better public service provision (including co-location of services)
- Improved property utilisation and productivity
- Delivery of community objectives
- Strategic procurement
- Sustainable management
- Equalities, health and safety compliance

5. In scope

Detail all of the products that the project is to produce. This should include a description of the product and its requirements.

All strategic aspects of asset management are included in the project scope.

6. Not in scope

Please detail what is not included within the scope of the project

It is not the scope of the project to undertake the work associated with the project areas outlined in section 3 (i.e. project objectives) but rather to ensure resources, skills, processes and arrangements are in place to address these work areas.

7. Constraints

List any restrictions or limitations that the project is bound by, for instance specific deadlines to be met or budget limits

The review is being undertaken within the context and timetable of the overall Fit for the Future programme.

8. Assumptions

List any assumptions that have been made in planning the project

9. Dependencies

This can include anything that the project interfaces with, such as another project or system and anything that the project is dependent upon happening

The strategic nature of asset management means the project is a cross service review.

SUMMARY BUSINESS CASE

10. Project Approach

Describe the method for the project

Not yet prescribed.

11. Business Justification

Describe the justification for the project based upon estimated costs, risks and benefits

Asset Management is a key and strategic service that is integral to the delivery of the Council's objectives and therefore is impacted upon and impacts the fit for the future programme.

PROJECT STRUCTURE

12. Organisational Structure

Briefly provide details as to the composition and structure of the project management team. You may wish to show this in an organisational chart

Project management team (including property related roles).

Jane Kitchen (Director of Finance, Revenues and Benefits) leads on all matters relating to strategic finance and financial affairs, with responsibility for reviewing support services (as defined by CIPFA).

Richard King (Strategic Director – Democratic, Development and Legal Services) – overall strategic responsibility for asset management and democratic, development and legal aspects of property ownership.

John Brown (Land & Property Manager) – Corporate Property Officer with responsibility for District Council House and the corporate land and property portfolio.

Helen Cook (Property & Projects Manager) – District Venture projects, project management, project design and implementation.

Ged Cooper (Building Control Manager) – Land Charges.

Mark Hooper (Democratic & Legal Officer) – Asset Register, corporate property functions, administrative, legal and quasi-legal functions, community assets and democratic support.

Steve Langston (Health and Safety Manager) - health and safety issues.

Adam Mullins (Insurance Officer) – Insurance of assets.

Anthony Thomas (Financial Services Manager) – capital projects, capital accounting, financial integrity of the asset register.

Gareth Thomas (Corporate GIS Manager) – management of the geographical information system, including land and property ownership.

Kevin Sleeman (Information Systems and Strategy Manager) – responsibilities include information technology systems, infrastructure and support.

John Smith (Greens & Open Spaces Strategic Manager) – management of parks and open spaces.

13. Roles and Responsibilities

Briefly identify the key individuals and groups involved in the delivery of the project. For each list their roles and responsibilities so that all are clear what has to be done and by whom.

Organisational roles included in 12 above.

COMMUNICATIONS

14. Communication Management

Please describe how communications will be managed, monitored and controlled within this project. This includes both internal communications and external communication. You may wish to append a more detailed Communication Management document to the PID and there is some guidance to assist in this in the project management toolkit.

As a minimum please describe:

1. Who are the main stakeholders of the project

Most service providers are potentially affected by asset management decisions. Representatives of main stakeholders are included on the project management team.

What are the key messages

The need to ensure cost effective asset management that directly supports strategic objectives is the key message.

2. What methods of communication will be used

Internal communications includes a specific email group for the project team.

3. Who will be responsible for communication

4. How communications will be recorded

This will need updating as the project continues

PROJECT PLAN

15. Project Plan

Please detail the project plan. This may form a number of appendices to the PID and should include:

- Resource requirements

A key resource requirement will be staff time across a number of service areas.

- Budget, including expenditure plan

There is no specific budget for the project at present.

- Timescales, including key milestones
- Any project stages and control points

The overall project may need to be divided into a number of sub-projects (see section 3) with individual timescales and milestones

- A more detailed introduction to project planning can be found on SID under the Project Management Framework pages
- Process for and implications of Equality Impact assessment

Where there is a likelihood of proposals impacting on Equality, Impact assessments will be undertaken.

- Reports will be submitted to Strategic Overview and Scrutiny Committee on 26 November 2013 and 29 January 2014

PROJECT CONTROLS

16. Project Controls

Project controls enable a project to be managed in an effective and efficient manner. Please detail the controls used within this project. This should include:

- How decisions will be made
- What documents will be produced

The overall Asset Management report will include review documents on each of the project areas covered in section 3.

- The frequency and format of communications between the project management levels
- The number of stages within the project
- Mechanisms to capture and analyse issues and requests for changes
- Mechanisms to escalate exceptions

Appendices

Item	Page number

Amendment History		
Document Owner:		
Version Number	Date	Reason for Amendment

Approvals				
Name	Signature	Title	Date	Version