

**BABERGH DISTRICT COUNCIL**

**FROM:** Director of Finance and Head of  
Contract and Asset Management

**REPORT NUMBER:** **H116**

**TO:** OVERVIEW AND SCRUTINY  
(STEWARDSHIP) COMMITTEE

**DATE OF MEETING:** 30 September 2008

**ANNUAL REPORT - CAPITAL AND ASSET MANAGEMENT STRATEGY**

1. **PURPOSE OF REPORT**

To report on key issues relating to the Council's Capital and Asset Management Strategy over the last 12 months and future plans in terms of planning and the ongoing review of Babergh's approach to capital investment and asset utilisation.

2. **RECOMMENDATIONS**

2.1 That the review of progress and actions taken on the Capital and Asset Management Strategy, as detailed in Appendix A attached, be noted.

2.2 That a further report be submitted to the Committee in 12 months time.

The Committee is able to resolve this matter.

3. **FINANCIAL IMPLICATIONS**

3.1 The Capital and Asset Management Strategy is key to the Council's asset investment and management plans. It is vital that these plans, specific projects and actions are geared to achieving the key outcomes and clear benefits for the community.

3.2 Financial implications are built into the Council's Medium Term Financial Strategy, capital programme and revenue budgets. The Strategic and Financial Planning Task Group are currently reviewing these as part of the annual service and financial planning process.

4. **RISK MANAGEMENT**

4.1 The strategy is most clearly linked to the Significant Business Risk No. 9 – Management of Major Programmes and Projects. Key risks relating to this report are set out below:

<b>Risk Description</b>	<b>Likelihood</b>	<b>Seriousness or Impact</b>	<b>Mitigation Measures</b>
Insufficient funding available to fund capital programme due to economic conditions and impact on capital receipts.	Significant	Marginal	Careful assessment through current service and financial planning process. Maximise external and partnership funding.
Ineffective asset management	Low	Critical	<ul style="list-style-type: none"> <li>• Clear asset management planning</li> <li>• Disposal of assets where appropriate to achieve Strategic Plan priorities.</li> </ul>
Delays in expenditure proposals and Action Plan items	Low	Critical	<ul style="list-style-type: none"> <li>• Clear asset management planning</li> <li>• Disposal of assets where appropriate to achieve Strategic Plan priorities</li> <li>• Delivery of expenditure proposals</li> </ul>

## 5. **KEY INFORMATION**

- 5.1 Members approved a new, integrated Capital and Asset Management Strategy, which includes a detailed Asset Management Plan (excluding Council Housing) in September 2007.
- 5.2 The integrated Capital and Asset Management Strategy covers the overall investment needs and spending plans for all services including Council Housing. However, only the 'Corporate' asset holdings are covered in the Asset Management Plan. Asset management planning for the Council's housing stock is incorporated into the Council's Housing Strategy (2004 - 2009), and the Council's 25-year Housing Business Plan.
- 5.3 The purpose of the strategy is to:
- Indicate the current and future capital investment plans as part of the Council's overall Financial Strategy

- Highlight key issues and future decisions that the Council is likely to have to make in relation to deploying and allocating capital resources to meet investment needs and its corporate priorities
- Identify any potential investment gaps i.e. needs exceeding resources
- Establish clear governance arrangements

5.4 The key aims of this strategy are to ensure:

- Resources and assets are used effectively and efficiently to support corporate priorities
- Issues relating to capital investment and asset management are fully reflected in the Council's business planning
- There is a clear understanding and awareness of the Council's strategy

5.5 Details of key actions and outcomes over the last 12 months and future issues/plans are summarised in the sections that follow.

### **Capital Strategy**

5.6 Key progress and actions over the last 12 months are summarised below:

- A 3-year capital programme was approved in February 2008 incorporating key projects that meet the Council's key aims and priorities
- Progress on schemes/projects and expenditure in 2007/08 was monitored by this Committee, including an end of year outturn report
- Strategy Committee reviewed and prioritised key projects and related strategic asset management issues in June 2008. Decisions included not proceeding with the Council Housing Stock Option Appraisal or any further consideration of car parks charging in the light of Local Government Review
- As a result of the above, money in the Earmarked Capital Reserve has been allocated to the Hadleigh Community Facilities project
- The Housing Business Plan has been reviewed by the Housing Panel

5.7 In terms of current and future actions, the position is as follows:

- In addition to the review of key projects, other aspects of the 3-year General Fund capital programme are being reviewed in the light of LGR and other factors
- This will include ensuring that projects and schemes are linked to Strategic Plan priorities and outcomes
- The Service and Financial Planning Task Group is considering these issues and the risks around capital receipts, on which the General Fund Capital Programme is heavily reliant
- The 2008/09 Housing Capital Programme has been reviewed and changes agreed that reallocate funds to tackle fuel poverty and other priorities

5.8 Some amendments are need to the contents of the Capital and Asset Management Strategy to reflect developments over the last year, for example, to reflect the new Strategic Plan Priorities.

## **Asset Management Plan**

5.9 Key progress and actions over the last 12 months are summarised below:

- Continuation of major planned maintenance works at the Kingfisher Leisure Centre
- Reactive repairs at Hadleigh Pool
- Completion of workshop extension at Chilton Depot
- Planned maintenance to car parks (including the installation of ticket machines in Sudbury)
- Planned maintenance to Babergh's HQ
- Implementation of, or revision of, items within the AMP Action Plan (updated version attached as Appendix A to this report)

5.10 Key actions for the next 12 months:

- Continued progress towards construction of a new purpose-made municipal depot for the joint waste & recycling contract with Mid Suffolk District Council
- Complete negotiations regarding the sale of land at the Council's HQ at Corks Lane, Hadleigh with a view to generating a substantial capital receipt for use in the construction of a new leisure/community facility in the town
- Review options for the future of Wenham Depot when council housing reactive repairs contract expires in 2009
- Continue to progress with the potential disposal of the Belle Vue House and the adjacent derelict swimming pool site
- Subject to progress on a new joint municipal depot investigate the potential to dispose of Chilton Depot for industrial use and housing
- Review options for the Calais Street Depot and Pavilion sites
- Participate in the study for the development of Sudbury Town Centre with particular regard to the bus station site.

## 6. **APPENDICES**

Appendix A - Updated AMP Action Plan

7. **BACKGROUND PAPERS REFERRED TO:**

Paper G103 - Capital and Asset Management Strategy, Strategy Committee, 27 September 2007.

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**BABERGH DISTRICT**  
**COUNCIL**

**ASSET MANAGEMENT**  
**PLAN**  
**NON-HOUSING ASSETS**

**UPDATED ACTION PLAN**  
**TO 30th September 2008**

**ACTION PLAN****Updated to 30th September 2008**

	<b>Recommendation</b>	<b>Priority</b>	<b>Responsibility</b>	<b>Target Completion Date</b>	<b>Comments</b>
R1	Determine whether the roles and responsibilities for property management in relation to non-housing assets merit the nomination of a Member Champion	high	Management Team and Corporate Property Officer	Completed	Due to the Council's small property portfolio the responsibilities for monitoring property management will continue to be carried out by the Council's Overview & Scrutiny Committees
R2	Undertake annual reviews of the 2007-2010 Asset Management Plan	medium	Corporate Property Officer	Sep-09	On-going
R3	Ensure that the AMP reflects the need to meet the 'Pathfinder' shared services agenda	high	Corporate Property Officer	Abandoned	Pathfinder initiative abandoned due to Local Government Review
R4	Ensure that the AMP continues to reflect the corporate priorities of the Council.	high	Corporate Property Officer	on-going	The 3-year AMP does not require amendment
R5	Ensure that Best Value service reviews involve the consideration of the rationale for holding property within their remit.	medium	Heads of Service and Best Value Groups	on-going	No best value reviews undertaken in relation to asset management between April 2007 and September 2008
R6	Fully consider the rationale for continuing to retain non-operational property	Low	Corporate Property Officer	Apr-09 <b>(Revised)</b>	To be included as part of the full revaluation exercise in early 2009
R7	Commission a new Condition Survey for the Council's corporate non-housing assets	medium	Corporate Property Officer	2010	A condition survey for the Council's corporate assets will be undertaken at 31st March 2010
R8	Complete the Priority Assessment in relation to asbestos management, taking appropriate action as required	high	Corporate Property Officer	Mar-09 <b>(Revised)</b>	Work progressing well

**ACTION PLAN****Updated to 30th September 2008**

	<b>Recommendation</b>	<b>Priority</b>	<b>Responsibility</b>	<b>Target Completion Date</b>	<b>Comments</b>
R9	Complete the Future Management Plan in relation to asbestos	medium	Corporate Property Officer	Apr-09 <b>(Revised)</b>	To be developed after completion of the Priority Assessment
R10	Implement planned maintenance programmes across the portfolio, using condition survey information.	medium	Building Maintenance Manager & Building Services Manager	On-going	Annual capital programme expenditure undertaken on the Council's HQ, car parks and other corporate assets
R11	Up-date the 3-year capital programme through the Council's service & financial planning process	medium	Head of Finance/Corporate Property Officer	On-going	Completed on 2007. Shortly to be undertaken for 2008.
R12	Consider the introduction of the RICS developed COPROP property performance indicators instead of the old ODPM PPI's	medium	Corporate Property Officer & Business Support Manager	Apr-09 <b>(Revised)</b>	Insufficient guidance yet received. Continuing therefore with previously used property performance indicators
R13	Benchmark the selected property performance indicators through the CIPFA/IPF Asset Management Network	medium	Corporate Property Officer & Business Support Manager	Apr-09 <b>(Revised)</b>	No benchmarking information currently available
R14	Consider whether other local performance indicators can be introduced relating to these assets that link to the Council's corporate objectives	high	Corporate Director & Corporate Property Officer	On-going	Dependant on outcome of R12
R15	Identify opportunities for sharing, alternative use or disposal of assets	high	Corporate Property Officer & Development Team	On-going	Disposals currently being considered for two sites at Belle Vue

**ACTION PLAN****Updated to 30th September 2008**

	<b>Recommendation</b>	<b>Priority</b>	<b>Responsibility</b>	<b>Target Completion Date</b>	<b>Comments</b>
R16	Appoint independent external property consultant to review the options for the Council's commercial property portfolio	medium	Corporate Property Officer	Jun-09 <b>(Revised)</b>	To be included as part of the full revaluation exercise in early 2009
R17	Update the Suitability Survey through Heads of Service following completion of changes in staffing as a result of re-structuring	medium	Building Maintenance Manager	Mar-09 <b>(Revised)</b>	Deferred due to lack of resources
R18	Review the outcome of consultation exercises e.g. the 2006/07 BVPI User Satisfaction Surveys, with regard to the condition of, or access to, the Council's corporate assets, whether by customer, staff or Elected Members	medium	Corporate Property Officer	Completed	
R19	Keep the Terms of Reference for the Capital Strategy & Asset Management Group under review	high	Head of Finance & Head of Contract & Asset Management	No longer required	Following transfer of responsibility for all property to the Head of Contract & Asset Management there is no further requirement for the Asset Management Group.