

Report To:	Environment and Regeneration Committee	Date:	31 October 2013
Report By:	Acting Corporate Director Environment, Regeneration & Resources	Report No:	R/307/13/AP/AG
Contact Officer:	Andrew Gerrard	Contact No:	01475 712456
Subject:	Asset Management Plan – Scoping of Future Investment		

1.0 PURPOSE

- 1.1 The purpose of this report is to advise the Committee of proposals to identify future investment requirements for the Council's Property Stock and seek approval to appoint consultants to undertake condition surveys.

2.0 SUMMARY

- 2.1 The Council prepared an Asset Management Plan (AMP) in 2009. This covered all of the Council's Properties, land and roads assets except Education properties which are covered by the School Estate Management Plan (SEMP).
- 2.2 When the AMP was produced required investment in properties only was estimated as £171.5million. This excluded the industrial and commercial portfolios. Since then, progress has been made in a number of the strands of the investment programme, including the Office and Depot Rationalisation programme, the Leisure Strategy and the Pitches Strategy. This has reduced the outstanding investment requirement and it is appropriate to re appraise future requirements.
- 2.3 To calculate the amount of investment required, it is necessary to carry out condition surveys of existing properties which have not been recently refurbished. Surveys of smaller properties can be carried out by Property Assets & Facilities Management (PAFM) staff; however, larger properties will require the appointment of consultant building surveyors. This will require the allocation of funds from the AMP. Services will also require to be consulted on alterations work necessary to improve the suitability of properties for their current and future use with the cost of this work being factored into the investment plan.
- 2.4 Since the previous AMP was produced, the Community Health & Care Partnership (CHCP) has been formed. The CHCP operates from both Council owned properties and NHS owned properties. It is therefore appropriate that a separate AMP is produced for CHCP properties and a Joint Investment Plan developed with Greater Glasgow and Clyde Health Board.
- 2.5 Since the Previous AMP was produced, a Roads Asset Management Plan (RAMP) has been produced and approved and investment in the Roads Infrastructure is proceeding.
- 2.6 Work is ongoing to produce a separate Grounds and Open Spaces Asset Management Plan.
- 2.7 Commercial and Industrial Property was included in the previous AMP but no investment was included. These properties are on full repairing leases and, therefore, the cost of repairs falls to the tenant. Many properties do however require refurbishment and a fund should be set up to enable this, in order to preserve the value of the Council's property and encourage economic activity by the provision of good quality properties. Proposals will be included in the follow up reports.

3.0 RECOMMENDATION

- 3.1 It is recommended that the Committee note the proposals for the development on a revised Asset Management Plan, and that this will be reported to the September 2014 meeting of the Committee with a new investment programme and revised funding model for consideration;
- 3.2 It is recommended that the Committee note that separate AMPs will be produced for CHCP properties and for Grounds and Open Spaces; and
- 3.3 It is recommended that the Committee note that the cost of the consultants and Property Assets & Facilities Management's costs in carrying out surveys will be met from the Asset Management Plan Funding Model/School Estates management Plan Funding Model.

Andrew Gerrard
Head of Property Assets & Facilities Management

4.0 BACKGROUND

- 4.1 The Council's last full Asset Management Plan (AMP) was published in 2009. Since then significant work has been carried out or is programmed for the Council's Properties and Roads assets. A revised AMP is required to establish the Council's future investment programme.
- 4.2 A separate AMP has been produced for Roads Assets and separate AMPs will be produced for CHCP Assets and Grounds and Open Space Assets. While these are being produced separately, in order to produce a full and coherent investment strategy they must be coordinated and considered together.
- 4.3 Although Commercial and Industrial property was included in the previous AMP no investment was allowed. These properties are leased on a full repairing basis and therefore the burden of making repairs falls on the tenant. However because the Council is not always able to obtain full dilapidations payment on termination of a lease because the tenant has gone into receivership or administration or the property required investment before it was let much of the Estate is in poor condition and requires investment. An investment fund which could be called on to supplement any dilapidations money to improve properties when they became vacant would maintain the value of the Council's property and assist in attracting tenants. This will be included as part of the proposed investment strategy.
- 4.4 In order to produce a revised investment plan it is necessary to carry out a condition survey of all properties to assess the investment required to bring the building into good condition. It is also necessary to liaise with Services in order to ascertain if alterations are required in order to improve the suitability of the properties. PAFM has capacity to undertake surveys of the smaller buildings however most of the work will require to be carried out by external consultants. It is now five years since the School Estate had a full condition survey undertaken and it would be advantageous to include schools and general properties in the one contract. The value of this contract is such that it will require to be procured by the full OJEU procedure.
- 4.5 While the Condition Survey work is ongoing the Property Assets Team will engage with Services to establish what work is required to improve the suitability of buildings and cost estimates will be produced for this work.
- 4.6 A new Asset Management Plan will be prepared and the investment identified for improvements to condition and suitability will be collated into an investment plan. It is proposed to present this to the committee at its meeting in September 2014.
- 4.7 Investment required for CHCP properties will be calculated and will feed into a CHCP AMP and investment plan which will also include relevant Health Board properties.

5.0 IMPLICATIONS

- 5.1 The cost of the condition surveys will be met from the Asset Management Plan Funding Model and the School Estate Management Plan (SEMP) Funding Model.
- 5.2 Financial Implications - One off Costs

Cost Centre	Budget Heading	Budget Year	Proposed Spend this Report	Virement From	Other Comments
AMP	Condition survey	2013/14	£100,000		
SEMP	Condition Survey	2013/14	£120,000		

6.0 CONSULTATION

- 6.1 The Head of Finance has been consulted and is in agreement with the proposals

6.2 The Head of Organisational Development, HR and Communications has not been consulted.

6.3 There are no legal implications and therefore the Head of Legal and Democratic Services has not been consulted.

7.0 BACKGROUND PAPERS

7.1 None.