

POLICY, FINANCE AND ADMINISTRATION COMMITTEE

4th DECEMBER 2012

REPORT OF HEAD OF CENTRAL SERVICES AND CORPORATE PROPERTY OFFICER

ASSET MANAGEMENT PLAN AND CAPITAL STRATEGY 2012/13-2014/15 - UPDATE

1.0 PURPOSE OF REPORT

- 1.1 To review progress made since the Asset Management Plan and Capital Strategy 2012-15 was approved by Members on the 3rd July 2012.

2.0 RECOMMENDATIONS

- 2.1 **That Members note the progress made on the Asset Management Plan and Capital Strategy 2012-15 and the updated Action Plan attached at Appendix 1 and approve the concept of a 25 year capital replacement programme for assets and the impact of this on the capital programme.**
- 2.2 **That Members note the position regarding Hallams, Parkside main contractor, and that officers are taking advice on how residual matters should be dealt with.**

3.0 KEY ISSUES

- 3.1 The Asset Management Plan and Capital Strategy 2012-15 recognises continued pressure on Council finances. Following a period of significant progress and change for the Council with the building of Parkside, the further development of new ways of working, and the completion of the sale of Nottingham Road, there is now a need to focus on updating and introducing new asset management systems and processes to ensure our assets are effectively managed and maintained.
- 3.2 A progress update of the key actions for the property team in 2012/13 from the Action plan reported to Members in July 2012 is attached at Appendix A for information and comment.

3.3 Parkside

The Council completed its first full year of occupation at Parkside in September 2012. The Council shares occupancy with nine other organisations and feedback from our partners has been very positive, with agencies working well together to help solve customer problems. Facilities management meetings are held every two months to monitor performance of the building and help to identify any issues or areas for improvement. Partners have stated that they are pleased with the level of cleaning and performance of caretaking duties/facilities management. The licence arrangements and service charge model is now being duplicated Countywide in Leicestershire with Parkside being the model for others.

There have been minor problems in the first year however with a complex Building Management System this is to be expected and these now appear to have settled down and there has been an embedding of good facilities management practices. Training for caretakers, standby staff and property staff has been implemented and

intermediate refresher training is planned. As expected there remain outstanding issues to be resolved.

With the recent announcement regarding Hallams going into administration officers are currently taking advice on how any residual matters should be dealt with and Members should be aware that sub contractor warranties are in place.

3.4 Repairs and maintenance programme and Capital Programme

Condition surveys were completed on all the main Council assets (except Parkside) by building surveyors Gleeds in summer 2012. The surveys entailed property inspections, condition ratings and identifying defects with estimate of costs for remedial works, the works were prioritised and discussed with officers and allocated to a five year repair and maintenance programme with works allocated to Year 1 to 5 according to priority. On this basis the five year repairs and maintenance programme has been prepared

A whole life costing schedule has been completed for Parkside. This has been done to enable the Council to forecast with a degree of accuracy the level of sinking fund to be included in the service charge calculation and re-charged to partners. Components of the building have been allocated an estimated life cycle and replacement cost. The sinking fund for the first 5 years has been set at £50,000 per annum and this capital sum will be used for capital replacement items, for example replacement carpet tiles and vinyl are factored in for year 10.

In addition to the 5 year repair and maintenance programme and the whole life costing schedule for Parkside, a less detailed 25 year asset replacement capital programme has been completed to project potential major capital expenditure items on structural elements of the assets in the next 1-25 years. The impact of this approach is that capital expenditure items are incorporated in the capital programme, not the 5 year revenue repair and maintenance programme. Project mandates will be completed for the appropriate committee in the usual way. The capital programme forecasts do not include services (for example boilers) and this 25 year asset replacement programme will be regularly reviewed and also refined in future years to add these components.

The asset management plan identified four properties owned by the Council with a condition D (Life Expired), these are Snow Hill Industrial Units, Burton St Car Park, Country Park Pavilion, and the Cattle Market –cattle stores building. The repairs and maintenance programme had allocated budget for spot repairs to Snow Hill but not replacement of the roof and unfortunately the leaks at Snow Hill Units became worse in September 2012, due to extreme weather, and it has been necessary for an over clad roof system to be ordered urgently, as reported elsewhere on this agenda. The impact of this capital improvement to Snow Hill will be to upgrade its condition rating for the roof to A and the overall condition rating of the Units to B – satisfactory (with minor works). The Burton St car park is being resurfaced later this financial year, which will put it into condition rating A. The cattle market cattle store is under review, in conjunction with discussions with the market partners. There are plans to replace the Country Park Pavillion and grant funding opportunities are being explored for this.

4.0 CORPORATE IMPLICATIONS

4.1 The Asset Management Plan and Capital Strategy 2012-15 will be one of several service or subject strategies that contributes to the Councils overarching Corporate Plan.

5.0 FINANCIAL AND OTHER RESOURCE IMPLICATIONS

- 5.1 The Asset management Plan and Capital Strategy 2012-15 shows the Property team structure within Central Services. The key financial implications relate to the five year repairs and maintenance programme, the whole life costing schedule for Parkside and the 25 year asset replacement programme.

LEGAL IMPLICATIONS/POWERS

- 6.0 There are no particular legal implications in respect of this report other than the statutory requirements set out in the Asset Management Plan.

7.0 COMMUNITY SAFETY

- 7.1 Community safety is considered as part of the regular risk assessments that are undertaken for each building or asset owned by the Council and incorporated in the Property section of the Central Services Service Plan.

8.0 EQUALITIES

- 8.1 Asset related projects may impact upon equalities and impact assessments will be completed to assess this as required.

9.0 RISKS

- 9.1 Specific risks relating to individual projects will be highlighted in the detail of reports brought forward for Members consideration.

10.0 CLIMATE CHANGE

- 10.1 Improving energy efficiency in our buildings and reducing carbon emissions will continue to be a focus for the property team.

11.0 CONSULTATION

- 11.1 Management team and other appropriate officers have been consulted on the Asset Management Plan.

12.0 WARDS AFFECTED

- 12.1 The Asset Management Plan is a corporate document and therefore affects all the Wards within the Council.

Contact Officer: D Blanchard, Corporate Property Officer

Date: 15/11/12

Appendices: Appendix A: The Corporate Asset Management Plan Action Plan
Updated.

Background Papers:

Reference: X: Council, C'tees & Sub-C'tees/PFA/2011-12/17-04-12/DB – Asset Management Plan & Capital Strategy 2012-15