

ABERDEEN CITY COUNCIL

COMMITTEE	Finance Policy and Resources
DATE	20 September 2016
DIRECTOR	Pete Leonard
TITLE OF REPORT	Property Asset Management Policy and Framework
REPORT NUMBER	CHI/16/045
CHECKLIST COMPLETED	Yes/No

1. PURPOSE OF REPORT

This report sets out a revised format for property asset management strategic documentation with the implementation of a Property Policy and Framework. Approval of the Policy and Framework is sought.

2. RECOMMENDATION(S)

- 1) The Committee approve the Property Asset Management Policy and Framework; and instructs the Head of Land & Property Assets in conjunction with the Strategic Asset & Capital Board to develop an associated strategy.
- 2) The Committee note the content of the provisional action plan.
- 3) A report on the Property Asset Management Strategy be brought to this committee in due course.

3. FINANCIAL IMPLICATIONS

There are no specific implications flowing from this report. The further implementation of property asset management will result in additional improvements in efficiency of the utilisation of Council property assets, potentially producing savings in revenue costs and identifying surplus assets, thereby realising capital receipts.

4. OTHER IMPLICATIONS

There are no immediate other implications flowing from this report.

5. BACKGROUND/MAIN ISSUES

A Property Asset Management Plan has been regularly produced or updated since 2009. The last update of the Property Asset Management Plan was as a bulletin report to the Property sub-committee in September 2014. Since then what is considered as good

practice for property asset management planning strategic documentation has evolved.

The Chartered Institute of Public Finance & Accountancy (CIPFA) good practice model suggests a three document approach to property asset management. This includes a Policy, a Framework/Strategy and an Action Plan. The purpose of these and when they are updated is as follows:-

Property Asset Management Policy

Purpose	To describe the key principles adopted in applying asset management to achieve the authority's strategic objectives.
Updates	As required. These principles are unlikely to change from year to year.
Audience	Officers, Elected Members and Public

Property Asset Management Framework / Strategy

Purpose	To be a clear and concise high level document setting out how property asset management is delivered for the authority to meet its long term corporate goals and objectives. This is a similar document to the previously produced Property Asset Management Plan
Updates	This will be updated annually initially, potentially moving to every two years.
Audience	Officers, Elected Members and Public

Property Asset Management Action Plan

Purpose	To provide clear and measurable actions that will be implemented over the short term (1-3 years) as part of delivering the Property Asset Management Framework.
Updates	Updated on an ongoing basis.
Audience	Officers and Elected Members

The draft Policy is shown in Appendix A and the draft Framework is shown in Appendix B. Appendix C shows the provisional Action Plan which will be refined as resource implications are considered fully. The strategy element will be developed and brought to this committee in due course. It will be closely linked to service plans and budgeting processes.

It should be noted that these documents apply to all Council owned assets. That includes those managed by Arm's Length Organisations, Common Good Assets and assets occupied by the Integrated Joint Board.

Future reports associated with property asset management such as the performance reports will be submitted to this Committee. The Policy and Framework were approved by the Strategic Asset & Capital Review Board on the 20 July. With the Corporate Management Team approving the documents on 25 August.

The Policy and Framework document will be converted into the corporate format and made available on the Council's website.

6. IMPACT

Improving Customer Experience –

The Policy sets out the key principles for managing our properties. By following these principles we can ensure that properties improve the customer experience. The framework helps the Council identify projects and investment requirements that will contribute positively to the customer experience.

Improving Staff Experience –

The Policy sets out the key principles for managing our properties. By following these principles we can ensure that properties improve the staff experience. The framework helps the Council identify projects and investment requirements that will contribute positively to the staff experience.

Improving our use of Resources –

The implementation of the framework will improve the utilisation of assets, ensure we are investing in the right assets, identify assets surplus to requirements and identify priority projects. Property is also income generating and the policy/framework looks to maximise the opportunities for doing so.

Corporate -

The continued implementation of the Property Asset Management framework will help ensure that the Council is utilising its property portfolios to support Services in implementing the Single Outcome Agreement. In addition the framework contributes to achieving the objectives set out in the Strategic Business Plan. Property has a particularly important role to play in Smarter Living, Smarter People and Smarter Environment themes.

Public –

As there are no specific recommendations there is little impact on the public. As such interest from the public will likely be limited.

7. MANAGEMENT OF RISK

There are no specific risks of approving the recommendation.

8. BACKGROUND PAPERS

Property Asset Management Plan Update bulletin report to Property sub-committee 9 September 2014.

9. REPORT AUTHOR DETAILS

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Appendix A - Property Asset Management Policy

Aberdeen City Council is committed to effectively managing its land and properties. The further implementation of good practice asset management principles is essential to this. Asset Management Planning ensures that assets make the maximum possible contribution to achieving the goals and objectives of an organisation. A Property Asset Management Policy is a key element of this.

What is the purpose of the Property Asset Management Policy?

The Property Asset Management Policy outlines the key asset management principles which are required to ensure our assets contribute to achieving the Council's strategic objectives.

The Policy forms part of a three document approach to property asset management. Comprising the:

- 1. Property Asset Management Policy**
2. Property Asset Management Strategy
3. Property Asset Management Action Plan

Why is it important?

Property assets play a vital role in helping to provide services for the citizens of Aberdeen, not to mention their contribution to enhancing the overall image of Aberdeen. To ensure this contribution continues into the future we must manage these assets effectively.

Property assets also generate revenue and capital income. This income must be maximised and additional income streams should be identified. This income helps support service delivery.

The Council owns a hugely diverse non-housing property portfolio containing around 1200 assets, including both land and buildings. Property running costs are the third highest revenue spend for the Council.

What objectives does the Property Asset Management Policy Support?

The Policy contributes to a number of key Council Strategies. These are listed below:-

Shaping Aberdeen

- Improving Customer Experience
- Improving Staff Experience
- Improving our use of Resources

Strategic Infrastructure Plan

- Key Goal - A better image of Aberdeen

Single Outcome Agreement

- Thematic Group - Learning & Workforce
- Thematic Group - Health & Wellbeing
- Thematic Group - Older People

Five Year Business Plan & Smarter Aberdeen

- High Level Priority Smarter Environment - We will design and construct all new infrastructure to be energy efficient by maximising the use of low carbon technology and materials. We will use recycled materials where possible.
- High Level Priority Smarter Environment - We will increase energy efficiency and introduce carbon reduction measures in our processes and our housing and non-housing assets to reduce our carbon footprint, save money and to bring people out of fuel poverty.
- High Level Priority Smarter Environment - We will manage waste effectively and in line with UK and European legislative requirements by maximising recycling and reducing waste to landfill, thereby reducing our costs and carbon footprint

What are the Key Principles?

1. Our properties will:
 - a) Be safe
 - b) Support service delivery
 - c) Be fit for purpose
 - d) Be in appropriate condition
 - e) Be sustainable
 - f) Be fully utilised
2. Properties not complying with one or more of the categories above will be subject to review and appropriate action.
3. All Council owned properties will be managed through the Corporate Landlord model.
4. New and refurbished properties will be designed in accordance with approved design/asset policies.
5. We will work with our partners to develop opportunities for joint/shared/integrated properties.
6. We will reduce carbon emissions from our properties.
7. We will review properties on both locality and property type basis as appropriate.
8. Community Asset Transfer to qualifying groups will be supported.
9. We will seek to generate maximum financial value from our property assets.

What do these principles mean?

	Key Principle	
1a	Safe	<ul style="list-style-type: none"> • Properties must meet health and safety legislation. • Appropriate security measures are in place
1b	Fit for purpose	<ul style="list-style-type: none"> • Properties should be graded as A-Good or B-Satisfactory for suitability as appropriate. • Properties that are open to the public will be fully accessible.
1c	Appropriate condition	<ul style="list-style-type: none"> • Properties should be graded as A-Good or B-Satisfactory for condition.
1d	Sustainable	<ul style="list-style-type: none"> • Running costs are not excessive. • Commercial rentals can be maintained.
1e	Fully utilised	<ul style="list-style-type: none"> • There is no vacant space in a property. • Periods of closure are limited.
1f	Supports service delivery	
2	Non-compliance	<ul style="list-style-type: none"> • A review would identify if a property needs investment, disposal, merger or an alternative use.
3	Corporate Landlord Model	<ul style="list-style-type: none"> • To be a more fully defined and centralised model.
4	Property/Design Policies	<ul style="list-style-type: none"> • Projects would need to meet environmental policies. • Approved space standards would be devised.
5	Joint/shared/integrated properties	<ul style="list-style-type: none"> • We will engage with partners early in a project to identify opportunities.
6	Reduce carbon emissions	<ul style="list-style-type: none"> • Reduce energy consumption in properties, reduce portfolio where possible and replace high carbon producing heating systems.
7	Review properties	<ul style="list-style-type: none"> • Carry out locality reviews for community and sporting facilities • Carry our property type reviews for depots and corporate offices.
8	Community Asset Transfer	<ul style="list-style-type: none"> • The implementation of a community transfer process. • Providing support to qualifying groups.
9	Generate maximum financial value from our property assets	<ul style="list-style-type: none"> • Investing to increase or maintain revenue income. • Disposing of poorly performing investment assets. <p>Identifying new sources of revenue from our assets.</p>



Section 1 - Introduction

Aberdeen City Council is committed to effectively managing its land and properties. The further implementation of good practice asset management principles is essential to this. Asset Management Planning ensures that assets make the maximum possible contribution to achieving the goals and objectives of an organisation. A Property Asset Management Framework and Strategy is a key element of this.

Asset Management Planning simply put 'ensures that assets make the maximum possible contribution to achieving the goals and objectives of an organisation'. An asset management strategy is a written document specifying activities and resources, responsibilities and timescales for implementing good practice asset management and delivering the asset management objectives.

Property assets play a vital role in helping to provide services for the citizens of Aberdeen, not to mention their contribution to enhancing the overall image of Aberdeen. To ensure this contribution continues into the future we must manage these assets effectively.

The Property Asset Management Framework sets out how property asset management is delivered to enable the authority to meet its long term corporate goals and objectives.

The Framework forms part of a three document approach to property asset management. Comprising the:

1. Property Asset Management Policy
- 2. Property Asset Management Framework / Strategy**
3. Property Asset Management Action Plan

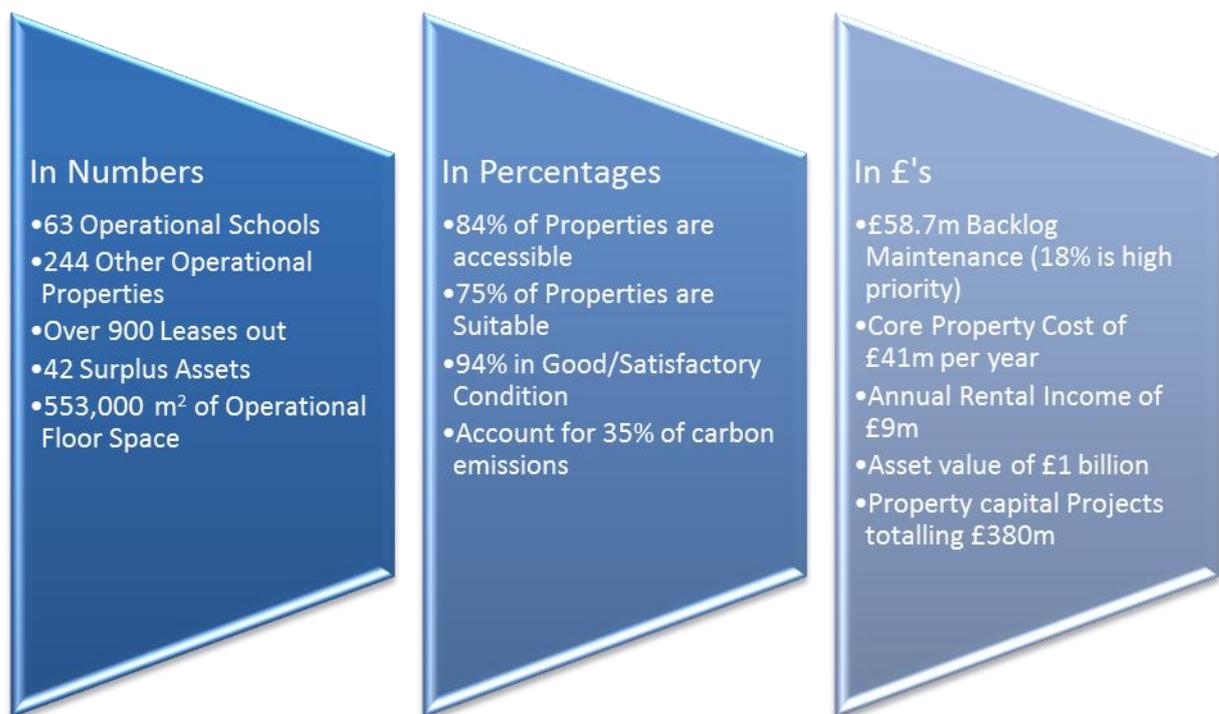
This is a departure from the previous structure for Asset Management Plans as it was recognised that it no longer fulfilled the needs of the Council. This is still a developing area and as asset management is further integrated into the organisation the strategy element will be developed. A Property Asset Management Action Plan has been developed and will be refined to take in account resource issues.



Section 2 - Asset Overview

The Council owns a hugely diverse non-housing property portfolio containing around 1200 assets, including both land and buildings. Property running costs are the third highest revenue spend for the Council and property projects account for the vast majority of the capital programme. Some high level figures are shown below.

Figure 1: High level property figures (source of data shown in Appendix 1).



Our operational assets such as schools, offices and libraries account for the vast majority of the property running costs as well having the greatest capital investment requirements. The table below summarise these in numbers and floor areas. From this it can be seen that there are fluctuations in the operational estate over the next few years. This is through permanent building closures (e.g. Kincorth Academy), temporary closures (e.g. Art Gallery), extensions to buildings (e.g. Greenbrae School) and new builds (e.g. Stoneywood School).

Although the number of buildings may reduce slightly the overall floor area will see an increase on the 2014/15 position. This is despite a major reduction in office accommodation. Consequently the property revenue costs for the Council will increase as will the future capital requirements. These figures do not take in account new education accommodation at Tillydrone or Torry which will likely result in an increase in the overall floor area. Looking beyond

2018 a number of new schools identified within the local development plan will further increase the overall floor area. It is also anticipated that early years education will require significantly increased capacity to meet legislative requirements.

Figure 2: Floor Area (in square metres) and Asset Number Predictions

	2014	2015	2016	2017	2018
Total Gross Internal Area	553,793	553,747	544,931	566,610	557,104
No. of buildings	309	307	304	309	305
Area of Schools	306,098	304,732	308,521	318,214	309,860
No. of schools	64	63	63	63	62
Area of Other operational assets	185,477	186,319	178,696	186,037	186,276
No. of other operational assets	206	203	202	206	204
Area of Trust Assets	62,218	62,696	58,079	62,579	61,610
No. of Trust Assets	39	41	39	40	39

We have a diverse operational portfolio and it varies in age considerably. Many properties are no longer used for their original purpose and some properties may be near the end of their design life. All these influences mean many of our properties require repairs and changes to make them fit for purpose. Two indicators that help summarise this are the percentage of buildings that are in appropriate condition and the percentage of buildings that are suitable for their use.

Both condition and suitability are assessed on A to D scale. These being:-

- A – Good
- B – Satisfactory
- C – Poor
- D - Bad

The condition indicator shows that 94% is in A or B condition. This figure has changed little over the five years shown. Suitability is currently at 75.2% which is a figure that has declined over the five years.

Figure 3: Percentage of operational floor area that is in A or B condition.

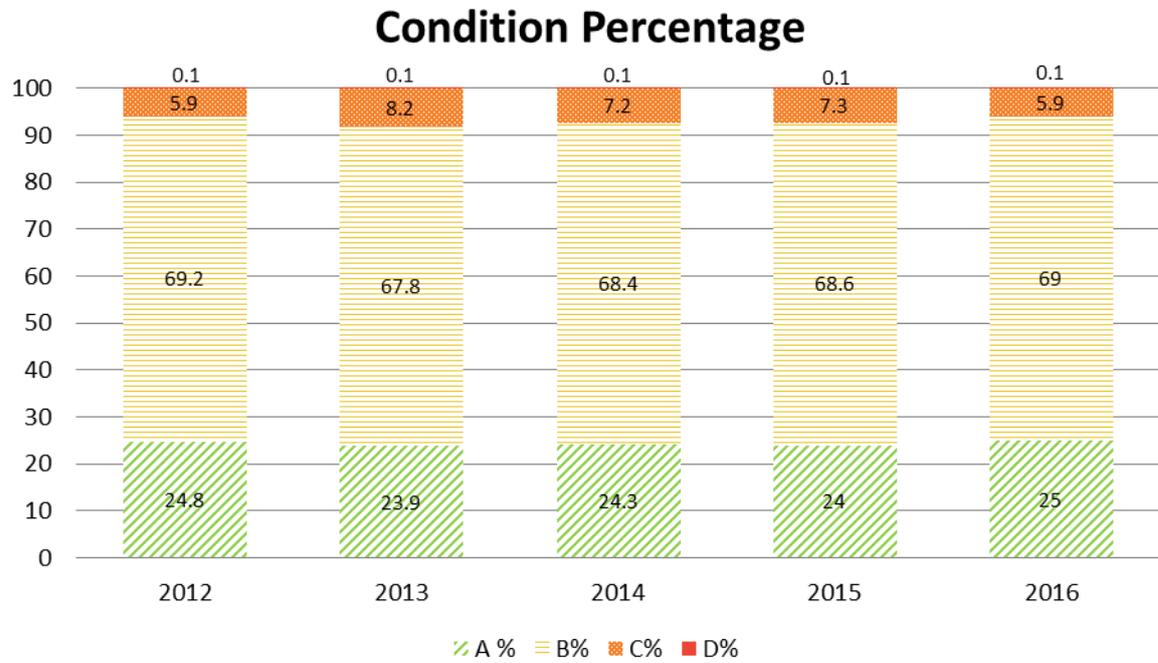
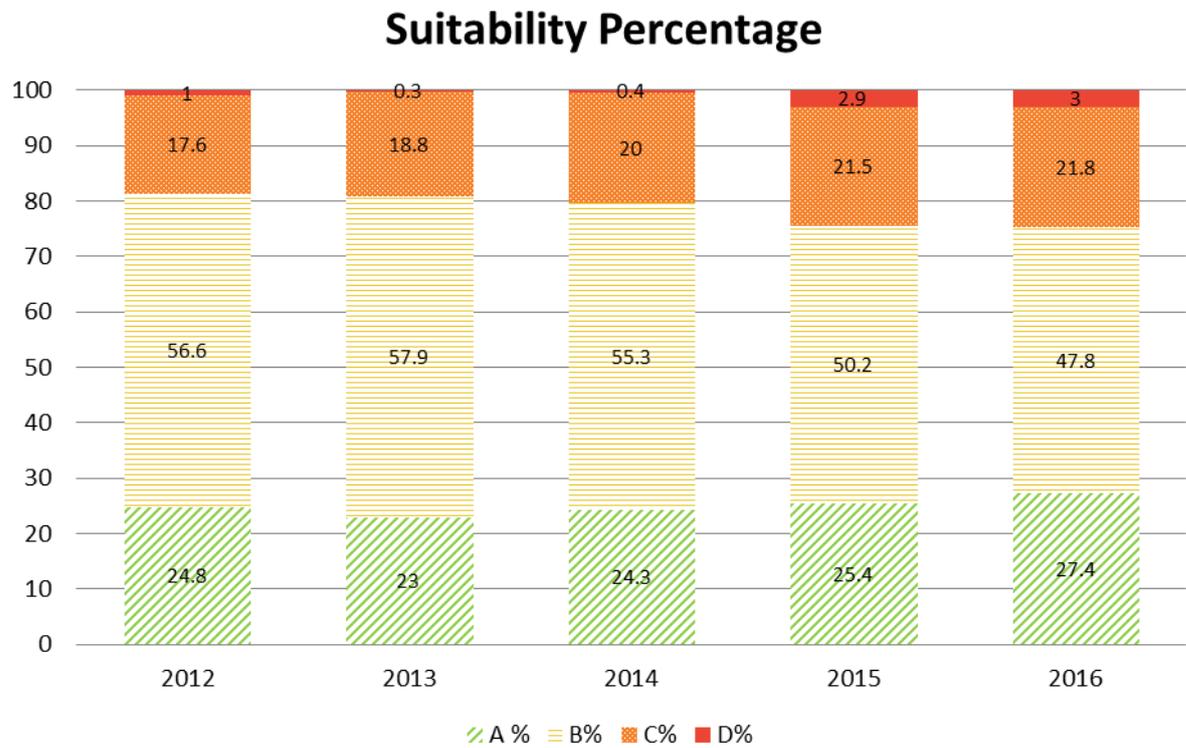


Figure 4: Percentage of operational buildings that are in A or B suitability.





Section 3 - Vision and Objectives

Our vision for our property is:-

“The Council will provide property, working with partners, where appropriate, which supports the Council in the delivery of quality services by being fit for purpose, accessible, efficient, suitable and sustainable.”

Our objectives for our property are:-

- **Assets will be safe and comply with legal requirements.**
- **Assets will be fit for purpose, in appropriate condition and with appropriate utilisation.**
- **Assets will be environmentally and economically sustainable.**
- **The value received from our non-operational assets will be maximised.**
- **We will have the right assets, at the right time and in the right place.**
- **We will increase the income received from our assets.**

The relationship between these objectives and our Strategic Priorities are shown in table below. The links to shaping Aberdeen are also shown.

Figure 5: Objectives and Priorities

Strategic Priority / Shaping Aberdeen	Property Objective	What does this mean?
Smarter Living – Quality of Life		
We will promote and improve opportunities for physical activity and sport to enable Aberdeen's citizens to lead more active, healthier lives.	We will have the right assets, at the right time and in the right place.	New sport asset requirements will be identified through appropriate reviews. They will then be progressed through the recognised capital project procedure.
	Assets will be fit for purpose, in appropriate condition and with appropriate utilisation.	Appropriate capital and revenue will be invested in sports assets to make them fit for purpose and in appropriate condition. Utilisation will be measured and steps taken to improve this where required.
We will improve access to and increase participation in arts and culture by providing opportunities for citizens and	We will have the right assets, at the right time and in the right place.	New cultural asset requirements will be identified through appropriate reviews. They will then be progressed

visitors to experience a broad range of high quality arts and cultural activities.		through the recognised capital project procedure along with those already in the capital programme.
	Assets will be fit for purpose, in appropriate condition and with appropriate utilisation.	Appropriate capital and revenue will be invested in cultural assets to make them fit for purpose and in appropriate condition. Utilisation will be measured and steps taken to improve this where required.
We will improve access to affordable housing in both the social rented and private sectors, by supporting first time buyers, regenerating areas within the city and by working with developers to maximise the effective use of developers contributions.	The value received from our non-operational assets will be maximised.	Vacant Council land will be made available for the development of affordable housing. A robust procedure for developers contributions will continue to be followed and updated as required.
Smarter Governance – Participation		
We will seek to develop a sense of community in Aberdeen based on principles of fairness, reciprocity and responsibility. We will encourage citizens to participate in the development, design and decision making of services to promote civic pride, active citizenship and resilience.	We will have the right assets, at the right time and in the right place.	New community asset requirements will be identified through area based reviews in the regeneration areas. They will then be progressed through the recognised capital project procedure along with those already in the capital programme.
Smarter People – Social and Human Capital		
We will provide a high quality education service within our schools and communities which will improve attainment and life chances of our children and young people to achieve their full potential in education, employment or training.	Assets will be safe and comply with legal requirements.	Education and community learning assets will be maintained in line with legislation.
	We will have the right assets, at the right time and in the right place.	New education asset requirements will be identified through appropriate reviews. They will then be progressed through the recognised capital project procedure along with those already in the capital programme.
	Assets will be fit for purpose, in appropriate condition and with appropriate utilisation.	Appropriate capital and revenue will be invested in education and community learning assets to make them fit for purpose and in appropriate condition. Utilisation will be measured and steps taken to improve this where required.
We will provide opportunities for lifelong learning which will develop knowledge,	Assets will be safe and comply with legal requirements.	Education and community learning assets will be maintained in line with

<p>skills and attributes of our citizens to enable them to meet the changing demands of the 21st century. We will create a city of learning which will empower individuals to fulfil their potential and contribute to the economic, social and cultural wellbeing of our communities We will aim to have a workforce across the city which has the skills and knowledge to sustain, grow and diversify the city / region economy.</p>		legislation.
	We will have the right assets, at the right time and in the right place.	New education asset requirements will be identified through appropriate reviews. They will then be progressed through the recognised capital project procedure along with those already in the capital programme.
	Assets will be fit for purpose, in appropriate condition and with appropriate utilisation.	Appropriate capital and revenue will be invested in education and community learning assets to make them fit for purpose and in appropriate condition. Utilisation will be measured and steps taken to improve this where required.
Smarter Environment – Natural Resources		
We will design and construct all new infrastructure to be energy efficient by maximising the use of low carbon technology and materials. We will use recycled materials where appropriate.	Assets will be environmentally and economically sustainable.	New buildings and major refurbishment of existing buildings will be constructed in accordance with the Building Performance Policy.
We will increase energy efficiency and introduce carbon reduction measures in our processes and our housing and non-housing assets to reduce our carbon footprint, save money and to bring people out of fuel poverty.	Assets will be environmentally and economically sustainable.	We will continue to invest in our assets through the Central Energy Efficiency Fund. We will target the replacement of heating systems fuelled by oil and look to increase the number of properties connected to the District Heating Network. We will consider the energy efficiency of our assets when carrying out property or area based reviews.
We will manage waste effectively and in line with UK and European legislative requirements by maximizing recycling and reducing waste to landfill, thereby reducing our costs and carbon footprint.	We will have the right assets, at the right time and in the right place.	We will build the infrastructure identified within the Zero Waste Strategy such as the Energy from waste plant.
	Assets will be fit for purpose, in appropriate condition and with appropriate utilisation.	We will invest in existing waste assets such as recycling centres. New buildings will have appropriate recycling facilities.
Smarter Mobility – Transport and ICT		
To provide and promote a sustainable transport system which reduces our carbon emissions.	We will have the right assets, at the right time and in the right place.	We will build supporting assets such as the Park & Choose waiting facility and the hydrogen fuelling station.
Shaping Aberdeen		
Improving Customer Experience	We will have the right assets, at the right time and in the right place.	New asset requirements will be identified through appropriate reviews. They will

		then be progressed through the recognised capital project procedure.
Improving Staff Experience	We will have the right assets, at the right time and in the right place.	New asset requirements will be identified through appropriate reviews. They will then be progressed through the recognised capital project procedure.
Improving our use of Resources	Assets will be environmentally and economically sustainable.	We will continue to invest in our assets through the Central Energy Efficiency Fund. We will target the replacement of heating systems fuelled by oil. We will consider the energy efficiency of our assets when carrying out property or area based reviews.
	Assets will be fit for purpose, in appropriate condition and with appropriate utilisation.	Appropriate capital and revenue will be invested in assets to make them fit for purpose and in appropriate condition. Utilisation will be measured and steps taken to improve this where required.
	We will increase the income received from our assets	We will review our investment portfolio to identify where both investment and dis-investment is required. Directorates will review their asset holdings with a view to identifying new revenue streams or potential capital receipts.



Section 4 - Asset Management Delivery

The governance of all assets will be detailed in the Corporate Asset Management Plan 2016. The Strategic Asset and Capital Plan Board will have overall responsibility for assets, with the Heads of Land & Property Assets and Policy, Performance & Resources tasked with the delivery of the overall strategy. The Strategic Asset and Capital Board has an oversight and stewardship role for the delivery of the Strategic Infrastructure Plan (SIP) and the Council's Non Housing Capital Plan. The Board provides strategic direction and makes decisions, where relevant, on Council assets and strategic infrastructure proposals, and as such provides stewardship to the delivery of the Council's Corporate Asset Management Plan (CAMP) and associated Asset Management Plans. The committee with overall responsibility for assets is the Finance Policy & Resources Committee.

The diverse property portfolio and allocation of responsibilities mean that there are a variety of property management arrangements in place. This includes day to day management being the responsibility of arm's length organisations and different services in each Directorate. These will be reviewed as part of the policy to enhance the corporate landlord model.

Land & Property Assets have the leading role in strategic asset management and the day to day property management. The key service areas are as follows, with these all sitting within the corporate landlord model:-

- Repairs and maintenance
- Facilities management
- Property and lease management
- Sales and acquisitions
- Energy management
- Design and procurement
- Statutory compliance

As part of the framework a methodology is required to support the ongoing work. The methodology is made up of procedures, policies, databases and templates which are reviewed regularly. There are certain gaps which will be identified as actions in the Property Action Plan. The framework is shown below.

Figure 6: Asset Management methodology.

Area	Name	Status
Data	Asset Register	Complete
Corporate Landlord	Corporate Landlord Policy	Formal Policy to be agreed and adopted
Design Policies	Building Performance Policy	Complete
	Office Space Policy	To be developed and adopted
Surveys	Condition Survey Templates	Survey programme in place
	Suitability Survey Template	Survey programme in place
	Public Access Template	Survey programme in place
	Utilisation Template	Being progressed
Asset Disposal & Transfer	Community Transfer Policy/Procedure	Policy to be developed with the Community Planning Partnership
	Surplus Asset Procedure	Completed – to be updated to reflect change in structure.
Developer Contributions	Developers Contributions Procedure	Being progressed
Public Sector	Joint Public Sector Property Strategy	Approved – update required
Asset Review	Property Review Process	New approach to be adopted to differentiate corporate assets and Local assets.
	Commercial Investment Portfolio	To be drafted
Investment Decisions	Repairs & Maintenance Prioritisation (revenue)	Longer term plan to be developed to include whole life costing.
	Condition & Suitability Prioritisation (capital)	3 years plan in place
Performance	Property Performance Reports	Template and reporting style to be Agreed



Section 5 - Investment Requirements

A number of property projects are in the approved Capital Programme with other future property projects identified within documents such as the City Centre Masterplan and the Strategic Infrastructure Plan. There is also a requirement to continue to invest both capital and revenue into existing assets that are required for the medium to long term. Our current property projects within the capital programme are shown in the table below.

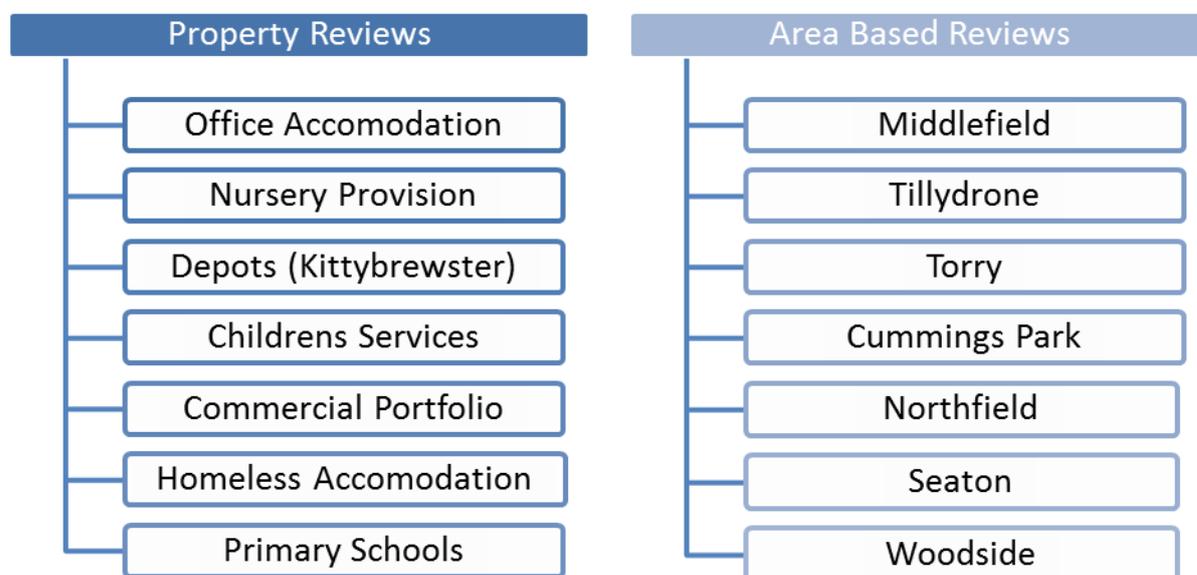
Figure 7: Capital Programme.

Education & Childrens Services	New Academy to the South
	New Stoneywood Primary
	Extension to Greenbrae Primary
	Centre of Excellence
	New Milltimber Primary
	New Tillydrone Primary
	New Torry Primary and Community Hub
	Art Gallery Redevelopment
	Music Hall Refurbishment
	Aberdeen Treasure Hub
	Kingsfield Childrens Home Purchase/Refurbishment
	311 Clifton Road Refurbishment
	New Dyce 3G Pitch
Communities Housing & Infrastructure	New AECC
	Strategic Land Acquisition
	Condition & Suitability Programme
	Investment in Commercial Portfolio
	Energy from Waste Plant
	Bridge of Don HWRC
	Co Mingled Mixed Recycling Facility & Depot
	Henry Rae Community Centre Extension
Tillydrone Community Hub	
Health & Social Care Partnership	Rosehill Replacement Facility

To continue to identify future investment requirements there is a need to carry out a continual programme of reviews. These reviews will need to take in account the city centre masterplan, the local development plan, legislative changes, the strategic infrastructure plan and other relevant plans/strategies. These reviews will identify capital projects and priorities, thus creating a project pipeline. Other outputs will include identifying improvements and major repairs. These can then be fed into the prioritisation process for the Condition & Suitability programme and the Repairs & Maintenance budget. In addition assets that do not meet the Council's needs would be identified and disinvestment strategies put in place.

The following reviews are considered the highest priority with many of these already in progress:-

Figure 8: Property and Area Reviews



The action plan will identify the full range of reviews and the required timescales. It should be noted that in some cases there will be a cross over between property reviews and area reviews. Investment in our assets will not just be highlighted from these reviews. Our ongoing survey programmes, repair reporting and planned maintenance regimes highlight requirements in our buildings. There are two primary property budgets these being the Condition & Suitability Programme (C&S) and the Repairs & Maintenance budget (R&M). The C&S programme is a capital budget and the R&M a revenue budget. These budgets aren't just for property with spend on replacement play equipment (C&S) and repairs to memorials (R&M) being examples of non-property spend.

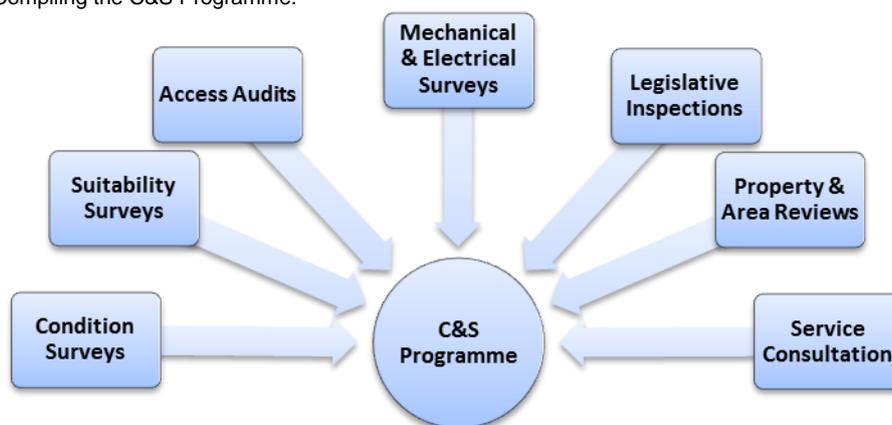
The budget report of 25 February 2016 set out the funding for these budgets as follows. The C&S is predicted to be reduced in 2018/19 despite an increasing portfolio and an increase in construction costs.

Figure 9: Capital and Revenue Funding.

	2016/17	2017/18	2018/19	2019/20	2020/21
C&S Programme	£9,186,000	£9,000,000	£8,000,000	£8,000,000	£8,000,000
R&M Budget	£4,183,138	TBC	TBC	TBC	TBC

The C&S programme is a rolling three year programme. It is updated annually with changes made during the year where required. Several elements of the property asset management framework feed into the process of compiling the programme with consultation with Services also being a key component. This is illustrated by the diagram.

Figure 10: Compiling the C&S Programme.

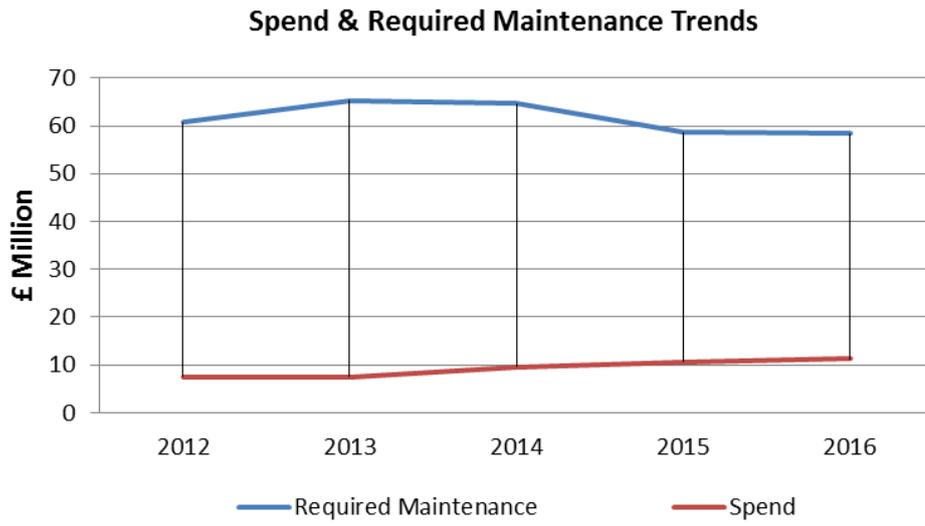


The R&M budget covers planned maintenance (£720,000), cyclical maintenance (£850,000), school security works (£280,000) and unplanned maintenance (£2,335,000). The budget for 2015/16 is unchanged from the previous year but due to inflationary rises is a reduction in real terms. The planned maintenance is prioritised and linked to C&S projects where possible.

Directorates also have a variety of budgets which in part are used for work to properties. For example the Education & Childrens Service have a Projects Budget which has an allocation of £115,000 for property within in it. Another example is the devolved education management budgets which are used in part for maintenance work such as decoration. The budget holders have flexibility in terms of spend with property spend being variable between years. Services may also choose to divert other budgets to property projects where appropriate.

The chart below shows the combined spend from R&M, C&S and revenue identified to enhance C&S projects. This is compared to the required maintenance total. Over the five years spend has increased with required maintenance dropping slightly over the same period.

Figure 11: C&S, R&M and additional revenue spend compared to Required Maintenance.





Section 6 - Performance Management

To monitor the success of property asset management within the Council there is a need to have appropriate performance indicators in place. Such performance indicators will primarily link to the objectives set out in Section 3. The performance indicators will be reported as a performance report to the Property Sub-Committee. This is a developing area and as such there will be refinements in the figures as well as the introduction of further indicators.

The proposed indicators linked to the property objectives are as follows:-

Assets will be safe and comply with legal requirements.

- % of buildings are 100% compliant

Assets will be fit for purpose, in appropriate condition and with appropriate utilisation.

- % of buildings that are in good/satisfactory condition
- % of buildings that have good/satisfactory suitability
- Reduction in required maintenance
- % of public buildings accessible to the public
- Corporate Office indicators – NIA per fte and fte per workstation

Assets will be environmentally and economically sustainable.

- Reduction of Carbon Emissions
- Reduction in Energy Consumption per year
- Total cost of core property costs
- Number of oil based heating systems – Target of Zero
- Maintain Water Consumption at 2010/11 Levels
- Number of Operational Buildings Connected to District Heating

The value received from our non-operational assets will be maximised.

- Portfolio Income

- Asset sales compared to 3 year sale targets

We will have the right assets, at the right time and in the right place.

- Property capital projects completed on time
- Area or Property Reviews completed on time



Section 7 - Initiatives/Successes

Through the effective management of our assets the Council has made a number of improvements, delivered projects and made savings. Some of the key successes since 2015 are shown below.

Figure 12: Key successes.





3 Year Condition & Suitability Programme Implemented

- Greater opportunity to make procurement savings by grouping projects
- More flexibility to amend programme as priorities change
- 36 C&S projects completed in 2015/16



Completion of the New Brimmond Primary

- Replaced two schools identified as in poor condition
- Increased the capacity of the school estate
- Improved the suitability of the school



Completion of New Homeless Accommodation

- 20 bedsit units created
- Eyesore site redeveloped
- Surplus asset made available for future sale



Successful Grant Application for Station House Media Unit

- Over £1m funding secured from regeneration grant fund
- Floor space for community use will be increased



Projects Brought to Construction Phase

- Aberdeen Treasure Hub - The new museums collection centre
- Rosehill Day Care Centre replacement facility
- Aberdeen Art Gallery extension and refurbishment



Partnership Developments

- Loirston development framework at an advanced stage
- Joint development of Persley Den being progressed
- New affordable housing development sites made available



Further Information

Strategic Business Plan Refresh 2016-2017

- <http://committees.aberdeencity.gov.uk/documents/s54401/Refresh%20of%20Strategic%20Business%20Plan%20Final.pdf>

Strategic Infrastructure Plan

- <http://committees.aberdeencity.gov.uk/documents/s33119/Strategic%20Infrastructure%20Plan.pdf>

Corporate Asset Management Plan 2013

- <http://committees.aberdeencity.gov.uk/documents/s24439/Appendix%201%20-%20Corporate%20Asset%20Management%20Plan%202013.pdf>

Condition & Suitability 3 Year Programme

- <http://committees.aberdeencity.gov.uk/documents/s50355/Condition%20Suitability%20Programme%202015%20-%202018.pdf>

Building Performance Policy

- <http://committees.aberdeencity.gov.uk/documents/s53170/CHI-15-256%20Appendix%201.pdf>

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Appendix 1 – Data Sources

In Numbers

63 Operational Schools – Schools buildings where the Council is delivering an education service from. This includes primary, secondary and additional support needs schools.

244 Other Operational Schools - Buildings where the Council or an arms length organisation is delivering a service from or is used by staff from those groups. This includes nursery provision, depots, sport facilities, offices, etc.

Over 900 Leases Out – The Council owns a variety of assets such as shops, business centres, industrial units, offices and industrial ground. These are leased to commercial organisations, charities and voluntary groups.

42 Surplus Assets – Assets become surplus when the Council decides they are no longer required for the delivery of Council services. This includes schools, public toilets, staff houses, sports facilities, etc.

553,000 m² of Operational Floor Space – The gross internal floor area of each operational building is measured in m². This figure covers the 63 schools and 244 other operational assets.

In Percentages

84% of Properties are Accessible – Operational property categories identified in the relevant guidance are assessed for their accessibility for service users with disabilities. Those that are rated as good or satisfactory for accessibility account for 84% while those that are rated as poor or bad account for 16% of the portfolio.

75% of Properties are Suitable – All operational properties are assessed for suitability as part of a three year programme. Those rated as good or satisfactory for suitability account for 75% and those that are rated as poor or bad account for 25% of the portfolio. This is shown in more detail in Figure 4.

94% in Good/Satisfactory Condition – All operational properties are assessed for condition as part of a five year programme. Those rated as good or satisfactory for condition account for 94% and those that are rated as poor or bad account for 6% of the portfolio. This is shown in more detail in Figure 3.

Account for 35% of Carbon Emissions – The Council measures its carbon emissions from properties, street lighting, waste, fleet, housing and travel. Properties account for 35% of the total emissions.

In £'s

£58.7m in Backlog Maintenance (18% is high priority) – The condition surveys carried out as part of the five year programme include figures identifying the cost to replace building elements that are in poor or bad condition. These are combined for all operational properties resulting in a figure of £58.7m. The cost to address health & safety is also included in that figure. 18% of those costs are considered to be high priority.

Core Property Cost of £41m per year – This is the combined property costs for operational buildings. Costs included are energy, rates, rent, cleaning, grounds maintenance, unitary charge, repairs/maintenance and waste collection.

Annual Rental Income of £9m – The Council owns or manages assets (e.g. Common Good) that are leased out thus generating an income. Examples of such assets includes offices, shops, industrial units and areas of industrial ground.

Asset Value of £1 billion – The Council's assets are valued on a cyclical basis for accounting purposes. This figure is the combined value of all the assets. The valuation methods used are

not all based on market value and as such is not a representation of the sale value of the assets.

Property Capital Projects totalling £380m – The projects shown in figure 7 shows the property projects within the current five year capital programme The £380m represents the total financial commitment within the five years. Many of these project will extend beyond the five years so the total combined cost of the projects will be greater.