

ABERDEEN CITY COUNCIL

COMMITTEE	Finance & Resources
DATE	28 September 2010
DIRECTOR	Gordon McIntosh
TITLE OF REPORT	Property Asset Management Plan Update 2010
REPORT NUMBER:	EPI/10/251

1. PURPOSE OF REPORT

Update members of the progress made since the approval of the Property Asset Management Plan in 2009. The attached document also includes a review of the Council's Tenanted Non-Residential Property (TNRP), which is an appendix to the main document.

2. RECOMMENDATION(S)

PAMP Update 2010

- a) The Finances & Resources Committee appoint an elected member with responsibility for promoting Asset Management and participating in the Corporate Asset Group.
- b) Approve the Property Asset Management Plan Update 2010.

Tenanted Non Residential Portfolio Review

- 1) The Head of Asset Management & Operations is instructed to report to the next Finance & Resources Committee on the potential disposal of Shops and Ground Lease (Shops).
- 2) The Head of Asset Management & Operations is instructed, in conjunction with the Head of Finance, to prepare a schedule of property reviews with a view to completing within 18 months and to report on these reviews to the appropriate Finance & Resources Committee meetings.

3. FINANCIAL IMPLICATIONS

There are no immediate financial implications flowing from this Report. However the recommendations in the review of Tenanted Non-Residential Property may lead to assets being identified for disposal. This links in with the Corporate Business Plan options for Enterprise, Planning & Infrastructure relating to the tactical disposal of assets.

4. OTHER IMPLICATIONS

Staff resources will have to be identified to undertake the detailed property reviews. All other work associated with the PAMP will be undertaken by the new Asset Management Team.

5. BACKGROUND/MAIN ISSUES

The Council's first Property Asset Management Plan (PAMP) was approved by the Resources Management Committee in June 2009. It is recognised as good practice to update the Property Asset Management Plan on an annual basis. This ensures elected members are kept informed on progress and helps refocus attention on key areas. This update identifies key areas of progress since 2009 as well as highlighting areas for development.

The attached shows the completed Property Asset Management Update 2010. This document was presented at a meeting of the Corporate Asset Group meeting on 10 August and subsequently approved, with minor alterations. The document will also be presented to CMT on the 9 September. Some of the key points/findings from the PAMP Update are as follows:-

Objectives & Priorities

Those stated in the 2009 PAMP remain active but have been amended slightly to reflect the priority based budgeting project and the Council's 5 year Business Plan.

Current Asset Management performance

- 83% of operational assets are rated as suitable
- 83% of operational assets are in satisfactory or good condition
- 69% of operational assets are in both suitable and in satisfactory/good condition.
- 84% of operational assets are publicly accessible
- There is £82 million of required maintenance in our operational assets, equating to £156 per sqm

Key Challenges & Achievements

Challenges – These include the continuing financial challenges and pressures on revenue/capital spending. The further need to rationalise the school estate and adapt to changing school roles. High levels of required maintenance and assets in poor condition. Rising energy costs and targets associated with carbon reduction.

Achievements – These include the completion of four new schools through the 3R's project. The completion of the first Condition Survey

Programme. The use of key performance data in property reviews and subsequent decision making.

Delivery Arrangements

The Corporate Asset Group has been reconstituted with the Head of Asset Management & Operations chairing. Representatives from all Services have been identified and regular meetings take place. The main focus of these meetings is the 5 year Business Plan and the review of the Non-Housing Capital Plan.

Service Asset Management Plans are now being drafted by Services with the completion of this work being targeted for the end of November 2010. These are an essential element of effective Asset Management Planning.

The Council continues to work closely with its public sector partners through the Public Sector Property Group. A shared database is now in place allowing partners to see the location of all public sector assets as well as the key property information associated with them.

Investment Planning

For the current and forthcoming financial year the review of capital projects is being linked with the Priority Based Budgets project and the 5 Year Business Plan. For future years the process will be as follows:-

Report	Key dates
Discussions with Directors / Key Members	June
Completion and submission of Capital Pro forma to SMTs	July
Submission of Capital Business Case to the Corporate Asset Group	September
Report to CMT	October / November
Report to Council as part of overall budget setting process	December
Quarterly reports to Cabinet and Scrutiny Board	July / October / January and May (outturn)

Performance Management

The PAMP 2009 identified that a review of the Council's commercial/investment portfolio was a key priority. Included as an appendix to the PAMP update is a high level review of these assets. Throughout the attached document the commercial/investment portfolio is referred to as Tenanted Non-Residential Property Portfolio (TNRP), which is the recognised terminology for these assets.

The review shows the groups of asset performing well and that should be retained. In addition groups of assets have been identified as performing poorly. Consideration should be given to disposing some of the assets within those groups.

Key Priorities

- Service Asset Management Plans by November 2010
- Suitability Assessments by December 2010
- Full Audit of all Property Data by December 2010
- Implementation of Communications Strategy by September 2010
- Continued Implementation of Capital Prioritisation
- Development of the Property Modules within CAMS by September 2010

6. IMPACT

Corporate - The continued implementation of the Property Asset Management Plan will ensure that the Council is utilising its property portfolios to support Services in implementing the Single Outcome Agreement. The approved property visions and asset objectives already support *Vibrant, Dynamic & Forward Looking*. They will also be reviewed by the Corporate Asset Group to link to the 5 Year Corporate Business Plan.

Public - The TNRP review and it's recommendations may be of interest to the tenants of these assets, developers and investors.


7. BACKGROUND PAPERS


Property Asset Management Plan 2009 (Non-Housing)
Corporate Asset Management Plan Report, Resources Management Committee 16 June 2009
RICS: Public Sector Asset Management Guidance 2008
CIPFA: A Guide to Asset Management & Capital Planning 2008
Audit Scotland: Asset Management in Local Government 2009

8. REPORT AUTHOR DETAILS

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