

CORPORATE ASSET MANAGEMENT PLAN

1. EXECUTIVE SUMMARY

- 1.1 The Corporate Asset Management Strategy sets out the strategic framework for the development of asset management planning including the development of the Corporate Asset Management Plan, Service Asset Management Plans and ICT Group Asset Management Plan and provides the basis for corporate challenge within the asset management process.
- 1.2 The Corporate Asset Management Plan reflects the Council's strategic objectives contained in the Argyll and Bute Outcome Improvement Plan (ABOIP) and Corporate Plan, capital investment priorities and Service Plans to support Strategic Change, Service Development and Asset Sustainability projects in 2018-19 and beyond. These projects have been developed taking account of the future service delivery requirements of the Council, the Argyll and Bute Health and Social Care Partnership (HSCP) and Live Argyll.
- 1.3 Work will be undertaken during 2018-19 to develop and test an alternative approach for the planning and prioritisation of capital investment. The new approach will look to compare all projects against set criteria to determine which projects will be included in the capital plan rather than allocating resources to Departments. This will also enable an earlier engagement with elected members in the process of capital planning.
- 1.4 The reduced revenue maintenance budgets has had an impact on planned maintenance programmes which will increase the deterioration in asset condition across the Council leading to increasing demand for capital investment in the asset base to maintain service delivery.

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2. INTRODUCTION

- 2.1 The Corporate Asset Management Plan reflects the Council's strategic objectives contained in the ABOIP and Corporate Plan, capital investment priorities and Service Plans to support Strategic Change, Service Development and Asset Sustainability projects in 2018-19 and beyond. These projects have been developed taking account of the future service delivery requirements of the Council, Live Argyll and the Argyll and Bute HSCP. The Council is also aware of the potential implications of future agreements in securing investment through a Rural Growth Deal for the council area.
- 2.2 The Strategic Change programme identifies the Council's strategic planning priorities which include the CHORD programme, the Lorn Arc Tax Incremental Funding (TIF) programme, School Replacement, Helensburgh Waterfront development and Road and Infrastructure projects.
- 2.3 The Service Development and Asset Sustainability programmes focus on addressing a combination of the Condition, Suitability and Risk associated with the Council's assets. The Corporate Asset Management Plan addresses individual assets or asset groups which have been identified as highest risk (*significant* risk of impairment to both the asset and/or service delivery), either through capital plans founded on Business Cases, or through the proposed development of Outline Business Cases in 2018-19.
- 2.4 The capital projects in the Corporate Asset Management Plan are largely funded from existing Block Allocations although work will be undertaken during 2018-19 to develop and test an alternative approach for the planning and prioritisation of capital investment. The new approach will look to compare all projects against set criteria to determine which projects will be included in the capital plan rather than allocating resources to Departments. This will also enable an earlier engagement with elected members in the process of capital planning.
- 2.5 The Corporate Asset Management Strategy sets out the strategic framework for the development of asset management planning including the development of the Corporate Asset Management Plan, Service Asset Management Plans and ICT Group Asset Management Plan and provides the basis for corporate challenge within the asset management process.

3. DETAIL**Corporate Asset Management Planning – Key Issues**

- 3.1 The Corporate Asset Management Plan reflects existing Departmental and

service structures and planning. It brings together the Council's strategic change programmes such as CHORD and the Lorn Arc Tax Incremental Funded project, with Service Asset Management Plans, ICT Group Asset Management Plan, the Argyll and Bute HSCP and Live Argyll Asset Management Plan and capital plans.

- 3.2 Service Asset Management Plans and ICT Group Asset Management Plan set out how each Service is planning to manage the assets they utilise to deliver services. The standard of these reflects the current maturity of the Council's asset management planning and demonstrate an improvement in terms of information, quality and meaningful asset performance measures - varying between areas of best practice to areas where there has been limited asset performance management to date.
- 3.3 The quality of the information within the Service Asset Management Plans and ICT Group Asset Management Plan has improved in respect of the Condition, Suitability and Risk associated with asset groups under their management control. This demonstrates continuous improvement in respect of the asset management processes.
- 3.4 All new capital projects included within Capital Plan are founded on either an Initial Business Case (IBC) or an Outline Business Case (OBC) (as required by the Council's Capital Programme Planning and Management Guide). The quality and standard of business cases produced is reflective of the development of asset management planning across the Council. Strategic change project OBCs show best practice: incorporating options appraisal, whole life costing and risk analysis. Progress has been made with the standard of IBCs for the Asset Sustainability programme but will continue to be a focus for further development within the capital monitoring process.
- 3.5 The Service Asset Management Plans and ICT Group Asset Management Plan provide the Council with a robust suite of data which informs strategic decision making. The data allows consideration of adjusting block allocations between Services and/or between strategic priorities and is useful in the context of Strategic Change, Service Development and Asset Sustainability. The data is becoming even more useful as improvements can be targeted and reported upon. It will also inform future decision making and corporate challenge in relation to asset disposal.
- 3.6 The main sources of data for the Corporate Asset Management Plan are the Service Asset Management Plans, the ICT Group Asset Management Plan and the Argyll and Bute HSCP and Live Argyll Asset Management Plans. The plans are based on the objective assessment of Condition, Suitability and Risk that has been applied to asset groups.
- 3.7 The day to day operations of Local Authorities is very much dictated by legislation. Each Service has to be mindful of the legislation affecting each of its operations and the key legislation is set out in the individual Service Asset Management Plans. Relevant Legislation includes:-
 - Legislation involving Care Inspectorate issues
 - Legislation relating to Education Scotland

- Roads (Scotland) Act 1984
- New Roads and Street works Act 1991
- Flood Risk Management Act (Scotland) 2009
- Health and Safety legislation
- Environmental and other protective legislation
- Legionella - Approved Code of Practice and Guidance Document

Corporate Asset Management Plan Development

- 3.8 The Strategic Asset Management Board has a set of Asset Performance Indicators and the associated programmes of asset surveys/inspections. This will continue to improve the quality of Asset Management Plans which allows the Council to benchmark asset performance and provide the basis for corporate challenge within the corporate decision making. Our approach will be further refined in due course following the publication of updated guidance on core fact information for schools which is currently subject to national review.
- 3.9 The Corporate Asset Management Plan is updated annually to reflect national policy requirements. In addition, strategic asset management planning arrangements between other public bodies and major Community Planning Partners within Argyll and Bute are becoming more effective. The Council has an approved policy in place for this.
- 3.10 The gateway system for appraising and approving future capital expenditure has been in operation since 2010. The process has been utilised again for 2018-19 with consideration being given to addressing highest risks and improvements to the Condition and Suitability of assets. The programme for 2018-19 includes projects which have been previously approved by the Council as summarised in the following sections.
- 3.11 Each new project within the Corporate Asset Management Plan and Capital Plan has been subject to an Initial Business Case and/or an Outline Business Case (OBC), which has been reviewed and assessed by the Strategic Asset Management Board. Strategic Change projects have been subject to the requirement for Option Appraisals and detailed assessment of Life Cycle costs (Affordability and Value For Money). The Capital Programme Planning and Management Guide, which was approved in May 2010, updated January 2018 and is reviewed regularly, contains templates for each form of Business Case with the OBC incorporating Life Cycle Costing.

Capital Projects Previously Approved

- 3.12 The following significant strategic change projects have been previously approved by the Council:
- Progress and deliver the CHORD programme
 - Progress the procurement Oban High School
 - Progress the procurement of Dunoon Primary School
 - Progress the procurement of Campbeltown Grammar School Campus
 - Production of an FBC for the Helensburgh Waterfront development
 - LED Street Lighting project
 - Marine Infrastructure Improvements

3.13 The following significant service development projects have been previously approved by the Council

- IT Applications Projects
- Cycle ways Helensburgh and Lomond

3.14 The following section summarises the position with regard to asset sustainability projects previously approved by the Council:

- Development and Infrastructure
 - The Roads Reconstruction programme is targeted on sections identified as High and Medium Risk by the Roads Maintenance and the Scottish Road Maintenance Condition Survey Road (SRMCS) and roads inspectors. Prioritisation is given to those routes which are likely to contribute greatest to economic growth and improved quality of life within our communities.
 - The other Asset Sustainability programmes included in 2018-19 onward are Flood Prevention, Bridge Strengthening, Traffic Management, Street Lighting, Environmental, Fleet Management and Marine Assets.
- Community Services
 - The 2018-19 to 2019-20 capital programme will continue to include works to address the condition issues of the departments assets informed by the surveys carried out by Facility Services. For the school estate, asset sustainability projects will target suitability and condition issues.
- Customer Services
 - The IT Programme focuses upon securing information, IT hardware and data and voice networks, more use of collaborative tools such as Sharepoint, Unified Communications and Voice Over IP and the deployment of numerous services in support of a flexible workforce.
 - Council wide Personal Computer and laptop replacement programme.
 - Extension of the Education network domain across all schools.
 - Facility Services: the main thrust of the programme is health and safety upgrades to address red risk elements in strategically important shared offices and key Council buildings. In addition the Service will continue to support office and depot rationalisation projects to ensure that the estate is managed efficiently.
- Live Argyll
 - The programme for Live Argyll will include works identified in conjunction with Facility Services to address condition and suitability issues on Council owned assets.
- The Argyll and Bute Health and Social Care Partnership (HSCP)
 - The HSCP will focus on ensuring current assets are maintained in a safe, wind and watertight condition but will continue to explore opportunities for co-location.

New Projects Seeking Council Approval to Proceed in 2018-19 and 2019-20

- 3.15 The following projects require Council approval to proceed in 2018-19 and 2019-20. Each of these projects has been subject to Initial Business Case and/or Outline Business Cases which have been reviewed and assessed by the Strategic Asset Management Board. Where required, funding for the completion of these OBCs is allowed for within the capital plan for 2018-19.
- 3.16 The proposals for strategic change projects are noted below:
- Lorn Arc Tax Incremental Funding (TIF) initiative.
 - Remaining CHORD Projects.
 - Helensburgh Waterfront Development.
 - Marine Infrastructure Projects
- 3.17 The service development projects proposed in the Community Services plan reflect the programme of works required to introduce 1140 hours Early Learning and Childcare which is expected to be funded by Scottish Government. A class business case will be prepared once funding is confirmed and a programme finalised.
- 3.18 The proposals for asset sustainability projects are as noted below:
- The continuation of the programme of health and safety upgrades to address red risk elements within strategically important shared offices and other buildings.
 - Roads Reconstruction Projects.
 - Bridge Strengthening projects.
 - Flood Risk Management Projects.
 - Amenity projects.
 - Lighting.

High Risk Assets Not Addressed within Capital Plan Proposals for 2018-19

- 3.19 The Capital Programme for 2018-19 has been structured to address the majority of the Council's High Risk assets. In 2018-19, Service Asset Managers will develop Business Cases and Plans to tackle the following High Risk assets which are not addressed by projects within the Capital Programme for 2018-19 and 2019-20
- Education
 - The Education Services have allocated all asset sustainability projects a high, medium and low priority ranking on an assessment of the condition and suitability requirements for each property. High priority projects should be completed by 2019-2020 however due to the limited funding available some high priority projects will be required to be delivered in 2020-21 and medium priority projects in 2020-21 and 2021-22. Low priority projects have not yet been allocated within the five year horizon of this SAMP. The condition of our assets is beginning to reflect the inspection gradings received by both Education Scotland and the Care Inspectorate.

- Facility Services
 - The programme of asset sustainability projects to address red risks in strategically important offices and other buildings has been limited in recent years due to the restricted funding available. This has led to a scenario where work has had to be planned over several years thereby creating a backlog of urgent projects including rewires, fire alarm replacements, heating upgrades and structural improvements. As a result, the Council is facing the increased risk of property element failures that could adversely affect service delivery.
 - The following red risks are not addressed within the proposed projects. An indicative cost has been provided for each risk:
 - Window/Door upgrade, Manse Brae District Office £ 60k
 - Suitability upgrade, Manse Brae District Office £ 15k
 - Outbuilding upgrade, Manse Brae District Office £ 30k
 - Heat & Vent Upgrade, Chalmers St, Ardrishaig £ 20k*
 - Soundproofing Upgrade, Chalmers St, Ardrishaig £ 6k*
 - Suitability Upgrade, Chalmers St, Ardrishaig £ 25k*
 - Accessibility Upgrade, Chalmers St, Ardrishaig £ 15k*
 - Roof Upgrade, Chalmers St, Ardrishaig £ 25k*
 - Fabric Upgrade, Ellis Lodge £100k*
 - Fabric Upgrade, High Street Office, Rothesay £ 55k*
 - Fabric Upgrade/Rewire, Hill Street Office, Dunoon £110k*
 - Suitability Upgrade, Kilarrow House £ 50k*
 - Toilet Upgrade, Kilmory £ 40k
 - Accessibility Upgrade, Kilmory £ 25k
 - Accessible Parking & Footpaths, Kilmory £ 30k
 - Fabric Upgrade, Milton House Office, Dunoon £ 65k*
 - Full Window upgrade, Municipal Buildings, Oban £100k
 - Accessibility upgrade, Municipal Buildings, Oban £ 25k
 - Fabric upgrade, Tobermory Area Office £ 60k
 - Accessibility upgrade, Tobermory Area Office £ 25k
 - External access upgrade, Whitegates £ 25k
 - Internal Fabric upgrade, Willowview, Oban £ 30k
 - External Fabric upgrade, Willowview, Oban £ 35k
 - Roads and car park upgrade, Willowview, Oban £ 20k
 - * Subject to outcome of Office Rationalisation proposals

The current funding levels are inadequate to address all the Statutory and Regulatory requirements in relation to Health and Safety with work having to be delivered over a longer timescale than is desirable. In addition there is limited budget allocation (circa £21k) to address emergent works associated with Capital Property Work which historically has required annual funding of between £50k and £100k.

- ICT
 - The reduction in capital funding will have an impact on the Council's ability to maintain and upgrade its applications, IT infrastructure and equipment to keep pace with improvements in technology. The critical service emerging priorities will not all be met following the reduction in capital. The programme will instead deliver limited infrastructure maintenance and a much reduced development programme covering only the highest priority projects. The cycle for the replacement of PCs and laptops has increased from 3 to 4 years in corporate environments and 4 to 5 years in schools with no warranty or maintenance on PCs after the first 3 years. This will have consequences on the reliability of desktop equipment and our ability to work with the latest releases of application software.
- Roads
 - In the most recent official figures provided by the Scottish Road Management Condition Survey the roads of Argyll and Bute were the lowest ranked in Scotland. However, the investment since 2011 has seen an overall improvement in the Road Condition Index (RCI) for the more strategic routes.

In February 2011 Audit Scotland reported that "*Transport Scotland and councils should review their road maintenance strategies and plans to confirm that adequate prioritisation is given to those routes which are likely to contribute greatest to economic growth and improved quality of life.*"

Audit Scotland in its Audit report published in August 2012, of Argyll and Bute Council 'Maintaining Scotland's Roads – Follow up work', identified the following Risk:- Whilst the Council has increased the roads maintenance and reconstruction budgets, there is a risk that the budget will not be sufficient to meet maintenance requirements of the roads network.

In terms of supporting the Council's Corporate Plan and the requirement to support and develop the local economy, it is essential that the Council targets its resources wisely to support routes which contribute to economic growth and the quality of life of our town and rural communities.

While it will be a long term aim of the Council to improve its national ranking in terms of the Road Management Condition Survey, the short to medium term strategy to achieve the outcomes set out within the Corporate Plan is set out within the Council's Roads Asset Management Strategy, which sets out its capital asset investment and roads maintenance strategies. The Annual Status and Options Report also details the strategy, provides an analysis of performance and also models outcomes based on investment levels.

- The Street Lighting stock in Argyll and Bute is in a generally poor

condition partly through age and partly through environmental conditions experienced in our coastal location. The project underway with Energy Efficient Scotland provides a very positive opportunity to upgrade low maintenance lighting infrastructure funded from savings from reduced energy.

- Ferry Vessels
 - The future of the red risk ferry assets (four main vessels plus two back-ups) will be the subject of a report and recommendations to be completed within 2018.

- Bridges
 - The bridge inspection and assessment programmes continue to identify Red Risks. Works to address these Red Risk bridge/wall defects are being made through Bridge Maintenance Revenue and Bridge Strengthening Capital Programmes, and will be planned and prioritised to reduce the need for either restrictions or escalating costs. It is noted that Kilninver bridge continues to be monitored. Pennyghael Bridge on Mull, and Claonaig Bridge in north Kintyre both have approach geometry and construction types that make them vulnerable to strikes from vehicles. Both have had a number of minor works done to them to keep them in use, however there is an increasing risk that their unrestricted use cannot continue. Other weight restrictions on the network will need to be considered in light of structural condition and no identified budgets for strengthening work. All of the structural schemes have a significant lead-in time to reach construction stage. This can be measured in years if there are difficulties with the technical design or for example land purchase.

- Piers
 - Although the 10 year asset management plan is in early stages of delivery, the red risk assets that it will address continue to be monitored for condition and suitability for their on-going use.

- Fleet Workshops
 - Options for the Lochgilphead depot are at design stage and for Campbeltown at the planning stage. Until these are finalised and implemented, the existing sites will remain red risks. Following the fire at the Oban Millpark depot, solutions are currently being worked up to establish the best course of action to take for the future of the site.

- Fleet Vehicles
 - The Strategic Asset Management Board approved a Fleet

Procurement Policy on 29 January 2010 which will manage disposal of red risk fleet vehicles; those which are beyond policy life and uneconomic to retain. Business cases are required to be approved prior to the procurement of new vehicles. The introduction of these policies and procedures is designed to allow the Council to manage the ongoing disposal of Red Risk fleet vehicles.

- Amenity
 - Business Case will be made for future investment in machinery and plant to improve service efficiency as well as assets including public conveniences, war memorials playing fields and cemeteries.

- Coastal Protection and Flooding
 - Various protection measures to stabilise sections of coastal public road and also including the A818 south east of Dumfin Bridge (non-coastal).
 - Although a scheme is being prepared for Campbeltown, risk of flooding remains until it is implemented which is currently expected to be around 2020-2022. Flood studies are planned for Helensburgh coastal, Kilcreggan, Oban, Lochgilphead Meadows, Tarbert coastal and Clachan however the flood risk remains until works are implemented and this is expected to be 2022-2028 at the earliest. Surface Water Management Plans are to be drafted for Oban, Dunoon and Kilcreggan and their recommendations may assist in reducing flood risk in the period up to 2022. Currently the Council plans only to provide advice rather than to lead on flood risk reduction at Cardross and Sandhaven.

- Waste Management
 - Review of the waste management strategy driven by changing requirements for zero waste to landfill. Revised strategy needs to be progressed in conjunction with Renewi (previously known as Shanks) who have a contract with the council until 2026.

Anticipated Developments Within Next Five Years

- 3.20 In the future the Corporate Asset Management Plan will need to move its focus from the current estate to considering what future service provision needs will be and the demands this will place on the asset base. This will ensure that in planning for the future the impact of the ABOIP, corporate objectives and national priorities will be taken into account. The proposed change in capital prioritisation will lead to projects being compared to Council priorities rather than providing block allocations to departments. The impact of reducing maintenance budgets will have an impact on the condition of the Council's assets and may result in elemental failure which will increase the risk to service delivery and require the capital plan to be focused on asset sustainability projects.
- 3.21 The main issues identified within the Service Asset Management Plans which

must be considered within future asset management planning include:

- Strategic Infrastructure planning in conjunction with Strategic Infrastructure & Transportation Partners within the public & private sectors to support the future requirements of the Argyll & Bute economy: - renewable energy, 3G/4G & 5G development, high speed broadband, housing (rural & town), marine science & aquaculture, tourism, food and drink and timber production.
- Demographic effects on school population and school estate planning
- Business Case development for future waste management
- Significant investment has to be in place to address the needs of island landfill sites and waste management infrastructure Environmental issues e.g. carbon management
- Any possible changes (resulting in increased costs) as a result of the Landfill Bans which are due to come into force on the 31st December 2020.
- Community Partnership opportunities for smarter utilisation of assets through Shared Services - to support service delivery and the development of a strategy/mechanism to allow potential asset transfer to the Third Sector.
- Improving the learning environment for our children and young people
- Depot and Fleet Rationalisation programme
- Covered winter salt stores at Connel (Strategic salt store), Bute, West Cowal (Millhouse) and Lochgilphead.
- The delivery of the marine asset management plan.
- The buildings associated with the Marine assets inspection regime to become part of the concerto programme in line with facility service assets
- Vessel inspections will remain subject to annual refit and certification by the MCA
- Ongoing work to facilitate implementation of the Flood Risk Management Act and how much budget the Council elects to fund its share of the national strategy to reduce flood risk.
- Further weight restrictions to the road network that may be necessary at bridges and retaining walls for the protection of road users for bridges and other road structures that do not meet the 40 tonnes standard.
- Upgrade of Leisure Facilities
- Review of adult residential care home provision.

3.22 As a priority, Services must develop asset management planning, Options Appraisal and Business Case development to address all High Risk assets. This will assist in the development of the proposed approach to capital prioritisation.

3.23 For assets rated C or D and an Amber Risk profile, future planning must appraise options to upgrade, replace or dispose of these assets. For assets rated A or B for condition or suitability, and/or with a Green or Yellow Risk profile, asset sustainability planning must ensure that these assets do not deteriorate by carrying out appropriate mitigation works. This will be achieved through the Council's Business Case gateway process.

Leased Land and Property

3.24 The Council leases land and properties to external parties giving a rental income

of circa £650k per annum and leases property and land assets from external landlords with an outgoing rental of circa £204k per annum. Focussed work by the Transformation Board will look at increased income from the lease of assets where there is a market opportunity.

Asset Register Systems and Software

- 3.25 The Strategic Asset Management Board is overseeing the final stages of implementation of the new integrated property management system Concerto which will combine a number of processes (including maintenance of the Corporate Finance Asset Register) which have operated independently and as a result simplify obtaining reliable property asset performance data as well as recording and maintaining that data.
- 3.26 Following the completion of the process for property it is necessary that Infrastructure and other assets are similarly controlled and work will commence to maintain the Finance asset register in accordance with the WDM system used to monitor our infrastructure assets. This work is being carried out in awareness of the potential for securing future investment through a Rural Growth Deal for the Council area.

4. CONCLUSION

- 4.1 The Corporate Asset Management Plan sets out the way in which the Council's Corporate Asset Management Strategy will be delivered in 2018-19 and beyond.
- 4.2 The reduction in maintenance budget will increase the risk of asset failure which may have an impact on service delivery. The proposed move to a prioritisation approach to capital planning will be developed to allow projects to be aligned to Council priorities.

5. IMPLICATIONS

- 5.1 Policy – Sets out how the Corporate Asset Management Strategy will be delivered.
- 5.2 Financial – None.
- 5.3 Legal – The funding for new expenditure may not address all the Statutory and Regulatory requirements in relation to Health and safety.
- 5.4 HR - There are risks that the funding available will have an impact on the sustainability of the Property Design Team and the design team within Roads and Amenity Services with 10 FTE posts affected.
- 5.5 Equalities – None.
- 5.6 Risk - There are insufficient resources to address all the red risk assets.
- 5.7 Customer Service – None.

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