South Lanarkshire Council

Corporate Asset Management Plan 2019

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1. Introduction

1.1. Context

With over 300,000 residents, South Lanarkshire Council is the fifth largest local authority in Scotland by population and covers an area of 180,000 hectares. The largest towns are East Kilbride, Hamilton, Rutherglen and Cambuslang, but there are 23 other towns and villages in the area with populations of more than 1,000. The area has a mixture of urban, rural and former mining environments. Almost 80% of land is classed as agricultural, but 70% of the population live in the major settlements in the north.

The Council's revenue budget in 2018/19 was over £690m, responsible for delivering a range of services including education, housing, social work, roads, planning, environmental health, consumer and trading standards and community learning. Leisure services such as sports centres, arts and museums, recreation grounds and country parks, are delivered by South Lanarkshire Leisure and Culture Ltd on behalf of the Council.

Effective management of the Council's assets has a positive impact on the services provided. The aim of the Corporate Asset Management Plan is to ensure our assets support current and future service requirements and provide the means to prioritise future investment and rationalisation decisions. By recognising that one solution does not fit all locations and communities, we can ensure our assets contribute effectively to service delivery by being fit for purpose, suitable, sustainable and efficient.

1.2. Planning Framework

The Council operates a planning framework which allows the aims and objectives identified in the major strategic plans to be identified and included in the asset management process. The key plans are:

- **Connect: Council Plan 2017 - 2022**

  Connect, the Council Plan, outlines the Council's objectives and provides details on the services the Council will provide to local communities and residents over the five year period 2017 - 22.

- **South Lanarkshire Community Plan**

  The Local Outcomes Improvement Plan (LOIP) sets out the Council's priorities and actions until 2027 with the overarching objective of tackling poverty, deprivation and inequality.

- **Resource Service Plans**

  Each of the Council Resources has specific Service Plan which sets out in detail, the aims and objectives for the year and links to the Connect: Council Plan.

1.3. Corporate Asset Strategy

The Council has many assets comprising not only operational offices and buildings, but also housing, land, roads, vehicles, infrastructure and equipment.

The Council also recognises that delivering quality services, meeting corporate objectives and providing best value, relies on the good management of all of our assets. This includes:

- A property portfolio which is suitable for the Council's needs in terms of scale, condition, location, suitability and corporate image. This is based on the Corporate Standard that property should be in good condition, well maintained, well used and energy and cost efficient.

- An appropriate supply of good quality, energy efficient housing which is well managed and well maintained and meets the needs of the tenants of South Lanarkshire and the Scottish Housing Quality Standard.

- A well maintained roads network which meets the needs of the residents of South Lanarkshire and promotes economic growth and the preservation of rural communities.

- Good management of our fleet of vehicles to ensure services are well supported and the use of vehicles is cost effective and sustainable.

- Efficient and effective Information Technology systems to support service delivery and ensure we are achieving value for money.

1.4. Drivers for Change

In preparing, reviewing and updating the Council's Corporate Asset Management Plan, consideration is given to a range of strategic factors. Examples include, changes in Council and national policies in respect of service delivery, changing demographics and new areas of legislation.

A key area for consideration at present is the current financial challenges which face the Council, its partners and local stakeholders. This has raised issues relating to the priorities for service delivery and has also provided a focus on driving increased efficiencies in all areas of asset management. Asset management has also been seen as a key area where savings can be identified to protect frontline services and meet Council objectives.

The Corporate Asset Management Plan assists in the management of these changes by encouraging Resources to consider service requirements in the short, medium and long term and the likely implications for the Council's assets.

2. Governance

2.1 South Lanarkshire Context

The Council carries out its business through a number of Resource, Area and Standing Committees and Scrutiny Forums linked through its Executive Committee to the full Council. At officer level, the Corporate Management Team is led by the Chief Executive and includes five Resource Directors who hold responsibility for the corporate management of all Council assets.

A cross Resource Working Group, the Prioritised Investment Group, has been established to oversee and make recommendations on priority investment within the Council's operational property portfolio.

2.2 Corporate Asset Management

The Corporate Asset Management Plan details the objectives which direct asset management and the structures which support it. The detail of the strategies and priorities for individual asset groups can be obtained from the detailed plan which has been prepared for each category and which is linked to the Corporate Plan.

The Plan ensures a corporate scrutiny of, and approach to, asset management and will assist decision making to ensure resources are targeted at priority areas and are appropriate to support service delivery.

2.3 Structure

A clear and effective governance structure is in place to ensure responsibilities are clearly defined, allocated and understood and ensure a corporate approach to asset management. The diagram below shows the Council's governance structure for corporate asset management.

3. Asset Management Plans

3.1 Property Asset Management Plan

Property Asset Management is divided into two key sections: direct operational property and the lease portfolio, as the priorities and performance measures for each are distinctly different.

The operational property portfolio comprises over 400 establishments with a building floor area in excess of 700,000m^2 from which Council services are delivered. These are recognised establishments within the Council, which may comprise more than one building or accommodate multiple Resources and uses. Operational property accounts for 90.96% of the total property portfolio.

Within the Asset Management Plan, properties are assessed on a number of Core Facts including Condition, Suitability and Sufficiency.

Whilst Condition is assessed for the overall establishment, Suitability and Sufficiency are assessed for each service use within the establishment and, therefore, the numbers reported against these categories are greater, taking into account the various services delivered from each of the establishments.

The outcome from the Asset Management Plan shows continued progress towards the Council's strategic objective of establishing a core estate through property rationalisation. Despite the current financial climate and reduced funding to Scottish Local Authorities, the figures show that, through programmes of Prioritised Capital Investment and Planned Preventative Maintenance, performance remains positive.

South Lanarkshire Council has a tenanted, non residential, lease portfolio comprising over 700 properties, with a gross income in excess of £5.3m. The role of this portfolio, which is comprised of a wide range of property interests, from ground rents for major retail developments, through to business centres, is to support the economic and social objectives of the Council as well as meeting corporate financial targets.

During 2018/19 the lease portfolio objectives will continue to be reviewed, in conjunction with Economic Development and Housing, to ensure they are aligned and contribute to the Council's objectives.

3.2 Housing Asset Management Plan

The Housing Asset Management Plan has been developed to complement and inform the Housing Business Plan and to set out priorities for the physical care and improvement of the housing stock and related assets. The plan details the priorities for the current housing portfolio which extends to approximately 25,000 homes.

Since the start of asset management reporting in 2005, the stock of Council houses has fallen due to the "Right to Buy" policy, which ended in Scotland in 2016. However, as well as investing in the existing housing stock, the Council has implemented a programme of strategic off market acquisitions and new build housing projects to increase the number of Council homes available.

All Council housing must be maintained to the Scottish Housing Quality Standard (SHQS) and comply with all legislative requirements regarding health and safety. The Scottish Government published a Sustainable Housing Strategy in 2013 which sets out a further target for improving the condition of social rented housing, the Energy Efficiency Standard for Social Housing (EESSH).

This set a minimum energy efficiency rating for all social rented homes to achieve by December 2020. Achieving the EESSH 2020 target, also contributes toward the Sustainable Development Strategy (SDS) sustainability and Climate Change goals.

The Scottish Government has consulted in detail on the introduction of a new statutory duty on local authorities to develop Local Heat and Energy Efficiency Strategies (LHEES). The Council now requires to undertake a socio-economic assessment, following guidance, to develop our LHEES.

The LHEES will identify and demonstrate that our priorities have been designated appropriately according to national and local objectives, including fuel poverty. LHEES is the link between long term targets, national policies and the delivery of energy efficiency and heat decarbonisation.

3.3 Roads Asset Management Plan (RAMP)

The Roads Asset Management Plan outlines the priorities and strategies to manage the Council's Roads Infrastructure assets with an estimated replacement value of carriageways, footways, footpaths and cycle ways of £4.26bn and a depreciated replacement cost of £2.654bn. Currently, base funding of £12m is invested annually on maintenance of carriageways and footways.

3.4 Fleet Asset Management Plan

The Fleet Asset Management Plan contains information and data pertaining to the Council's fleet of vehicles. As at January 2019, Fleet Services manage and maintain 1,403 vehicles. Of these, 183 vehicles weigh over 3.5 tonnes and are, therefore, subject to specific statutory obligations under the Council's Operating License. Fleet Services also provide passenger transport services to Education and Social Work Resources.

3.5 Information and Communication Technology (ICT) Asset Management Plan

The ICT Asset Management Plan outlines the priorities and strategies required to develop and support the ICT asset estate which is in place to support the business objectives of the Council whilst ensuring business continuity. The plan highlights the ICT Service Plan priorities and also the key support work planned for the year ahead, ensuring that the Council's ICT assets are fit for purpose.

4. 2018/19 Performance

4.1 Property

The Council continues to deliver a Property Investment Programme, investing £27.8m on properties in 2018/19, of which the majority, £21.0m, was spent on delivery of the Education Programme. By April 2019, 127 primary schools had been completed, resulting in 99.9% of the primary school population now being taught within modernised accommodation.

The Council works in partnership with local disability groups and other public organisations to design buildings in a way which makes them suitable for everyone to use. Assets will be suitable for both current and future service delivery in terms of design, location, accessibility and security.

Local Government Benchmarking Framework (LGBF) Indicators for Condition and Suitability are reported annually to the Improvement Service.

- Condition is assessed as the percentage of floor space of operational buildings which are in a satisfactory condition. This indicates 87.40% of properties are in a satisfactory condition, sustaining performance from the previous year. The Council continues to exceed the national results for Scotland, confirming an effective approach to property asset management.

- Suitability is assessed as the percentage of operational buildings which are considered to be suitable for service delivery. This indicates 96.33% of properties are suitable for service delivery. Continued implementation of the Council's Property Asset Management Plan has resulted in a clear focus in optimising Council buildings to ensure they are suitable.

The Council prepares an annual report on public access based on guidance received from Audit Scotland.

- Accessibility is assessed as the percentage of buildings from which the Council delivers services to the public in which all public areas are suitable for, and accessible to, disabled people. This indicates 99.45% of properties are accessible, sustaining performance from the previous year.

The Council has a tenanted, non-residential, lease portfolio which consists of 707 properties, with a gross rental income of £5.3m as at 31 March 2019. The role of this portfolio, which comprises of a wide range of property interests from ground rents for major retail developments through to business centres, is to support the economic and social objectives of the Council are achieved as well as revenue income generated.

It is important that the portfolio of properties leased out to local businesses is managed effectively to ensure that the economic and social objectives of the Council are achieved as well as revenue income generated.

- The percentage of lease portfolio properties that are void is 7.5% and the percentage debt of invoiced income is 8.4%.

Service requirements are continually reviewed and properties no longer required for operational purposes are declared surplus through the Council's Executive Committee and transferred to the Corporate Land Bank for future disposal. A total of £4.170m of capital receipts were generated in 2018/19.

4.2 Housing

Investment in the housing stock continued with approximately £25m invested in 2018/19 on internal and external refurbishments, resulting in the improvement of the stock achieving SHQS. Currently 92% of the housing stock meets the SHQS and further 8% is exempt on the grounds of work refusals by tenants, residents or other permitted abeyances.

Standard Assessment Procedure (SAP) is the Scottish Government's preferred energy rating, initially introduced as a way to compare different energy labels being delivered within the UK.

A home scoring 0 would be very inefficient and consequently very expensive to run, whilst a home scoring 100 is very efficient and cheaper to run. The average SAP rating of the Council's housing stock is currently 73.10 which is above the average of 61 for a home in Scotland.

The Scottish Government introduced a new Energy Efficiency Standard for Social Housing (EESSH) setting out the Government's vision for housing for the coming decade. The EESSH aims to encourage landlords to improve the energy efficiency of social housing in Scotland.

It sets a single minimum Energy Efficiency (EE) rating for landlords to achieve by December 2020 that varies dependent upon the dwelling type and fuel type used to heat it. Currently 91.10% of the stock meets the new standard, with the remaining eligible stock on programmes of EESSH to comply by the 2020 deadline.

4.3 Roads Infrastructure

The indicator for Roads Infrastructure relates to the maintenance categorisation of roads. The percentages of roads that should be considered for maintenance treatment are:

- 23.3% of A class roads
- 25.0% of B class roads
- 36.6% of C class roads
- 32.3% of unclassified roads

The overall percentage of roads that should be considered for maintenance treatment is 31.2%, representing a continued improvement in the Council's overall network condition.

4.4 Fleet

Fleet Services manage and maintain the Council's fleet of over 1,400 vehicles and items of plant and machinery. The vehicle fleet includes those used for refuse collection, roads maintenance, street sweeping and passenger transport.

The percentage of Council vehicles presented externally for an MOT, without additional work being required, is currently 93% and represents a decrease over the previous year.

The plan also highlights a further year of reduced fuel use and carbon production from the Fleet. This reduction was achieved by the ongoing work in promoting and managing fuel efficient driving, reducing the size and type of winter assets and the relatively mild winter.

4.5 ICT

The provision of a cost-effective and secure IT estate allows the Council to provide its services and allows Resources to meet their objectives. Appropriate action plans are in place to replace hardware and software identified as approaching end of useful life.

An efficient and effective IT service was delivered to each of the Council's Resources, comprising 5668 desktop devices, 363 servers and 171 line of business applications.

5. 2019/20 Priorities

5.1 Property

Through our approach to Asset Management Planning and the prioritised investment strategy we will continue to review our property requirements with a view to improving the condition, suitability and effectiveness of the portfolio.

This will be achieved by identifying opportunities to improve service delivery and create an efficient, fit-for-purpose and sustainable core estate that delivers best value in terms of investment, running costs, maintenance and environmental impact.

Working with services and partners, we will continue detailed asset reviews by area. These will deliver a range of outcomes, the most likely being:

- Continue to maintain the property as is, with repairs and maintenance being programmed through the repairs budgets and prioritised investment fund (Core Assets);
- Relocation / re-provision of services within an area leading to better use of existing assets;
- Releasing assets for other operational uses or sale through the Property Bulletin process;
- Releasing the Council from existing lease agreements;
- Community Asset Transfer;
- Capital Investment Projects identified for future Capital Bids

During 2019/20 the lease portfolio objectives will continue to be reviewed, in conjunction with Economic Development and Housing, to ensure they are aligned and contribute to the Council's objectives. Financial performance and risks will continue to be monitored through the Estates Business Plan.

5.2 Housing

A key priority is to ensure provision of sufficient, appropriate housing which can meet the housing, care and support needs of an increasing older population. The approved Capital Programme for 2019/20 reflects the level of investment required to continue to achieve SHQS and to work toward achieving EESSH by December 2020.

A main focus of the programme is the New Build Housing Programme, which commenced in 2015/16, together with the programme of buy back, with the target to provide a further 1,000 additional Council homes by 2021.

5.3 Fleet

The ongoing Review of the Council's Fleet seeks to assess cross-Resource Fleet needs and identify a preferred service delivery model which will reduce costs via efficiencies while continuing to provide a reliable fleet to meet operational needs.

The increase in casual hire spend was caused by the need to hire gritters for the 2018/19 winter season. These assets have now been brought into the fleet removing the need to hire during winter 2019/20.

5.4 Roads Infrastructure

The Council continues to invest £12m each year on the operational roads network which extends to more than 2,200 km.

The plan highlights the overall percentage of the network that should be considered for maintenance treatment continues to reduce, as does the level of defect notifications and consequently third party claims. Information development forms a key part of the Roads Asset Management Action Plan for the next two years.

5.5 ICT

A considerable amount of work is planned to continue the upgrade of the Council's data network including the replacement of switches which are end of life, replacing firewalls and filtering services which provide access for Guest and Partner wifi, and upgrading the circuits and broadband services to improve the connections to the outlying offices.

Progress will continue on the programme of work to modernisation the Council's telephony network, which will see investment in some of the Council's small telephone systems estate to refresh end of life equipment. Work to replace key business application Academy has been initiated and will be progressed during 2019/20. The roll out of Office365 as a replacement of Office 2013 will commence to the full Council desktop estate.

6. Delivering Better Services

6.1 Commitment

South Lanarkshire Council is committed to continually improving services and this is embedded in the values and objectives included in the Council Plan. This is also a key factor in the development of the Asset Management Plans which are instruments used to ensure all assets support good service delivery through examining performance and targeting investment to meet service needs and priorities.

The Council's commitment to asset management has been demonstrated through the investment strategies and initiatives which improve the performance and effectiveness of assets, to support service improvement and delivery of the Council Plan. Some examples are:-

- Primary Schools Modernisation Programme
- Early Years – 1,140 Hours Nursery Investment
- Housing Investment Programme and Strategic Housing Investment Plan
- Other Capital and Revenue property programmes including Prioritised Urgent Investment
- Planned Maintenance Programme
- Central Energy Efficiency Fund
- Pool Car Programme
- Roads Infrastructure Capital Programme
- IT Strategy
- Integrating services through community partnerships

6.2 Capital Programme

The Executive Committee, at its meeting on 21 November 2018, agreed an update to the capital expenditure programme of General Fund projects totaling £72.541m for financial year 2019/20.

During the forthcoming year, work will commence on identifying suitable projects for the 2020/21 to 2022/23 Capital Submission process. Projects will be developed taking account of the Council Values, Ambitions and Objectives as listed in Connect: the Council Plan and the Council's 10 Year Capital Investment Strategy.

The 2019/20 Housing Capital Programme has been set at £62.170m. This has been developed to reflect investment priorities of maintaining the housing stock to the Scottish Housing Quality Standard (SHQS), working towards the new Energy Efficiency Standard for Social Housing (EESSH) and increasing the supply of council houses.

6.3 Conclusion

The implementation of the Council's Corporate Asset Management Plan will support the decision making process to ensure investment is targeted in the priority areas and deliver improvements in the condition, suitability and sustainability of all our assets to support service delivery.

The detailed progress and future strategies for improving the Council's assets are detailed in the Asset Management Plans which have been developed for each of the service areas.

If you need this information in another language or format, please contact us to discuss how we can best meet your needs. Email: equalities@southlanarkshire.gov.uk
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