

BRECKLAND COUNCIL

REPORT TO POLICY DEVELOPMENT AND REVIEW PANEL 3 – 11TH SEPTEMBER, 2007

REPORT OF THE OPERATIONS MANAGER – ASSET MANAGEMENT
(Author: Ray Johnson)

UPDATED ASSET MANAGEMENT PLAN

Summary: The Asset Management Plan has been redrafted and is currently being used as a working document to assist with the non operational property.

1. INTRODUCTION

- 1.1 ODPM issued instructions that every Authority must have an Asset Management Plan, or their revenue support grant could be reduced if an appropriate plan was not submitted for approval.
- 1.2 Breckland produced their initial document and the grants have come through.
- 1.3 In 2006/07 it was agreed, as part of the SDP, that Assets would revisit the AMP and produce an updated document.
- 1.4 An interim surveyor was engaged on a one day a week contract to assist with the preparation of a new Asset Management Plan.
- 1.5 A copy of the completed document will be brought to Overview and Scrutiny, but as the document is almost 3 inches thick it did not seem appropriate to provide individual copies.
- 1.6 The paper is a working document and is being revised/adjusted on a fairly frequent basis.
- 1.7 The main contents of the Plan are split into the following sections:-
 1. Introduction, Background and Drivers for Change
 2. Organisational Arrangements for Corporate Asset Management
 3. Consultation
 4. Data Management
 5. Performance Management and Monitoring
 6. Programme and Plan Development
 7. Review of Past and Future
 8. Operational Property
 9. Mud to Houses
 10. Commercial Property Portfolio
 11. Economic Regeneration
 12. Surplus Property
 13. Open Space
 14. Appendix One
- 1.8 Unlike large unitary and Counties, we have very few operational properties. A Unitary or County with schools, libraries, social services, etc. may have several thousand buildings and the likes of Leeds have managed to integrate and reuse premises that have become obsolete from their original use.

1.9 Breckland's Asset Management Plan has concentrated on the non operational properties where we have approximately 170 industrial units, two office blocks, five shops and Barnham Broom.

1.10 The main appendix to the document identifies the DV's valuation of the estate, the rental income per annum and, therefore, the yield. It also identifies the level of maintenance split into three categories:

Repairs
Redecoration and
Routine Maintenance

1.11 There has in the past been a presumption that if the units were let on full repairing insuring terms, then the tenant is responsible for maintenance in every case. This may not be correct on the smaller units which are let on 'easy in, easy out' terms, where in the majority of Breckland's units they have had at least five or six tenants over their twenty five year life, it would seem unreasonable to expect the current tenant to pay for the replacement of the roof or to re-asphalt the yard or to carry out substantial repairs. It is not unreasonable to expect the tenants in our larger units on 25 year leases to carry out these works.

1.12 The Asset Department, together with the Legal Department, have been negotiating new terms for the lease renewals and insist that new short term leases include a charge to cover the repairs of major items. A charge of 20p per square foot will bring in £100,000 per annum. So far most tenants have agreed to this amendment and with new leases it is not an option; it is part of the deal.

1.13 In 2006/07 Breckland made available a rolling £100,000 for capital works to the older industrial units. The proposal in 1.12 should not necessitate the need by the Council to have this rolling programme of £100,000 as the money will come from the maintenance charge being levied on the tenants, when all tenants are signed up.

1.14 When the Asset Team is back to its full complement of staff following the backfill arrangements, (the move of the Asset Manager to Operations Manager), it is proposed that the following sections will be added:-

- Option appraisal for new and existing investment, and
- Open space to be developed in association with the Planning Team and the new Section 106 Officer.

1.15 The Asset Team is currently investigating an IT system to support the management of its assets. This system will not only make it more efficient for the team to be able to produce reports on current status, it will also help with KLOES 2.3.3 and 2.3.5, which covers the maintenance and updating of the Asset Register and monthly reports to the Portfolio Member.

2. KEY DECISION

2.1 This is not a key decision.

3. EQUALITIES AND HUMAN RIGHTS

3.1 This report raises no issues relating to equalities and human rights.

4. COUNCIL PRIORITIES

4.1 The matter raised in this report falls within the following Council priorities:

- A safe and healthy environment
- A well planned place to live which encourages vibrant communities

- A prosperous place to live and work

5. RISK MANAGEMENT

5.1 Failure to comply with guidance of CLG could affect the CAA assessment in the future and hence the grants payable to the Council.

5.2 The revenue from the Portfolio drops as the Assets are not being effectively managed.

6. RECOMMENDATION

6.1 That the report be noted as work in progress.