

Report of	Meeting	Date
Deputy Chief Executive	Corporate, Performance and Budget Scrutiny Committee	Wednesday, 8 November 2023

Assets and Asset Management

Is this report confidential?	No
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Is this decision key?	Not applicable
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Purpose of the Report

- To present an update on the arrangements for Asset Management, including performance and risk.

Recommendations

- That Members consider and comment on the contents of the report.

Reasons for recommendations

- Members have previously requested an update on this area of work.

Other options considered and rejected

- Not applicable.

Corporate priorities

- The report relates to the following corporate priorities:

An exemplary council	Thriving communities
A fair local economy that works for everyone	Good homes, green spaces, healthy places

Background to the report

- The commercial services function of the Council was reorganised in early 2023 and the functions associated with assets and asset management now sit under the Property and Planning department, with Heads of Service for Property and Assets and Operational Assets leading the functions within their areas of responsibility. In summary:

Property and Assets encompasses:

7. Managing and maintaining the Council's property and land assets. This includes property management, agreeing new leases, managing current leases and tenancies, asset valuations, property maintenance, statutory compliance, and land use planning. The service aims to optimise property usage, generate revenue, and contribute to the overall well-being of the community by responsibly managing public properties and land.

Operational Assets encompasses:

8. Managing the Operational aspects of the Councils assets. This includes soft FM, contractor liaison, market tenancies, general repairs, cleaning, conference, and meeting room setup, booking and revenue management of in-house amenities and car parks. It is anticipated that Operational Assets will manage Jubilee Gardens once completed. This service aims to continuously improve the experience of its stakeholders by providing quality services whilst concurrently maximising its utility.

Vision for the service

9. The Property and Assets and Operational Assets teams' vision is to provide outstanding support to the Council in its objective of being an exemplary Council that delivers high performing services and value for money. The services contribute to two further Council priorities: a fair local economy that works for everyone, and delivering good homes, green spaces and healthy places. A number of key projects are being delivered by the services this year, including in relation to developing the town centres in Leyland and Penwortham, and asset management and the procurement and management of utilities. Other key projects include works in relation to South Ribbles' Leisure facilities, the Jubilee Gardens Extra Care Facility and the Civic Centre.
10. In 2022 the services were the subject of an internal audit report which highlighted a number of areas for improvement spanning the management and monitoring of leases and licences, the management of utilities, the management of the asset register and utilities records, in particular.
11. Since this time considerable progress has been made on the actions identified, and this is summarised in the report that follows.

Comprehensive list of property and land

12. The Property and Assets team have prepared a comprehensive list of the Council's property and land assets within a spreadsheet format. The current system allows the service to be delivered however it has limitations due to functionality, data integrity, reporting functions, compliance, and collaboration.
13. The Council has recently procured Civica Property Management (CPM) a Property and Assets Management system which will be used to form the foundations for an overall improved and more efficient property and assets management process for allowing for efficiencies to be made through workflows, automation, and process optimisation.

Conditions, repair and maintenance

14. In late 2021 condition surveys were undertaken across the Council's estate summarising the physical condition of each building, evaluating various aspect of the structure, systems, and components to determine their current state. The surveys provided a

programme of works and cost estimates associated with necessary repairs, renovations and maintenance over a 30-year period.

15. The shared service property function has now been fully resourced and will be utilising the condition surveys undertaken to prepare a 5-year planned maintenance programme. This will allow for the accurate allocation of financial resources for each year of the programme to cover repair, replacement, and preventative maintenance costs. The programme will help ensure the efficient and cost-effective upkeep of assets, prolonging their useful life, enhancing safety, and maintaining the property value.
16. Following the implementation of CPM, the software will be utilised to deliver a technology driven approach to condition surveys and maintenance planning. The system will enable the analysis of historical data to predict maintenance needs, enhancing data quality, efficiency and decision making, leading to more effective and cost-efficient asset management.
17. The property service provides ongoing reactive maintenance across the Council's estate. They address issues as they occur, rather than following a pre-planned schedule. The service is deployed to fix unexpected problems, ensuring safety and functionality of assets.

Health and Safety and Statutory Compliance

18. The shared service property function provides health and safety and statutory compliance work across the Council's estate ensuring that a property or facility adheres to legal regulations and safety standards. This activity involves regular inspections, assessments, and maintenance to identify and address potential hazards, as well as compliance with building codes and government regulations. The primary goal is to maintain a safe and legally compliant environment for occupants and visitors, reducing risks and liabilities across the estate. In addition to this, the Facilities team undertake monthly spot checks across the Council's operational assets to ensure that all soft FM is being carried out. This soft FM includes legionella, fire alarm, emergency light and panic alarm testing. During these monthly visits the Facilities team also undertake visual checks such as fire doors, fire extinguishers and general potential hazards to help minimise risk.
19. The current process for managing statutory compliance across the Council's estate entails that each year the required surveys and works are identified, commissioned and tracked through a central spreadsheet database ensuring surveys are undertaken in the required timescales and any compliance works identified are rectified on site as soon as practicable. The current system allows the service to be delivered however, it has limitations due to functionality, data integrity, reporting functions, compliance, and collaboration.
20. Following the implementation of CPM, the software will provide enhanced oversight, cost savings, and reduced risk across the estate. This system will help manage, efficiently track and maintain assets, ensuring they meet legal requirements and safety standards, ultimately resulting in a safer and more compliant estate.

Management of the Investment Property Portfolio

21. The current occupancy rate across the Council's Investment Property Portfolio sits at 93.33%. The estates team proactively markets any vacant property to ensure the swift occupation of units to safeguard income.

22. The shared service estates team has now been fully resourced with temporary resource also being utilised. The team are focusing on reducing the backlog on lease renewals, rent reviews, reducing rent arrears, and increasing revenue for the Council.
23. In August 2023 there was a total of 109 outstanding rent reviews and lease renewals across the South Ribble estate. Notice has now been served on 75% where a rent review is due and a further 7% awaiting trigger dates between now and the end of 2023. Negotiations are now live on 10% of the properties, with most of the remainder of negotiations due to begin between November 2023 and February 2024 (as per the lease agreements). Once complete, there is likely to be a significant uplift in revenue for the Council.
24. The estates team aim to provide effective tenant communication, prompt issue resolution and a tenant centred approach. They look to foster positive relationships, address tenant concerns, ensure tenant satisfaction, whilst contributing to a well-managed estate.

Management of utilities

25. Following the implementation of shared service in early 2023 the management of utilities is solely undertaken by the property and estates support team who have limited experience in utility management. There are currently over 100 individual supplies managed by the team. Workload to maintain day-to-day utility management is extremely labour intensive and dealing with separate billing systems and payment processes for each site has led to inefficiencies and errors in managing utility costs.
26. Currently this data is being managed within an excel spreadsheet, with no ability to provide the Council or its members with any quantifiable data as to energy usage over specific sites or time periods, energy savings due to efficiencies and new environmental infrastructure, or inaccuracies surrounding billing.
27. Due to the ongoing challenges with utility management, in October 2023 Cabinet approved the procurement of a managed utility supply contract. The utility management company has bespoke cloud-based software to help large organisations manage complex utility requirements, of which the Council qualifies with over 100 core supplies, plus an additional average of over 30 sites annually due to change of tenancies of investment properties.
28. For the Council to continue satisfying the requirements placed when receiving Government Grants for Green Projects, the Council must look to an effective system to track and record the necessary data for reporting purposes and tracking effectiveness of the projects over a long period of time.
29. Inspired Energy Plc has been procured via a PCR compliant framework and will provide a much-needed service to the Council in terms of bill validation, utility company liaison, and the tracking data available to the Council to better understand the energy being used across assets.
30. An ongoing contract with a Utility Specialist will allow the Council to enter flexible procurement of commodities. This will enable the Council to buy commodities during periods of market lows and utilise energy specialist knowledge to better manage the risks and ensure the Council is not hit during market highs as has been the case over the last several years. Previous procurement on fixed basis during market highs has seen the Council tied into 12-month contracts at high prices. The long-term goal of utilising energy market specialists will be to enter a PPA (Power Purchasing Agreement).

This will see the Council procure green energy direct from energy generators such as wind & solar farms.

Implementation of Civica Property Management

31. Civica Property Management (CPM) (formerly known as Tech Forge) has now been procured and temporary positions have been created and recruited to in order to aid the embedding process. CPM is currently being implemented and provides structured data entry, reducing errors and ensuring accurate records of land and property assets. CPM offers a centralised solution that is accessible on any internet enabled device and will allow for data capture, visibility and management of data related to all Council property and assets – enabling better management of assets. The current assets and documents need allocating a unique property reference number (UPRN) to enable a digital upload, this process has already started. GIS mapping software will be linked with this process to tie assets to locations.

South Ribble will prioritise module implementation in order to demonstrate action against audit actions and mitigate future risks. Property services and Operational assets will review current records, undertaking a validation exercise (confirming what has already been scanned is actually on the server and readable) before then moving on to paper files not yet scanned.

32. The implementation process is anticipated to take around 18 months.

Performance indicators

33. Performance is currently tracked and reported across a range of indicators, as referenced elsewhere in this report:

South Ribble				
SR EST01	Percentage of occupancy rates of all commercial investment property	Bigger is Better	90%	Quarterly
SR EST02	Estates – Percentage of incoming enquires responded to within 10 working days	Bigger is Better	85%	Quarterly
SR FAC01	% reactive repair jobs inspected post work completion	Bigger is Better	30%	Monthly
SR FAC06	% of daily site inspections for new developments	Bigger is Better	60%	Monthly
SR FAC07	% of PPM activities completed	Bigger is Better	90%	Monthly
SR FAC08	The Civic income generated based on previous year's figures	Bigger is Better	£3,402.58	Quarterly

Future plans and strategies

Short-Medium Term

34. In the short-medium term the priority is the effective implementation of CPM by utilising the system to its fullest extent, making the most out of the technologies workflows, automation, process optimisation and integration with other Council systems such as

the Civica finance system and LLPG/GIS systems to create efficiencies across the service. Our aim is to ensure we can better manage property data, maintenance, legislative and compliance responsibilities for Council assets.

35. We are also prioritising the preparation and implementation of a 5-year Planned Preventative Maintenance programme through the interrogation of the 2021 condition surveys, effective utilisation of CPM, prioritisation through legislative and statutory requirements and opportunities for further revenue.
36. The effective Implementation of a Utility Management contract will provide a fully managed service which includes:
 - procurement of energy & water supply at advantageous rates on behalf of the Council,
 - meeting the Council green agenda requirements,
 - providing monitoring and usage reports to the Council on monthly basis.
 - communication with utility providers on behalf of the Council,
 - reconciliation of all bills and invoices, including rate charge analysis and meter read data, ensuring the billing figures are accurate and liaising when necessary to correct any errors.
 - paying one central supplier per month for the full utility provision across all sites, with a report provided of the site breakdowns to support the spend.
 - bringing in additional properties within the contract as and when they return to council responsibility (when a tenant vacates)
 - supply to be transferred to tenant responsibility once the site is leased or licenced for use under their own commercial contract without impact on the council's overall service.

Long Term

37. In the longer term our aim is to prepare a Strategic Asset Management Plan to set out the Council's intentions to ensure property assets support corporate priorities, increasing the Council's financial resources, and delivering value for money. Effective asset management is essential to meeting the Council's priorities and improvement aims. Strategic use of land and property assets is a prerequisite for the achievement of corporate priorities in relation to a growing Borough, supporting communities and promoting inward investment and job creation.

Climate change and air quality

39. The work noted in this report impacts on the following areas of climate change and sustainability targets of the Councils Green Agenda.:
 - a. **net carbon zero by 2030,**
 - b. **reducing waste production**
 - c. **limiting non sustainable forms of transport,**
 - d. **working with sustainable and green accredited companies,**
 - e. limiting or improving air quality,
 - f. limiting water waste and flooding risks,
 - g. **improving green areas and biodiversity.**
40. The report is to note however the work of the services impacts directly on the above targets.

Equality and diversity

41. There are no direct equality implications or considerations because the report is for noting.

42. Has an Impact Assessment been completed? Not applicable.

Risk

43. The report addresses the progress made in addressing the risks which are included in the Council's corporate risk register.

Comments of the Statutory Finance Officer

44. There are no direct financial implications arising from this report as it is for noting. Commentary on the revenue and capital position of the services and wider Council are included within quarterly corporate revenue and capital reports presented to Cabinet. It is hoped that the work described above on Civica Property Management, utilities management and on the repairs and maintenance programme will assist in future budget setting and monitoring.

Comments of the Monitoring Officer

45. The purpose of this report is for information and noting – as such there are no direct legal implications arising.

Background documents

Not applicable.

Appendices

Not applicable.

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