

Cabinet

Dorset County Council



Date of Meeting	Cabinet: 8 March 2017
<p><u>Cabinet member(s)</u> Robin Cook – Cabinet Member for Corporate Development</p> <p><u>Local Members</u> All members (local members affected have been consulted/engaged separately)</p> <p><u>Lead Officer(s)</u> Richard Bates - Chief Financial Officer Mike Harries - Director for Environment and the Economy</p>	
Subject of Report	Quarterly Asset Management Report
Executive Summary	<p>This report is a quarterly report which sets out key issues relating to the various asset classes of Property, Highways, ICT, Fleet and Waste.</p> <p>The key items are as follows:</p> <ul style="list-style-type: none"> • The County Council proceeds to gift the library site at Lyme Regis to the Lyme Regis Development Trust (Para 3.1) • Approval to declare a small area of land at Buckland Newton surplus to the County Council’s requirements (Para 3.2) • Update on a proposal received from Ferndown Town Council to take a long leasehold interest on the Riffs Community Centre, for the operation of a youth and community centre (Para 3.3). • Update on the Bridge Pier Protection Works at Upton at the A35/A350 Interchange (Para 4.1) and Springfield Road scheme (Para 4.2) • ICT updates on the capital programme and recent DES upgrade (Para 5) • Update on the Fleet Asset Replacement and a request to continue with the replacement and investment programme (Para 6.1)
Impact Assessment:	<p>Equalities Impact Assessment:</p> <p>The most recent equalities impact assessment was undertaken on the Asset Management Plan and identified the need to ensure that</p>

	<p>the interests and needs of the six equality groups are addressed at service level as part of the service asset management planning process, including consultation with users.</p>	
	<p>Use of Evidence:</p> <p>The Asset Management Plan makes use of the following sources of evidence:</p> <ul style="list-style-type: none"> • The Corporate Plan and Community Strategy • Medium Term Financial Strategy • Outcomes from a Members Seminar on 25 September 2014 • Periodic public consultation • Local and National property performance data • Service (property) asset management plans • Highways asset management planning data • Corporate IT strategy 	
	<p>Budget:</p> <p>If all the recommendations in the report are approved there will remain a sum of £0.1m unallocated up to the end of 2019-20.</p>	
	<p>Risk Assessment:</p> <p>Specific project risk registers are in place. None of the recommendations relate to or create high or medium risks.</p> <p>Having considered the risks associated with this decision using the County Council's approved risk management methodology, the level of risk has been identified as: Current Risk: LOW Residual Risk: LOW</p>	
<p>Recommendations</p>	<p>It is recommended that the Cabinet:</p>	
	<p>(i)</p>	<p>Approves the use of the County Council's general powers of competence to enable the gift of the Lyme Regis Library site to the Lyme Regis Development Trust, on terms in line with its submitted proposal, which includes the provision of library space and an element of affordable housing on the site, and otherwise on terms to be agreed by the Director for Environment and the Economy (para 3.1.4)</p>
	<p>(ii)</p>	<p>Approves that up to 0.2 ha (0.5 acres) of land adjacent to the Fowleys Cottage, Buckland Newton is to be disposed of on terms to be agreed by the Director for Environment and the Economy (para 3.2.1)</p>
	<p>(iii)</p>	<p>Approves the continued replacement and investment in the Council's fleet assets in support of the Corporate Fleet Management Strategy (para 6.1.2)</p>
	<p>(iv)</p>	<p>Approves the overall revised estimates and cash flows for projects as summarised and detailed in appendix 1 (para 8.2)</p>

	(v)	Notes the issues and updates detailed in this report.
Reason for Recommendation	A well-managed Council ensures that the best use is made of its assets in terms of optimising service benefit, minimising environmental impact and maximising financial return.	
Appendices	Appendix 1 Financial Summary and Capital Control Totals Appendix 2 Review of LTP Pier Protection Works at Upton A35/A350 Interchange	
Background Papers	The Property Asset Management Plan 2015-18 The Highways Asset Management Plan (Vol. 1/Vol. 2)	
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1 Background

- 1.1 This report provides an update on key issues relating to various assets, including Property, Highways, ICT, Fleet and Waste (via the Dorset Waste Partnership, DWP). It also seeks approval for a number of transactions and project matters.

2 Assets / Whole authority performance

2.1 The Community Offer for Living and Learning

- 2.1.1 Work is continuing on engaging with stakeholders and specific communities to define their needs for the community offer for Living and Learning. Specifically:

Portland

- A stakeholder meeting was held on 18 January 2017 at the Jail House Café, attended by 40 people. Agreement was reached to progress and develop shared outcomes in a smaller working group.
- First Portland working group will take place on 6 March 2017 at Osprey Leisure Centre to develop outcomes with stakeholders.

Ferndown

- Working group was held on 1st February 2017. Agreement was reached to develop local outcomes further and identify property rationale with other possible solutions.

Blandford

- 2nd working group was held on 24th February. Meeting will develop area outcomes and priorities.

Wareham

- Initial stakeholder engagement session took place on 20th February 2017.

Weymouth

- Initial stakeholder engagement session is scheduled for 20th March 2017.

Beaminster

- Co-production route map (suggested steps to co-produce the offer) was tabled at the Beaminster working group on 15th February.

2.2 One Public Estate (OPE) – Cabinet Office

- 2.2.1 A successful bid was made for One Public Estate funding, securing £150,000 to help fund staffing and revenue costs associated with the OPE works. As part of the bid, it is proposed to re-form the Dorset Joint Asset Management Board. There is strong partnership support for this from local authorities, Health and the Dorset LEP. It is anticipated starting the Board in the next quarter.

2.3 Asset Management Plan Key Performance Indicators

- 2.3.1 The key performance indicators previously appended to this report are now held electronically on the dorsetforyou website, on the Asset Management page. Progress against the KPIs can be viewed via this link: <https://www.dorsetforyou.gov.uk/dorset-property/assetmanagement-plan>

3 Dorset Property Asset Management

3.1 Lyme Regis Library Site

- 3.1.1 In December 2015 Members considered an item in the Quarterly Asset Management Report and ratified the proposal to gift the library site to a third party for the development of affordable housing and community facilities which would include library space within any new development, subject to the acquiring party producing a viable scheme for the re-development of the site.

- 3.1.2 Since then discussions have been ongoing with prospective community bodies. Invitations to submit a proposal have been issued to various parties who expressed an interest and the submissions put forward have been considered.

- 3.1.3 After detailed consideration of the proposals by a working group of Cabinet Members and the Local Member, it has been concluded that the proposal submitted by the Lyme Regis Development Trust offers the greatest opportunity of deliverability, the lowest overall risk to the County Council and would provide both affordable housing and community facilities, which includes library space, on the site.

- 3.1.4 It is therefore recommended that the Cabinet approves the use of the County Council's general powers of competence to enable the gift of the Lyme Regis Library site to the Lyme Regis Development Trust, on terms in line with its submitted proposal, which includes the provision of library space and an element of affordable housing on the site, and otherwise on terms to be agreed by the Director for Environment and the Economy (**Recommendation i**)

3.2 Land adjacent to Fowleys Cottage, Buckland Newton

- 3.2.1 It is proposed to dispose of up to 0.2 ha (0.5 acres) of land in Buckland Newton to the owner of the Fowley's Cottage on terms to be agreed by the Director for Environment and the Economy. The land is awkward from an agricultural perspective and should command a premium value as amenity land (**Recommendation ii**)

3.3 Riffs Youth Club, Ferndown – Consideration of Ferndown Town Council's business case

- 3.3.1 No application was made in respect of the Ferndown Youth Centre when expressions of interest and business cases were invited from community groups to take over youth centres in 2016. However, almost from the closure date, officers began to receive enquiries from community groups who wished to make use of the facilities. Consequently, after a recent public consultation event, Ferndown Town Council has indicated that it is interested in taking on the building and using it as a youth and community centre.
- 3.3.2 The Town Clerk has submitted a business case in the same format used for community groups last year. The Town Council has had the benefit of seeing the range of property and revenue cost data which was prepared for the exercise last year and it has recently voted to raise a £30,000 precept to cover the majority of the costs of running the building and associated services. The youth centre is on a school site so the proposal would be to lease it to the Town Council rather than make a freehold transfer. Managing Our Assets Group has reviewed the business case and has recommended approval of the Town Council's proposals.
- 3.3.3 It is proposed that the County Council enters into further due diligence with the Town Council with a view to granting it a long leasehold interest on the building. It is anticipated that a recommendation will be brought to Cabinet on this matter in the next quarter, subject to the outcome of this work.

4 Highways Asset Management

4.1 Bridge Pier Protection Works at Upton A35/A350 Interchange

- 4.1.1 At the Cabinet meeting on 14 December 2016 approval was sought to go ahead with this LTP project valued at greater than £500,000. The project was not approved and a review was requested to be presented to Cabinet in January 2017. Delaying a decision until January would have missed the programme window and the project would have been delayed for a year leaving the piers vulnerable.
- 4.1.2 The requested review was prepared and presented to the Director for Environment and the Economy, the Chief Financial Officer and the Portfolio Holder for Environment Infrastructure and Highways who all confirmed their support. The project started on site on 16 January 2017 and is progressing well. The review is attached to this report under Appendix 2.

4.2 Springfield Road Update

- 4.2.1 Following the Cabinet meeting of 14 December 2016 which asked officers to re-evaluate potential increased costs for the Springfield Road Improvement Scheme in Verwood, the Highways Design Team has looked at construction and statutory undertakers costs to gain more certainty and reduce optimism bias. The overall allocated Capital Budget for the scheme is £1,534,000 and the reported shortfall was £398,000. In carrying out this work the figure has been reduced by £105,000 to a shortfall of £293,000 with a total budget requirement of £1,827,000.
- 4.2.2 Further funding has been sought to cover this shortfall through the Local Transport Plan (LTP) priorities list with regard to the 'Safer Routes to School' element and the benefits that the scheme will bring to the local community. This will be assessed against other priorities with funding being provided from the LTP due to other projects being moved back in the programme. This matter was discussed and agreed with Cllr's Gould, Finney and Flower respectively prior to the recent Full Council.

5 ICT Asset Management

5.1 Capital programme bid for ICT

5.1.1 The current proposals for the capital programme see allocations of £500k in 2017-18 and £700k in 2018-19. This significantly impacts the level of ICT project work that can be commissioned as over 90% of funding for ICT project portfolio has historically come from the capital programme. The allocation means the Council has very limited financial means to commission new ICT project work in 2017-18 and 2018-19 supporting essential technology infrastructure maintenance and also public service transformation, including our aspirations to become a Digital First council. The ICT Service also employs over £1m of staffing funded directly through income from projects, which without alternative funding streams becoming available would require a very significant downsizing of the ICT function, at a period of significant transformation and likely through the period of local Government reorganisation.

5.2 Successful significant upgrade to DES

5.2.1 We have successfully upgraded the user interface to DES, providing everyday users with a much better, easier experience. The upgrade has completed with few issues to resolve – those few we are working hard to quickly resolve.

6 Fleet Asset Management

6.1 Capital Fleet Asset Replacement

6.1.1 The Council's fleet asset replacement plan continues to progress with 63 vehicles being replaced during 2016/17. There has been significant investment in Dorset Highways and Dorset Travel fleets as they had the greatest need. The table below provides a summary of the services and the level of investment this year.

Fleet Investment 2016/17	£
Coast & Countryside	£ 41,530.00
Dorset Highways	£ 1,393,000.00
Dorset Property	£ 14,500.00
Dorset Travel	£ 547,000.00
County Hall Pool Car Scheme	£ 54,000.00
Total	£ 2,050,030.00

6.1.2 A further £1.5m is scheduled to be invested during 2017/18 and discussions have started with service managers to review their future fleet needs. The Council is changing and this will dictate how some services are delivered, which will impact on the fleet. It's therefore important to ensure fleet decisions can be future proofed wherever possible.

6.1.3 It is requested that Cabinet approves the continued replacement and investment in the Council's fleet assets in support of the Corporate Fleet Management Strategy, funding for which has already been allocated. **(Recommendation iii)**

6.2 Fleet Asset Utilisation

6.2.1 Fleet Telematics was installed in the Dorset Highways, County Hall pool cars and Arboricultural Team fleets in December 2016. Telematics has acted as an enabler to deliver savings and efficiencies through:-

- 6.2.2 Optimisation - correct amount and right type of resources i.e. plant, vehicles and people;
- 6.2.3 Utilisation - maximise the use of the Councils resources;
- 6.2.4 Duty of Care – reduce driver risk improve driver and vehicle safety
- 6.2.5 A major area of improvement since installing telematics has been around driver behaviour. The Council has a duty of care for its employees and telematics supports the Council in ensuring poor driving behaviour is identified and addressed. Changing driver behaviour is not about safety alone, it reduces fuel costs. Since installing telematics there has been a dramatic reduction in the number of negative driving events, which has resulted in up to £107.00 savings per vehicle per month being reported.
- 6.2.6 The data produced by the telematics system also identifies underutilisation. Reports identified a vehicle being used by Fleet Services was not being fully utilised so it was transferred to Dorset Highways Operations to replace a long term hired vehicle, saving £4,600 per year. Further analysis of the data produced will allow informed fleet decision making and provide further opportunities to reduce transport costs.
- 6.2.7 Using the data produced by telematics has also supported a business case to seek extra fleet capital funding. If approved, it will provide the finances to purchase an additional 15 vehicles to replace 15 long term hired vehicles saving up to £238,000 over the whole life of the vehicles. (Funding is not being requested through this report).

7 Waste Asset Management (via DWP)

- 7.1 Nothing to report.

8 Financial Performance

8.1 Financial Summary and Capital Control Totals

- a) The overall financial position is summarised in Appendix 1. Over the next three years the total sum available is £0.1m up to the end of 2019-20.

8.2 Executive Summary of Approved Projects, including significant changes

- a) Detail of approved schemes are set out in the schedule situated on Dorset For You, accessed via the following link: <https://www.dorsetforyou.gov.uk/dorset-property/assetmanagement-plan> The schemes where project costs exceed their budgets by more than 5% are shown with a ☹
- b) The Cabinet is requested to approve the overall revised capital expenditure estimate and cash flows as summarised in Appendix 1 (**Recommendation iv**).

Richard Bates
Chief Financial Officer
March 2017

Mike Harries
Director for Environment and the Economy

DCC CAPITAL PROGRAMME 2016-17 to 2019/20 : EXPENDITURE ESTIMATES (GROSS)

DIRECTORATE	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000
ENVIRONMENT	35,880	39,828	16,563	13,690
CHILDRENS	21,329	23,443	15,092	1,093
ADULT & COMMUNITY	693	2,980	4,633	395
CABINET / WHOLE AUTHORITY	13,632	11,146	5,227	1,893
DORSET WASTE PARTNERSHIP	5,614	2,682	3,856	4,657
CAPITAL FLEET REPLACEMENTS	2,200	1,524	1,053	510
CAPITAL R & M	4,740	5,767	5,967	5,967
TOTAL	84,088	87,370	52,391	28,205
Anticipated Slippage	(20,000)		10,000	10,000
Contingency re Risk Items	2,499	0	0	0
(Overcommitted) / Remaining flexibility	103	0	0	0
Gross Predicted Capital Spend	66,690	87,370	62,391	38,205

Review of LTP Pier Protection Works at Upton A35/A350 Interchange

1. Purpose:

- 1.1. To provide additional project justification following deferral of approval of recommendation (vii) of the Quarterly Asset Management Report (QAMR) by Cabinet on 14 December 2016. .

2. Project description and funding

- 2.1 The basic project description, funding requirements and reason for bringing this LTP funded project to Cabinet are described in the QAMR paragraphs reproduced as Appendix 1 of this document.

3. Highways Asset Management / Corporate Aims

- 3.1 The project supports both the Highways Asset Management Plan (HAMP) and DCC corporate aims in providing a safe and functional highway asset. The vulnerability to demolition of piers supporting bridges in the event of a heavy vehicle collision has been recognised nationally as a problem. Standards published by DfT define the loading to be applied and assessment criteria. The piers at Upton on the unrestricted dual carriageway fail their assessment and require protection.

4. Option selection

- 4.1 There are two ways of strengthening or protecting the piers - both methods have been employed in Dorset. 'Concrete jackets' have been wrapped around supports to strengthen them at A30 Shaftesbury, A35 Policeman's Lane and A35 Somerford Footbridge. Whereas, the recent work on the A338 provided protection to supports by construction of concrete barriers.
- 4.2 The project at Upton was initially conceived as strengthening using 'concrete jackets' as there was insufficient carriageway width to provide a barrier in front of the supports at the verge. This concept ultimately failed due to the presence of a large water main abutting the supports in the north verge that would have been compromised by the construction of 'concrete jackets'. Wessex Water was consulted regarding diversion but diversion into the carriageway beneath the bridges was undesirable and the cost was quoted to be £500,000.
- 4.3 This prompted a full review and consideration of the fundamental objective of the project. Fortunately, the A35 Upton Bypass has a wide central reserve which provided scope for some carriageway realignment to provide the additional width at the verge. This provided the alternative solution that is now proposed to protect supports with concrete barriers.

5 Value for money / Value Engineering

- 5.1 The cost of 'concrete jackets' installed at Policeman's Lane on the A35 completed in 2014 was £280,000. Allowing for 2% p.a. inflation the cost of 3 bridges in 2016 would be £874,000 but would also require a £500,000 water main diversion. Bringing total cost to £1,374,000.
- 5.2 The estimated cost to realign the carriageway and provide a 1.4m high concrete barrier to protect the all the bridge supports on the 3 bridges at Upton is £1,118,206. The estimate includes 30% optimism bias (£257,471).

- 5.3 The cost has been reduced from initial unjustifiably high levels by minimising the lengths of the barriers to suit unrestricted traffic speeds in the normal direction of flow. The length of barriers will be 45m on the approach and 18m on the departure. It is assumed that if contraflow operation is required for future works then speeds would be restricted during the period of the works.
- 5.4 A meeting with technical representatives from one potential supplier of the slipform barriers has resulted in further savings. Their knowledge enabled rationalisation of the design of transitions between steel and concrete barriers and at changes of height to suit the slipforming process. They also advised on sequencing the works and budget rates for the works and mobilisations that have been used in the preparation of the estimated cost.
- 5.5 Costs, other than the concrete barrier and v-channel drainage, have been derived from the Highway Term Services Contract and by direct input from the Dorset Highways estimator.
- 5.6 The proposed solution has added value compared to the original 'concrete jacket' approach. There will be an overall safety improvement, a reduction in maintenance costs and the design will be fully compatible with any future replacement of the steel central reserve barrier with a concrete barrier to a similar standard to that of the A338.
- 5.7 In addition to the safety improvement there will be a small amount of betterment to the carriageway surfacing and drainage over the length of the realignment. The full width will be resurfaced to avoid problems associated with the existing longitudinal joint being along the wheel track of the realigned lanes and the v-channel will provide positive drainage.

6 Implications of a delayed decision

- 6.1 The project is fully designed and Dorset Highway operational resources are allocated to the work from mid-January 2017. Quotations for the major sub-contract items, the barrier slipforming, based on a January start, have been received but no orders have been placed. All public communications are prepared and ready to be sent out. The Temporary Traffic Regulation Orders (TTRO's) for restriction of traffic on the A35 are due to be published on Tuesday 20 December to provide the statutory notice periods.
- 6.2 Any delay in the decision beyond 20 December 2016 would delay the start of the project. If the decision is delayed until the January cabinet meeting then, allowing for communications and mobilisation, the finish date of Phase 1 to protect the central reserve supports would be pushed into the summer period. It may then be prudent to delay the start until September 2017 avoiding peak traffic flows and accept the safety risk of an extended period of support vulnerability.
- 6.3 A delayed start would be inefficient introducing a need to redirect resources, reprogramme works and seek confirmation of quotes for subcontracted works. These costs would not be excessive, assuming that other work for the operations teams could be prepared to fill the void. However, the effect of delaying until September would be to order work using the rates of the re-tendered Highways Term Services Contract (HTSC). It is not known at this time how these rates will compare but they may be higher than simple inflationary increases on current rates that would apply for a start before April 2017.

Reputational damage may be the greatest risk at a time when delivery of our LTP programme and HAMP are under greater scrutiny by DfT as part of the assessment for the incentivised element of LTP funding. Failure to achieve Level 3 in the assessment will see authorities lose some of their potential funding.