

REPORT TO: Cabinet

MEETING DATE: 22 January 2019

BY: Depute Chief Executive (Partnerships and Community Services)

SUBJECT: Council Asset Strategy and Management Plan 2018-23

1 PURPOSE

- 1.1 To set out the background to and seek Members' approval of the Council Asset Strategy and Management Plan 2018-23.

2 RECOMMENDATIONS

- 2.1 That the Cabinet notes the content of this report and approves the Council Asset Strategy and Management Plan 2018-23.

3 BACKGROUND

- 3.1 Property, land and other assets are among our biggest costs and they have a significant role in delivering the Council's long term goals and objectives. Good management ensures that we hold assets which meet our service needs, are fit for purpose, provide value for money and are efficient and sustainable. This requires us to have a strategic understanding of what assets we hold and require, where they are best located and the cost of managing and maintaining them. In this way, our assets can contribute positively to addressing the challenge to save money, align with partners to achieve more effective use of assets to deliver common objectives, stimulate economic development and regeneration and plan for future population growth.
- 3.2 A key objective of the Plan is to embed a culture and model of asset management that holds assets corporately, in particular property and land, in a way that is aligned to the overall service priorities of the Council and takes account of the needs of community planning partners.
- 3.3 The Plan sets out the structure and governance for the Corporate Landlord model. The Capital Investment and Asset Management Group (CIAMG) is the senior officer governance body with a remit to ensure a culture and

practice of corporate management of assets across the Council. The CIAMG was formed in 2016 to ensure that all proposals, business cases, options and decisions relating to our land and buildings are considered corporately from the outset and recommendations made to the Corporate Asset Group.

- 3.4 Over the coming years, the Council will face the challenge of continued delivery of high quality services with a significantly reduced budget. The Plan sets out a guiding principle of future asset management which is to reduce the footprint of our asset base and associated operational and staffing costs. This will be achieved by understanding and challenging the purpose of holding assets, how they are performing, their costs and risks and by consulting across internal and external stakeholders to seek opportunities for delivering services in more cost effective ways.

4 POLICY IMPLICATIONS

- 4.1 Recommendations will contribute towards all of the objectives of the East Lothian Council Plan 2017 – 2022, but in particular - Growing our Capacity - to deliver excellent services as effectively and efficiently as possible within limited resources.
- 4.2 The commitment to develop a Corporate Landlord model will help to ensure that there is strategic oversight of the Council's assets, providing a corporate and collaborative approach to reviewing service requirements, utilising digital technologies to enable culture change, flexible working and shared use of premises, facilities management and maintenance, development and refurbishment, the outcome being to provide property assets that are fit for purpose and supportive of service delivery. This in turn will free up services to focus upon the operational aspects of service delivery.

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 The subject of this report does not affect the wellbeing of the community or have a detrimental impact on equality, the environment or economy.

6 RESOURCE IMPLICATIONS

- 6.1 Financial – there is financial provision in the current Capital Programme and the Council will be asked to make appropriate provision in future budgets.
- 6.2 Personnel – none associated with this report
- 6.3 Other – none associated with this report

7 BACKGROUND PAPERS

7.1 Appendix A: Council Asset Strategy and Management Plan

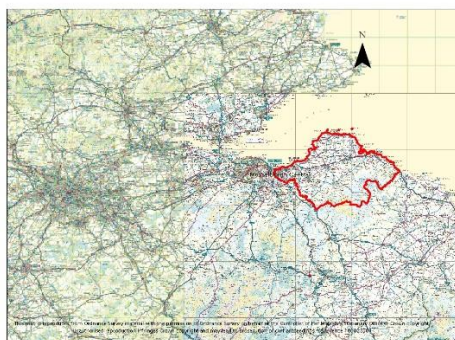
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| DATE | 21 November 2018 |



COUNCIL ASSET STRATEGY and MANAGEMENT PLAN 2018 – 2023



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1 INTRODUCTION

This Asset Management Strategy and Management Plan is a high level document which sets out how asset management is delivered for the Council to meet our long term goals and objectives. East Lothian Council is committed to ensuring that the assets that the Council holds contribute to the creation of sustainable communities and the delivery of better public services. We manage our assets as a corporate resource to support the Council's objectives and for the benefit of local communities. We recognise that efficient and effective management of our asset base is particularly important in the light of financial pressures to ensure that our investment in assets results in the greatest positive impact for the people and communities of East Lothian.

East Lothian Council's organisational structure ensures that we integrate our asset management and capital investment strategies to provide a clear and consistent framework for sound management of our resources and asset base, to deliver effective and efficient services. The Asset Strategy and Management Plan will continue to drive change, help demonstrate Best Value, continuous improvement, good performance management and sustainable development. Collaboration with our community planning partners has increased the activity around joint asset management to look for opportunities to maximize the use of our combined assets and meet the wider objective for a lean, energy efficient, sustainable and affordable asset base, which helps to create vibrant and resilient communities and deliver better public services.

Over the coming years, the Council will face the challenges of significant housing and population growth in East Lothian and ensuring that the supporting infrastructure for delivering high quality services is provided in a cost effective and sustainable way.

This Strategy is expected to remain in place for 5 years but will be revised as necessary to take account of changes in Council policy or financial strategy.



New Council Housing at Law View, North Berwick

The Council Plan (2017 – 2022) states the vision that East Lothian should be even more prosperous, safe and sustainable with a thriving and dynamic economy that enables our people and communities to flourish and sets out its strategic goals towards this vision. Importantly, the Plan also acknowledges that the Council cannot do everything that is required on its own and will increasingly become an enabling and empowering authority, working with its citizens, communities, and partners to deliver the solutions that work best for East Lothian.

East Lothian Council owns a diverse range of land, property and other assets that support delivery of services. The quality of our frontline services depends on having operational assets that are located in the right place, are in good condition, are suitable for their purpose and are sustainable in their operational use. Over recent years, the Council has focused on creating a ‘One Council’ approach to delivering its frontline services and this has resulted in a smaller, community focused and better integrated asset base with simpler customer interface. This work will be developed in future not only to respond to the challenging financial pressures but also to ensure that resources are allocated to provide services with a robust model and on a sustainable basis.

East Lothian is a very attractive place to live, work and do business, and for recreation and visiting. Recent development pressures have resulted in the expansion of settlements and an increase in demand for services, particularly for education, community, care and housing with the associated pressure on the capacity of facilities. The county is facing further increase in its population and is projected to grow by about 1% per year over the next 20 years from just over 100,000 to over 125,000 by 2037. Significant growth is projected across all age groups but particularly among children, by almost 33% and older people over 75 years, by almost 100%. The Council’s proposed Local Development Plan 2016 sets out the planning strategy and policies to guide this growth and deliver the required new infrastructure, in particular for education, community, transport and employment.

The purpose of this Asset Strategy and Management Plan is to set out how asset management is delivered for the Council to meet our long term goals and objectives. The Council adopts the asset management planning processes and guidance for local authorities prepared by Audit Scotland and CIPFA that outline the requirement for councils to have effective and efficient asset management, comprehensive investment decision-making, an options appraisals framework and capital investment plans linked to investment priorities.

The Council operates within an overall appraisal system that uses strategic outline business cases to ensure that decisions on both capital and revenue investment are aligned with strategic priorities and are based on robust asset performance data.

This Asset Strategy and Management Plan includes two key schedules -

1. Asset Management Activity Flowchart which summarises the main principles contained in this Plan.
2. Asset Management Action Plan which summarises the main activities, responsibilities and timescales associated with the delivery of this plan.

3 STRATEGY DEVELOPMENT

A number of key documents inform our corporate planning. The Asset Strategy and Management Plan reflects the Council's strategic goals and overarching objective of '*reducing inequalities within and across our communities*'. The range of consultations undertaken by the East Lothian Partnership has informed the preparation of the East Lothian Plan: 2017 – 2027, the Partnership's Local Outcome Improvement Plan which sets out ways in which partners can work together to make a real difference for East Lothian people.

The Asset Strategy and Management Plan is Council wide and is used to support decision making to inform how the Council prioritises investment in its assets in order to support service delivery. It will provide a framework for individual asset management plans, sound governance and performance improvements in the management of the Council's assets.

The Asset Strategy and Management Plan directly informs and is informed by a number of national agendas and local plans.

The Council Plan 2017 -2022

The Council Plan has four objectives:

- Growing our Economy
- Growing our People
- Growing our Communities
- Growing our Capacity

It has an overarching objective - to reduce inequalities within and across our communities.

The Council Plan recognises that wider transformational change is required in how the Council deliver services and states that '*over the next five years, the lifetime of this Plan, the Council will increasingly become*

- *an enabling and empowering authority that works with its citizens and communities, the business and third sectors and other public sector partners to deliver the solutions that work best for East Lothian*
- *a more entrepreneurial authority, developing new ways of ensuring services are provided in the most effective and efficient way possible*
- *a 'digital' authority, fully embracing and exploiting opportunities to use technology to deliver services.'*

The East Lothian Plan 2017 – 2027 (our Local Outcome Improvement Plan)

The East Lothian Partnership is responsible for delivering Community Planning and is responsible for the preparation and implementation of the East Lothian Plan and Local Outcome Improvement Plan 2017 – 2027. The Plan focuses particularly on reducing inequalities, prevention and early intervention and sets a vision for the Council and its partners of:

An even more prosperous, safe and sustainable East Lothian, with a dynamic and thriving economy that enables our people and communities to flourish.

The 2015 Partnership Asset Plan: A Collaborative Approach - confirms the East Lothian Partnership's commitment to the development of well-designed, sustainable places through effective partnership working and the mobilisation of public sector assets and resources towards the delivery of outcomes. The Council is committed to actively looking for opportunities to work collaboratively with our

Community Planning partners, other public bodies and sectors to achieve more effective use of combined assets. This includes co-location, sharing resources and joint procurement.

The **Economic Development Strategy (2012 -2022)** describes the key objective to grow a sustainable economic base for East Lothian and identifies the issues to be addressed in delivering this in the current economic climate.

Individual Asset Strategies

Each asset category has a lead officer who is a member of the Capital Investment Asset Management Group (CIAMG) and is responsible for preparing asset strategies to enable services to fulfil delivery of the strategic goals. These strategies form the basis for preparation of business case plans for projects identified within the Corporate Asset Management Plan and the Capital Plan. The Asset Categories are:

- Property
- Open Space
- Roads, lighting and related assets
- Fleet
- ICT
- Housing

The cross-service Capital Investment Asset Management (CIAMG) group evaluates all individual service asset requirements at a corporate level to ensure that proposals serve a strategic purpose, are collaborative and present the most sustainable way of delivering service and financial outcomes.

Community Asset Transfer (Community Empowerment Act (Scotland) Act 2015 – part 5)

The Council has prepared Policy and Guidance documents to provide a framework for considering requests for Community Asset Transfer under the terms of the Act. This will build on the Council's on-going advice and support for community groups, many of who already lease our assets, and recognises the role which community ownership of assets can play in regenerating communities and enable well-run community organisations to deliver a range of benefits to their communities.

Local Development Plan 2016

The LDP sets out where new development should and should not occur, including housing, education, economic and retail development, new transport links, and other infrastructure. Adopted by the Council in September 2018, the LDP replaces the East Lothian Local Plan 2008 and is a key driver for the efficient and effective planning of new and expanded infrastructure to provide for the Authority's changing and growing communities.



New industrial units in Prestonpans

The **Council Plan 2017 – 2022** sets out the strategic goals which will make the most impact in delivering its key themes and objectives and which provide the focus of all activity within the Council towards reducing inequalities across East Lothian. The Asset Strategy and Management Plan contributes to and supports these goals with the following overarching Objectives to:

- embed a culture that recognises that all assets, in particular property and land are a key corporate resource, where decisions made are clearly linked to corporate and service objectives and take account of the needs of community planning partners
- maintaining and managing our assets over time to improve how those assets which we retain work for us, optimise returns and minimise the costs of operating them
- develop partnerships to achieve more effective use of our assets
- provide a framework for the delivery of new and expanded infrastructure to support new development and population growth
- stimulate Economic Growth and Regeneration in the area
- support the Council in meeting its affordable housing need
- deliver transformational change and harnessing the opportunities offered by technology in the provision of services

We will achieve the Objectives through:

- the governance structure in place through the Corporate Asset Group and the Capital Investment and Asset Management Group
- a Corporate Landlord Model
- aligning financial and service planning with asset planning
- ensuring that asset implications are considered as part of service planning and review
- investing in technology, which together with flexible working practices will further reduce the footprint of our office estate and provide modernised workplaces and learning environments
- our business planning and capital prioritisation model
- ensuring ownership and occupation of assets, including by third parties, is challenged
- maintaining robust integrated data on our assets
- aligning condition survey information with planned maintenance investment strategy
- effective performance management of our property assets
- effective engagement with partners, including developers to agree sustainable financial base for infrastructure growth including for economic and commercial development
- allocating land for employment use through the Local Development Plan
- acquisition of land for employment development on the basis of robust business case
- engagement with Community Planning Partners to look for opportunities for co-location, sharing assets and integrating services
- ensuring we have an equitable and viable charging policy for community and other use of our assets
- developing / holding commercial assets which are fit for purpose and meet the needs of the business community
- reviewing investment assets to ascertain their financial performance and / or how they meet the Council's strategic objectives
- ensuring we have a funded and sustainable Local Housing Strategy in place

5.1 Our vision

To hold assets, which are fit for purpose, support the delivery of the Council Plan, provide value for money and are efficient and sustainable.

East Lothian Council holds its assets as a corporate resource to be used in the delivery of services and to support the delivery of the East Lothian Partnership outcomes. Our assets should meet the needs of our existing and future generations of service users and employees, be compliant with statutory requirements and be affordable.

Over the coming years the Council will face the challenge of continued delivery of high quality services with a significantly reduced budget. The Asset Strategy and Management Plan reflects the Council's priorities and why and how we use our assets to deliver our strategies. The policies and approach adopted by the Council are designed to make sure that the asset strategy is reflected in the decisions of all parts of the organisation.

5.2 Asset Challenge

We aim to challenge our assets by -

- understanding what we own or lease in - ensuring there is defined **purpose** for holding the asset
 - e.g.
 - to provide a service, including assets which may be leased to community groups or the third sector
 - to generate income
 - to provide / promote employment

This will ensure that we do not retain unnecessary or inefficient assets with their associated revenue costs.
- understanding the **opportunities and risks** associated with holding the asset
 - seeking further opportunities for co-location or sharing, building on successful outcomes which have already significantly reduced customer services costs
 - establishing whether opportunities exist for services to be relocated and sites used for alternative purposes or to generate a receipt if of value
 - having adequate data to know whether the condition or operational and management costs of an asset are cost effective and provide value for money or place a service at risk
 - being aware of potential reputational risks for the Council arising from poor asset related decision making including from poor maintenance
- understanding the **performance** of our buildings and land
 - understanding the total financial costs of managing and operating an asset
 - knowing whether assets are sufficiently utilised to justify the operational / management costs
 - knowing whether the asset is suitable for its purpose, meets current and future needs and is in the right location

- knowing the Condition and level of Compliance with statutory requirements and the investment needed over 5 – 10 year period
- having good data management systems in place
- understanding the income from commercial assets and the associated management costs
- using an **option appraisal** process to inform decision making in relation to the management of existing assets and the required future investment
- **consulting** with all relevant stakeholders, internal and external in making decisions about the **outcome** of whether to retain and invest in assets, replace / re-use, or dispose an asset
- transforming cultural and working practices – ensuring shared use of space
- implementing New Ways of Working, including flexible and home working to further reduce the Council's corporate footprint
- reducing carbon emissions through good asset management and targeted investment

This approach informs how we reduce our costs and identify properties and other assets that should be retained for operational or commercial / investment use, and how we prioritise investment in these, together with identifying those that are surplus to requirement.



New 60 bed residential care home and day centre in Tranent

6.1 Financial Strategy

The Councils’ asset plans are underpinned by financial models that determine their affordability. An estimate is made of available resource, considering the inter-dependencies between the capital and revenue budgets. The Asset Strategy and Management Plan supports the delivery of services in conjunction with the Council’s Transformation programme. The Council is also committed to working collaboratively with our Community Planning partners, other public bodies and sectors to achieve more effective use of combined assets.

The Council’s Financial Strategy covers a 5-year period and sets out the financial challenge facing the Council to deliver a capital programme that requires a high level of investment in infrastructure and in particular in the school estate to meet the requirements of the new development allocated under the proposed Local Development Plan.

The table below shows the financial shortfall the Council faces in its Capital Budget over the period to 2023.

| Capital Budget 2018/19 to 2022/23 | 2018/19 (£000) | 2019/20 (£000) | 2020/21 (£000) | 2021/22 (£000) | 2022/23 (£000) | 5 year spend total (£000) |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|-------------------------------------|
| Gross Expenditure | 44,974 | 46,097 | 52,639 | 59,572 | 59,768 | 263,052 |
| Total Income | (24,127) | (37,144) | (35,141) | (38,843) | (47,985) | (183,239) |
| Net Expenditure | 20,847 | 8,953 | 17,499 | 20,730 | 11,784 | 79,812 |

The Asset Strategy and Management Plan is key to providing the framework to ensure that the Council has a sustainable asset base and ensuring that our assets are managed efficiently, minimising unnecessary expenditure while maximising income.

6.2 Capital Strategy

In order to demonstrate that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability, the Council is preparing a capital strategy that sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.”

6.3 Capital Investment Programme

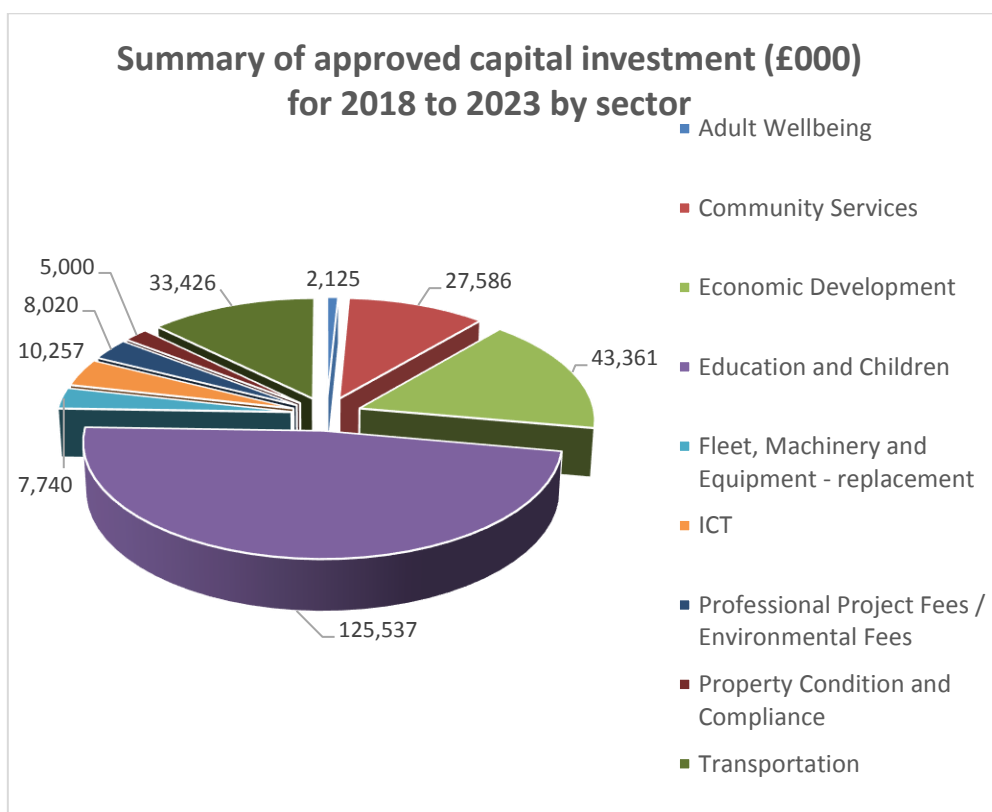
The Council’s capital investment programme for 2018/19 to 2022/23 for general services was approved in February 2018 and relates primarily to major investment in schools, community, roads

and transportation and ICT as well as property lifecycle management programmes. The resources available to support investment include prudential borrowing, Scottish Government capital grant, developer contributions, capital receipts as well as funding from other organisations such as Scottish Futures Trust, SUSTRANS and government funding for flood protection.

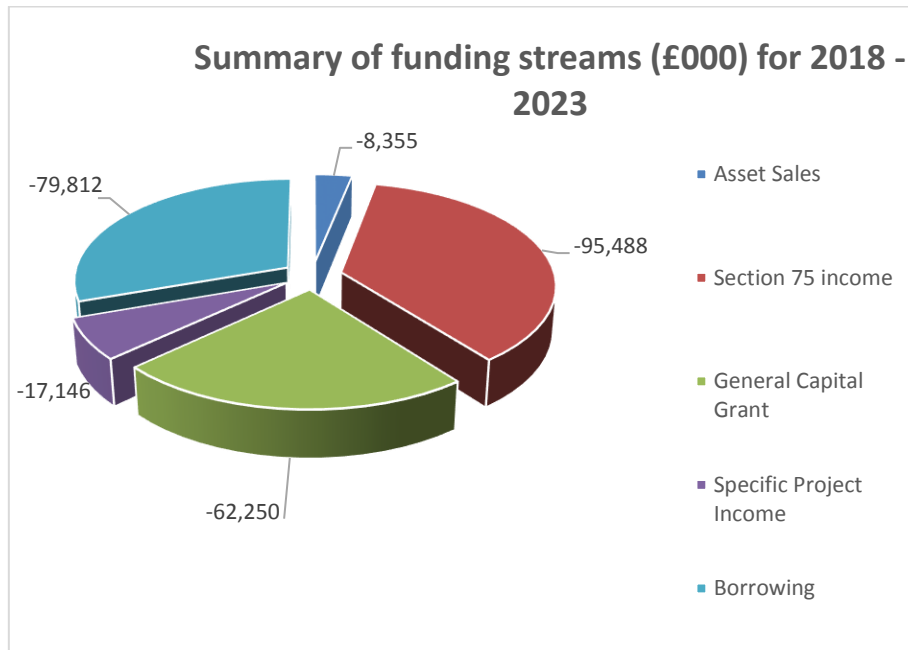
The estimated investment required in the school estate over the next 10 years is in excess of £135M with the Council liable for approximately £30M of this amount. Significant funding will be required to provide new and expanded education capacity for pupils arising from new development and the Council will continue to collaborate with the Scottish Futures Trust to identify additional grant funding to deliver a well-designed school estate. We estimate that approximately £14M additional capital funding will be required to provide capacity to deliver the Scottish Government’s legal commitment to improve early learning and childcare and increase the free entitlement from 600 hours to 1140 hours by 2020.

The Council has prepared Supplementary Planning Guidance: **Developer Contributions Framework** with Technical Notes that describes the need for the provision of additional capacity in facilities and infrastructure in the context of Planning Circular 3/2012: Planning Obligations and Good Neighbour Agreements with Statements of Conformity. The Developer Contributions Framework details the additional capacity and funding required together with the likely contribution costs and the justification for seeking developer contributions towards the infrastructure necessary for over 10,000 additional dwellings to 2030, including Transport network, Education, Sport, Recreation facilities, Health and Social Care facilities, Environmental mitigation and Affordable Housing.

Capital Investment 2018 – 2023



Funding Streams for Capital Investment 2018 – 2023



6.4 Asset Disposal, Acquisition and Capital Receipts

Disposal - the Council's strategy for asset disposal is that if an asset is no longer required for service delivery and does not meet the criteria for retention or re- as set out in 6.4.1, or for inclusion within the commercial property portfolio, the asset will be declared surplus to the Council's requirements and will be placed on the market for sale. Where a market sale may not be achievable, for example if the market is depressed, retention and inclusion of the asset within the commercial property portfolio may be considered, provided the following criteria are met:

- market demand – there is a good letting prospect
- good revenue potential with minimal short to medium capital outlay
- good potential for medium to long term capital growth

Surplus assets are managed during the disposal process to minimise vacant property, maintenance and security costs.

All capital receipts will be held corporately and used to fund future capital investments or off-set debt charges.

6.4.1 This disposal strategy acknowledges the agreed Outcomes 1.2 and 2.2 of the Local Outcomes Improvement Plan Outcomes and Actions as follows:

“Outcome 1.2 Local businesses are thriving and the business base is expanding.

Action (e) – We will work together to relocate and co-locate, and repurpose suitable surplus assets as employment land.

Outcome 2.2 East Lothian people can live affordably and contribute to a thriving community life in a high-quality environment.

Action (m) – we will develop the right partnerships (including with other sectors) to bring forward appropriate affordable homes for all, and through the Local Housing Strategy we will help residents create and sustain great communities. Partners will use our land and property assets for the benefit of the people of East Lothian, including wherever possible allocating any surplus suitable assets to deliver housing and/or business premises. Our Joint Property Asset Strategic Management Group will work collaboratively on the innovative use of assets belonging to the public sector.

Acquisition - the Council will acquire land or buildings by purchase or lease for service delivery *only* if suitable property cannot be provided from the Council's existing Estate. The Council may acquire land or property for the following purposes:

- service delivery
- to fulfil strategic objectives for development in line with the Council Plan
- the commercial property portfolio, to increase rental income and to support development and growth of the local economy

The Council may acquire ownership of land and property by -

- market purchase through a bid process or negotiation
- in accordance with the terms of a Section 75 Agreement
- the exercise of compulsory purchase powers

The Council may also acquire land and property by lease.

Where service or strategic need has been identified, option appraisals and costed business cases are prepared and submitted to the Capital Investment and Asset Management Group (CIAMG). The CIAMG then makes a recommendation to the Corporate Asset Group that has responsibility for overseeing the development of strategy and monitoring delivery of the asset management programme.



Refurbished A Listed Dunbar Town House

The Council adopts a Corporate Landlord model and oversees asset management and capital investment at a corporate level; its governance ensures that there is an integrated, cross service approach to decision making.

7.1 Governance of Asset Management

Elected Members have responsibility for approving the Financial Strategy and Council budgets and regular reports on the Capital Plan programme are made to Cabinet.

The **Corporate Asset Group** is the strategic body for asset management and capital investment decisions and projects. It is responsible for effective and efficient asset management at a corporate level. It is chaired by the Chief Executive, sets the direction, and provides leadership in relation to how the Council manages and develops its assets.

The **Capital Investment and Asset Management Group (CIAMG)** is the senior officer governance body with remit as the Council's advisory body with regard to the Council's Asset Management Framework and related activities. The CIAMG oversees the management of each asset category to achieve an effective and efficient overall estate and makes recommendations to the Corporate Asset Group. It includes all Asset Lead Officers and representatives from a range of council services. The role of the CIAMG is to:

- ensure a culture and practice of corporate management of assets across the Council
- ensure all decisions that relate to land and buildings are considered corporately
- consider and assess proposals and business cases for new capital investment and make recommendations to the Corporate Asset Group
- manage and monitor the capital plan programme delivery
- ensure asset management planning is compliant with statutory requirements, including performance monitoring and demonstrating best value
- oversee and periodically review individual service plans and priorities
- establish opportunities for partnership asset planning and collaboration with other public sector organisations to deliver value for money
- consider and evaluate requests from community bodies for asset transfer by sale or lease
- consider and evaluate requests for community organisations for projects which impact on Council land or buildings
- identify lead client officers for capital plan projects
- prepare monthly monitoring report of the general services capital investment plan
- prepare an annual report to the Corporate Asset Group on asset management activity and performance

7.2 Service Asset Planning

Asset Lead Officers are service managers who ensure that day-to-day management responsibilities are clear and that delegated decision-making is undertaken at the appropriate level. The Asset Lead Officers are as follows:

| Asset Category | Responsible Officer |
|--|--|
| Property (including fixed and movable cultural assets) | Service Manager: Strategic Asset and Capital Plan Management |
| Roads and Related Assets | Service Manager: Roads |
| Open Space | Service Manager: Sport, Countryside and Leisure |
| ICT | Service Manager: IT |
| Fleet | Service Manager: Transport |
| Housing | Service Manager: Community Housing |

The *School Estate Management Plan (SEMP)* is a key strategic plan in its own right and will be updated during 2019. The SEMP is informed by the Local Development Plan (LDP) and sets out the additional pupil capacity and funding required to accommodate the pupils projected to arise from the c.10,000 new dwellings planned in the LDP before 2028. The SEMP will also include updated policy on the provision of Early Learning and Childcare and the infrastructure and funding needed to provide the Scottish Government's commitment to increase the entitlement from 600 to 1140 hours per child per year by 2020.

The Asset Strategy and Management Plan incorporates all physical assets owned and leased by the council, including significant land based assets such as roads, open space, housing and property, together with all equipment, plant and vehicles. The Council invests significant revenue and capital resources in ensuring a wide range of assets are available to support service delivery. The Council's revenue and capital budgets provide resources to support asset management activities and detailed funding information for each asset category is included within the individual asset management plans.

7.3 Business Case and Option Appraisal Gateway process

The Council has in place a process for the development and delivery of capital projects and is developing a clear, understandable method of comparing projects in order to prioritise expenditure. This is to ensure assets are managed and used efficiently and effectively and that we have a sustainable business strategy for those assets that we do retain. The key stages in the process are:

Strategic Appraisal

- Service asset strategies will be prepared and linked to the Council Plan 2017 – 2022 and the East Lothian Plan and Local Outcome Improvement Plan 2017 – 2027
- Projects are identified to meet service strategies and with consideration for opportunities for collaboration with other services or public sector partners.

Assessment

- The process of prioritising capital expenditure includes assessment of the Business Case by the CIAMG for recommendation to the Corporate Asset Group for approval.

Project Planning and Implementation

- Appointment of Project Steering Group and Project Lead
- Procurement options considered
- Project design development
- Construction
- Handover
- Review and Post Occupancy Evaluation

7.4 Best Value

The Council's arrangements for ensuring its assets deliver Best Value are embedded in its Corporate Landlord Approach to asset management. This aims to ensure that all capital investment proposals and planning are evaluated in the light of the Council's strategic objectives and meet other criteria including:

- The project is being developed in collaboration with other internal services or external partners and meets the principles set out in the Partnership Asset Plan.
- The project will lead to increased efficiency and reduction in operational revenue costs.
- The proposal can be shown to meet sustainability criteria in particular with reference to the potential impact on climate change.
- Failure to provide the project will result in a reduction of the council's level of service.
- The project is aligned with the Council's asset activity including its Transformation agenda as set out in section 8.1.

7.5 Risk Management

The Council's Corporate Risk Strategy is prepared in consultation with all Council services and identifies key risks associated with the delivery of all services including asset management and capital planning and is approved by the Council.



New amenity housing in Haddington

Council Asset Activity

An overview of the wide range of Council asset related activity is set out below including a number of transformation and partnership projects, many of which are designed to reduce the footprint of our assets and associated operational costs.

8.1 Partnership asset planning

The 2015 Partnership Asset Plan provided the framework for collaborating with the Scottish Police Authority to co-locate operational and Community Police within the existing Council Head Quarters in Haddington. This will also create a 'Collaborative Hub' enabling Community Police to co-locate with the Scottish Fire & Rescue Local Area Liaison Officers, the Council's Safer Communities Team (including Community Wardens) and other teams and individuals to provide a fully integrated approach to delivering the prevention agenda and broader outcomes. In 2015, the Council collaborated with the NHS to provide intermediate primary care accommodation as part of a new residential care development in Tranent. Future joint activity includes the provision of extra-care housing on a former NHS hospital site in Haddington. In 2016, the Torness Strategic Coordination Centre was relocated from the former Cockenzie Power Station to refurbished accommodation within Council offices in Macmerry, a successful collaboration of several parties including Police, Fire, EDF, NHS, ONR, Scottish and local Government, SEPA and Utility companies. This facility provides shared accommodation and sustained rental income to the Council.

8.2 Creating a Digital Authority

This activity focuses on increasing the number of web-based transactions and commissioning a new Customer Relationship Management (CRM) system in 2018 to facilitate more online access to services and greater use of the National Entitlement Card and Young Scot Card: expansion of the Council's Electronic Document & Records Management System (EDRMS) including cross-departmental working and sharing of documentation and information. This activity will support the Council's review of frontline services delivery locations that aims to ensure that these are utilised effectively with efficient operational costs.

8.3 Review of Community Learning and Development activity

This review is being undertaken with specific focus on managing facilities to deliver better utilisation and lower operational costs. There is a wide range and number of community facilities in East Lothian that carry a significant financial demand for maintenance and management. The anticipated outcome of this review is a reduction in cost for the Council, the implementation of the policy which seeks full recovery of costs or where otherwise, clear justification and documentation of why not. The focus will be to have good access to facilities for residents and more capacity for Community Development Officers to deliver services in their communities, particularly where need is greatest.

8.4 Service re-design and asset rationalisation

A number of service reviews are being undertaken which will have an impact on facilities and assets. Over recent years, the Council has implemented a programme of service integration which brings

together the key Customer Services functions with improved access for residents and effective use of online communication. This has released assets or accommodation for other uses in three of its six main centres. Work is underway to establish the feasibility of similar co-location of library and customer services in Musselburgh and Prestonpans. This will reduce the number of facilities which require to be staffed, provide a simpler customer interface, provide significant financial savings in operational costs and release existing assets for disposal or other use, including potentially for affordable housing.

8.5 Office review and rationalisation

Over the past six years, the Council has significantly reduced its office footprint. This has resulted in the disposal of a number of assets and the re-use of others to support service re-design and local business development. The Council aims to further reduce its footprint and modernise the workplace through continued implementation of New Ways of Working strategy. A target 7:10 ratio of workspace to staff will require further investment in ICT and fitting out for those facilities to be retained, together with agile HR policies. This programme is designed to provide a more flexible and resilient office estate where the emphasis is on 'my work' rather than 'my workplace'. Recent consultation on the Council's budget showed a high level of support for rationalisation of council offices / buildings and community involvement in running facilities.

8.6 Health and Social Care

The Health and Social Care Partnership's strategy to maximise independent living for residents will focus on provision of service to residents at home or in a local setting in order to reduce the time spent in hospital.

- *Day Centres:* the East Lothian Integration Joint Board is undertaking a review of day services for older people in order to improve access to and the quality of day services across the county. Day centres play a key role in preventing admission to hospital and enabling older people to return home following hospital admission, as well as providing respite and support for carers. Investment in future day centre provision will be linked with other community resources and targeted towards health and social care outcomes, including dementia care. There are 10 day centres in East Lothian managed by independent organisations and the review will establish what changes and funding are needed to ensure they are capable of providing the services needed for an increasingly aging population (the number of over 65 year olds is forecast to grow by 72% between 2012 and 2037).
- *Residential Care:* the Integration Joint Board (IJB) is undertaking a review of provision across two Council residential care homes and two local NHS community hospital facilities to deliver on the recommendations of the Housing with Care report. This will take account of the concerns relating to the physical condition and suitability of the two care homes and their future sustainability.
- *Extra Care Housing:* the Council is preparing a plan with the IJB and other partners to deliver on the provision of extra care housing for people with care needs and is in discussion with the NHS to acquire ownership of the former Herdmanflat hospital site in Haddington to facilitate this.

8.7 City Region Deal

Regional Partners, UK and Scottish Governments signed the Edinburgh and South East Scotland City Region Deal Heads of Terms Agreement on the 20 July 2017. Delivering a number of key projects will bring in financial investment to boost gross value added and productivity, while reducing inequalities through the creation of good quality jobs and more affordable housing.

- *Innovation Park at QMU* - this Food & Drink Innovation Hub is a joint collaboration with Queen Margaret University but also includes wider development of strategic housing development of 1500 dwellings, including 375 affordable homes, a new primary school and local centre as well as road infrastructure, retail and leisure amenities.
- *Integrated Regional Skills Programme*: the Heads of Terms agreement identifies £25m of grant funding over the next 8 years to support a programme of interventions that will provide significant training and skills improvements and assist in moving many additional people into employment.
- *Regional Housing Programme*: The acute shortage of affordable homes in East Lothian is a key factor in the cost of living faced by those households as well as significantly contributing to addressing homelessness and tackling inequalities. House building rates for both affordable and market homes fall well below that needed to address current and future demand. Reducing the cost of housing for those on low to moderate incomes would spread the positive economic benefits of growth and generate additional local economic uplift. The Regional Partners supported by Scottish Government have committed to deliver a 10-year ambitious programme of new housing across the region, delivering certainty to SMEs and maximising economic benefit from the construction process. The joint approach between partners and Scottish Government will support the delivery of significant numbers of new homes across the region. The Heads of Terms Agreement includes a revolving Housing Infrastructure Fund of £50m of predominantly private sector loans to help unblock and accelerate seven regionally significant strategic development sites, one of which is Blindwells new town.
- *Cockenzie – former power station*: In March 2018, the Council secured ownership of the former power station site at Cockenzie, previously owned by Scottish Power. The site is approximately 80 hectares and is considered to be of significant value to the economic future of East Lothian. The site contains key infrastructure assets in the form of a connection to the national grid, a railhead and a pier. The Council commissioned consultants to undertake a visioning exercise in respect of the site and this will serve as a basis for further discussion and engagement between the Council and key local and national stakeholders.

8.8 Business and Employment

East Lothian Land Ltd is a not for profit company whose remit is to promote, support and/or effect the development of land and property within the area served by East Lothian Council, to stimulate economic development and regeneration and so to assist in the creation of employment opportunities. ELL works closely with the Council's Estates team to deliver the Council's strategic goals. In 2016, Council offices were rationalised and this released accommodation that was developed to provide 10 individual starter offices for rent in the centre of Haddington. A recently completed development of seven new industrial units at Mid-Road in Prestonpans and the Council's

investment in infrastructure enabled a significant private sector business to relocate to East Lothian. Additional industrial units are currently being planned at Gateside, Haddington.

8.9 Energy

The Council recognises the role that local energy generation and provision could play in tackling issues such as fuel poverty, energy dependence, and carbon emissions as well as reducing energy costs for councils and potentially generating new income streams. A scoping study identified five work streams which form our Energy Transformation Work Plan.

1. Potential for a solar Photovoltaic farm and hydroponics at a former landfill site.
2. Solar Photovoltaics on Council Housing
3. Energy Efficiency Programme and solar for Council public buildings
4. Collaboration with private sector to identify use for heat from Energy for Waste Plant.
5. Energy Partnership – to provide a route to market for solar PV energy resulting in cheaper energy tariff for East Lothian residents.

We anticipate that the benefits deriving from these projects will be delivered within 5 year period.

8.10 Strategic

In 2016, the Council acquired a significant asset, formerly St Joseph’s Residential School in Tranent, having inherited the lease on the asset from the former Lothian Region Council in 1997. The land and buildings are located adjacent to the strategic development site at Blindwells, allocated for major new housing development and may contribute to the resolution of infrastructure issues for this former open cast mining site. One of the Council’s children’s residential centres is located within the grounds of St Josephs and the Council is seeking to re-provide this unit elsewhere. Planning Guidelines have been prepared for the land and buildings, some of which are listed.



9.1 Property

The Property Asset Management Plan 2010 – 2014 was prepared in the context of the 2008 Local development Plan and described the infrastructure identified to provide services in each community. A new detailed Property Asset Management Plan will be prepared to take account of the approved finalised Local Development Plan in 2018, and will set out the Council’s approach to managing its property assets to ensure they are fit for purpose, compliant and support service delivery within our communities. The plan will reflect the investment required to manage and maintain its buildings and to deliver the new infrastructure required to meet the needs of the significant growth in population over the next 10 years.

9.1.1 Context

East Lothian Council owns a diverse property portfolio that supports a wide range of services containing approximately 608 assets covering both land and buildings. The portfolio is divided into –

- **Operational Property** – properties, which are used directly to support delivery of services. The portfolio consists of 270 assets made up of schools, community and recreational facilities, offices, depots and cemeteries, day centres and care homes. This asset group includes assets that may be leased to third sector and community groups. The operational portfolio was valued as at March 2016 at £479,701,325.
- **Non-Operational property** – properties which are retained to generate rental income and / or to support development and growth of the local economy. The portfolio consists of 380 assets made up of Industrial / business units, stores, shops, offices, ground leases, golf courses and caravan parks, allotments and agricultural land. The non-operational portfolio was valued as at March 2015 at £18,912,753. In 2017, the total rental income from the non-operational portfolio was c. £2,365,481. Proactive management and engagement with tenants ensures that occupancy levels remain at c. 94%.

Rental Income and partial breakdown of main categories as at November 2017 (total income £2,365,481)

| | |
|---------------------------|-------------|
| Industrial Units / Stores | £616,246.00 |
| Retail Units | £326,194.00 |
| Offices | £277,028.00 |
| Industrial land | £227,560.04 |

Appendix 1 sets out the Council’s Operational and Non-Operational Assets.

9.1.2 Asset Data

The Council manages its property data to enable it to make informed decisions based on asset performance. The Council uses the CIPFA Property Asset Management data management system to hold CAD plans and Condition and Suitability information for its operational properties. Title, lease and mapping information is held on a Badger data management system for operational and

commercial assets. These systems will be reviewed in 2018 /19 with a view to having a comprehensive, integrated system with a GIS mapping platform.

9.1.3 Performance Management and Indicators

Our overall performance management framework is based on an integrated risk profile for assets: this enables us to analyse the overall performance of an asset across a range of the key performance indicators and highlight assets that do not provide best value and may not have a sustainable case for retention, unless there is a clear strategic or service need. Key Statutory Performance Indicators on asset performance are reported to the Council's Policy, Performance and Review Committee and Core Facts on the schools' estate condition, suitability and utilisation are returned to Scottish Government annually. Condition surveys for public buildings are carried out on a 3 – 5 year rolling programme, completed in 2018. Performance management will be developed further with formal reporting put in place to the Corporate Asset Group on the performance data held and its impact on the future of assets and services.

Investment is made in property assets to ensure that –

- **Statutory Compliance** requirements are met
- assets are maintained in a satisfactory **Condition** and are suitable for their intended need
- there is sufficient **Capacity** in place at the right time to meet the needs of East Lothian's increasing population, including arising from additional housing development allocated in the proposed Local Development Plan 2016.
- Assets are **Suitable** for their purpose including for anticipated changing service needs – e.g. changes in teaching and learning, new Care Inspectorate requirements etc.

During 2018, the Council will undertake a review of how it assesses the Suitability of its schools in the light of new guidance from Scottish Government in November 2017 and is engaging with other Scottish Local Authorities in doing this.

Asset information for Condition, Suitability, Fire risk, Accessibility and Operational costs for Energy and Water use are combined in a single spreadsheet in order to provide an integrated performance assessment of each asset to inform decision making on the future of assets as well as highlighting required planned investment. Limited budgets over coming years will require expenditure to be targeted mainly towards ensuring that properties are maintained compliant with statutory legislation and in a satisfactory condition.

Appendix 2 sets out an extract from the Integrated Asset Risk Management profile for Community Assets. These performance indicators are analysed in conjunction with strategic Council and Service objectives and will provide a holistic basis for decision making in relation to the future of assets.

The Council participates in the Scottish Benchmarking Group supported by CIPFA and provides data annually on key performance indicators. The scope of Benchmarking data will be reviewed to include Energy and Water consumption and the investment in assets, split between Planned and Reactive Maintenance.

The Council is also a member of the CIPFA Strategic Asset Network and benefits from the sharing of information and good practice in the wide spectrum of asset management within the public sector.

9.1.4 Property Priorities 2018 – 2023

Investment in new or extended facilities is directed towards those areas of infrastructure which are required to support growth in the authority, and in particular in the Education / Learning estate. Investment of approximately £135M is required in the school estate over the period to 2030. It is the Council's practice to consult widely on the vision for major new projects, including with community planning partners – Police and Health, to ensure that significant investment delivers value and benefit for the whole community.

Provision will be required in the following key areas:

Education and Lifelong Learning

- One new secondary education facility and three new or replacement primary schools and will be required to meet established and future capacity demands.
- Extensions and alterations to approximately seventeen existing primary schools for similar reasons
- Projects to implement the Scottish Government's commitment to expand the provision of early learning and childcare from 600 hours to 1140 hours by 2020. The Council is seeking to make best use of its existing estate including taking into account expanding capacity by improving outdoor play provision. However, in addition to expanding provision through collaboration with partner providers, we have identified requirement for two new Early Years Centres and extensions and alterations to twelve primary schools to enable the commitment to be met, and subject to grant funding from Scottish Government.

Children's Services

- Re-provision of a residential children's centre currently located at St Josephs, Tranent.

Health and Social Care Partnership

- Extra care housing in collaboration with partner providers
- Review and re-provision as required of two existing residential care homes and two local community hospitals. The Integrated Joint Board is currently consulting on the model of care and this will inform the nature and quantum of future need. Two of the three Council care homes do not meet current Care Inspectorate standards and do not perform well against the performance criteria for condition, accessibility fire risk and suitability.

Healthy Living and Community

- Replacement sports pavilions at Ormiston, Whitecraig and Wallyford
- Replacement sports pavilion at Polson Park, Tranent in partnership with local community
- New or expanded community facilities at Whitecraig and Port Seton
- Upgrading of coastal facilities including public toilets

A separate qualitative assessment for pavilions, synthetic pitches and tennis courts was carried out in October 2012 and again in March 2017. This informed the programme for prioritising investment in community facilities and identified funding streams including from SportScotland, community groups, developer contributions and the Council's capital plan.

Amenity Services

Replacement of depot at Meadowmill, Tranent. Major structural and condition issues at the existing facility generated a strategic review of how service needs could be rationalised and delivered more efficiently for the area from a new single facility.

Transformation and partnership projects

- Co-location with Police Scotland in John Muir House, providing a collaborative hub and delivering partnership working outcomes
- Improved access to the Brunton Hall, Musselburgh to establish feasibility to co-locate library and customer services, providing an integrated facility and releasing a site for other uses or disposal
- Continued investment in the office portfolio through implementation of New Ways of Working strategy with the objective to modernise the workplace and further reduce our office footprint.

Non-operational properties

The Council manages its commercial properties in compliance with the relevant legislation and within budgetary constraints and seeks to improve their condition when void. Where significant investment may be required, a business case appraisal is prepared to establish whether investment in the property or disposal provides best value for money and the most sustainable solution.

9.2 Open Space

The Council's Open Space Strategy sets out the Council's approach, commitment and management to protect, enhance and manage its open space assets as required by Scottish Planning Policy. The Strategy also sets out the policy framework and standards for the procurement of new open space and outdoor sports provision in East Lothian towns and villages and for the provision of Green Networks, Public Parks and Gardens, Amenity Greenspace, Sports areas, Play space, Allotments and Community Growing Spaces.

Open Space Audits were carried out in 2009 and updated in 2016. This identifies the total amount of open space as 1,453.11 hectares.

Appendix 3 sets out the breakdown of Open Space by type.

The Open Space Strategy sets out the Council's long-term vision for open space.

East Lothian has a network of well-designed, multi-functional, connected and accessible open spaces with a rich diversity of wildlife and habitats that are an invaluable asset for communities and visitors. Our open spaces play a critical role in the life of a community, encouraging healthy living by providing opportunities for sport, children's play, relaxation, education and local events, close to where people live. These important natural spaces contribute significantly to East Lothian's quality of place, supports biodiversity, flood and coastal management, whilst supporting the local economy. The contribution to the wider green network provides high quality active travel and path routes to and between open spaces and the countryside around towns.

Realising this vision requires a framework of policy, funding and management approaches to continue to provide diverse and high quality open spaces, which meet the needs of local communities and the wildlife it supports. The Strategy emphasises the need to make more of existing resources, as opposed to adding to overall levels of supply and to ensure that the full

potential of open spaces is realised, moving towards a more integrated and inclusive approach to their management.

The Strategy also sets out the standards for provision of open space in each community and how this is used to evaluate new housing developments and delivering the Central Scotland Green Network goal: *“To ensure that every home in central Scotland is within 300m of an attractive, safe and well-maintained green space or accessible countryside.”*

9.2.1 Burial Grounds

The Council adopted a Burial Ground Strategy in 2015 and this sets out the requirements for the next 50 – 70 years and identifies communities where additional provision should be provided. There are significant barriers to delivering this strategy including cost and ability to acquire land, topography and ground conditions. The potential for a crematorium development in East Lothian is also being explored to establish whether this might represent a viable business proposition for the private sector.

9.2.2 Allotments

The Council is preparing an Allotment and Food Growing Strategy in response to the requirements of Part 9 of the Community Empowerment (Scotland) Act 2015. The National Society of Allotment and Leisure Gardeners suggest a national standard of 20 allotments per 1,000 households. Overall demand in East Lothian is currently lower than this and is highest in the main towns. The area currently has 152 allotment plots with a further 36 planned (188). There are around 300 people on the waiting list. This means that for every one hundred households there is currently demand for around one allotment plot in East Lothian. With growth in households predicted over the period of the LDP the demand for allotment space will be fluid and the Council will require to maintain waiting lists in order to accurately determine demand at any given time. The Council’s allotment strategy will seek to prioritise provision of allotment space for each cluster area within each cluster area as deemed necessary. In the event cluster provision is not possible the Council will consider provision of allotment space at local authority level.

9.4 Roads, lighting and related assets

The Council approved a Roads Asset Management Plan in November 2015. This presents a summary of the road assets and details -

- the current condition of the asset
- the service that the asset and current budgets are able to provide
- the options available for the future

The report includes 20-year forecasts to enable decisions to be taken with understanding of their long term implications. Investment in carriageways is being made through carriageway reconstruction, resurfacing and preventative treatments. These measures are designed to maintain the ‘steady state’ condition of the carriageway network at a constant annualised depreciated value in line with previous years.

Significant future development will have a major impact on the roads infrastructure in East Lothian. The Council has prepared draft Supplementary Guidance which sets out the impact on the transport network, the likely cost for mitigating this impact and how developers will contribute to this on a proportionate basis.

9.5 Fleet

The Council maintains a fleet of vehicles and plant to support the delivery of services. It includes:

- 26 Cars
- 24 Buses/minibuses
- 199 Vans up to 3.5t
- 49 HGV's including tippers, gritters, Refuse Collection Vehicles and road sweepers.
- 118 items of plant including trailers, excavators, tractors, road rollers and road maintenance equipment.

Electric vehicle leasing is optimised through Transport Scotland funding, with 9 vehicles being utilised within the council at present with further funding being secured for additional vehicles.

The estimated fleet replacement cost is valued at £10.2m for vehicles and £2.8m for plant.

Current Asset Performance

The Fleet is continuously assessed to ensure appropriate and fit for purpose types of vehicle and plant are provided to support the delivery of the council's services. Systems are used to manage information for fleet maintenance, costs, scheduling and fuel. These systems are reviewed regularly to ensure compliance and best value for the service. Statutory requirements to meet Operator Licensing legislation are carried out along with testing and maintenance regimes to ensure all vehicles and plant are Roadworthy in line with DVSA and insurance requirements.

The Council works closely with its stakeholders to understand and respond to their needs as far as is practicable. The service is benchmarked with other Scottish Local Authorities and public sector bodies to ensure it delivers best value.

Environmental performance of the fleet is continuously assessed, when procuring new vehicles and plant and alternative fuels are considered and evaluated. Where possible the highest rated Euro emission engines are specified. Fuel saving technology is utilised where possible and the Fleet is fitted with telematics to identify best utilisation and operational objectives.

Investment in the in-house bus fleet has reduced transportation costs within Education and Child Services, Further development of this service will incorporate Adult Services transportation requirements.

Investment Needs

The Council's current provision for Fleet replacement is £1.35m per annum, which is in place until 2022/23. This presents challenges to all services delivered, regular assessment of the fleet operating costs are required along with ensuring future procurement meet the needs of operational users.

9.6 ICT and Digital

Over recent years, the Council has invested in information and communications technologies (ICT) in support of service delivery, improvements in organisational efficiency and increasing attainment levels within our schools. This investment has typically been in response to individual service requirements to meet service specific objectives with little or no integration with other services or systems. However, our customers' expectations have increased and they are no longer willing to be constrained by our internal structures and systems. Instead, they expect Council Services to be more dynamic, reflecting their customer journey and being accessible in ways and at times that suit them.

Customer expectation must be placed alongside the requirement for sustained reductions in already squeezed budgets. It is unlikely that minor tinkering with existing services will meet these expectations and a major change in the way services are delivered is required. This will only be achieved through the exploitation of technology, innovation and redesign of core services.

The redesign will include the implementation of more flexible ways of working and further rationalisation of our accommodation along with the streamlining of processes to more accurately reflect the customer journey. This will require continued investment in our digital infrastructure and the introduction of modern information systems to enable a 'Digital by default' approach to service delivery.

In March 2017, the Council approved its Digital Strategy supporting this strategic approach. It recognises that a Digital Strategy is not an ICT strategy but a Council Wide Business Strategy with a number of inter-dependent projects and partners including other public sector bodies, local authorities, third sector organisations and Scottish Government.

CCTV - Dunbar, Haddington, Musselburgh, North Berwick, Cockenzie and Port Seton, Prestonpans, Tranent and Wallyford have town centre CCTV cameras which are linked back to the Contact Centre at Penston House.

9.7 Housing

Strategic Context

A new Local Housing Strategy is currently being prepared for the period 2018-23 and due to be published by summer 2018. The new LHS will sit within the context of the recently published East Lothian Council Plan 2017-22, which acknowledges a shortage of affordable housing across the county.

A second South East Scotland Strategic Development Plan (SESplan) Housing Need and Demand Assessment (HoNDA) was approved as 'robust and credible' by the Scottish Government in March 2015. This provides a range of estimates of housing need and demand over different time periods. SESplan HoNDA2 figures show a need for around 553 new additional units of housing per annum in East Lothian over the period 2012-30, comprising 370 affordable housing units and 183 units of market housing.

Whilst the current priority is the delivery of social rented housing, it is anticipated that the majority of alternative forms of tenure will come forward as mid-market rent (MMR) or low cost home ownership (LCHO).

The Council's Strategic Housing Investment Plan (SHIP) covers the 5 year period 2018/19 – 2023/24 and has been prepared in accordance with revised Scottish Government Guidance on Preparing Strategic Housing Investment Plans issued in July 2017.

The purpose of this Strategic Housing Investment Plan (SHIP) is to set out East Lothian's housing development priorities and demonstrate how they will be delivered through a range of funding streams. The priorities identified will deliver the outcomes set out in East Lothian's Local Housing

Strategy (LHS) and guide the application of Scottish Government and Local Authority funding for housing development through the Strategic Local Programme (SLP) over the coming five year period. The SHIP includes affordable housing supply through new provision, replacement, rehabilitation, remodelling, housing provided or assisted by other Scottish Government initiatives and housing provided by Local Authorities.

The ability to deliver will be dependent upon a combination of affordable housing providers, which includes Registered Social Landlords (RSLs), East Lothian Council and the private sector. It will also be dependent on complex funding models delivering different tenures. A range of options for funding affordable housing in the future need to be considered. To support strategic planning, the Scottish Government informed the council that its resource planning assumptions (RPA) for the next 3 years would be at least:

| 2018-19 | 2019-20 | 2020-21 |
|----------------|----------------|----------------|
| £8.907M | £10.007M | £10.889M |

As of April 2017, the Council housing stock level was 8,649 categorised in the following tables by the approximate year of construction.

Housing stock by year of construction

| | | |
|--------------|-------------|----------------|
| Pre 1919 | 41 | 0.47% |
| 1919-1944 | 2385 | 27.58% |
| 1945-1964 | 3230 | 37.35% |
| 1965-1982 | 1894 | 21.90% |
| Post 1982 | 1099 | 12.71% |
| Total | 8649 | 100.00% |

Current Asset performance

The Scottish Housing Quality Standard is one of the main drivers of housing asset management. Progress towards achieving this Standard is reported annually to the Scottish Housing Regulator. At the year ending March 2017, approximately 96% of the Council's housing stock was assessed as being compliant with the Scottish Housing Quality Standard, an increase from 77% in March 2013.

Appendix 4 sets out the detailed information for the Council housing stock in relation to the SHQS criteria for compliance. To ensure the Council meets the SHQS, expenditure for upgrading its housing stock is prioritised based on surveys targeted to address the key SHQS criteria.

Future Priorities

The Council's integrated Housing Asset Management Plan will be completed during 2018 in line with the Scottish Housing Regulator's guidance. This will set out the Council's approach to new development, its investment strategy, the risks and options associated with procurement and delivery vehicles. It will also describe how the Council manages its core stock, to ensure it is maintained in good condition and in compliance with statutory and regulatory standards, how it

manages voids and its performance management and reporting processes. The impact of the Energy Efficiency Standard for Social Housing (EESH) published in March 2014, which sets minimum standards for implementation by 2020, will also be addressed in the Plan.

Housing Investment Plan

In Feb 2017, Council approved a capital budget of £23,421m for 2017/18. The Plan is separated into four main elements:

1. Modernisation of existing stock - £11,297m, including
 - meeting the SHQS/EESH requirements
 - modernisation programmes – kitchens, bathrooms and rewires
 - disabled adaptations
 - alterations to alleviate overcrowding
 - local initiatives
2. Fees - £1.254m
 - fees associated with architectural, surveying, engineering and legal services.
3. New Affordable Housing - £10.120m budget provision.
 - 100 Council units were complete during 2016/17 with an estimate of 140 units to be provided over the next three years (2017/18-2019/20)
 - 34 properties were also purchased through the open market in 2016/17 and 2017/18 and the Council will continue to acquire some properties in 2017/18 and beyond, dependant on Scottish Government subsidy and potential programme slippage
4. Mortgage to Rent - £0.75m
 - Allocation to enable the Council to participate in the National Mortgage to Rent scheme, which aims to prevent repossession and homelessness.

The Strategic Housing Investment Plan sets out the resources required to deliver this programme, which includes

- Housing Revenue Account prudential code borrowing for the new build programme
- Registered Social Landlord private finance
- Developer contributions through Discount Housing for Sale
- Second home council tax income of approximately £460k p.a.
- Commuted Sums obtained through the Council's land use policy for Affordable Housing, when on site provision cannot be achieved
- Developer opportunities to directly deliver affordable housing

The Council's borrowing capacity is being reviewed as part of the strategic review of the Housing Revenue Account. However, the Council will continue to work closely with its partners and the private sector to ensure that we make the most of any opportunities available.



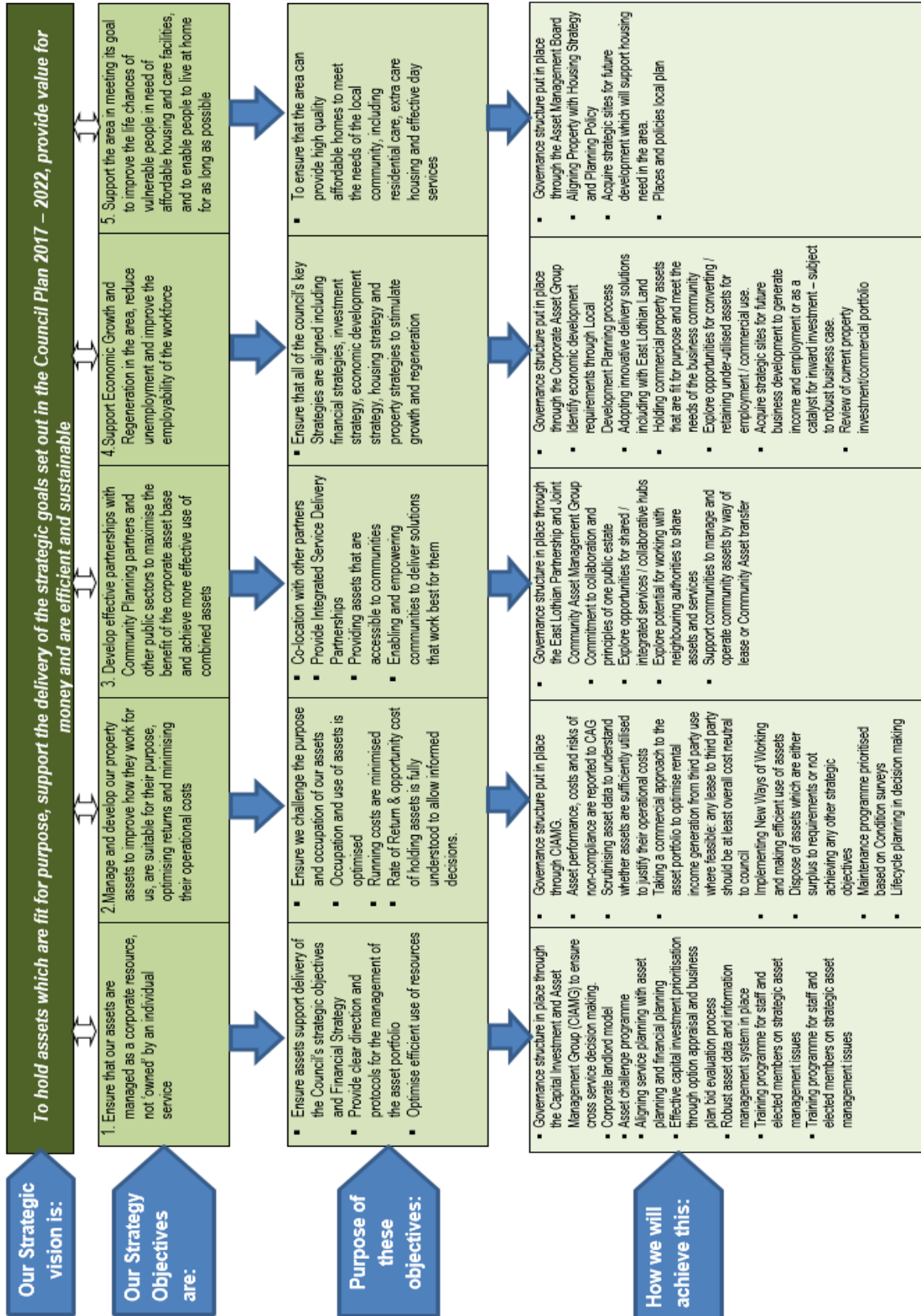
Affordable housing in North Berwick

SCHEDULE 1

TABLE AND FLOWCHART SUMMARISING OUR PROPERTY ASSET MANAGEMENT ACTIVITY

East Lothian Council 2017

This plan summarises our Asset Management Strategy



SCHEDULE 2

Action Plan for the Council Asset Strategy and Management Plan 2018 – 2020

| Number | Action | Responsibility | Date |
|--------|---|---|-------------------|
| 1 | Review Governance Structure for asset management and improve reporting and accountability to Elected Members | CAG | by June 2019 |
| 2 | Review Service structures to review responsibilities for Strategic and Operational Asset Management and their alignment with Capital Plan delivery | Corporate SACPM | by June 2019 |
| 4 | Prepare Capital Strategy | Corporate Finance | by end 2018 |
| 5 | Formalise Corporate Landlord protocol and provide training to Service Managers to embed culture and ensure all senior staff are clear on the Council's arrangements for asset management and the limits to their delegated responsibility | CIAMG | By June 2019 |
| 6 | Prepare annual report to Corporate Asset Group on property asset performance | Service Managers – SACPM and Engineering Services | By end 2019 |
| 7 | Implement Performance Management Framework setting out reporting responsibilities for performance data. | Service Managers – SACPM and Engineering Services | by end 2019 |
| 8 | Review Benchmarking data to include indicators for Planned and Reactive maintenance expenditure to demonstrate relationship between Planned Lifecycle investment and requirement for Reactive maintenance and associated risks to asset availability. | Service Managers – SACPM and Engineering Services | by end 2019 |
| 9 | Ensure all assets are correctly recorded on Asset Management system | Service Managers – SACPM and Engineering Services | by end 2018 |
| 10 | Undertake review of current asset management systems to identify options, resources and costs for holding key asset data in a holistic, accessible manner, including GIS mapping and better use of mobile technology. | SACPM, Estates Team Manager, Engineering Services Manager | by end 2019 |
| 11 | Review and prepare new assessment for Schools' Suitability Assessment | SACPM, Education | By September 2019 |
| 12 | Update Property Asset Management Plan | SACPM, Estates Team Manager, | By September 2019 |
| 13 | Update Schools Estate Asset Management Plan | Service Manager: SACPM /Education | by June 2019 |

| | | | |
|----|--|--------------------------------|--------------|
| 14 | Complete Housing Asset Management Plan | Housing Manager | by end 2019 |
| 15 | Complete review of Day Centre provision for older people | Integration Joint Board, SACPM | by end 2019 |
| 16 | Complete review of model of care for older persons to inform requirements for residential care and extra care housing | IJB / Housing | by end 2019 |
| 17 | Review role of East Lothian and Local Area Partnerships to ensure alignment of asset related activity and decision-making. | CAG / Communities / SACPM | by June 2019 |

Shedule 3 Asset Challenge Flowchart



APPENDIX 1

Schedule of Operational Assets - 270

| Service | Total assets |
|---|---|
| <ul style="list-style-type: none"> • Offices • Multi-use facility – Penston House -Contact Centre /Offices /Torness Strategic Coordination Centre / Depot • Multi-use facility – Brunton Hall/Offices/area office/ Theatre and Cultural • Multi-use facility – Dunbar Road / offices/Library and Museum store/ archive store • Area office / offices Prestonpans | 3 1 1 1 1 |
| Education <ul style="list-style-type: none"> • Primary, Nursery and Early Years centres • Secondary • Special Education facility | 35 6 1 |
| Health and Social Care <ul style="list-style-type: none"> • Day Centres • Older Persons Residential Care • Children’s Centres | 9 3 4 |
| Community and Leisure <ul style="list-style-type: none"> • Community Centres • Community Centres /Libraries • Community Centre/Library/ Area offices • Community Centre/Resource centre • Community Centre /Day Centre • Libraries • Library / Area offices • Library /Area office/ Museum • Library/Museum/Archive • Town House • Town House / Museum / Community Council Chamber • Museums • Community / Town Halls • Parks/Pavilions/ Bowling greens / Tennis courts • Sports centres / swimming pools | 10 1 1 1 1 6 1 1 1 1 1 1 2 10 79 6 |
| Facilities <ul style="list-style-type: none"> • Cemeteries • Depots / Civic Amenity Sites • Depot/Outdoor Education facility • Outdoor residential centre • Public Conveniences • Harbours | 38 11 1 1 25 3 |
| Sheltered Housing | 4 |

Schedule of Non-Operational / Commercial Assets - 380

| Asset | Number | Comments |
|------------------------------------|--------|--|
| Retail Units | 46 | |
| Industrial units | 97 | |
| Offices | 43 | |
| Land -Agricultural & garden ground | 24 | Includes Cropping Lets and Seasonal Grazing |
| Golf courses | 5 | Includes op and non-op |
| Allotment sites | 6 | |
| Ground leases | 66 | Includes Chalet Sites and substation sites |
| Car Parks | 28 | Includes op and non-op |
| Caravan Sites | 5 | |
| Stores | 29 | |
| Recreation | 14 | Includes halls, pavilions, clubhouses and bowling greens |
| Workshop Homes | 3 | |
| Miscellaneous | 14 | Includes doocots, , fixed clocks etc. |

APPENDIX 2

Performance Management Indicators for property assets

| ASSET TYPE | ASSET NO. | ASSET NAME | TOTAL ROOM AREA OF ASSET | CURRENT CONDITION RATING OF ASSET | CURRENT SUITABILITY RATING OF EACH ASSET | CURRENT ACCESSIBILITY STATUS OF EACH ASSET | CURRENT FIRE RISK ASSESSMENT RATING OF EACH ASSET | ENERGY EFFICIENCY OF EACH ASSET Please speak to the Energy Officer for detailed explanation and background | | | CAD PLANS AVAILABLE | OP/NO | ASSET TYPE | ASSET SUB TYPE 1 | ASSET SUB TYPE 2 |
|--|-------------|---|--------------------------|-----------------------------------|--|--|---|---|-------------------------------|---|---------------------|-------|------------|------------------|------------------|
| | | | | | | | | ELECTRICITY ACTUAL kWh/m ² | GAS ACTUAL kWh/m ² | £/m ² /Annum Lighting, Power and Heating | | | | | |
| Community Centre | 0049 | Whiteraig Community Centre (part of School) | 202.50 | B | B | NO | MOD | 42 | 128 | £8.05 | Yes | OP | COM | | |
| Community Centre | 0050 | Wallyford Community Centre | 897.70 | B | B | NO | TOL | 53 | 176 | £11.12 | Yes | OP | COM | | |
| Community Centre | 0052 | North Berwick Community Centre | 950.50 | B | A | NO | MOD | 51 | 166 | £10.29 | Yes | OP | COM | | |
| Community Centre & Library | 1053 | Longniddry Community Centre | 926.20 | A | A | NO | TOL | 59 | 233 | £12.32 | Yes | OP | COM | LIB | |
| Community Centre | 1116 | Stonehill Community Centre | 899.30 | B | B | NO | MOD | No data | N/a | N/a | Yes | OP | COM | | |
| Community Centre | 1189 | Fisherrow Community Centre | ? | B | TBC | NO | | No data | N/a | N/a | No | OP | COM | | |
| Community Centre & Resource Centre | 1282 & 0111 | Prestonpans Community & Resource Centre | 1095.00 | B | A | YES | ? | 58 | 170 | £10.59 | Yes | OP | COM | ARC | |
| Community Centre | 1391 | Elphinstone Community Centre | 251.30 | A | A | NO | TRIV | 37 | 150 | £8.67 | Yes | OP | COM | | |
| Community Centre | 1412 | Ormiston Community Centre | 387.00 | A | A | YES | MOD | 39 | 94 | £7.35 | Yes | OP | COM | | |
| Library & Resource Centre | 1538 | Port Seton Community Centre & Library | 3065.60 | A | A/B | NO | MOD | 43 | 110 | £7.37 | Yes | OP | COM | LIB | ARC |
| Community Centre | 1777 | Pennyport Community Facility | 922.70 | A | A | YES | TOL | 67 | 92 | £10.06 | Yes | OP | COM | | |
| Community Centre & Library & Area Office | 1900 | The Bleachingfield Centre | 2029.40 | A | A | YES | TOL | 48 | 84 | £8.99 | Yes | OP | COM | LIB | OFF |
| Hall | 1406 | Dunbar Corn Exchange | ? | TBC | TBC | TBC | | 20 | 0 | £2.60 | No | OP | HAL | | |
| Hall | 1408 | Haddington Corn Exchange | 818.50 | C | A | NO | MOD | 95 | 168 | £15.17 | Yes | OP | HAL | | |
| Hall | 1409 | Musselburgh Old Town Hall | 666.70 | C | A | NO | TOL | 6 | 177 | £4.88 | Yes | OP | HAL | | |
| Hall | 1410 | Hope Rooms | 167.00 | A | A | YES | TOL | 175 | 0 | £21.28 | Yes | OP | HAL | | |
| Hall | 1413 | Trevelyan Hall | 331.00 | C | B | NO | TRIV | 97 | 0 | £11.43 | Yes | OP | HAL | | |
| Hall | 1414 | Prestonpans Town Hall | 398.10 | C | A | NO | MOD | 19 | 249 | £7.98 | Yes | OP | HAL | | |
| Hall | 1415 | Macmerry Village Hall | 311.30 | C | D | NO | TRIV | 71 | 0 | £9.33 | Yes | OP | HAL | | |
| Hall | 1416 | Tranent Town Hall | 308.70 | B | C | NO | TOL | 123 | 0 | £14.87 | Yes | OP | HAL | | |
| Hall | 1429 | East Linton Chambers | 63.00 | A | A | NO | TOL | 14 | 0 | £3.29 | Yes | OP | HAL | | |
| Hall (Council Chambers) | 1643 | Council Chambers | 65.20 | B | C | NO | TOL | 16 | 0 | £3.48 | Yes | OP | MIS | HAL | |
| Hall | 1778 | Gullane Recreation Hall | 155.60 | C | B | NO | TOL | 156 | 0 | £16.74 | Yes | OP | HAL | | |
| Miscellaneous | 1139 | Musselburgh Interseek Café | 77.50 | TBC | A | NO | | 62 | 0 | £8.70 | Yes | OP | YOU | MIS | |

Community Assets – extract from Integrated Risk Matrix – Condition; Suitability; Access; Fire risk; Utilities

APPENDIX 3

Schedule of Open Space by type

| Type of Open Space | | Amount |
|--------------------------|---------------|-------------------|
| Public Parks | Country Parks | 192.32ha |
| | Town Parks* | 53.03ha |
| | Local Parks* | 102.33ha |
| Private Grounds | | 17.31ha |
| Amenity Greenspace* | | 121.68ha |
| Play space* | | 3.73ha |
| Sports Areas | | 61.54ha |
| Green Corridors* | | 10.63ha |
| Semi-natural Greenspace* | | 392.83ha |
| Functional Greenspace | | 485.40ha |
| Civic Space | | 12.72ha |
| Total | | 1,453.11ha |

*Including privately owned open spaces

APPENDIX 4

Housing Stock SHQS Compliance March 2017

| | | |
|--|--------------|---------------|
| Total stock - number | 8637* | 100% |
| Number compliant with tolerable standard | 8637 | 100% |
| Number free from serious disrepair | 8636 | 99.99% |
| Number which are energy efficient | 8634 | 99.97% |
| Number with modern facilities & services | 8597 | 99.54% |
| Number healthy, safe & secure | 8637 | 100% |
| Number exempt from SHQS | 15 | 0.17% |
| Number in abeyance from SHQS | 286 | 3.31% |
| Number fully meeting SHQS | 8290 | 95.98% |

* The difference between this figure and the 8,649 quoted earlier is because the eight Mid-market Rent properties owned by the Council and leased out and four non self-contained units are not included for SHQS purposes.