

BUCKINGHAMSHIRE & MILTON KEYNES FIRE  
AUTHORITY

STRATEGIC ASSET MANAGEMENT PLAN

2015-2025



## 1. INTRODUCTION

- 1.1 This 'overarching' strategic asset management plan is a refresh of the plan originally approved by the Executive Committee at its meeting of 16 May 2012. In the past 3 years the financial outlook has become even more challenging with no sign of any improvement on the horizon and it remains paramount to set out what the Authority wishes to achieve over the next 10 years in regard to its management of assets.
- 1.2 There is a need to establish a flexible approach which compliments the Buckinghamshire and Milton Keynes Fire Authority's (BMKFA) vision that everyone in the Authority can share in and help to develop. The Authority must determine what the way forward will be for all the assets managed, whether they are Fleet, Property, Information Technology or Equipment assets.
- 1.3 The purpose of this document is to update the strategy agreed in 2012 and set out what the Authority wishes to achieve in respect of asset management for the foreseeable future. As before, once the principles are agreed, the individual strategies underlying this document will follow later and will set out how those principles will be achieved and over what time scale. The recently approved 2015 – 2020 Public Safety Plan will be a key influence to the content of this document.
- 1.4 The financial pressure on all Fire Authorities continues to be significant as Central Government public spending cuts bite hard and it becomes increasingly more difficult to provide an acceptable level of public protection with ever less financial resource. We must therefore use what we have wisely, reduce waste and inefficiency and be smart about the purchase of any replacements. The Authority must continue to broach new horizons and to continually question the rationale behind every decision for either retaining or purchasing any asset; historical precedent can be no barrier to progress.
- 1.5 The Authority should seek to dispose of assets that do not stand up to scrutiny when examining the contribution being made toward the Authority's vision 'to make Buckinghamshire and Milton Keynes the safest area in England in which to live, work and travel' and its duties of Prevention, Protection and Response.
- 1.6 The challenge is clear and must be approached in a methodical fashion that sets out realistic timescales supported by detailed strategies for the component areas of Fleet, Property, Information Technology, Equipment and the Procurement Strategy that underpins those. In that respect the following shows the current strategies in place, all of which have been developed, in two cases

for the second time, since the original strategic asset management plan was approved in May 2012:

Property Strategy 2012 – 2014: Agreed by Executive 12/12/2012

Fleet Strategy 2014 – 2017: Agreed by Executive 14/5/2014

KIS Strategy 2014-2018: Agreed by Executive 17/9/14 (2<sup>nd</sup> update since May 2012)

Procurement Strategy 2015-2020: Agreed by Executive 19/11/14 (2<sup>nd</sup> update since May 2012)

There is no specific equipment strategy as equipment issues are broadly subject to Research & Development (R&D) investigation and dealt with as individual R&D projects

- 1.7 A Property Strategy review is due in the very near future and given the nature of asset management, it is inevitable that activity on some issues will run parallel to the time frame in which this overarching strategy will be agreed, hence it is important this document be agreed and placed on record to support the process.

## **2. DEFINITION OF ASSET MANAGEMENT**

- 2.1 Asset Management is a systematic process of effectively acquiring, maintaining, upgrading, operating and disposing of assets.

Assets need to be managed;

- Strategically to contribute to the long term aim and objectives of the Authority
  - Tactically to support the needs of individual asset users
  - In an efficient and effective manner to deliver best value
  - In order to meet the Authority's statutory obligations under the Fire & Rescue Services Act 2004
  - In a manner which integrates with the Authority's other management processes (financial, risk management, human resources)
- 2.2 This asset management plan has been prepared to set out a high level strategic context by which the provision, development, maintenance and disposal of the Authority's assets will take place.
- 2.3 Asset Management Planning will support the Authority's Corporate Plan priorities with the following objectives:
- Maintain and secure high quality and cost effective premises which will be sufficiently flexible to adapt to the Authority's longer term requirements

- Secure high quality and cost effective vehicle acquisition
- Secure high quality and cost effective equipment
- Deliver a cost effective and responsive service that supports operational needs
- Help to strategically plan accommodation requirements for the future
- Contribute to the Authority's community safety role through continual improvement and maintenance of Fire Stations
- Contribute to the Authority's community safety role through the provision of appropriate vehicles and equipment that meet operational needs
- Provide the Authority with Value for Money
- Support the Authority's Public Safety Plan
- Will influence, and be influenced by the Authority's Procurement Strategy
- Will consider a full range of funding options for asset acquisition

2.4 A principle of asset custodianship is the effective management of assets throughout the asset lifecycle. Annex 1 sets out the principles by which the Authority will manage over the lifecycle of an asset.

### **3. DEFINITION OF AN ASSET**

3.1 An asset is defined as something valuable that B&MKFA owns, benefits from, or has use of in performing its operations. An asset can be either tangible or intangible.

3.2 For the purpose of what tangible assets should be recorded on any Asset Management system, a de minimis level of £100 will operate unless there is an operational or security reason to manage and track the item, i.e. such as a mobile phone.

3.3 Accounting requirements are covered by separate definitions and those should not be confused with the levels set out in this document which is aimed at more practical requirements.

3.4 This definition will allow for tracking and management of:

- Items which do not belong to the organisation (i.e. rented items)
- Items which have no original cost (i.e. freeware or donated items)
- Any item, irrespective of cost or value where tracking, maintenance or management is required (i.e. items requiring PAT testing)
- Items used to maintain security (i.e. security ID and door entry cards)

### **4. PLAN STRUCTURE AND REVIEW PERIODS**

4.1 This strategic Asset Management Plan will be formally reviewed at least every 3 years with the detailed Strategic Plans each being reviewed in the intervening period as appropriate. (See also 1.6 above)

## 5. CONTEXT

5.1 The Authority's asset portfolio is broadly the responsibility of the Director of Finance & Assets, though KIS sits with the Head of Service Transformation. Each team directly supports the rest of the organisation in its primary task of Prevention, Protection and Response.

5.2 Budgeted gross revenue expenditure in 2014/15 for each team was as follows:

Fleet -	£1,083k (incl. Fuel)
KIS -	£1,187k
Equipment	£ 377k
<u>Property -</u>	<u>£ 827k</u>
Total -	£ 3,474k

5.3 Budgeted capital expenditure in 2014/15 for each team was as follows:

Fleet -	£1,068k
KIS -	£ 692k
Equipment -	£ 301k
<u>Property -</u>	<u>£1,490k</u>
Total -	£3,551k

Property Value @ 31/3/2014: £28.8m

Vehicle, Plant & Equipment Value @ 31/3/2014: £9.4m

5.4 Given the overarching nature of this plan, it sits below the Corporate Plan, is informed by the Public Safety Plan (Internal Risk Management Plan) and Medium Term Financial Plan and will influence the Capital Programme objectives.

## 6. EQUIPMENT OBJECTIVES

6.1 There are a number of key objectives that must be attained in order to ensure the Authority safely supplies the right equipment, to the right people at the right time. The following sets out the principles that will apply in equipment management:

- All equipment purchases shall be in accordance with the prevailing Procurement Strategy, Financial Regulations, Financial Instructions and contract Standing Order's
- Each fire appliance will at all times carry with it the minimum acceptable level of equipment, fully functional and safe to use.

- Safe use of equipment is considered critical and each piece of equipment will be serviced, tested and maintained in accordance with the manufacturer's instructions.
- Stores of equipment will be maintained at optimum levels utilising the minimum floor space necessary to provide an acceptable level of service.
- Immediate replacement will take place in the event of theft, loss, damage or at end of life (fair wear and tear).
- All statutory obligations in respect of issue, testing, servicing and maintenance will be upheld.
- A record of equipment, including stock, will be maintained to include purchases, issues, losses, serial numbers (or other agreed identification), location and value, in line with prevailing accounting policies.
- All equipment shall be stored in a secure environment when on Authority premises.
- All equipment shall be kept as secure as is reasonably practical when off Authority premises and accounted for upon return.
- All aspects of equipment management will be in accordance with financial regulations.
- Disposal of damaged, worn, obsolete or end of life equipment will be made in accordance with financial regulations on a regular basis
- Any disposal will as far as possible consider the environmental and ethical aspects of that disposal

## **7. KNOWLEDGE AND INFORMATION SERVICES (KIS) OBJECTIVES**

The following objectives should apply in respect of the management of our KIS asset base. It should be noted that virtually all of the objectives set out below are fulfilled by the 4 year Knowledge and Information Services (KIS) Strategy agreed by the Executive in September 2014.

- 7.1 A governance structure will be in place to enable KIS decisions to be correctly aligned with business needs to achieve the aim of the service and authority. This is currently met through the Business Transformation Board (BTB) and the BTB will act as the sponsoring group for all major corporate KIS development in the service.
- 7.2 The Authority should adopt a KIS Service Delivery Plan which is transparent to the customer and efficiently meets the needs of the business and includes:
- Single point of access for KIS support and KIS service delivery
  - Application maintenance
  - Applications initiation and development
  - Application management
  - Third party support and sub-contractor management (24/7/365)

- User requirements capture and approval process for KIS hardware, software and business applications

7.3 Under the governance of the BTB, a strategic delivery plan will be defined.

7.4 All KIS functions will be fully integrated across departments and the KIS department will be responsible for all support arrangements for hardware, software, middleware (as appropriate) and telephony (i.e. all electronic communications equipment) and will work with the other departments to ensure that:

- Data is authentic, not duplicated, and accountable; systems of change control are identified.
- KIS training is planned as part of any project to support new hardware /software and is an ongoing requirement as part of the induction process.
- Information and communications policies support the appropriate use controls for technological developments.
- Project management and procurement controls enforce and underscore the need to involve KIS at the earliest stage of planning.
- Best value is achieved from our procurement processes.
- Security is embedded as essential criteria for all solutions chosen and all processes used and in determining which legacy systems to retain.
- Everyone understands how systems must be used to be most effective and what is not acceptable in their use.
- Disruption to employees work is reduced by prioritising corrective action work in departments.
- This will be supported by a service level agreement so that employees are accountable for maintaining standards and there is a shared understanding of what will be delivered.

7.5 KIS systems will be compatible i.e. be able to connect to one another to share data across the Authority and with our partners and other agencies.

7.6 The KIS needs of collaborative working will be prioritised so that the timelines can be met.

7.7 Transposition errors and taxonomy variations will be avoided by having single data entry so that authentic information can be located when required.

7.8 Systems will be stable and access speed will be the best possible.

7.9 Mobile working arrangements will be secure and flexible.

7.10 Collaborative tools (e.g. video-conferencing) will facilitate new ways of working to make better use of people-time and avoidance of travel costs.

7.11 Systems development / new solutions will be outcome-based (i.e. specify what the solution must be able to do), to meet business requirements, and identified proactively so that technical resource will be available when required.

- 7.12 The number of systems in use across the Authority will be the minimum necessary to meet the Authority requirements.
- 7.13 Critical systems will have suitable arrangements for replacement in the event of disaster.
- 7.14 Our information assets records will have comprehensive information to inform optimum decision making in all aspects of service delivery.
- 7.15 Intrusion attempts (hacking) or logging errors will be monitored and appropriate corrective action taken.
- 7.16 Arrangements for disaster recovery and business continuity will be responsive to Authority needs.
- 7.17 KIS control systems (i.e. governance arrangements) will reflect best practice in procurement and change management.

## **8. FLEET OBJECTIVES**

8.1 There are 5 main requirements to be considered in managing Fleet assets:

- Overall Strategy
- Procurement
- Maintenance
- Running
- Disposal

It should be noted that virtually all of the objectives set out below are fulfilled by the Fleet Strategy 2014/5 to 2017/18 agreed by the Executive in May 2014.

8.2 In determining a fleet management strategy the following principles should apply for each area:

### 8.3 Strategy

- a) The authority will maintain a clear strategy for fleet management within a single strategy document. This is currently in place having been agreed by the Authority in May 2014.
- b) The needs of drivers and users will be considered in setting that strategy
- c) Fleet performance will be managed
- d) All available methods of fleet provision will be considered
- e) There will be a clear replacement policy
- f) Environmental factors will be considered, i.e. carbon emissions
- g) Where appropriate, the 'Grey Fleet' (i.e. vehicles used and owned by staff or Members for which mileage is claimed) will be included as part of any management strategy
- h) Where appropriate and the business case to do so is sound, services will be procured externally, i.e. White Fleet Servicing, Ladder Maintenance

### 8.4 Procurement



- a) Robust vehicle evaluation will be undertaken based on the views of drivers and users
- b) The authority will consider all procurement options and financing arrangements
- c) Procurement decisions will be based upon robust cost calculations in relation to vehicle selection, financing and whole life costing
- d) Procurement will be a team effort
- e) Joint and/ or central purchasing opportunities will be sought where practical
- f) Robust tendering arrangements will be in place
- g) All fleet procurement will be subject to Member challenge

#### 8.5 Maintenance

- a) The Authority will regularly consider how its vehicle maintenance services are provided
- b) The authority will hold an up to date Operator's Licence if required
- c) Vehicle maintenance will be under control and up to date
- d) The administration of the fleet will be under control
- e) Drivers will be trained to use the vehicles they operate
- f) The allocation of vehicles to drivers will be under control
- g) The Authority will maintain a comprehensive database of all its fleet assets

#### 8.6 Running

- a) Vehicle servicing will take place according to manufacturers guidance as part of a plan with a defect reporting system in place
- b) Tyre management is under control
- c) Fuel management is under control
- d) Suitable breakdown and recovery arrangements will be in place
- e) Short term replacement arrangements will be in place

#### 8.7 Disposal

- a) A clear disposal policy should be in place and governed through Contract Standing Orders
- b) The authority will utilise the most environmentally friendly disposal methods available
- c) There will be an annual review of decisions to use vehicles beyond their estimated life
- d) The Authority will seek best value upon disposal

### **9. PROPERTY OBJECTIVES**

- 9.1 The Authority currently owns the freehold of 20 operational fire stations, a vehicle and equipment workshop, the Brigade Headquarters, two domestic dwellings and also holds the lease for two premises.

- 9.2 Set out below are the key objectives from management of the property portfolio;
- a) To provide workplaces which comply with health & safety legislation to ensure the well being of all persons, including the public.
  - b) To provide facilities in the workplace to ensure fairness and equality for all current and future employees
  - c) Ensure our premises meet the requirements of the Disability Discrimination Act
  - d) To continually review service premises and implement a planned programme of works to maintain the property portfolio in a condition which meets the requirements of all departments
  - e) Review facilities at our Fire Stations to ensure our commitment to access and to Community Fire Safety is developed and maintained.
  - f) To provide an adequate set of fire stations so as to meet the IRMP commitments in terms of emergency response
  - g) Develop training and service facilities to help maintain operational effectiveness
  - h) Continue to invest in technological solutions that help reduce energy usage
  - i) Provide suitable storage and drying facilities
  - j) Maintain an effective system for reporting and managing premises defects
  - k) Continually review shared service opportunities to ensure best value for money is being achieved across public services
  - l) To actively manage the property portfolio and to seek opportunities for acquisition or disposal in line with the requirements of the Public Safety Plan
  - m) Where determined, to obtain the best disposal value for any property asset
  - n) Where possible and practical, to generate income or other consideration for utilisation of spare capacity within any property asset
  - o) Obtain a comprehensive property survey and valuation at least every 5 years in order to inform the long term property strategy. This was last carried out in 2013.

- p) Invest in new or improved facilities where the business case for doing so can be proven

## **10. ASSET MANAGEMENT SYSTEM**

- 10.1 In order to achieve the principles set out in this document, it is important that the proper tools are in place to manage a full range of such disparate assets.
- 10.2 The Authority will invest in an appropriate asset management system in order to maintain a record of all marked equipment, stores, property and KIS assets and will seek to implement as integrated a solution as possible that fits with the Authority's needs.
- 10.3 Asset marking of all equipment will be undertaken using the most modern and effective labelling technology available and appropriate for the relevant piece of equipment
- 10.4 The system will be used to undertake and record Periodic Inspection and Testing (PIT tests) of safety critical equipment employed at each fire station
- 10.5 The system will be utilised to manage stores and equipment movements as efficiently as possible in order to optimise stock holding and space requirements and minimise delivery and movement of equipment between stations.
- 10.6 The system will deliver regular management reporting on inventory, stock, valuations and spend as is required by the Authority's management.
- 10.7 In support of the above, during the course of 2013/14 the Authority has invested in embedding a new asset management system (Redkite) and has undertaken the task of asset marking all equipment on vehicles and equipment held in stores, updating the stores system including populating appropriate records such as re-order levels and implementing the PIT tests, all using new scanner technology.
- 10.8 All relevant training has been rolled out during 2014/15 with a view to being fully functional by April 2015 in line with the corporate plan.

<b>Date</b>	<b>Detail</b>	<b>Prepared By</b>	<b>Reviewed By</b>
23-Dec-14	Initial Draft	D. Sutherland	DSk/SG/KIS/GW/JF/MD/SH
6-Feb -15	2 <sup>nd</sup> Draft	D. Sutherland	Minor updates following BTB
3-Mar-15	Final Draft	D. Sutherland	Minor updates following Member briefing

## **ASSET MANAGEMENT – ASSET LIFECYCLE**

### **1. Introduction**

#### **1.1 Purpose**

This document describes typical phases of an asset lifecycle throughout the life of each asset or group of assets. This guideline describes details of typical activities that BFRS may need to consider to effectively manage their assets.

The intention of this document is to establish a point of reference from which BFRS can formally develop specific policies, standards and procedures relating to the lifecycle of assets and the management of those assets throughout the lifecycle.

#### **1.2 Background**

A principle of asset custodianship is the effective management of assets throughout the asset lifecycle. Good business practice requires that assets be appropriately secured and maintained, used for the purposes intended, periodically accounted for, assessed to ensure their continued value to the organisation and properly disposed of.

This guideline has been developed to assist BFRS to develop and implement processes to track and manage assets over their lifecycle.

### **2. What is an asset?**

An asset is defined as something valuable that BFRS owns, benefits from, or has use of, in performing its operations. An asset can be either tangible or intangible.

For the purpose of what should be recorded on the Asset Management system, a de minimis level of £100 will operate unless there is an operational or security reason to manage and track the item.

Accounting requirements will be covered by separate definitions.

### 3 The asset lifecycle

#### 3.1 Overview of the asset lifecycle

The management of an asset throughout its lifecycle includes planning and support for the investment decision, acquisition, access and ongoing maintenance, through to replacement or retirement planning. The objective of asset lifecycle management is to optimise asset acquisition, maximise the use of the asset and reduce associated service and operational costs resulting in increased asset performance and a lower total cost of ownership.

A simple example of this is set out below for the purchase of a vehicle with a 3 year operational life before replacement:

3-year Costs	Option A - £	Option B - £
Purchase Price	15,000	20,000
Insurance	1,800	1,200
Fuel	9,360	7,800
Servicing	2,600	1,800
Residual value	-3,000	-5,250
<b>Total Cost</b>	<b>25,760</b>	<b>25,550</b>

From this example it can be seen that Option B has lowest cost of ownership over operational life of the vehicle

The asset lifecycle shown below demonstrates typical phases and management objectives in the asset lifecycle, from planning the investment decision through to retirement or replacement of the asset.

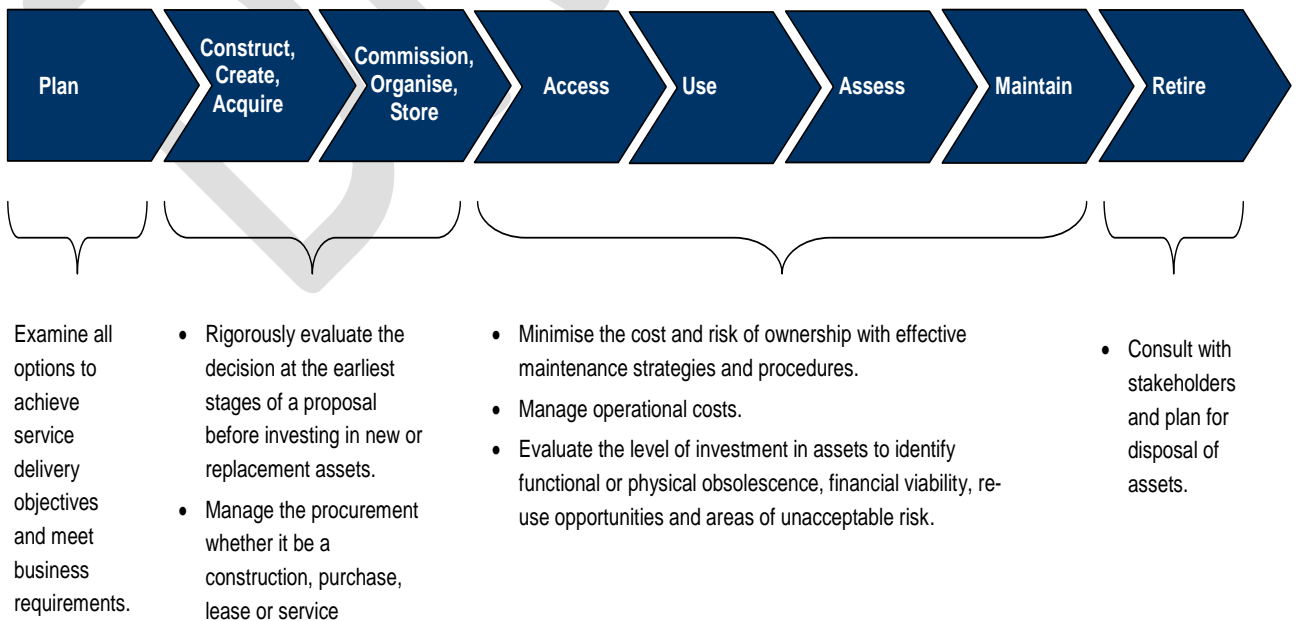


Figure 1 - Asset lifecycle

### 3.2 Lifecycle phases

An overview of the management activities conducted in each phase of the lifecycle is described in Table 1. These activities can be applied to all BFRS assets including operational equipment, property and KIS assets.

Table 1 - Phases of the asset lifecycle

Phase	Description
Plan	<ul style="list-style-type: none"> <li>• Develop requirements including:               <ul style="list-style-type: none"> <li>– business requirements</li> <li>– technical requirements</li> <li>– operational and support requirements</li> <li>– security requirements</li> </ul> </li> <li>• Identify users and support roles and responsibilities.</li> <li>• Identify risks and barriers regarding use of the asset.</li> <li>• Develop strategies to mitigate risks.</li> <li>• Establish training needs.</li> <li>• Establish the context for use of the asset.</li> <li>• Specify the design.</li> <li>• Source suppliers.</li> </ul>
Construct, Create, Acquire	<ul style="list-style-type: none"> <li>• Build, create or acquire the asset.</li> <li>• Monitor the quality of the implementation or installation.</li> </ul>
Commission, Organise, Store	<ul style="list-style-type: none"> <li>• Test the asset against the requirements.</li> <li>• Prepare the asset for use.</li> <li>• Classify the asset and establish data and supporting documentation about the asset and its use.</li> <li>• Ensure that information about the asset and its location can be easily retrieved by endorsed parties.</li> <li>• Ensure assets are stored in secure facilities.</li> </ul>
Access	<ul style="list-style-type: none"> <li>• Ensure authorised users can access the asset.</li> <li>• Ensure security requirements are met.</li> <li>• Establish protocols so that the asset can be safely shared or re-used.</li> </ul>
Use	<ul style="list-style-type: none"> <li>• Provide support and training to users of the asset.</li> <li>• Monitor usage and utilisation of the asset.</li> </ul>

Assess	<ul style="list-style-type: none"> <li>• Assess the condition of the asset.</li> <li>• Assess the cost of maintaining the asset.</li> <li>• Assess opportunities for extending the use of the asset.</li> <li>• Assess the current business value of the asset.</li> <li>• Assess the current and asset management strategy.</li> </ul>
Maintain	<p>Based on the assessments, apply appropriate management strategies. These include:</p> <ol style="list-style-type: none"> <li>1 Optimise – Invest to address or maintain the technical condition maintained while rationalising the operational costs if possible.</li> <li>2 Rationalise – Invest to upgrade the asset to improve its technical condition and reduce operational costs. Consider lower cost alternatives.</li> <li>3 Enhance – Ensure sufficient funding to ensure the future technical condition of the asset and promote reuse of the asset to maximise the future value of the asset.</li> <li>4 Replace – Maintain the technical condition of the asset in the short term until the dependencies have been migrated to an alternative more stable solution.</li> <li>5 Research and explore – Assess the function of asset against the requirement and identify alternative uses for the asset and the potential to deliver additional business value. Promote the availability and use of the asset.</li> <li>6 Decommission – Retire the asset.</li> </ol>
Retire	<ul style="list-style-type: none"> <li>• The business requirement for using asset has significantly evolved or no longer exists.</li> <li>• The asset has reached the end of its useful life and is decommissioned.</li> </ul>