

ASSET MANAGEMENT UPDATE REPORT

AGENDA ITEM No. 8

MEETING: ASSET MANAGEMENT SUB-COMMITTEE

DATE: 24TH JUNE 2026

REPORT BY: TOWN CLERK

1.0 Purpose of the Report

- 1.1 The purpose of the report is to provide an update to Members regarding the progress in delivering the Council's Asset Management Plan.
- 1.2 The report firstly provides an outturn statement for the financial year ended 31st March 2026, providing information in regard to all of the capital projects planned and works completed as part of the 2025/26 Capital Programme Budget.
- 1.3 The report also sets out details of those on-going capital projects and provisional sums which have carried forward to the 2026/27 financial year, as well as details of capital works planned this financial year as part of the 2026/27 Capital Programme Budget, and requests that Members consider the officer review of the planned works and confirm which projects are to go ahead this year.
- 1.4 Finally, the report also provides details of the draft Capital Programme Budgets for the period 2026/27 to 2030/31 from the upcoming Medium-Term Financial Plan, and extracts from the Asset Management Plan setting out ten-year schedules of building works and replacement vehicles, machinery, office equipment, street equipment and play equipment.

2.0 Background to the Report

- 2.1 The Council originally adopted an Asset Management Plan on 31st October 2007. The Asset Management Plan was subsequently reviewed and updated in July 2018 and remains fit for purpose.
- 2.2 The Asset Management Plan is included within the Council's Constitution as a high-level strategic document.
- 2.3 The purpose and essence of the Asset Management Plan remain valid, with the Plan seeking to inform the process of building maintenance and vehicle, machinery and equipment replacement and help guide planned capital expenditure via the Council's Medium-Term Financial Plan.
- 2.4 The progress in undertaking capital projects identified in the annual capital programme budgets and the delivery of Asset Management Plan is reported to the Asset Management Sub-Committee, which in turn makes recommendations to its parent committee, the Policy and Resources Committee.
- 2.5 The Asset Management Plan assists Members and Officers in managing, monitoring, and planning the Council's strategic assets and, in turn, informs the Council's capital spending programme via the annual budget setting and update of the Medium-Term Financial Plan.

3.0 Current Situation

2025/26 Land and Building Works Close Out Report

- 3.1 The Land and Building Works Close Out Report for the 2025/26 financial year is attached at Appendix 1.
- 3.2 This report highlights the building works that were planned for the 2025/26 financial year as part of the approved 2025/26 Capital Programme Budget, along with all those projects carried forward from the previous year, and any additional projects approved during the year.
- 3.3 Members will recall that the Council undertook a review of these planned projects to consider and confirm which projects were to go ahead in 2025/26, with each project categorised as follows:-
- Project to go ahead in 2025/26
 - Provisional sum
 - Project to defer to a future year
 - Project to delete
- 3.4 This report indicates the year-end status of those capital projects that were agreed to go ahead in 2025/26, broken down between those that are complete and those that were ongoing at the end of the year and carried forward to the 2026/27 financial year, as well as those projects that were previously identified as provisional sums, those that have been deferred to a future year, and those that have been deleted from the Capital Programme.

2025/26 Other Capital Projects Close Out Report

- 3.5 The Other Capital Works Close Out Report for the 2025/26 financial year is attached at Appendix 2.
- 3.6 This report highlights all of the non-building related capital investment projects that were planned for the 2025/26 financial year as part of the approved 2025/26 Capital Programme Budget, along with all those projects carried forward from the previous year and any additional projects approved during the year.
- 3.7 Again, the report reflects the Council's review of capital projects and indicates the year-end status of those other capital projects that were agreed to go ahead in 2025/26, broken down between those that are complete and those that were ongoing at the end of the year and carried forward to the 2026/27 financial year, as well as those projects that were previously identified as provisional sums, those that have been deferred to a future year, and those that have been deleted from the Capital Programme.

Ongoing Projects Carried Forward to 2026/27

- 3.8 It is important to note that the 2025/26 Capital Programme was a very large programme of projects and works, with a backlog having built up during the Coronavirus pandemic and beyond, and a large number of 'provisional sums' now included in the budget, which would only be used if needed.
- 3.9 This resulted in a Capital Programme Budget for the year of nearly £1.1 million and comprising around 85 individual capital projects. For comparison purposes, a normal year's Capital Programme Budget, pre-pandemic, would usually be in the region of £200,000 to £300,000 and comprise of 20 to 30 projects. Service managers only have so much capacity to plan and deliver capital projects and this inevitably leads to some projects being delayed.

- 3.10 As highlighted earlier, it is very important to note that a significant proportion of the budget sums included within the Capital Programme Budget year to year are made up of 'provisional sums' which would only be spent if absolutely necessary. These provisional sums generally provide for any breakdowns, emergency repairs etc, and would only be spent if and when required. For example, there are a number of provisional sums for roofing replacements, where the roof is at the end of its estimated useful life, but where recent roofing surveys have indicated that replacement is not yet required.
- 3.11 Members will also be aware that a number of capital projects were previously identified as not being essential and were deferred to future financial years or deleted following the Council's review of the 2025/26 Capital Programme.
- 3.12 Due to the above factors, the final gross spending on the 2025/26 Capital Programme, was 62% under budget at £411,300, with many projects having been delayed, deferred, deleted or carried forward to the 2026/27 financial year as provisional sums. Projects totalling £690,050 have since been approved to be carried forward to 2026/27.
- 3.13 Taken alongside the approved 2026/27 Capital Programme Budget of £315,250, and the additional capital budget approvals of £17,700 for asbestos removal, flooring replacement and kitchen replacement in the Pre-School Tots in the Park building, £3,000 for the works department trailer, and £7,750 to replace the ball dispenser, ball washer and conveyor belt system at the driving range, this will result in another substantial programme of potential capital works this year of £1,033,750.
- 3.14 As is established financial management practice, it is recommended that a review of the 2026/27 Capital Programme is undertaken to consider and confirm which projects are to go ahead this year. Officers have undertaken an initial review as highlighted in the following section of the report and attached at Appendices 3 and 4.

2026/27 Land and Building Works Schedule

- 3.15 A new Land and Building Works Schedule for the 2026/27 financial year is attached at Appendix 3.
- 3.16 This list indicates the building works that have been planned for the 2026/27 financial year as part of the approved 2026/27 Capital Programme Budget, along with all those projects carried forward from the previous year, and any additional budget approvals.
- 3.17 As was the case in 2025/26, in light of the medium-term budget challenges, it is recommended that Members undertake a review of the 2026/27 Capital Programme to consider and confirm which projects are to go ahead this year, with each project categorised as follows:-
- Project to go ahead in 2026/27
 - Provisional sum
 - Project to defer to a future year
 - Project to delete
- 3.18 Officers initial comments on each of the projects making up the 2026/27 Capital Programme Budget are set out on the attached schedule, along with any progress to date on those projects already agreed by the Council.
- 3.19 Please note that a number of delayed projects carried forward from 2025/26 have since taken place in the early months of 2026/27.

2026/27 Other Capital Works Schedule

- 3.20 A new Other Capital Works Schedule for the 2026/27 financial year is attached at Appendix 4.
- 3.21 This list indicates all of the non-building related capital investment projects that have been planned for the 2026/27 financial year as part of the approved 2026/27 Capital Programme Budget, along with all those projects carried forward from the previous year.
- 3.22 Again, it is recommended that Members undertake a review of the 2026/27 Capital Programme to consider and confirm which projects are to go ahead this year, using the categories highlighted in paragraph 3.18 above. Officers initial comments on each of the projects are set out on the attached schedule, along with progress to date on those projects already agreed by the Council.
- 3.23 Please note that a number of delayed projects carried forward from 2025/26 have since taken place in the early months of 2026/27.

2025/26 Capital Budget Financial Outturn

- 3.24 A financial statement setting out the final outturn position on the 2025/26 Capital Programme Budget is provided at Appendix 5. This shows a total gross investment of £411,300, which represents nearly 40% of the total budget.
- 3.25 This schedule highlights the financial cost to all of the completed projects indicated in Appendices 1 and 2.
- 3.26 Please note that a further £24,088 was spent on capital projects last year, taking total capital investment to £435,404. This was funded separately from the VAT Windfall Reserve, Budget Support Reserve and Community Support Fund
- 3.27 This schedule also sets out the approved carry forward of ongoing projects and provisional sums totalling £690,050 to 2026/27. This significant carry forward largely relates to delayed projects completed early in the new financial year, provisional sums and deferred capital projects. This carry forward was approved at the Policy and Resources Committee on 3rd June 2026.
- 3.28 A summary of the 2025/26 year-end capital budget position and its financing is shown below:-

<i>2025/26 Capital Budget</i>	<i>£1,082,245</i>	
<i>2025/26 Actual Spending</i>	<i>£411,316</i>	<i>38%</i>
<i>Underspend</i>	<i>£670,929</i>	<i>62%</i>

Actual Spend Funded By:

Capital Grants and Contributions	£70,622	17%
Council Balances and Reserves	£340,694	83%

Plus Additional Capital Spend of £24,088 funded as follows:

VAT Windfall Resources	£10,000
Budget Support Reserve	£5,200
Community Support Fund	£8,888

2026/27 Adjusted Capital Programme Budget

3.29 The adjusted Capital Programme Budget for 2026/27 is attached as Appendix 6 and currently stands at £1,033,750, being made up of the original approved 2026/27 Capital Budget of £315,250, the additional capital budget approvals of £17,700 for asbestos removal, flooring replacement and kitchen replacement in the Pre-School Tots in the Park building, £3,000 for the works department trailer, and £7,750 to replace the ball dispenser, ball washer and conveyor belt system at the driving range, and the approved the carry forward of ongoing budget commitments totalling £690,050 referred to above.

3.30 An approximate breakdown has been undertaken of this budget, taking into account the proposed classification of each capital project as highlighted in Appendix 3 and 4 and is detailed below:

Projects to go ahead in 2026/27	£611,200	59%
Provisional Sums	£376,050	36%
Projects deferred to a future year or deleted	£46,500	5%
Total Adjusted 2026/27 Capital Budget	£1,033,750	

2026/27 to 2030/31 Medium Term Financial Plan Capital Budget Schedule

3.31 The draft five-year Capital Programme Budget schedule from the forthcoming Medium-Term Financial Plan update is attached as Appendix 7.

3.32 This sets out the adjusted Capital Programme Budget for 2026/27 together with estimated figures for the following four years from 2027/28 to 2030/31. Please note that the update of the Medium-Term Financial Plan is in its very early stages and this is therefore a very early draft of the Capital Budget Forecast for the next five years.

3.33 As can be seen, the Council faces potentially significant capital investments commitments over the next five years of £2.358 million.

3.34 The Medium-Term Financial Plan, including the Capital Budget Forecast for the next five years, is due to be finalised over the summer and reported to the Council in September.

2026/27 to 2035/36 Asset Management Plan Schedules

3.35 The Council also has in place ten-year forecast asset replacement schedules for each category of assets, which set out the material assets held, the year that they were purchased, the purchase cost, the expected useful life, the anticipated year of replacement, and the estimated replacement cost.

3.36 The latest update of these schedules is attached at Appendix 8. These schedules are used to inform the Council's financial planning process and help to identify the capital projects included with the Medium-Term Financial Plan and annual Capital Programme Budgets.

3.37 Please note that the update of the Asset Management Plan Schedules is in its very early stages and this is therefore a very early draft of the forecast for the next ten years.

3.38 These schedules currently identify total potential capital investment requirements of in the region of nearly £4 million over the next ten years.

- 3.39 The funding of these medium to longer term capital investment commitments could see the Council's earmarked capital and reserves significantly depleted or even wiped out altogether in the early part of the next decade (2032/33), *if* all capital investment goes ahead and earmarked capital reserves cannot be replenished from the Council's Revenue Budget.
- 3.40 The forthcoming update of the Medium-Term Financial Plan will consider the issue of longer-term capital investment commitments in more detail, highlighting the need to continue to monitor and plan the Council's future capital investment carefully, whilst at the same time aim to replenish its balances and reserves each year via the Revenue Budget, if this is possible in the very difficult current financial climate.

4.0 Impact on Great Aycliffe Town Council

- 4.1 The report provides an update on the status of all current asset management works as well as an indication of future capital investment requirements over the short, medium, and longer term.
- 4.2 The works and actions indicated will help to ensure that the Council's assets are managed and maintained in an effective manner so that all buildings, vehicles, machinery, and equipment are available to ensure efficient and effective service delivery.

5.0 Policy Implications

- 5.1 The delivery of the Asset Management Plan and the undertaking of the associated capital works helps deliver the Council's Strategic Aim No 2: *'To manage the Council's finances and assets in a responsible manner'*.

6.0 Staffing Implications

- 6.1 The Asset Management Plan and associated capital works schedules are regularly discussed with service managers and at the senior officer Performance Management Group.

7.0 Financial Implications

- 7.1 The delivery of the Asset Management Plan is integrated within the Council's Medium-Term Financial Plan and annual budget setting process.
- 7.2 This report provides details of the financial implications for the Council of the short, medium, and long-term capital investment commitments set out in the annual Capital Budget, Medium-Term Financial Plan and Asset Management Plan, and the forthcoming update of the Council's Medium-Term Financial Plan will include more detailed analysis on the implications for the Council and will make adjustments to the Council's financial strategy to address any risks.

8.0 Crime and Disorder Implications

- 8.1 None.

9.0 Equal Opportunities Implications

- 9.1 None.

10.0 Environmental, Biodiversity and Climate Change Implications

- 10.1 The consideration of environmental, biodiversity and climate change considerations, including carbon reduction and the reduction of the use of single use plastics, will be a key consideration in any capital investment proposal brought before a committee of the Council for approval.
- 10.2 The Council has already made capital investment with a view to reducing its carbon emissions including the purchase of electrical works machinery, the installation of a solar panel system at the Council Offices, the roll-out of LED lighting across all Council facilities, and the planned installation of solar panels and EV charging points at the sports complex.

11.0 Risk Assessment

- 11.1 It is not considered that the matters contained in this report pose a risk to the health and safety of staff, or to the financial or public standing of the Council to a degree that a risk assessment should be appended to this report.

12.0 General Data Protection Regulation (GDPR)

- 12.1 Is any personal or sensitive data required for this information report which may have any implications for GDPR? **NO**

13.0 Recommendations

- 13.1 It is recommended that Members:
- a) Receive the report and appendices.
 - b) Receive the 2025/26 capital project outturn position.
 - c) Consider and agree the officer review of the planned capital works for the 2026/27 financial year and confirm which projects are to go ahead this year, which are to be maintained as provisional sums, and which projects should be deferred to a future year or deleted.
 - d) Note that the minutes and decisions of the sub-committee are submitted to the Policy and Resources Committee for consideration and approval.

Town Clerk