

Board of Management Finance Committee

Date of Meeting	Wednesday 5 June 2024
Paper No.	FC4-E
Agenda Item	3.5
Subject of Paper	Asset Management – Reduction in Managed Assets
FOISA Status	Disclosable
Primary Contact	Deborah Fagan, Associate Director – Procurement and Asset Management
Date of production	29 April 2024
Action	For Approval

1. Recommendations

Further to approval by Executive Leadership Team (ELT), Finance Committee are asked to approve the threshold increase to £500 (plus mobile devices such as laptops) for new assets being added to the Asset Register.

In addition, approval is sought for the removal of all inventory and capital assets with a purchase price of less than £500 (excluding mobile devices) that are currently on the Asset Register.

Both recommendations will result in the following:

- Reduced number of assets that are managed, tracked and physically verified from 48,783 to 11,828.

- Improved operational efficiency by streamlining Asset Management processes, with key focus on higher valued and mobile assets that require closer oversight.
- This will reduce the administration burden and allow for more efficient allocation of resources, and improved risk management. By prioritising the registration of assets at higher risk of theft, we can focus our attentions on our more valuable resources and enhance security measures.

2. Purpose

With the introduction of the new Asset Management System (BluQube) in 2023 and Asset Manager in January 2024, we are looking to streamline the asset management processes.

Currently the Asset Management System contains 48,783 assets, this includes Equipment, Furniture and IT Assets.

The current approach is to add all purchased assets over the value of £100 to the Asset Registers. Assets between the value of £100 - £10,000 are categorised as Inventory, and assets over £10,000 as Capital.

The table below outlines the distribution of assets within the College by cost range, quality, cost and value:

Cost Range	QTY	% QTY	Total Purchase Price	% Purchase Price	NBV
1. £0-£499	15,372	94.1%	£ 387,179	38.7%	
2. £500-£999	258	1.6%	£ 180,161	18.0%	
3. £1001-£1999	69	0.4%	£ 97,348	9.7%	
4. £2000-£2999	28	0.2%	£ 62,834	6.3%	
5. £3000-£3999	17	0.1%	£ 59,212	5.9%	
6. £4000-£4999	7	0.0%	£ 30,872	3.1%	
7. £5000+	6	0.0%	£ 47,521	4.7%	
Mobile Devices	579	3.5%	£ 135,435	13.5%	
Total Inventory Assets	16,336	33.5%	£ 1,000,562	4.5%	
Capital Assets	27,465	56.3%	£ 18,458,744		£ 2,120,383
Capitalised Mobile Devices	4,982	10.2%	£ 2,622,377		£ 1,156,355
Total Capital Assets	32,447	66.5%	£ 21,081,121	95.5%	£ 3,276,738
Grand Total	48,783	100%	£ 22,081,688		£ 3,276,738

*NBV (Net Book Value) is not calculated for Inventory Assets

Each of the 48,783 assets holds its own record within the Asset Register which contains information such as description, cost, value, ownership, location, asset tag, lifecycle, tracking etc. Each record requires managing and updating should the asset change location, depreciation, ownership, be disposed of etc. In addition to this all assets require physical verification at least every 3 years.

To improve operational efficiency, it is our ambition to remove all assets with a purchase price of less than £500 from the asset register and increase the threshold for new assets to a purchase price of £500, with the exception of Mobile Devices (laptops, tablets and mobile phones).

The table below provides a detailed breakdown of inventory assets with a purchase price under £500, excluding mobile devices:

£0-£499		QTY	Total Purchase Price	
E&F	Consumable	354	£	44,903
	Equipment	2,705	£	217,174
	Fitted Equipment	217	£	11,647
	Furniture	7,673	£	83,144
Total Equipment and Furniture		10,949	£	356,870
IT	Accessory	9	£	593
	Audio Visual	3,792	£	16,202
	Consumable	2	£	-
	Imaging	54	£	4,160
	Monitor	14	£	-
	Network	238	£	-
	PC	111	£	-
	Phone	154	£	8,877
	Printer	46	£	475
	Server	1	£	-
	Storage	2	£	-
Total for IT Assets		4,423	£	30,309
Grand Total		15,372	£	387,179

The table below provides a detailed breakdown of capital assets with a purchase price under £500 with no NBV, excluding mobile devices:

£0-£499		QTY	Total Purchase Price	Net Book Value
E&F	Consumable	74	£ 17,376	£ -
	Fitted Equipment	388	£ 86,866	£ -
	Furniture	14,023	£ 2,638,324	£ -
	Equipment	910	£ 227,262	£ -
Total Equipment and Furniture		15,395	£ 2,969,830	£ -
IT	Phone	1,715	£ 263,091	£ -
	Monitor	2,955	£ 765,058	£ -
	PC	1,518	£ 122,000	£ -
Total for IT Assets		6,188	£ 1,150,150	£ -
Grand Total		21,583	£ 4,119,980	£ -

The total number of assets to be removed is 36,955. All of which are under the value of £500 and hold a nil NBV.

In summary, the proposal to raise the asset registration threshold from £100 to £500 is a strategic move towards evolving our asset management practices in line with the current economic and operational landscape. This change endeavours to streamline our processes, enhance efficiency, and ensure the focused management of our most valuable and at-risk assets.

The analysis conducted supports this adjustment to better allocate our resources and improve the security and tracking of college assets. It is a proactive step that prepares the College for future challenges and growth, ensuring that our asset management is both effective and sustainable.

3. Consultation

Cristina Placinta, Asset Manager – providing the data analysis for the report and previous experience of managing assets including the physical verification.

Finance – previously responsible for Asset Management. Finance provided their insight regarding benefits and challenges as well as providing guidance on the impacts to the College financial accounts.

Departments – The new plans have been discussed with People and Culture (Les Paterson) and IT (largest impact areas) with no concerns raised. This transition will be managed with their continual consultation.

4. Key Insights

13,415 of the inventory assets to be removed were purchased before 2018 with no purchase price as they were migrated from our old campuses. These assets are made up of items such as desks, chairs and monitors.

1,957 of the inventory assets to be removed were purchased from 2018 onwards with a combined purchase price of £387k. These assets are currently not listed within inventory in the College Accounts, therefore will have no impact in this area.

Current practises at other Colleges and Universities within the UK are as follows:

Institution	Asset Threshold
University of Strathclyde	£5000 + mobile devices
University of Glasgow	£25,000
Glasgow Caledonian University	£500
West Lothian College	£500 + desirable assets
South Eastern Regional College	£3000 + portable & attractive assets

5. Impact and Implications

Reduced Management (> £500) - The number of assets to be managed by 1 FTE Asset Manager will reduce from 48,783 to 11,828. Improved operational efficiency by streamlining Asset Management processes, focusing efforts on higher valued and mobile assets that require closer oversight. This will reduce admin burden and allow for more efficient allocation of resource.

Devolved Responsibility of Inventory (< £500) - Management of the removed assets would transfer to the departments/owner of the asset. The Asset Manager will provide the inventory list and guidance.

IT will locally hold a register off all end user devices within their Service Desk software (4me) regardless of cost including desktop PC's, monitors, phones etc.

The table below provides a summary per department of the number of Assets which will remain on the College Asset Register and the number of Assets that the department will manage locally:

Department	Asset < £500	Asset > £500	Total Assets
College Secretary & Planning	22	0	22
Faculty of Creative Industries	5,109	842	5,951
Faculty of Education and Humanities	1,780	37	1,817
Faculty of Hospitality and Leisure	3,364	1,411	4,775
Faculty of Nautical Science and STEM	1,151	298	1,449
Depute Principal & Chief Operating Officer	983	39	1,022
Student Experience	749	54	803
IT	10,780	8,200	18,980
Performance & Improvement	3	2	5
Finance	8	6	14
Corporate Development & Innovation	2,717	221	2,938
People and Corporate Support	10,289	718	11,007
Grand Total	36,955	11,828	48,783

Physical Verification - Assets require physical verifications at least once every 3 years. With 48,783 assets requiring verification currently, 16,261 annually. Verification requires 2 members of staff from the owning department and the Asset Manager. Removing all assets with a purchase value of less than £500 will result in a reduction of 11,828 assets requiring annual verification, 3,942 annually.

Asset Tagging - Currently only IT Assets of £100 or more are asset tagged. An external audit action is to asset tag all remaining Equipment and Furniture assets - 29,975

assets. Removing all assets with a purchase value of less than £500 will result in a reduction to 1,150 assets requiring asset tagging.

College Accounts - Head of Finance, Alex Stewart, has advised that although these Capital Assets will not be listed within the Asset Register, their value will remain on the Colleges Annual Accounts.