

# Strategic Asset Management Plan 2017-2021

Cabinet	<b>9 March 2017</b>
Report Author	<b>Director of Corporate Governance</b>
Portfolio Holder	<b>Cllr John Townend, Cabinet Member for Financial Services &amp; Estates</b>
Status	<b>For Decision</b>
Classification:	<b>Unrestricted</b>
Key Decision	<b>No</b>
Previously Considered by	<b>Overview and Scrutiny Panel - 14 February 2017</b>
Ward:	<b>All</b>

## **Executive Summary:**

The Strategic Asset Management Plan (SAMP) is a key corporate strategic tool which sets out the Council's property objectives, focussing on how the Council intends to utilise its asset base to deliver its Corporate Plan over the next five years. The strategic document sets out the template and framework for how the Council will seek to utilise its land and property assets as a corporate resource.

## **Recommendation(s):**

Cabinet are requested to review the draft Strategic Asset Management Plan and to make any recommendations for amendment or other changes.

## **CORPORATE IMPLICATIONS**

<b>Financial and Value for Money</b>	Any recommendations or action resulting from the Strategic Asset Management Plan will have to be resourced from existing budgets or will require further reports for additional expenditure outside of existing budgets. The Medium Term Financial Strategy presumes investment in the council's assets through the Capital Programme, a proportion of the funding of which is derived from capital receipts achieved from the disposal of other council assets.
<b>Legal</b>	The management, acquisition and disposal of assets are governed by various statutory processes and regimes including sections 120-123 of the Local Government act 1972. A key legal duty is set out in section 123 of the Local Government Act 1972 which says, except with the consent of the Secretary of State, a council shall not dispose of land under this section, otherwise than by way of a short tenancy, for a consideration less than the best that can reasonably be obtained.
<b>Corporate</b>	Effective asset management is essential to meeting the council's priorities and improvement aims with asset rationalisation a key means of reducing costs and improving efficiency. Strategic use of land and property assets is a prerequisite for the achievement of key corporate priorities in relation to a clean and welcoming environment, supporting neighbourhoods and promoting inward investment and job creation.

<b>Equalities Act 2010 &amp; Public Sector Equality Duty</b>	<p>Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.</p> <p>Protected characteristics: age, gender, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy &amp; maternity. Only aim (i) of the Duty applies to Marriage &amp; civil partnership.</p> <p>The council intends that the SAMP will have a positive impact on all groups identified in the 2010 Equality Act because it is designed to use council assets to promote inclusion and community engagement and participation.</p> <table border="1" data-bbox="432 779 1396 1019"> <tr> <td colspan="2">Please indicate which aim is relevant to the report.</td></tr> <tr> <td>Eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act,</td><td>X</td></tr> <tr> <td>Advance equality of opportunity between people who share a protected characteristic and people who do not share it</td><td>X</td></tr> <tr> <td>Foster good relations between people who share a protected characteristic and people who do not share it.</td><td></td></tr> </table>	Please indicate which aim is relevant to the report.		Eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act,	X	Advance equality of opportunity between people who share a protected characteristic and people who do not share it	X	Foster good relations between people who share a protected characteristic and people who do not share it.	
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<b>CORPORATE PRIORITIES (tick those relevant)✓</b>	
A clean and welcoming Environment	
Promoting inward investment and job creation	X
Supporting neighbourhoods	X

<b>CORPORATE VALUES (tick those relevant)✓</b>	
Delivering value for money	X
Supporting the Workforce	X
Promoting open communications	

## 1.0 Introduction and Background

- 1.1 This Strategic Asset Management Plan sets out what the council intends to do in the future to ensure property assets support corporate priorities, increase the Council's financial resources and deliver value for money.

Effective asset management is essential to meeting the council's priorities and improvement aims with asset rationalisation a key means of reducing costs and improving efficiency. Strategic use of land and property assets is a prerequisite for the achievement of key corporate priorities in relation to a clean and welcoming environment, supporting neighbourhoods and promoting inward investment and job creation.

The challenge facing all local authorities is that we must continue to deliver effective services with ever decreasing resources. However, these are difficult times. The financial constraints and uncertainty in the wider economy bring additional challenges.

In this context, it is essential that we take a strategic view of our asset portfolio in order to deliver our corporate priorities and achieve the best value for money possible from all of our assets.

## **2.1 Overview**

2.1 The Strategic Asset Management Plan 2017-2021 sets four interlinked objectives. These are:

### **2.1.1 Compliance**

Ensuring the health and safety of residents, staff and others using the council's buildings is the top priority for the effective management of the council's assets.

It is also important that management of the asset portfolio ensures compliance with legal agreements minimises the council's exposure to risk as a result of environmental, social and economic change and understands and addresses the council's exposure to risk of all kinds including financial, legal and reputational.

### **2.1.2 A strategic approach to assets**

Robust, accurate and up to date information is at the heart of effective decision making on assets. The council will be reviewing its current information management system to determine whether it is fit for purpose to move to a position where we have a system and processes.

The council will be establishing a centralised corporate landlord function to create the capacity and expertise to prioritise resources, manage risks and obtain greater value from the council's estate. This will allow access to better asset and the creation of timely and accurate management information.

### **2.1.3 Reviewing and rationalising the estate**

Much of the estate is redundant and surplus to strategic requirements, and could be radically rationalised to reduce future maintenance, repair and operating costs. The proceeds from the disposal of the sites released as a result could be employed to bring the remaining estate back to an acceptable condition and to invest in properties that produce a beneficial yield. Apart from these capital investment benefits, a rationalised estate would also reduce risk and help deliver revenue budget savings.

As with all investments, owning property has an 'opportunity cost', over and above any cash outlay in the form of day-to-day running costs or interest payments on borrowing. In simple terms, this means that retaining a property ties up investment that could be directed elsewhere. So even where the running costs of a particular property seem negligible, it is still consuming precious resources.

### **2.1.4 Reducing expenditure and increasing income**

The Medium Term Financial Strategy (MTFS) states that the council's planned level of capital expenditure means that significant levels of asset sales are required. The SAMP provides a framework for determining which of the council's assets are suitable for disposal in order to fund new investments that will ensure that its property portfolio is fit for purpose. Over the course of this Medium Term Financial Strategy the SAMP will enable the identification of a number of assets that can be disposed of without any detriment to service delivery, and yet improve the overall value for money represented by the Council's assets. The affordability of the Capital Programme has

been based on the assumption of a certain level of capital receipts being generated, as these can be subject to change following public consultation and the Capital Programme will therefore continue to be reviewed and monitored.

The council continues to face severe budget pressures and is therefore forced to consider a range of radical options to reduce the cost of maintaining, repairing and operating its property portfolio. This includes adopting a commercial approach and in particular recognising the significant cost of retaining under-performing assets (in the hope of a future use) in terms of insurance, maintenance, security, health and safety and officer time.

The council therefore needs to dispose of those parts of its estate that have become surplus to requirements to generate management and maintenance savings and to achieve capital receipts to invest in its core assets.

### **3.0 Options**

3.1 This plan was considered by the Overview and Scrutiny Panel on the 14 February 2017 who recommended minor typographical changes, which have been included in the plan.

3.2 The Cabinet could:

(a) Approve the Strategic Asset Management plan as drafted,

(b) Agree amendments or changes to the plan as drafted

(c) Reject the plan in its entirety.

It is good governance and asset management practice for the council to have an up to date asset management plan for the reasons described in section 1 above. It is therefore recommended that Cabinet choose option 1 or 2 and reject option 3.

Contact Officer:	Tim Howes, Director of Corporate Governance
Reporting to:	Madeline Homer, Chief Executive

### **Annex List**

Annex 1	Draft Strategic Asset Management Plan
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### **Background Papers**

Title	Details of where to access copy
None	

### **Corporate Consultation**

Finance	Tim Willis, Director of Corporate Resources & S151 Officer
Legal	Tim Howes, Director of Corporate Governance