
Meeting: Customer & Central Services Overview & Scrutiny Committee
Date: 15 November 2010
Subject: CORPORATE ASSET MANAGEMENT PLAN
Report of: Councillor Steve Male, Portfolio Holder for Customers and Systems and Assets
Summary: The report proposes the key factors to consider in development of the Council's Corporate Asset Management Plan (CAMP)

Advising Officer: Richard Ellis, Director of Customer and Shared Services
Contact Officer: Ian Brown, Assistant Director Assets (Interim)
Public/Exempt: Public
Wards Affected: All
Function of: Council

CORPORATE IMPLICATIONS

Council Priorities:

Sound strategic management of the corporate property portfolio contributes to the service needs, stewardship by, and efficiencies required by the Council.

Financial:

Financial benefits will be identified as part of the development of the plan

Legal:

None

Risk Management:

None

Staffing (including Trades Unions):

None

Equalities/Human Rights:

The plan will take into account property related Disability Discrimination Act and other property related legal requirements.

Community Safety:

None

Sustainability:

The plan will take into account meeting our carbon reduction commitment (CRC) obligations.

RECOMMENDATION(S):

1. **that the Customer and Central Services Overview and Scrutiny Committee note the approach to develop the Corporate Asset Management Plan (CAMP), and the proposed governance arrangements.**

1. PURPOSE OF REPORT:

- 1.1 To provide Overview and Scrutiny Committee with an overview of how the Corporate Asset Management Plan (CAMP) will be developed by following a best practice approach.

2. BACKGROUND INFORMATION:

- 2.1 A key requirement for the Assets team in the Customer and Shared Services Directorate is to bring forward proposals for developing the CAMP.

3. ISSUES:

- 3.1 Early consideration needs to be given to a radical examination of how the CAMP should be developed and the governance arrangements required to deliver and implement the plan. The CAMP needs to be a strategic tool and service enabler for the council. It needs to be recognised that Property Management demands have a pan Council impact (excepting schools) and as such the Council should work towards accepted best practice operating as a 'Corporate Landlord'.

4. DETAILED PROPOSALS

- 4.1 The scope of the Assets Portfolio is:

- a) The total portfolio value (including housing) is £1.537 billion, the total number of assets is 6533, of which 401 are buildings, 5215 are houses, the balance are land holdings, including farms.
- b) The total value of schools and related buildings is £683 million; there are 253 schools and associated buildings, of which 139 are mainstream schools (including nursery and special schools).
- c) The total value of housing is £645 million; there are 5215 houses in the portfolio.
- d) The total value of farms and farm land is £76 million; there are 307 farm land parcels.

- e) The total value of leisure centres is £44 million; there are six of these (excluding joint use facilities in schools).
- f) The total rent roll is £22,672,000 of which £20,555,000 is housing rents, a further £2,117,000 (of which £84,000 is housing related) relates to the Council's investment portfolio.

4.2 The process of developing a new CAMP.

4.2.1 The benefits of an effective asset strategy are not yet well defined nor properly understood when set against the aims and objectives for the council as translated into the Sustainable Communities Strategy (including the Local Development Framework and the Local Investment Plan), council vision and values statement, the strategic statement of policy and priorities and ultimately the impact on the medium term strategy and financial plan.

4.2.2 A sound corporate 'Asset Database' of the property portfolio and an understanding of the opportunities and liabilities that exist within it are critical to the development of the plan. It should be noted that currently three separate, paper based systems, are in use.

4.2.3 With the key components in place, the task of analysing and reviewing the portfolio with Directorate colleagues, and mapping out how changes within can enable the delivery of the council objectives, can begin. This is a key component in the work of the proposed Corporate Property Group.

4.2.4 It would be appropriate to consider developing links with our public sector Partners in defining this vision.

4.3 What key factors need to be considered in the Corporate Asset Management Plan?

4.3.1 Key considerations for the Council within the CAMP should include:

- Enabling the conditions for sustainable economic growth and supporting Place Shaping through Regeneration and Master planning projects.
- Corporately embracing sustainability and meeting our carbon saving and mandatory carbon reduction commitment (CRC) obligations.
- Developing the property related aspects within the schools organisation review, and responding to the new government's policy on school governance and accountability.
- Developing better neighbourhoods through innovative use of our existing housing stock and land, together with Registered Social Landlords (RSL) partners and, with

planning colleagues, the use of development briefs with private sector providers.

- Providing fit-for-purpose and cost-effective office accommodation and working environments for our staff.
- Optimisation of the value of our Asset portfolio.

Detailed objectives will be set and workstreams prioritised reflecting these key aspects of the CAMP.

4.3.2 In addition the CAMP should evaluate the following:

- Consider working towards a corporate landlord and tenant business case approach to the use and utilisation of assets. With this model, physical land and building assets (except schools) would become a corporate resource and responsibility, Directorates would be (“tenant”) users of that resource.
- Extension of our flexible working policies, including home-working, and investment in technology e.g. tele and video conferencing, to reduce travel requirements.
- Service Asset Management Plans with Directorates which delineate ‘core’ and ‘flexible’ use asset needs, in order to establish ‘core’ building requirements and alternative methods of service provision.
- Adopting a whole life costing approach to management of the portfolio so as to, with surety, make the optimum investment/disposal decisions relating to retention of the portfolio. To do this effectively, accurately and comprehensively in the first instance all property related budgets should be centralised (excluding schools and housing).
- To develop a clear draft policy on shared and community use of assets.

4.4 The Current Position

4.4.1 The Council currently has an estimated maintenance backlog in excess of £80 million however the period of time this has been calculated over is considered too short. Statutory maintenance needs are being met together with day to day repairs. Taking on board the key considerations for the CAMP set out in 4.3 provides the baselined opportunity to effectively rationalise the worst maintained parts of the portfolio and hence make progress on reducing the maintenance backlog.

4.4.2 The need for a Corporate Property Asset database has already been recognised. A specification for a new ICT system needs

developing, and a solution identified either through existing corporate applications or on a stand alone basis (this will require a detailed business case).

4.4.3 This database will, amongst other things, need to identify for each asset:

- Current condition
- Tenure
- Current use
- Current value

4.4.4 Given that property is an illiquid resource the strategy will entail significant property related work over the short, medium and long term (up to 10 years) for the organisation to be in a position where the portfolio is efficiently enabling service delivery and our physical assets are seen as an integral part of driving the Council's business. However tactical portfolio development can still be targeted through the LDF and regeneration masterplanning focus points, and potentially with public sector partners.

4.4.5 The CAMP will be developed in two stages with consideration of the strategic short term objectives being finalised in tandem with finalisation of next year's capital programme.

4.4.6 The medium to long term strategy will be developed during the next financial year, to coincide with the budget setting timetable for 2012/13.

4.4.7 The Fixed Asset Register (FAR) is up to date however this updating needs to be continued year on year in conjunction with Finance; we are preparing for the new accounting requirements of the shift to International Financial Reporting Standards (IFRS) accounting this year.

5. SCOPE

5.1 This includes, but is not restricted to, the considerations set out in 4.3.

6. FINANCIAL AND OTHER OPTIONS

6.1 The short term strategy will identify the initial financial benefits from the plan. As part of the development of the initial CAMP, workstreams should undertake a business risk assessment of the work to address impact on services and customers. The medium to long term strategy requires significant further review and development before further financial benefits can be confirmed.

7. GOVERNANCE

7.1 The corporate approach to property asset management and the working culture associated with it need to change to reflect major workstreams emerging relative to the CAMP. This is a major, far reaching, complex

piece of work over a sustained period of time. It requires in the first instance a shift in the way Assets' staff work with and support Directorates. Directorate management teams will be offered a direct interface with Assets with a named senior lead officer available to review property utilised or occupied by Directorates and prioritise Asset related matters. The working culture of the Assets team needs to change to supporting and enabling (Directorate) service delivery, whilst challenging best use of property assets.

7.2 It is proposed to establish a Corporate Property Group. Development of the CAMP, and monitoring of the effectiveness of the portfolio are key functions of the Group (see Appendix A). It is proposed the Group is chaired by a Corporate Director with the AD Assets as secretary to the Group. High level participation from Directorates has already been confirmed for the Group. It is envisaged that detailed objectives, proposals, and outcomes will be reported twice annually to CMT and the Executive. The outputs from the Group will be reviewed more regularly with the Assets Portfolio Holder.

7.3 Development of the CAMP and the Corporate Property Group at this stage are seen as essential aspects of the Customer and Shared Services Directorate Recovery Programme. Integral to the recovery approach is consideration of a number of cross cutting issues:

- Property Specific e.g. whole life costing, commercial portfolio.
- Corporate – e.g. sustainability, CRC and carbon management plan, LDF, corporate accommodation, community assets, GIS enabling.
- Directorate/Service and property specific, property reviews e.g. schools, depots, libraries, masterplanning.
- Directorate/Service partner and property specific e.g. Adult Services/Health, leisure centres.

Appendices:

Appendix A – Corporate Property Group – Terms of Reference