

## **ASSET MANAGEMENT STRATEGY**

### **Policy & Performance Advisory Committee – 15 September 2015**

Report of Chief Officer Communities & Business

Status: For Consideration

Also considered by: N/A

Key Decision: No

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#### **Executive Summary:**

This report requests that members consider the scope and parameters of an Asset Management Strategy to guide the future management, acquisition and disposal of property assets.

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**This report supports the Key Aim of Value for Money**

**Portfolio Holder** Cllr Fleming

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#### **Recommendation to the Policy & Performance Advisory Committee**

That the Committee considers the proposed scope and parameters of a proposed Asset Management Strategy and requests that a Strategy is prepared and brought back to a future committee for consideration prior to being presented to Cabinet for approval.

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**Reason for recommendation:** Effective Asset Management will deliver a mix of capital receipts, increased income and reduced costs to the council. A clear Asset Management Strategy supported by a regularly updated Asset Management Plan will enable the council to accurately budget for these receipts and savings.

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#### **Introduction and Background**

- 1 The Royal Institution of Chartered Surveyors (RICS) Public Sector Asset Management Guidelines state :

“Strategic asset management is the activity that seeks to align the asset base with the organisation’s corporate goals and objectives. It ensures that the land and buildings asset base of an organisation is optimally structured in the best corporate interest of the organisation concerned.”

- 2 Effective asset management also plays a major role in delivering better outcomes for citizens, creating a sense of place and generating efficiency gains.
- 3 Following the establishment of a new Economic Development & Property Team and now that delivery of the Council's Property Investment Strategy has commenced it is appropriate that the Council develops a new Asset Management Strategy.

### **For Consideration**

- 4 The council currently owns a wide range of properties and previous strategies have focused on four categories of Property as follows: -
  - Property employed to deliver/support services
  - Property held for the benefit of the community
  - Property held for income generation
  - Surplus Property
- 5 For the purposes of a new Asset Management Strategy It is proposed that these categories are widened slightly as follows: -
  - Property employed to deliver/support services
  - Property held for the benefit of the community
  - Property Investments meeting Property Investment Strategy Criteria
  - Property with potential to create Investments meeting Property Investment Strategy Criteria
  - Surplus Property

Examples of properties that fall into each category will be presented at the meeting.

- 6 Within these categories it is suggested that the following strategies should be considered: -

#### Property employed to deliver/support services

Regular review including, appropriate community and partner consultation, of whether current properties are best suited to meet the current and/or future needs of the Council and/Community and the consideration of alternative options.

#### Property held for the benefit of the community

Regular review, including appropriate community and partner consultation, of whether current properties are best suited to meet the current and/or future needs of the Council and/Community and the consideration of alternative options.

Regular review, including appropriate community and partner consultation, of whether current ownership and/or management arrangements are the most appropriate to ensure effective service delivery and value for money.

#### Property Investments meeting Property Investment Strategy Criteria

Annual review of investment performance against PIS Criteria, Market Conditions and Potential for Income/Capital Growth. This review to also form part of Property Company 'Business Plan' where appropriate.

#### Property with potential to create Investments meeting Property Investment Strategy Criteria

This category would include properties within other categories which through; the provision of alternative facilities; the renegotiation or restructure of current agreements or through investment or development could create investments that meet the Property Investment Strategy Criteria.

#### Surplus Property

It is proposed that Property that does not fall into the above categories is declared surplus and should be disposed of where possible on terms that offer best value.

In response to ongoing review, from time to time Property may be re-categorised from any one of the above categories and declared surplus.

- 7 Discussion at Committee will be supported by a presentation from the Head of Economic Development & Property which will provide further detail on the range of properties currently owned by the Council, recent and current activity and case studies to highlight potential opportunities.

### **Conclusions**

Members of the Policy and Performance Advisory Committee are asked to review the options presented and provide guidance on the preferred direction of the Asset Management Strategy. A draft Asset Management Strategy together with a supporting annual Asset Management Plan will then be prepared for consideration by the committee and for recommendation to Cabinet.

### **Key Implications**

#### Financial

Effective Asset Management will deliver a mix of capital receipts, increased income and reduced costs to the council. A clear Asset Management Strategy supported by a regularly updated Asset Management Plan will enable the council to accurately budget for these receipts and savings.

#### Legal Implications and Risk Assessment Statement.

Resources from the Council's legal team are and will continue to be needed to support the delivery of the Asset Management Strategy.

A Risk Assessment will be incorporated within the Asset Management Strategy and Asset Management Plans

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

**Appendices**    None

**Background Papers:**                                  Property Investment Strategy

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