

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CORPORATE SCRUTINY COMMITTEE – 4 SEPTEMBER 2019

Title of report	CORPORATE ASSET MANAGEMENT STRATEGY
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Purpose of report	To offer Corporate Scrutiny Committee the opportunity to consider and comment upon the Corporate Asset Management Strategy prior to it being considered by Cabinet in November 2019.
Council Priorities	Value for Money, Homes and Communities.
Implications:	
Financial/Staff	Existing staff capacity will enable the core Strategy to be implemented, although additional resources may be required to manage significant projects. Funding for any property investments will be secured through reference to the relevant financial strategy.
Link to relevant CAT	N/A
Risk Management	Risks relating to the implementation of this strategy will be managed through the corporate risk management process.
Equalities Impact Screening	
Human Rights	N/A
Transformational Government	Supporting our Journey to Self Sufficiency through generating additional rental income. Managing our property assets in a more business like way to maximise returns on our investments.

Comments of Head of Paid Service	The report is satisfactory
Comments of Section 151 Officer	The report is satisfactory
Comments of Deputy Monitoring Officer	The report is satisfactory
Consultees	Corporate Leadership Team
Background papers	HRA Asset Management Strategy – Cabinet – March 2015
Recommendations	THE COMMITTEE IS INVITED TO MAKE COMMENTS ON THE CORPORATE ASSET MANAGEMENT STRATEGY, WHICH IS TO BE CONSIDERED BY CABINET IN NOVEMBER 2019.

1.0 BACKGROUND

- 1.1 The restructure of the Council's senior management arrangements in 2017 created the new Housing and Property team, consolidating all property related activities into one service area covering both Housing Revenue Account (HRA) and General Fund (GF) property assets.
- 1.2 Following the conclusion of a service review in 2018 it was determined that the Property Services function should be delivered as an in-house service, following the end of a long-standing shared service arrangement with Charnwood Borough Council. Whilst this review was being undertaken the service was delivered with the support of interim / agency staff, and following the commitment to in-house provision a new structure was established and has now been largely recruited to, with only the Team Manager post currently remaining vacant.
- 1.3 As a key part of the revised approach to managing corporate land and property assets an updated Corporate Asset Management Strategy has been produced and is attached as Appendix 1.

2.0 THE ROLE OF THE ASSET MANAGEMENT STRATEGY

- 2.1 The Strategy exists to provide a framework within which the Council will own and manage its land and property assets. It links closely to the following corporate documents
- HRA Asset Management Strategy – our approach to investment appraisal and performance management of land and property assets will be consistent between the General Fund and Housing Revenue Account strategies, whilst respecting the legal distinctions between the two forms of property holding.
 - Medium Term Financial Plan

- Treasury Management Strategy
- Council Delivery Plan

2.2 The Strategy provides both short term detailed priorities over an initial 1 to 5 year period and then long term projections. Further versions of the Strategy will be produced, as more detailed information becomes available regarding the detailed condition and investment needs of the portfolio of land and property portfolio.

3.0 STRATEGIC PRIORITIES AND KEY PROJECTS

3.1 In anticipation of future proposed changes to the local government funding system, we produced our Medium Term Financial Strategy in February 2018. It launched our Journey to Self-Sufficiency programme to promote self-sufficiency and the safeguarding of the council's financial position against future central government funding changes whilst also maximising the use of government grant and local income. In late 2018 we developed our Commercial Strategy where we set out our commercial approach, including how we will make the most of our assets and make sure that they work well for us

3.2 Effective and efficient asset management is a key element in the drive to maintain ongoing financial sustainability and self-sufficiency.

3.3 The council currently faces deficits projected in its Medium Term Financial Plan totalling £5.7m over the coming 5 year period to 2023/24 (with further deficits arising beyond the period), good asset management therefore represents one of the keys ways in which the council can maximise locally generated income and reduce costs.

3.4 The Corporate Asset Management Strategy considers the all performance of our asset base and how assets can be best used, or rationalised to maximise our revenue position. This will include managing assets differently, disposing of assets that do not provide value for money and acquiring new assets that will give us an ongoing revenue return. The Strategy identifies a number of key priority areas;-

- **Verify and then implement the outcome of the review of our Commercial assets undertaken by Savills.** The review made a number of recommendations regarding retention and disposal of some commercial assets that need to be compared with our commercial income aspirations, and then implemented. It is critically important that we actively disinvest from high maintenance cost and/or low rental income assets that are not delivering yields that reflect anticipated market rates. By doing this we will generate capital sums which can be reinvested in higher performing assets that will contribute more effectively to the budget challenges of the future as detailed in our Medium Term Financial Plan and Journey to Self Sufficiency project.
- **Establish an effective performance management regime** – to manage our performance regarding the non-HRA property portfolio.
- **Update our stock condition information** - and ensure we have adequate capacity and resources to deliver this in the Planned Preventative Maintenance programme (PPM).

- **Develop and agree an approach to investment acquisitions** – using a matrix approach to evaluate opportunities in a manner consistent with other investment appraisals the Council is conducting.
- **Disposals programme** – to sell or transfer assets that we have no business or community case to retain.
- **Explore new commercial opportunities** – identify income generation opportunities through the acquisition of new assets, develop the skills to evaluate them and develop services, skills and capacity to deliver.
- **Compliance** – ensuring that all of our duties as a landlord are effectively discharged, and that we sustain the highest standards of compliance with respect to all areas of regulation relating to our land and property portfolio and the associated services we provide. This includes responsibilities for asbestos records, water hygiene, fire safety, gas and electrical safety and lifts as well as general Health and Safety provisions.

3.5 The following key projects are currently the focus of the Property Services team:-

- **Leisure Centre** – support the construction of the new facility, and the decommissioning processes for the existing building, together with establishing and implementing future plans for the site.
- **Council Office Accommodation project** – refurbishment and upgrading of the Councils Office accommodation in Coalville to provide a modern, flexible and future proofed office environment for staff and members to deliver services and conduct civic business.
- **Moira Furnace** – continue to deliver the programme of physical improvements identified for this scheduled ancient monument, which the Council are the custodians of, and to work with the Furnace Trust to create a sustainable long-term plan for the future of the building itself and the wider site.
- **Memorial Clock Tower, Coalville** – “Phase 2” improvement scoping and subsequent planning regarding the wider square area.
- **Marlborough Square, Coalville** – provide support to the project carrying out improvements in this area, including the repurposing of the former Litten Tree building.

3.6 Corporate Scrutiny Committee is invited to consider the Corporate Asset Management Strategy attached as Appendix 1, and make any comments they wish to be considered by Cabinet in November.