

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – TUESDAY, 12 NOVEMBER 2019

Title of report	CORPORATE ASSET MANAGEMENT STRATEGY
Key Decision	<p>a) Financial No</p> <p>b) Community Yes</p>
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Purpose of report	To seek Cabinet approval for the Corporate Asset Management Strategy attached as Appendix 1.
Reason for decision	To adopt the Strategy as a framework within which we will manage our corporate property assets and associated services for the next 5 years.
Council priorities	Value for Money; Support for businesses and helping local people into jobs; Supporting Coalville to be a more vibrant, family friendly town;
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.
Health and Safety	N/A
Risk Management	Risks relating to the implementation of this strategy will be managed through the corporate risk management process.
Equalities Impact Screening	N/A
Human Rights	N/A

Transformational Government	The Strategy will support our Journey to Self Sufficiency (J2SS) programme through generating additional rental income from property investments and selling services. Managing our property assets in a more business like way will 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 – 18 June 2019 and 14 August 2019 Corporate Scrutiny Committee - 4 September 2019
Background papers	HRA Asset Management Strategy – Cabinet – 20 October 2015
Recommendations	THAT CABINET APPROVES THE CORPORATE ASSET MANAGEMENT STRATEGY 2019 – 2024 ATTACHED AS APPENDIX 1 TO THIS REPORT.

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 longstanding 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 (closing date on current advert is 18 November 2019).
- 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 always respecting the legal distinctions between the two forms of property holding.

- Medium Term Financial Plan
- Treasury Management Strategy
- Council Delivery Plan
- Commercial Strategy

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 information that is more detailed becomes available regarding the condition and investment needs of the 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 (J2SS) 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 for the organisation.

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 key ways in which the council can maximise locally generated income and reduce costs to ensure the organisation is financially sustainable in the future.

3.4 The Corporate Asset Management Strategy considers the 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 returns and acquiring new assets that will give us an ongoing revenue stream.

3.5 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 programme.
- **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. Also, develop our Facilities Management (FM) offer as a commercial service to initially be provided to partner organisations.
- **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.

3.6 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.
- **Moirs 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** – complete installation of new wreath rails and “Phase 2” improvement scoping and subsequent planning.
- **Marlborough Square, Coalville** – provide support to the project carrying out improvements in this area, including the repurposing of the former Litten Tree building.

4.0 CORPORATE SCRUTINY COMMITTEE CONSIDERATION

- 4.1 Attached for Cabinets information as Appendix 2 are the draft minutes of Corporate Scrutiny Committee on 4 September 2019, where the strategy was considered.