

ASSET MANAGEMENT STRATEGY 2014-2017

Submitted by: Assets Manager

Portfolio: Economic Development, Regeneration, and Town Centres

Ward(s) affected: All wards within the Borough

Purpose of the Report

To seek Cabinet approval for the Asset Management Strategy (2014–2017).

Recommendation

That Members approve the Asset Management Strategy (2014- 2017).

Reasons

The Strategy is a key document, which along with the Council's Capital Strategy and Medium Term Financial Strategy, forms the basis of the Council's Use of Resources.

1. Background

- 1.1 The Council's Capital Strategy and Asset Management Strategy are key documents evidencing the Council's approach to its Use of Resources. This Strategy provides a clear framework for understanding the value and condition of property owned by the Council so that, in turn, investment decisions can be taken to optimise the use of the said land/property to meet the needs of the Borough's residents, businesses and visitors. This Strategy along with the Council's Capital Strategy seeks to demonstrate alignment with, and delivery of, the Council's ambitions as set out in the Council Plan.
- 1.2 The Transformation and Resources Overview and Scrutiny Committee at its meeting on 3rd December 2013 considered a report which outlined the finance and resource implications of the Strategy. Following discussions the members of the Committee were informed that they would be provided with a copy of the draft Strategy when it was sent to the Members of the the Economic Development and Enterprise Overview and Scrutiny Committee. This Committee reviewed the Strategy on 17th December 2013 the comments of which will be provided when available.

2. Issues

- 2.1 This Asset Management Strategy seeks to provide a robust and formal approach to the management and use of the Council's land and property assets. The Strategy explains the types of property we own and the rationale for so doing. It also summarises the potential ways in which investment can be funded highlighting the manner in which the Council invests in both its operational and commercial portfolios to meet the Council Plan's objectives. The Strategy also explains the structures/systems relating to management and decision-making.
- 2.2 Furthermore, it identifies the importance of maintaining and repairing the Council's property portfolio and it contains a summary of the cost of works required as a result of a stock condition survey.
- 2.3 Finally, it refers to the Council's need to proactively generate its own capital through the identification and disposal of surplus assets. An assessment of all Council owned land has taken place to identify land that is considered to have a better alternative use. These sites

fall into one of the following categories:

- Brownfield sites.
- Green sites that do not form part of the Green Space Strategy.
- Sites identified in the Green Space Strategy that are considered to have a better alternative use.
- Sites identified in the Green Space Strategy which form a small part of a larger site and the removal of which would not impact on the green space.

The sites are listed in Appendix 1. They are potential residential development sites. Approval is being sought, through the Asset Management Strategy, to explore options for the alternative use of these sites in order to contribute towards the funding of the work/schemes identified in the Capital Strategy/Capital Programme to assist the Council in achieving its corporate and service objectives. Clause 12.7 of the draft Capital Strategy 2014/17 states the following:

“Current estimates of the amount required to be invested in projects to ensure continued service delivery compared with forecasts of likely receipts from asset sales and other available resources indicate that there will be insufficient resources available to fund all of these requirements in 2014/15 and for several years thereafter. If significant sales of assets cannot be achieved within this timeframe, the Council may have to review its stance with regard to borrowing, if this proves to be the only practical means of funding necessary investment, particularly if a major unforeseen item of capital expenditure were to materialise, for example major repairs to enable an operational building to continue to be used or new legislation requiring capital spending”.

In view of the above members might acknowledge the importance of securing receipts through the disposal of land and property which no longer serves any purpose to the Council. It is estimated (subject to the granting of planning permission and to the sites selling at open market value) that the capital receipts likely to be generated in respect of these sites for 2014/2015 is circa £700,000 and circa £7.4m in respect of 2015/2017.

3. **Options Considered**

3.1 **Option 1 – Do nothing**

If the Council did not prepare an Asset Management Strategy and Plan it would not be possible to either manage assets dynamically or demonstrate the rationale for investment; thereby exposing the Council to criticism that it had a weak approach to the management and use of its physical resources.

3.2 **Option 2 – Prepare Asset Management Strategy / Plan**

The preparation of a Strategy enables the Council to establish some key principles about managing assets both strategically and dynamically in the context of Council Plan priorities. Having an Asset Management Plan provides a clear programme to optimise property investment in the context of the Strategy.

4. **Proposal**

4.1 Option 2 is proposed.

4.2 That Members approve the Asset Management Strategy 2014-2017 following receipt of comments from the Transformation and Resources Overview and Scrutiny Committee and the Economic Development and Enterprise Overview and Scrutiny Committee.

5. **Reasons for Preferred Solution**

- 5.1 This strategy embodies current Government thinking in respect of asset management and enables the Council to demonstrate the prudent use of its physical resources.

6. **Outcomes Linked to Corporate Priorities**

- 6.1 The Asset Management Strategy enables achievement of priority outcomes in all four of the Council's corporate priorities.

7. **Legal and Statutory Implications**

- 7.1 The Council has a duty, both fiduciary and operationally to utilise its Assets for the benefit of the Community.

8. **Equality Impact Assessment**

- 8.1 Planned investment in the Council's operational portfolio will achieve compliance with the Disability Discrimination Act 2005.

9. **Financial and Resource Implications**

- 9.1 These are set out in the document in terms of planned investment in the operational portfolio and possible capital receipts through the disposal of land and property.

10. **Major Risks**

- 10.1 The main risk is that failure to prepare an Asset Management Strategy and Plan will adversely affect the Council's ability to demonstrate optimum use of its physical resources (assets).

11. **Key Decision Information**

- 11.1 The report is referred to in the Forward Plan.

12. **List of Appendices**

Asset Management Strategy/Plan

13. **Background Papers**

Various reports and guidance documents from Government and the Audit Commission relating to Asset Management.

Strategic Housing Land Availability Assessment 2012/13