

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Leader and Cabinet
AUTHOR: Senior Management Team

10 November 2011

CAMBRIDGESHIRE PUBLIC SECTOR ASSET MANAGEMENT STRATEGY

Purpose

1. To update Cabinet with progress on the County-wide Asset Management Strategy.
2. This is a key decision because:
 - it is likely to result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates.
 - it raises new issues of policy, or is made in the course of developing proposals to amend the policy framework, or is a decision taken under powers delegated by the Council to amend an aspect of the policy framework.
 - it is of such significance to a locality, the Council or the services which it provides that the decision-taker is of the opinion that it should be treated as a key decision.and it was first published in the October 2011 Forward Plan.

Recommendations

3. That Cabinet:
 - (a) confirm support for the Making Assets Count Programme, and
 - (b) endorse the Cambridgeshire Public Sector Asset Management Strategy

Reasons for Recommendations

4. A unified approach to the management of the public sector estate in Cambridgeshire will ensure that best use is made of the relevant assets, eliminating costs and duplication of provision while opening opportunities for more joined up services across the County.

Background

5. The Council, firstly through the Corporate Manager (Planning and New Communities) and more latterly the Executive Director (Corporate Services), has been participating as a full board member of the county-wide Making Assets Count (MAC) project. The Council's participation was confirmed as one of the projects agreed by Cabinet in January 2011 to deliver efficiency savings as part of the 2011/12 Medium Term Financial Strategy.
6. The project partners consist of the County Council, the five District Councils, the Constabulary, the Fire and Rescue Service and Cambridgeshire PCT. Managers of the other owners of the civil estate in Cambridgeshire have also been engaged in the project as appropriate. With a comprehensive view of the public sector's property assets across the county the project is relatively unique and was one of the Government's first wave of Capital and Asset Pathfinders.

7. The project has identified a number of potential opportunities/benefits that can be realised through a pooled approach to public sector asset management and use. These can be summarised as:

- rationalising/consolidating the combined property estate,
- better utilisation of existing property assets to deliver savings in revenue costs and for better use by the public sector,
- a far more effective way of managing the estate through a joint property function,
- better use of the emerging, new property estate,
- maximisation of returns from revenue generating activities,
- realising synergies that are currently missed,
- greening the residual estate;
- using publicly-owned assets to draw in significant levels of investment, e.g. to meet wider policy goals around growth and regeneration, and
- sharing of premises opening up new possibilities for delivering a more joined-up approach to service delivery to citizens and responding to the localism agenda.

The above should lead to:

- financial returns (both capital and revenue) over the medium-long term for each partner and the group as a whole above that currently achievable, and
- tangible community benefits

8. The project has developed an environment in which sharing information and decision making on property assets can take place. This work is reaching a stage where some key decisions will be required from all partners on the future form of the partnership and how they wish to commit to the project in the future.

Considerations

9. The project partners have developed a draft Asset Management Strategy (**Appendix 2** to this report) that sets out a vision and a plan for asset management in the county over the next 10 years (the Executive Summary is attached at **Appendix 1**). The strategic vision, broadly, is to deliver the objectives set out at paragraph 7 above.

10. The immediate consideration is to settle on a governance structure to manage the delivery of the strategy. A public property partnership could work in one of 3 ways:

- (a) As a strategic partner group, with projects brought forward as the focus of operational activity. These projects would be led by the organisations involved and overseen by the partnership. This is the recently created MAC Programme.
- (b) As a strategic body considering the best use of public sector assets but leaving ultimate decision-making and operational delivery to individual partner organisations.
- (c) Carrying out both strategic and operational functions as a single, independent body, perhaps as a property management company owned by the partners. The operational functions would include management of facilities as well as improving use.

11. It is recognised that the extent to which change could be delivered is affected by the choice of model. Best intelligence and previous experience suggests that the first model would be likely to see moderately paced progress towards improvement but with some valuable projects likely to be missed in the absence of more formal arrangements.
12. The third model would codify a new way of working and could yield the biggest benefits but is likely to prove challenging to achieve without taking a smaller step to the second model. That option is to create a single organisation, which takes responsibility for setting strategic direction and assesses projects designed to rationalise and improve the portfolio and working with a delivery level organisation made up from individuals brought together for specific projects.
13. The governance, financing and decision making arrangements still need to be developed but the County Council are proposing that the strategic partnership model be adopted but without precluding the property company model (paragraph 10c above, with a likely interim move to b) being adopted later.
14. The future activity of the partnership offers opportunities to meet a range of different corporate objectives. The following are examples:
 - (a) Housing growth and availability: producing sites for development.
 - (b) Community cohesion/Localism: provision of sites as community hubs.
 - (c) Environment and sustainability: improving the operational estate.
15. The opportunities that exist in partnering on the operational estate, in particular the sharing of reasonably generic office space are clear. There are significant opportunities for wider service delivery from the schools estate for example, although the changes to the arrangements for secondary school management may make this a different nature of partnership than through the core MAC process. The same is true for elements of central Government estate, although we remain in conversation with colleagues in Whitehall on these issues through our work as one of the first round of Pathfinder areas as part of the Total Capital and Assets Programme under the leadership of Baroness Hanham, Parliamentary Under Secretary of State at the Department for Communities and Local Government.
16. To summarise, the early form of the partnership, a strategic partner group, similar to the existing MAC Board, would oversee the property portfolio. This body would be made-up of selected employees from each partner organisation. Projects would be proposed by and to the board with a view to rationalising the partners' estate as a whole and returning revenue savings and capital, while meeting wider partner objectives. The strategic partner group would work on a 'one member, one vote' principle while projects would be considered on a 'share in = share out' basis.
17. In practical terms this could involve devolving the strategic management of the Council's Cambourne offices to the County Council's property specialists.
18. As well as the project work to make improvements to the use of the partners' property portfolio, the partnership would investigate the value of a move to more formalised governance structures.
19. During May and June 2011, district-level Making Assets Count workshops were held. These led to the identification of a number of potential projects which could produce

capital receipts, make significant savings and deliver service improvements. While work is required to demonstrate the value in some cases, the following already appear to have considerable potential benefits:

- (a) South Cambridgeshire Operations Centre Project.
- (b) Ely Project.
- (c) Huntingdon Project.
- (d) Cambourne Project.

20. The MAC Board has agreed that the partnership should work towards Full Business Cases for each of the above projects to identify the value. Other projects may be identified that demonstrate value at Outline Business Case stage and these will also be brought forward for consideration. The MAC Programme Board will be responsible for determining the value of propositions and sequencing accordingly.

Options

- 21. Cabinet could decide not to support the countywide asset management strategy. While there are improvements and savings the Council could make on its own these are unlikely to be of the scale envisaged through the MAC process.
- 22. In practical terms, the Council is not being required to make any irrevocable decisions in relation to the management of its assets at this stage but a commitment to work towards the wider vision is being sought from all of the partners.

Implications

23. Financial	The Strategy is designed to achieve revenue savings of around 20% per annum. The Council has set itself the target of achieving annual savings of £50,000 from its property estate. There may be a requirement to provide funding for the development of the business cases for the projects identified at paragraph 19 above. Any resource requirements that cannot be met from existing budgets will be reported back to Cabinet for approval in due course.
Legal	A range of governance structures are being considered for the delivery of the strategy. External legal support has been procured by the county council to develop these options. At this stage no binding commitments are proposed.
Staffing	No immediate staffing implications have been identified.
Risk Management	The main risks identified in the Strategy’s risk log are: <ul style="list-style-type: none"> • the lack of commitment from one or more partners as the project develops • the costs of projects exceeding available resources.
Equality and Diversity	No significant equality implications have been identified
Equality Impact Assessment completed	No

Climate Change	<p>The draft strategy sets out a vision to address the challenge laid out in the report published in February 2011 "Leaner and Greener: Delivering Effective Estate Management" by The, Westminster Sustainable Business Forum. It seeks to do this by:</p> <ul style="list-style-type: none"> • More efficient management of the property estate • Decreasing the space occupied by 20-30% • Increasing the sustainability of the estate
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Consultations

24. As a major piece of partnership work there has been extensive engagement with each of the 9 partners identified above.
25. The project facilitated a stakeholder workshop for the Cambridge City / South Cambridgeshire areas, including representatives of the voluntary sector, and this has led to the identification of the potential projects identified at paragraph 19 above.

Consultation with Children and Young People

26. No specific consultations have been held with children or young people on the development of the Asset Management Strategy. There will be opportunities to engage with this group as individual projects are brought forward.

Effect on Strategic Aims

27. Like all effective asset management strategies, the draft strategy has been designed to support the strategic objectives of all 9 partners.

Conclusions / Summary

28. The Council has set itself the linked objectives of making financial savings and reducing its consumption of carbon from the use of its operational property assets. While these assets are small in number, the offices in Cambourne and the depot at Waterbeach being the most significant, these objectives can be met most effectively through working together with the other public sector partners operating in the Council's geographical area.

Background Papers: the following background papers were used in the preparation of this report:

- Report to Huntingdonshire District Council's Cabinet 20th October 2011
- Report to County Council's Cabinet 25th October 2011

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CAMBRIDGESHIRE PUBLIC SECTOR ASSET MANAGEMENT STRATEGY EXECUTIVE SUMMARY

This asset management strategy is part of the response to the prevailing economic situation in the UK whereby the combined property portfolio of the public sector in Cambridgeshire is considered as a single strategic resource for service delivery.

Property is but a tool to support the delivery of services to all citizens across Cambridgeshire and is required only when another channel is not suitable for or capable of full delivery of a service. Therefore when property is required it must be:

- In the right place, in the right condition, at the right time.
- Flexible and sustainable in use now and in the future.
- Able to deliver value for money in terms of service benefit, operating costs, financial return.
- Contribute to the reduction in the combined carbon footprint.

This asset management strategy defines the principles which guide asset management planning, its role to support service delivery, why property is retained together with the policies, procedures and working arrangements relating to property assets.

Collectively Cambridgeshire's public sector asset base has a book value, as at 31 March 2010, of £1.53 billion made up from £1.19 billion of operational property and the balance from non-operational property. This includes the property portfolios of the County Council, all five district councils, the police, fire service and the Primary Care Trust.

In general terms, the vision is the partners are able to effectively collaborate in relation to strategic asset management and to rationalise the combined operational estate. A number of models to achieve this are described in this strategy and their investigation forms part of part of the action plan. The collective stakeholder portfolio is extensive and in generic areas, such as offices, there is scope for the stakeholders to collaborate to optimise use.

However, whilst commonalities exist in service requirements each stakeholder's portfolio is likely to reflect specific geographical and service requirements (a situation which is exaggerated in an extensive and predominantly rural county). For some operational portfolios (such as leisure centres, museums, schools, libraries, police and fire stations, health centres etc) the current footprint will be inherently connected to the service and any strategy for what should be developed with service review as an integral component.

The pooling of assets across the public sector in Cambridgeshire will reduce cost, reduce carbon emissions, increase returns on capital and open up investment opportunities. The working assumptions are that 20% reduction in running costs and a 20% more capital returns after 5 years are achievable and that much larger gains are possible through service modernisation and integration.

Published on behalf of the Partners by Cambridgeshire County Council July 2011