



Report To: Cabinet 2 October 2019

Lead Cabinet Member(s): Councillor Bridget Smith
Leader of the Council

Lead Officer: Trevor Roff, Interim Director of Finance

SUBJECT: CORPORATE ASSET PLAN

PURPOSE

1. To consider the adoption of a Corporate Asset Plan by the Council for non-Housing Revenue Account assets in pursuance of key Business Plan priorities.
2. This is not a key decision as the report seeks to establish a plan to ensure that efficient and effective arrangements exist for the management of the Council's non-Housing Revenue Account property assets.

RECOMMENDATION

3. **That Cabinet is requested to consider the report and, if satisfied, approve the adoption of the Corporate Asset Plan 2020-2024 attached at Appendix A.**

REASONS FOR RECOMMENDATIONS

4. To ensure that efficient and effective arrangements exist for the management of the Council's property assets; that the implementation of the approved Corporate Asset Plan and supporting Asset Management Action Plan is monitored on a regular basis and that the Corporate Asset Plan continues to directly support the delivery of the Council's key Business Plan objectives.
5. The proposed Corporate Asset Plan relates to non-Housing Revenue Account (HRA) assets. The Council's HRA assets, including Council Homes and other HRA landholdings, are managed through a separate HRA Asset Management Strategy and HRA Asset Management Plan that is currently under review. It is intended that an updated version will be reported to a future meeting of Cabinet for consideration.

BACKGROUND INFORMATION

6. Non HRA assets may be held for a number of purposes, including:
 - (a) Community benefits (such as car parks or country parks);
 - (b) Operational reasons (such as South Cambridgeshire Hall);
 - (c) Investment purposes (such as assets that are held for rental income or capital appreciation reasons);
 - (d) Economic development reasons (such as job creation, encouraging sustainable communities, supporting regeneration or helping to sustain the commercial viability of a town centre).

7. The Corporate Asset Plan 2020 – 2024 sets out (i) the Council's vision for its non-HRA corporate assets, (ii) the approach to asset management, which is driven by the Council's key goals and closely linked to the Investment Strategy, Economic Growth Strategy, HRA Asset Management Strategy and New Build Strategy and (iii) the six key strategic priorities for the Plan, which are to:
 - (i) Manage Council assets strategically as a corporate resource and continue to embed the Corporate Landlord model;
 - (ii) Support and empower local people by providing the right property in the right place, at the right time;
 - (iii) Provide value for money and secure efficiencies for the future;
 - (iv) Support economic growth and regeneration by supporting and responding to local business needs;
 - (v) Work effectively with partners to maximise sharing and delivery opportunities; and
 - (vi) Reduce the environmental impact of the property estate through initiatives such as energy reduction/efficiency.
8. The purpose and aims of the Corporate Asset Plan are to support the redesign and delivery of service priorities and providing a fit for purpose portfolio that will be:
 - (i) Able to support and contribute to service delivery and social benefits;
 - (ii) Commercially effective to obtain a financial return;
 - (iii) Accessible for customers and staff;
 - (iv) Well-designed;
 - (v) Efficient financially and environmentally;
 - (vi) Flexible and fully optimised; and
 - (vii) Well-maintained.
9. The Corporate Asset Plan has been prepared having regard to guidance provided jointly by the Chartered Institute of Public Finance & Accountancy (CIPFA) and the Royal Institution of Chartered Surveyors to ensure that the Council has in place arrangements to deliver value for money and the effective management of its property assets. The Corporate Asset Plan is a high-level strategic document that is underpinned by the priorities set out in the Councils Business Plan 2019-2024.
10. The proposed Corporate Asset Plan is reproduced at **Appendix A** to the report.
11. The supporting Asset Management Action Plan for the financial year 2020/2021 is attached, for information, at **Appendix B** and sets out the proposed activity under each of the six priority areas identified in section 7 above. This will be continually monitored by the established Investment Selection Team, which has day to day oversight of asset management issues, and which is currently reviewing the extent, condition and value of its corporate estate. Reports will be submitted to Cabinet, as necessary, for the approval of specific projects.

OPTIONS

12. The option of not adopting the Corporate Asset Plan is not considered to be appropriate. It seeks to establish a plan to ensure the efficient and effective management of the Council's non-Housing Revenue Account property assets and it is consistent with the aims and priorities identified in the approved Business Plan.

IMPLICATIONS

13. In the writing of this report, taking into account the financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, the following implications have been considered:

Policy

14. The Corporate Asset Plan is one of the key resource management strategies of the Council and sets out the Council's priorities in respect of the management of its operational and non-operational property, including an overarching property strategy.
15. Following guidelines issued by the Ministry for Housing, Communities and Local Government (MHCLG), Councils are expected to review, on an ongoing basis, the retention and management of their property assets and to seek continuous improvement. For this reason, the Corporate Asset Plan and supporting Asset Management Action Plan will be regularly reviewed in order to monitor the progress made in respect of the management of land and property assets.
16. The established Investment Selection Team (IST), identified in the approved Investment Strategy, will provide the regular opportunity to oversee the management of the Council's property assets and to address operational property requirements together with Capital investment priorities. All asset management matters affecting the Council's property are considered by the IST forum which links closely to other key strategic officer groups within the Council. This forum will regularly review action plan progress against the approved Corporate Asset Plan.

Legal

17. There are no specific legal issues in the report, but the Corporate Asset Plan recognises the requirement upon the Council to comply with its statutory obligations as an owner of property.
18. There is a requirement for the Council to maintain and publish an Asset Register in accordance with the Local Government Transparency Code 2015 although the form that register takes is for the Council to decide. It is generally accepted that to maintain such a register using spreadsheets is not now appropriate because of the complexities around Capital Accounting introduced in 2007 and that a proper database system is a necessity. The Council is currently reviewing its corporate arrangements to ensure that the Asset Register holds the relevant information on all Council assets such as address, valuation, size, type of property and reference numbers (including links to the asset information held on the GIS system).

Financial

19. The Corporate Asset Plan outlines the revenue implications and funding requirements for the provision of premises to deliver services to the public and the means of ensuring the Council continues to receive revenue income and capital receipts from the corporate estate. Property is regarded as a key corporate resource for which the Leader of the Council has specific portfolio responsibility.
20. More specifically, the Corporate Asset Plan sets out the strategic framework for the management of the Council's current and future land and property interests to ensure that these will be used to help deliver the Council's Business Plan objectives. The Plan establishes the six priority areas (identified at Section 7) that will guide the allocation of both financial and staff resources in respect to the management of the Council's non-HRA property portfolio.

Risk

21. By adopting a strategy for the effective management of its non-HRA property the Council is in a position to ensure that:
 - (i) The provision of property for service delivery is sufficient for the approved service level and that properties are fit for purpose;
 - (ii) The Council continues to receive the required level of income to support the revenue budget;
 - (iii) Properties are regularly assessed in terms of hold/dispose/invest opportunities and those identified for disposal can provide capital receipts to support the approved capital programme.
22. It is also relevant that the identified risks are mitigated in a variety of ways for the Council's non-HRA property assets:
 - (i) A programme of condition surveys will be completed in order to identify current and future repairs. These surveys will inform the annual planned maintenance programme;
 - (ii) Capital programme bids are submitted for a range of works to property to cover health and safety, ongoing maintenance and service enhancement;
 - (iii) Workspace inspections are carried out twice yearly on all operational property;
 - (iv) Biennial assessments of legionella system risks in all of the Council's operational property are commissioned and regular monitoring is undertaken by Building Managers;
 - (v) Annual inspections of identified asbestos in the Council's premises are undertaken.
23. The effective management and regular assessment of non-HRA assets, therefore, mitigates the compliance risks associated with assets falling into disrepair.
24. There is a commitment to ensure compliance with the requirement to publish an Asset Register in accordance with the Local Government Transparency Code 2015.

Environmental

25. A key priority for the Corporate Asset Plan is to reduce the environmental impact of the Council's non-HRA property assets and to identify opportunities to invest to save to meet the Council's 2050 zero-carbon pledge.

Effect on Council Priority Areas

26. The Corporate Asset Plan supports the key priority in the approved Business Plan, "Growing Local Businesses and Economies". This could include investment in assets that help deliver employment opportunities or by the creation of business space that helps support the growth of small and medium-sized enterprises.

BACKGROUND PAPERS

Where the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 require documents to be open to inspection by members of the public, they must be available for inspection:

- (a) at all reasonable hours at the offices of South Cambridgeshire District Council;
- (b) on the Council's website; and
- (c) in the case of documents to be available for inspection pursuant to regulation 15, on payment of a reasonable fee required by the Council by the person seeking to inspect the documents at the offices of South Cambridgeshire District Council.

The following documents are relevant to this report:

- Business Plan 2019 - 2014 – Report to Council: 21 February 2019
- An Organisation for a Sustainable Future – Report to Cabinet: 1 May 2019
- Link to the Local Government Transparency Code 2015 which details the requirements for the publication of an asset register, with paragraphs 35 – 37 dealing with local Authority land and paragraph 37 setting out what must be published: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/408386/150227_PUBLICATION_Final_LGTC_2015.pdf

APPENDICES

A Corporate Asset Plan

B Asset Management Action Plan: October 2019

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CORPORATE ASSET PLAN

ASSET MANAGEMENT ACTION PLAN
NON HOUSING REVENUE ACCOUNT (HRA)

PRIORITY 1: MANAGE COUNCIL ASSETS STRATEGICALLY AS A CORPORATE RESOURCE AND CONTINUE TO EMBED THE CORPORATE LANDLORD MODEL

Ref.	Action	Lead Responsibility	Target/Review Date
1.1	Complete programme of condition surveys for all corporate and community buildings.	HCDI	Ongoing
1.2	Develop 5-year planned maintenance programme for corporate and community buildings based on condition surveys and identified service priorities.	HCDI	Ongoing
1.3	Continue to support and develop the established Investment Selection Team (IST) to ensure a corporate and robust approach to property-related investment decisions and clear corporate decision making on all property matters.	HCDI	Ongoing
1.4	Review the staffing structure within the Commercial Development & Investment Team to ensure that the workforce is aligned to key service priorities.	CEX	Spring 2020
1.5	Complete programme of workplace inspections, biennial assessments of legionella system risks and inspections of identified asbestos in Council premises.	FM	Ongoing

PRIORITY 2: SUPPORT AND EMPOWER LOCAL PEOPLE BY PROVIDING THE RIGHT PROPERTY IN THE RIGHT PLACE, AT THE RIGHT TIME

Ref.	Action	Lead Responsibility	Target/Review Date
2.1	Specify, procure and manage the construction contract for new community building at Northstowe (Phase 1).	HCDI/HNB	Autumn 2021
2.2	Specify, procure and manage the new construction contract for the new Civic Hub at Northstowe (Phase 2), incorporating medical provision and community space.	HCDI/HNB	Autumn 2022
2.3	Work with stakeholders to support the regeneration of a local centre at Cottenham to provide affordable housing, medical facilities and employment opportunities.	HCDI	Winter 2021
2.4	Update/Develop the Community Asset Transfer Policy to ensure that it reflects best practice and the revised senior management structure (when determined).	DHLP	Spring 2020

PRIORITY 3: PROVIDE VALUE FOR MONEY AND SECURE EFFICIENCIES FOR THE FUTURE FROM THE PROPERTY PORTFOLIO

Ref.	Action	Lead Responsibility	Target/Review Date
3.1	To support the implementation of Agile working to reduce office requirement within South Cambridgeshire Hall.	HRM	Ongoing
3.2	To establish meaningful set of KPIs and continue to measure performance and efficiency of property assets.	CPM	Ongoing
3.3	To actively challenge service area use of property assets in order to ensure that utilisation of property assets is maximised.	HCDI	Ongoing
3.4	To continue to monitor and coordinate non-HRA property disposals programme to ensure that capital receipts targets are met.	HCDI	Ongoing
3.5	To organise/complete annual programme of asset valuations.	HCDI	Ongoing
3.6	To review each asset within the investment portfolio alongside annual asset valuations to ensure that performance is maximised, and under-performance is addressed. To consider in terms of hold/dispose/invest.	HCDI	Annual

PRIORITY 4: SUPPORT ECONOMIC GROWTH AND REGENERATION BY SUPPORTING AND RESPONDING TO LOCAL BUSINESS NEEDS

Ref.	Action	Lead Responsibility	Target/Review Date
4.1	To identify and implement development opportunities from allocated resources	HCDI	Ongoing
4.2	The promotion and appraisal of investment potential of a Local Centre and Enterprise Zone at Northstowe comprising a mix of retail, commercial and community facilities consistent with Business Plan priorities. This would ensure a holistic approach to local needs, investment economies of scale and enhanced public realm.	HCDI/HNB	Ongoing
4.3	To appraise and determine the optimum regeneration scheme for the proposed local centre at Cottenham, targeted to include affordable housing, medical facilities and employment opportunities (see 2.3 above).	HCDI	Ongoing
4.4	The appraisal, design and potential provision of a new business incubator space on the ground floor of South Cambridgeshire Hall in line with Business Plan economic development and business support objectives, principles of asset management rationalisation and the realisation of income generation ambitions.	HCDI/FM	Ongoing

PRIORITY 5: WORK EFFECTIVELY WITH PARTNERS TO MAXIMISE SHARING AND DELIVERY OPPORTUNITIES

Ref.	Action	Lead Responsibility	Target/Review Date
5.1	To work with the Council's established Housing Company, Ermine Street Housing, to increase the stock of private rented accommodation.	HCDI	Ongoing
5.2	To continue to identify the pipeline of sites for potential Investment Partnership opportunities in line with the approved Investment Strategy.	HCDI	Ongoing
5.3	To develop strategic partnerships (including potential joint venture opportunities) to increase the capacity of the Council to deliver against Council investment objectives and achieve value for money.	HCDI	Ongoing
5.4	To aggressively pursue grant opportunities to enable investment in the Council property assets.	HCDI	Ongoing

PRIORITY 6: REDUCE THE ENVIRONMENTAL IMPACT OF THE PROPERTY ESTATE THROUGH INITIATIVES SUCH AS ENERGY REDUCTION/EFFICIENCIES

Ref.	Action	Lead Responsibility	Target/Review Date
6.1	To continue to support the delivery of the Council's Carbon Action Programme through investment opportunities that will help to reduce CO ₂ emissions.	HCDI/CPM	Ongoing
6.2	To undertake green energy investment at South Cambridgeshire Hall, in line with the 2019-2024 Business Plan priority 'Being Green to our Core', comprising the following specific energy efficiency and renewable generation initiatives: <ul style="list-style-type: none"> • Solar Canopies in the carpark; • Ground Source Heat Pump; • Upgrade of internal lighting to LED; • Replacement of existing Building Management System (currently unsupported); • Installation of Electric Vehicle Charging Points; • Air Handling Unit fan upgrade; • Chiller modifications/enhancements. 	HCDI/CPM/FM	March 2021

6.3	To review the Energy Performance Certificates (EPCs) for the Investment portfolio to identify properties falling below the Minimum Energy Efficiency Standards. Implement investment programme to bring those properties above the threshold.	HCDI/FM	Ongoing
6.4	To review the energy performance of operational estate to identify opportunities for improving performance and opportunities for introduction of renewable energy sources.	HCDI/FM	Ongoing

KEY

CEX: Chief Executive
HCDI: Head of Commercial Development & Investment
DHLP: Deputy Head of Legal Practice
HNB: Head of New Build
CPM: Corporate Programme Manager
HRM: Human Resources Manager
FM: Facilities Manager

DATE OF CURRENT VERSION: October 2019