

Executive Report

Report of Executive Head of Development

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Asset Strategy and Asset Management Framework

Executive Summary

This report provides the Executive with a new Asset Strategy and an updated Asset Management Framework as part of the Council's strategic management of its property estate, excluding Council dwellings. The Executive is invited to review both documents and approve the strategy and framework as relevant, robust and transparent statements on the way the Council manages, reviews, challenges and reports on the performance of its property estate.

Both the strategy and the framework are an essential part of the Council's Corporate Plan, specifically the "Our Council" theme to improve the way we work. The vision for the property estate is to own, occupy or use properties that empower the Council to perform excellently in the delivery of its services and Corporate Plan themes on behalf of the borough's residents, businesses and visitors.

The strategy states how the Council's properties support the delivery of the Corporate Plan and the role and desired outcomes of the estates. It includes an action plan and programme for delivering the strategy and our strategic priority to ensure our property is fit for purpose, plus new performance criteria to monitor how the estate is performing.

The framework updates the previous Asset Management Framework approved by the Executive in October 2010, setting out the policies for managing and reviewing properties efficiently and strategically.

Both documents cover the period up to March 2016 in line with the Corporate Plan timeframe and, read together, they provide a complete overview of why the Council owns, occupies and uses its properties and how the Council ensures it gets the best from its estate. The strategy and framework exclude Council dwellings covered separately in the HRA Business Plan.

The Corporate Improvement Scrutiny Committee gave its support to the strategy and framework at its meeting on 8 January 2015.

Recommendation to Executive

That the Executive approves the new Asset Strategy and the updated Asset Management Framework set out in the report along with the proposed arrangements and action plan.

Reasons for Recommendation:

To ensure the Council has a clear and robust statement and process for owning, occupying, and using its properties and to ensure the efficient and strategic management of the Council's property estate.

1. Purpose of Report

- 1.1 The Council is continually driving forward improved services and better outcomes from its property estate. As the owner of a large number and variety of buildings and a large amount of land, the Council has, through the new Asset Strategy (Appendix 1) and updated Asset Management Framework (Appendix 2), set out clear guidance on how to manage its properties efficiently and strategically with statements on the role and desired outcomes from its property estate.
- 1.2 The purpose of this report is to guide the Executive through these two documents in order to approve them as appropriate and relevant to the efficient and strategic management of the Council's property estate.

2. Strategic Framework

- 2.1 The Asset Strategy and Asset Management Framework straddle across all five fundamental themes within the Council's Corporate Plan:
 - Underpinning the strategy are the Corporate Plan's five fundamental themes linked to the various roles that property provides for the Council. This includes corporate based roles such as providing a source of income and financial return, and property specific roles such as providing high standard and quality of accommodation.
 - The framework includes a decision tree process by which to review individual properties including their contribution to meeting the Council's strategic priorities.

3. Background

Asset Strategy

- 3.1 Property is a major corporate resource for the Council and as the owner of a large number and variety of buildings and large amount of land, the Council's new Asset Strategy sets out the role and function of the Council's property estate linked to Corporate Plan themes. The strategy covers properties excluding Council dwellings.

- 3.2 The Asset Strategy supports the Council's corporate objectives, listing the roles that property plays along with a set of desired outcomes and a statement that:

The vision for our property estate is to own, occupy or use properties that empower the Council to perform excellently in the delivery of its services and Corporate Plan themes on behalf of the borough's residents, businesses and visitors.

- 3.3 The strategy works through a set of objectives for managing our properties and includes indicators against which to test the performance of the property estate. This approach follows much of the Chartered Institute of Public Finance and Accountancy's recommended good practice for local authorities in the strategic management of their property estates.
- 3.4 Included in the strategy are examples of how Council owned properties contribute in a multitude of ways to achieving our strategic priorities and the milestones already achieved for property specific Corporate Plan targets. There is an action plan for further work to do, plus an explanation of the Council's strategic management arrangements to deliver the strategy, the action plan and, ultimately, the desired outcomes.
- 3.5 One action within the strategy is to use property performance indicators to test how effective the property estate is in delivering the desired outcomes. This is a new process. Officers recommend they submit an annual report to the Corporate Improvement Scrutiny Committee and Executive to enable councillors to gain a comprehensive understanding of property estate performance and compare this to other local authorities and industry standards.

Asset Management Framework

- 3.6 On 21 October 2010, the Executive approved the original Asset Management Framework. The framework set out the detailed procedures for assessing each property on whether to retain, transfer or sell. It included a decision tree process with assessment criteria and a recording format for reviewing core operational, non-core operational and investment properties.
- 3.7 For the assessment of non-core operational properties, these are scored in terms of their relevance to the Council's strategic objectives. The Corporate Plan approved in October 2013, redefined the Council's strategic priorities and therefore how to assess the core operational properties, although general aims and objectives remained the same. Due to the changes in the Corporate Plan, the framework is now up to date so that the assessment of non-core operational properties reflects the revised strategic priorities.
- 3.8 For investment properties, the assessment is in terms of the financial return that a property will provide. On 2 September 2014, the Executive endorsed the new asset investment strategy that sets out further criteria to assess potential properties to buy. These same assessment criteria now apply to existing investment properties.

- 3.9 The Corporate Improvement Scrutiny Committee confirmed its support to the strategy and framework at its meeting on 8 January 2015. During 2016, the Committee will be invited to scrutinise the effectiveness of the strategy and the framework to ensure they have met the original objectives as well as any issues relating to changes to the Council's corporate objectives.
- 3.10 The relevant heads of services, building managers and the Property Review Group were asked for their views and their comments are included.

4. Financial Implications

- 4.1 Financial resources to deliver the Asset Strategy's action plan are in place with the exception of resources to complete an industrial estate growth strategy. A revenue growth bid for 2015-16 is under consideration requesting funds to appoint an external consultant.
- 4.2 A revenue growth bid for 2015-16 submitted by the Executive Head of Housing is under consideration for a new post to assist the Mechanical and Engineering services team with legionella management responsibilities.
- 4.3 Arranging training of staff with legionella management and monitoring responsibilities is likely to require additional funds.

5. Legal Implications

- 5.1 All property transactions required to action the strategy and framework will be carried out having regard to the Law of Property Act 1925 and other relevant legislation.

6. Human Resource Implications

- 6.1 Human resources required to deliver the Asset Strategy's action plan are in place with the exception of resources required to deliver the desired outcome to achieve a statutorily compliant property estate. The Executive Head of Housing and Health submitted a revenue growth bid for additional resources to help manage the legionella management of Council property.
- 6.2 Staffing implications for the legal service will need to be assessed as and when proposals come forward under the strategy and action plan.

7. Conclusion

- 7.1 The new Asset Strategy and revised Asset Management Framework provide structured and transparent approaches to the strategic management of the Council's properties.
- 7.2 The Asset Strategy includes a set of actions to assist in the successful delivery of the desired outcomes for the property estate.

8. Background Papers

8.1 None

9. Appendices

Appendix 1 - Asset Strategy 2014

Appendix 2 - Asset Management Framework 2014