



CORPORATE ASSET MANAGEMENT STRATEGY 2008/2012

1. INTRODUCTION

- 1.1 In 2005, the Cabinet adopted an Asset Management Plan and Capital Strategy for non-housing assets for the period 2005 to 2010; both documents formed part of the Council's corporate management plans.
- 1.2 As part of a review of the Council's medium term corporate aims and objectives, a new Corporate Asset Management Strategy has been drafted and this is attached as Appendix 1. This overall strategy includes the overarching strategy for all property and land, including housing assets. To complement this document, new Asset Management Plans, (one for housing and one for non-housing assets) covering the same four year period 2008/12, are currently being drafted.
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- 1.3 The main purpose of the Asset Management Strategy is to set out broad policies for the management of the property portfolio and the direction that the Council wishes to take in aligning its asset base with its corporate objectives and goals. This will ensure that the value derived from the land and property portfolio is optimised, either by developing an income stream, or in enabling service delivery to the community.
- 1.4 The Strategy sets out the general direction for use of assets in the medium term, the approach and policies to be applied to future decision making, and identify roles and accountabilities for the management of land and property.
- 1.5 The Strategy will form the basis of the more detailed operational Asset Management Plans, one covering non-housing assets and one specifically for housing assets, on a rolling 4 year period. These plans will set out how the strategy will be implemented.
- 1.6 The Council's property and land portfolio has an estimated value of £454 million and is therefore an important strategic resource; the efficient and effective management of assets is crucial in supporting the achievement of the Council's vision for delivery of services, to the community. To ensure proper priority is given to the allocation of resources, the Strategy and Asset Management Plans will have been reviewed and updated, and will form the framework, alongside other strategic plans, within which the Council will work in order to achieve its objectives.
- 1.7 The management of property assets is increasingly receiving the attention of government and the new Comprehensive Area Assessment includes a review process of the effectiveness of arrangements for the management of assets and whether the strategy is sufficiently robust to respond to the strategic drivers within the corporate plan, as well as meeting the expectations of a wide range of stakeholders and key partners, in delivering high quality, low cost services.

- 1.8 The strategy and plans will encompass the management of open space, beaches and foreshores, leisure amenities, industrial and workshop sites, car parks and public conveniences as well as the Council's public offices and depots and housing assets.

2. KEY ISSUES

- 2.1 The attached strategy for the management of the Council's assets relates to all property and land in the ownership of the Council, including housing, reflecting the Council's corporate responsibilities in the management of its whole property portfolio and use of its resources.
- 2.2 The strategy sets out the role and responsibilities of the cabinet, portfolio holders, executive management team and heads of service, and also defines the role of the 'landlord' for both non-housing and housing assets.
- 2.3 The terms of reference for the Corporate Asset Management Group have been reviewed and redefined to reflect the higher profile being adopted in the management of the Council's property, also reflecting the new management structure currently being implemented. These are attached as Appendix 2.
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- 2.4 The current Asset Management Group includes the Portfolio Holder for Finance and Efficiency as asset management is within the remit of this portfolio; however, it is proposed to also invite the Portfolio Holder for the Housing Service to the group, as the work of the group will encompass property issues relating to this service.
- 2.5 As well as providing the framework for a more robust and proactive management of the Council's land and property, the strategy will provide the catalyst for a number of policies to be developed by the Group.
- 2.6 The Asset Management Strategy will have strong links to the Financial Strategy in influencing the allocation of both capital and resources, and in identifying future revenue income streams and capital receipts for re-investment. This will enable better forward planning of the resources required to maintain the value and use of the Council's property base.
- 2.7 The Strategy also incorporates the Council's aspirations for making a contribution towards climate change, reflecting its aims for use of sustainable materials, implementation of energy efficient measures and consideration in the use of land and design of its properties. These policies are linked and will be further developed through the work of the corporate group undertaking the 'green audit' and in the future development of a corporate sustainability strategy.

3. OPERATIONAL FRAMEWORK

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- 3.1 The next stage of development is for the annual asset management plans to identify all future maintenance and development proposals, including those for change of use, to inform the expenditure planning process at an early stage in the preparation of the following year's budget.
 - 3.2 Proposals for future development of assets by service providers will be initially discussed with the nominated, appropriate landlord before business proposals are considered by the Asset Management Group. (See Appendix 3).
 - 3.3 For non-housing assets the Asset Management System will be fully populated with data by the end of this financial year and this will enable better forward planning of future maintenance requirements, measurement of the performance of assets and forecasts of future income streams from land and property. Planning for future maintenance requirements for housing assets is carried out using the Orchard data base and Keystone asset management software
 - 3.4 Budgets for maintenance will be held by the service landlord, who will also be responsible for identifying maintenance requirements and commissioning works contracts. The landlord will be responsible for ensuring sufficient budget provision is available through the annual expenditure planning process.
 - 3.5 Where any construction works are required to alter or develop land or buildings by the services using the asset (in effect 'the tenant'), request for budget allocation will be the responsibility of the service provider, having first developed a supporting business case and agreed proposals with the Landlord.

4. CRIME AND DISORDER/ENVIRONMENT/EQUALITY AND DIVERSITY IMPLICATIONS

- 4.1 There are none arising directly from this report.

5. PORTFOLIO HOLDER COMMENTS

- 5.1 The Finance and Efficiency Portfolio Holder supports the recommendation contained in this report.

6. RECOMMENDATIONS

- 6.1 That the Cabinet recommend that the Council agree a new Corporate Asset Management Strategy as attached at appendix 1.

For Further Information Please Contact:

John Mascall
Executive Director
Tel: 023 8028 5261/5644
E-mail john.mascall@nfdc.gov.uk

Background Papers:

NEW FOREST DISTRICT COUNCIL
CORPORATE ASSET MANAGEMENT STRATEGY 2008 to 2012

1. FRAMEWORK FOR ASSET MANAGEMENT

- 1.1 The Council's key aims and objectives are set out in the Council's new Corporate Plan, '**Leading our Forest Communities**'; this document is the prime strategy document and sets out how the Council will continue to work closely with the community and partners to enhance the quality of the lives of present and future generations within the New Forest area.
- 1.2 The Council has a vision to:
- ≈ Conserve the environment of the New Forest District for the peaceful enjoyment of residents and visitors;
 - ≈ Help to create and maintain a local economy that brings opportunities for jobs and economic benefit to the area, and
 - ≈ Understand and fulfil local needs through creating and maintaining healthy and safe communities for the enjoyment of all.
- 1.3 To achieve this vision the Council has developed 7 key themes:
- ≈ Managing the finances;
 - ≈ Maintaining an excellent performance and improving effectiveness and efficiency;
 - ≈ Managing assets including exploring the scope for one site administration;
 - ≈ Working to reduce the carbon footprint of the Council and the district;
 - ≈ Leading and enhancing local partnerships;
 - ≈ Engaging local people and communities;
 - ≈ Improving the ease and equality of access to public services.
- 1.4 To support the vision and key themes, aims have been developed for each portfolio. The responsibility for the management of the Council's stock (including housing), land and property assets falls within the portfolio for Finance and Efficiency together with the Portfolio for Housing where specifically for housing assets. Responsibility for delivery of services utilising the Council's land and property, are vested with relevant service portfolio holders.
- 1.5 The aim for the management of physical assets states that: 'the Council will ensure that assets are optimised in providing services to the wider community. Property or land will not be held unnecessarily, and to ensure this, there will be a continuous review and rationalisation of property to enable re-investment of resources into new assets which will support and enhance the community. A number of new initiatives will be developed; these will include examining the scope

to consolidate the two main offices into one location and exploring depot facilities, in partnership with neighbouring authorities. The impact of climate change will be recognised, and a prime focus in the management of assets will be the implementation of appropriate energy efficiency initiatives.'

- 1.6 The aim in the management of housing assets is for the Council to provide a high quality, value for money housing service to tenants, leaseholders, residents and other customers and ensure that services meet the needs of users. Resources have been allocated to meet the 'Decent Homes Standard by 2010. To maintain a supply of new homes to meet needs, the Council will continue to work with partners to provide more affordable homes within the district.
- 1.7 The achievement of other aims outlined in the Corporate plan, may also depend upon the effective use of the Council's assets.

2. ASSET MANAGEMENT STRATEGY AND PLANS

- 2.1 The Strategy will set out the general direction for use of assets within the medium-term, the approach and policies to be applied to future decision making, and identify roles and accountabilities for the management of land and property assets.
- 2.2 The Strategy will form the basis of the more detailed operational Asset Management Plan, covering a rolling 4 year period. A separate detailed Plan will be maintained for housing assets.

3. ASSET MANAGEMENT

- 3.1 The Council recognises that its land and property holdings represent a significant investment of public money, and therefore should be managed in a pro-active, efficient and effective manner. A framework for the management of these key resources has been developed to ensure a strategic approach is adopted within the organisation. The framework comprises of:

- ≈ Aims and objectives,
- ≈ Responsibilities for asset management,
- ≈ Energy management and Sustainability,
- ≈ Resources,
- ≈ Performance management,
- ≈ Risk management and Business Continuity,
- ≈ Acquisition and disposal.

3.2 Aims and Objectives

The Council will adopt the following principles for the management of its land and property holdings:

3.2.1 Safety and Accessibility

The Council will exercise a duty of care in the maintenance and management of all its housing stock, public buildings, depots and public open spaces, recognising its statutory responsibilities under Health and Safety, Disability Discrimination and other legislation.

The aim is to minimise risk of injury to employees or members of the public, through the adoption of measures and procedures which prevent accidents, or damage to land or premises.

A rolling programme of physical surveys and audits will be undertaken to test the adequacy of arrangements in place within all buildings for the management of risks associated with legionella and water hygiene, fire, electrical and gas safety, asbestos and other physical hazards.

A programme of physical surveys will also be undertaken to ensure accessibility and safety for the public using the beaches, foreshores, open spaces and external leisure amenities, and open accessible housing land for which the Council is responsible.

An Asbestos Register will be maintained and asbestos containing materials will be managed in accordance with the Council's Asbestos Policy and management plan.

Priority will be given to the allocation of resources which fit the above criteria.

Accessibility to all buildings, where required under the auspices of the Disability Discrimination Act, will be provided. In addition the Council, in the management of its housing stock, will ensure that the needs of people with disabilities are considered and sufficient provision made to enable the adaptation of stock wherever possible.

3.2.2 Affordability

The Council will ensure that any proposals for new expenditure in land or property is subject to a critical appraisal of the short and long-term implications of costs and benefits before any investment is made, to ensure continued affordability.

The implications of capital expenditure will be considered within the framework for the Prudential Code for Treasury Management.

The aim of the Council will be to ensure the annual running costs of all physical assets are minimised, whilst ensuring buildings remain in good repair to protect the Council's investments.

The portfolio of land holdings and property will be managed to optimise income streams to enable re-investment of resources or to offset running costs.

Opportunities will be taken where appropriate, to invest in land and property to ensure the Council is able to continue to deliver services to future generations.

The Council will work with partner Housing Associations and the new Homes and Communities Agency to maximise opportunities to provide affordable housing for sale and rent to meet demand as far as is practicable and possible.

3.2.3 Fit for Purpose

Land and buildings will continue to be held by the Council provided the asset enables or supports one of the Council's key objectives, and meets the current or future needs of the general community.

The Council will aim to maintain all its assets in good condition and to allow equal access for people with disabilities; this will be achieved through an annual programme of improvements and maintenance works.

The changing needs of the Council and the community which it serves will be identified, through a process of consultation, and if appropriate, land or property will be developed or acquired, to accommodate these changes. Assets identified as redundant or not fit for purpose, will be disposed of when maximum benefit can be achieved.

The Council will invest and manage its land, property and infrastructure assets to support and sustain the economic prosperity of the towns and villages within the District.

Assessment of housing needs across the district will inform the geographic location and type of accommodation required to meet the long-term demand, and assist the Council and its partners in prioritising investment.

3.2.4 Management of Information

The Council recognises the importance of maintaining comprehensive records of its land and property holdings to ensure good corporate governance arrangements are in place which supports strategic decision-making and proper accountability for public funds.

To ensure the integrity of information is maintained, the Council will continue to invest in new systems and processes which enable development of comprehensive data for all land and property holdings. Appropriate indicators will be identified and used to monitor performance against corporate objectives and investment criteria.

The Council will maintain a central register of all land and buildings in its direct ownership or acquired through leasing agreements. Stewardship of the database will vest with the Corporate Property Officer.

Asset Management Plans and achievement of aims will be reviewed annually, for the purpose of ensuring good governance arrangements are in place and for accountability for resources.

3.2.5 Partnerships

Where appropriate, and for the purpose of providing wider community benefits, the Council will work in partnership with other organisations for purchase, sale, lease or rental of property or land (this includes the provision of affordable housing to meet need).

To support activities which benefit local communities, the Council will make available land and property for use. The criteria for any proposal will include an assessment of community benefits, clarity of objectives, legal and management framework and long-term financial viability, to be considered against other options for use of the asset. Consideration will be given to the impact to the Council of short and long-term maintenance and other running costs against income generation.

3.3 Responsibilities for Asset Management

Members' Role

The Cabinet will be responsible for decisions relating to the strategic management of the Council's land and property holdings and for approving the Asset Management Strategy and Asset Management Plans on behalf of the Council.

Ownership of all of the Council's land and property, and decisions relating to the acquisition or disposal of assets, will vest with the Portfolio holder for Finance and Efficiency. (In the case of Housing assets any decisions are jointly vested with the Portfolio Holder for Finance and Efficiency and the Portfolio Holder for Housing).

Policy and operational decisions relating to how services are delivered, utilising the Council's land and property assets will vest with the relevant service portfolio holder.

Executive Management Team

Executive Management Team will have the responsibility for ensuring the Asset Management Strategy and Plans support the achievement of the Council's aims and objectives, and for monitoring a range of key performance indicators for asset management.

Heads of Service

The management of the non-housing land and property portfolio will vest with the Head of Property Services, as the Corporate Property Officer. The management of the Council's housing stock will be the responsibility of the Head of Service for Housing, as the Housing Property Officer. Both officers, as heads of service, will lead their respective property functions as the landlord, and provide professional advice to the Council.

Heads of operational services will be responsible for the delivery of services utilising the Council's property assets, and meeting specific asset performance targets for relevant services.

The Asset Management Team will support the development of plans and proposals brought forward by both responsible Property Officers and assist the Council in achieving its goals and objectives by optimisation of its assets. Terms of reference for the Asset Management Team form part of this strategy and are shown in **Appendix 2**.

The landlord functions for both the housing and non-housing property officers are defined in **Appendix 1** and form part of this strategy. The relevant Property Officer/Landlord will be responsible for ensuring adequate budget allocation is available to support any proposals relating to the maintenance, development, acquisition or disposal of land and property holdings and act as the budget responsible officer.

3.4 Energy Management and Sustainability

In recognition of issues relating to climate change, the Council will make a positive contribution to the environment by adopting measures for the management of its assets, which aim to minimise use of land, improve efficiency in energy use, and reduce pollution from carbon emissions and waste.

The Council acknowledges the Nottingham Declaration which recognises the impact of climate change on the environment, the need to take action to improve sustainability and to counter the effects of climate change. The Council aims to produce an environmental policy which will outline its strategy for sustainability.

It will also promote the use of standards for design work which help meet these aims, and use of energy efficient materials which are derived from sustainable sources, in its building and maintenance works to public offices and buildings and its housing stock.

A programme of environmental enhancements to improve energy ratings within public buildings and housing stock will be developed, building on current activity and work programmes, and resources allocated annually where specific, cost-effective energy efficiency savings can be demonstrated.

Information on energy use will be collated and used to inform the Council's future strategy and work programmes.

3.5 Resources

The aim of the Council is to keep its land and property holdings in good condition for the protection of its investments, and resources will be allocated through the annual expenditure planning process for the ongoing maintenance, improvement and development and acquisition of land and property holdings.

Regular surveys of housing assets, public buildings, depots and amenities used by the public will be undertaken and annual maintenance programmes developed. Priority for the allocation of resources will be given to those works which meet the Council's statutory responsibilities for health and safety, equal access and reduce ongoing running costs. In the case of housing assets priority will be given to achieving the Decent Homes Standard by 2010.

In its vision for the future, the Council will invest in the acquisition of new land and buildings, where this enables the provision of services to the community. Investment should support one of the Council's key aims and objectives for the district:

- ≈ Provision of affordable housing;
- ≈ land for future burials;
- ≈ Support or enhance the economic prosperity of towns;
- ≈ Support employment opportunities;
- ≈ Car parking;
- ≈ Provision of open space or leisure facilities;
- ≈ Provision of facilities for community use;
- ≈ Enable development of existing or provision of new public services.

Any proposals for investment will include evaluation of financing costs and returns, whole life costing for maintenance and other running costs and fitness for purpose.

Where opportune, potential for the development of new income streams will be identified and optimised, ensuring maximum financial return or benefit in service is derived from investments in land and property.

A strategy will be developed for the acquisition and disposal of housing and non-housing assets to facilitate and support forward planning of the Council's financial resources.

Priority in the allocation of budget for revenue and capital expenditure will be based on criteria identified within the financial strategy approved by Cabinet for the annual expenditure planning process. This will include proposals where external funding or match funding income streams have been identified.

To increase the number of affordable homes within the district, the Council will allocate appropriate funding to facilitate working with local Registered Social Landlords, the Homes and Communities Agency and other public bodies to fund and subsidise, where appropriate, schemes to provide affordable homes that will meet an identified need.

3.6 Performance Management

A wide range of indicators and targets will be used to monitor and manage performance in the utilisation of the Council's property assets. These will encompass performance on energy and water usage, carbon emissions, building costs, rent and licence income, and general property running costs.

Specific performance indicators, relevant to individual services (such as Car Parks) will also be utilised to manage performance of the Council's assets, and how they contribute towards achievement of key aims and objectives in service delivery.

Performance in the management of capital and substantial revenue projects for works and maintenance of land and property will be reviewed as part of the budget monitoring process undertaken by Cabinet.

The Council's policy and procedures for the procurement of works and services are set out in the Procurement Strategy and Standing Orders as to Contracts, and will be adopted in the award of contracts for the acquisition of materials, works or services, or consultancy advice in the management of land and buildings.

In the evaluation of options for maintenance, adaptations and new building work, each proposal will take into account whole life costing as a fundamental element of the appraisal.

3.7 Risk and business continuity

Land and property holdings form a critical element of the Council's ability to continue to provide high quality services to the public. Recognising the significance to service delivery, the Council will have plans in place for recovery from disaster to ensure business continuity. Disaster recovery plans will cover all major public offices, depots and other properties evaluated as critical to service delivery.

Evaluation of risk to the public and employees and long-term costs of any development or maintenance proposals will be included as an element of project appraisal for significant maintenance or new build proposals.

3.8 Acquisition and disposals of land and buildings

The Council will invest in the acquisition of new land and buildings, where this may enable the provision of services to the community in the future or enhance existing assets. Assets identified as redundant or not fit for purpose will be disposed of.

The financing of new acquisitions will be determined within the financial strategy, having considered the implications of capital expenditure against the criteria set out within the Prudential Code.

Proposals to purchase, lease or otherwise acquire assets will be supported by a business case, identifying short and long-term capital and revenue financing implications, legal responsibilities and other material consequences.

The Council will continue to hold or acquire investment assets where this will provide a beneficial long-term income stream.

Where the opportunity arises, the Council will undertake investment and assemble land adjacent to existing land and property to enhance the value or future development opportunities.

Land and property will be disposed of where no alternative use has been immediately identified or future utilisation of the asset is unlikely.

Where land and property is deemed redundant, disposal will be through sale on the open market at a time when the arising financial consideration will be optimised.

The Council will dispose, through sale or lease, redundant land and buildings to partner organisations for less than maximum open market value, where transfer would support achievement of one of the Council's key objectives. Consideration of such proposal will be supported by a comprehensive business plan identifying all alternative options, costs and benefits to the service and the financial implications.

Receipts from the sale of assets will form part of the Council's overall resources, to be allocated as determined within the annual financial strategy, to achieve the priorities identified within the Corporate Plan.

CORPORATE ASSET MANAGEMENT GROUP
TERMS OF REFERENCE

The Asset Management Group will assist the organisation to make decisions consistent with the Council's aims and priorities and ensure land and property is managed as corporate resource.

The group will:

1. Act as a review body for the development of strategic policies and operational procedures which determine the framework within which land and property is managed.
2. Receive proposals for the purchase, lease, disposal or alternative uses of land and property, ensuring an integrated approach between the Corporate Strategy and service proposals.
3. Receive and evaluate proposals for material development or change to services which affect the Council's land or property holdings.
4. Review and evaluate development or investment proposals for the foreshore, beaches and open space under the management or ownership of the Council.
5. Review periodically the Asset Management Strategy and Asset Management Plans to ensure they remain relevant and aligned to the Council's aims and objectives set out within the Corporate Plan.
6. Identify and evaluate opportunities to make more efficient use of the Council's asset base, including potential partnership or joint ownership arrangements.
7. Assist in developing a range of local and relevant performance indicators for the performance of various categories of assets
8. Assess the performance of assets against the identified internal and external indicators
9. Initiate policies for the use of materials, design of buildings or maintenance works which assists the Council in achieving long-term cost benefits from its resources.
10. Develop and initiate proposals for the management of assets which promotes improved energy efficiency or reduces pollution from carbon emissions or waste.
11. Develop criteria to enable prioritisation in resources allocated for the maintenance of land and property.
12. Identify opportunities for innovation.

APPENDIX 3

LANDLORD RESPONSIBILITIES

<u>Task</u>	<u>Corporate Landlord</u>	<u>Housing Landlord</u>
Maintaining the fabric and interiors of all public buildings	✓	
Maintaining the fabric and interiors of all housing stock		✓
Maintaining the foreshores, beaches and open space	✓	
Specification, tendering and administration of works contracts	✓	✓
Identifying and ensuring compliance with statutory health and safety legislation, in liaison with the Corporate Health and Safety Officer	✓	✓
Compliance with statutory responsibilities outlined within the Disability Discrimination Act for all public buildings	✓	
Compliance with statutory responsibilities outlined within the Disability Discrimination Act for all sheltered schemes		✓
Maintenance of all plant, electrical and other equipment and fixtures and fittings within public buildings and depots	✓	
Maintenance of all plant, electrical and other equipment and fixtures and fittings within housing stock		✓
Facilities management for all public offices	✓	
Liaison and agreement with services on proposals concerning the development or alteration to the fabric of any public building or annexed land	✓	
Liaison and agreement with services on alternative uses for property or land	✓	✓
Identification and development of options for redundant assets	✓	✓
Identifying of proposals for the maximising the income derived from investment assets or other land or property holdings	✓	✓
Negotiation of short and long-term leases	✓	✓
Acquisition of new land or property	✓	✓
Liaison with services for agreements for the use of community assets	✓	
Ensuring compliance with legal requirements to display energy ratings for all public buildings	✓	
Ensuring compliance with legal requirements to provide energy rating to new tenants		✓
Disposal of surplus land and property	✓	✓

