

Asset Management Strategy 2024 to 2030

Corporate Property Services

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1. Introduction

This Asset Management Strategy (AMS) sets the strategic direction for the use, management, and development of the Councils corporate property resources over the period paying specific emphasis on delivering the councils services, wherever possible in line with the net carbon zero commitment which has been set for delivery by 2030.

The strategy focuses on the medium to longer term and involves decisions on asset investment linked to customer and end user needs and service delivery requirements. It involves a challenge to the holding of assets.

There is an assumption that assets will only be retained where they provide greater value for money than the alternatives. New methods of service delivery, flexible working arrangements, shared services and developments in information technology are likely to make the Council less dependent on fixed assets in future years.

Corporate business planning requires an integrated approach towards the planning of its resources.

This Asset Management strategy will help to raise awareness of resources invested in the Council's assets and to develop strategies and programmes to ensure that they are deployed in the most cost / environmentally effective way to meet the authority's corporate and service objectives.

This is an iterative business process with the underlying purpose of achieving the better use of public assets, and of minimising the cost of resources tied up in land, buildings, and fixed assets*.

A number of management principles will be required to support the AMS

- There will need to be an integrated departmental and corporate approach to fixed assets.
- Explicit responsibility for, and corporate leadership of the strategic asset management function will be required.
- The correct balance has to be taken between central control and devolved responsibility for land, buildings, and fixed assets*.
- A synergy is needed between the strategy for fixed assets and the service objectives linked to the use of those assets.
- Clear authority-wide property objectives need to be fed into the service planning process. These need to be communicated to elected members and managers with specific service delivery responsibilities.
- Any change in the strategic role or management of fixed assets needs to be planned, co-ordinated, and prioritised.
- The strategic and operational management of fixed assets* needs to include wider community factors, including the potential for community use, ownership and potential transfer of the asset.
- Asset management needs to be backed by a **simple** and robust system of performance management which supports Council or service objectives.
- Effective data systems have to be in place to support the management of fixed assets.

- Robust techniques are needed to justify decisions. These need to balance service benefits against financial returns and expenditure.

*Fixed assets are the land and buildings for which the Council has responsibility, but also includes car parks, street furniture, other ad hoc infrastructure, and closed churchyards.

This strategy does not include land, houses, buildings, and fixed assets associated with the Housing Revenue Account.

2. Corporate and Service Priorities

The current* key themes in the Councils Corporate Delivery Strategy & Plan 2020/24 are:

- Caring for the Environment
- Healthy Communities
- A Thriving Economy
- Your Council

The corporate and service priorities that have been identified in respect of the above themes and being detailed in the Corporate delivery plan, The AMS will contribute to delivering those objectives where they have a direct asset implication. *The AMS will realign to reflect any future changes to the above themes as may be required. If the corporate strategy and objectives change within the lifecycle of this strategy, such that the AMS no longer supports the Corporate Strategy, the AMS will be revised and resubmitted for approval.

Corporate Capital Strategy

Any capital programme for investment / development / refurbishment schemes will be funded by a capital application in accordance with council procedures and / or a combination of grants, reserves, or borrowing if available. The decision for how a project is to be funded will be based on individual project circumstances.

3. Capital and Revenue Budgets

General Revenue expenditure

This can be broken down into:

- **Planned Preventative Maintenance:** This ensures that the assets are maintained to a pre-determined level of condition to ensure maximum service life and minimal breakdown.
- **Reactive Maintenance:** This deals with day-to-day operational issues as they arise and aims to provide continuity of service
- **Management Costs:** These are the internal and external costs involved in managing the assets
- **Operating costs:** These are the day-to-day costs involved in running the assets.

- **Corporate Expenditure:** This is expenditure that links asset management with cross-cutting corporate objectives and statutory responsibilities, including Health and Safety Legislation for building and infrastructure compliance, Accessibility and equalities, Tenant / Staff Relationship Management and Business continuity.

These types of expenditure are considered separately as each has a different set of criteria for procurement and the decision to commit expenditure.

Revenue expenditure is wherever possible planned in advance and prioritised on the basis of conformity with safety legislation and contribution to corporate objectives. As part of the on-going improvements there should be a strong element of challenge and the principles of strategic procurement, collaborative working and leverage need to be incorporated at all stages.

Capital Investment

- **Replacement:** This concerns full or partial replacement of an existing fixed asset of sufficient extent to enhance the capital value of the asset and extend its period of useful life.
- **Enhancement:** This is investment that improves the contribution to corporate objectives as well as increasing the value and useful life of the asset.
- **Development:** This is the procurement of a fixed asset where none existed previously

The Council's Capital Strategy is the determining factor in decisions on capital investment in fixed assets. All major decisions will be the subject of an options appraisal. Robust Procurement and project management processes are key success factors.

4. Assessment of Condition

A rolling planned and reactive maintenance programme will be prepared for the major operational and non-operational buildings on completion of the wider corporate feasibility study to determine the future council administrative spatial requirements.

The remaining operational and non-operational buildings are also being assessed for suitability and condition.

The fixed asset infrastructure is surveyed as part of this process to obtain a holistic overview of an assets condition. Schedules of condition are then produced maintained and updated as works are completed.

Operational and Non-Operational Buildings

Using RICS Global Standards, Buildings are categorised as follows for condition and resource priority:

Condition

Category A – Good, Performing as intended, operating satisfactorily with no deterioration requiring immediate attention

Category B – Satisfactory but with deterioration that requires immediate attention

Category C – Poor, showing major defects and not operating satisfactorily.

Category D – Unsafe or unsustainable condition, Life expired and/or in serious risk of imminent failure

Resource Priority

Priority Level 1. Urgent works required to prevent immediate closure. Serious Health and Safety issues

Priority Level 2. Essential work required within two years to prevent serious deterioration of the fabric.

Priority Level 3. Desirable work required within 3 -5 years

Maintenance Backlog

Works that have been identified in the surveys are defined as being the 'maintenance backlog'.

Historically the standard practice was to address backlog by category.

However, this method does not necessarily represent value for money nor prevent deterioration of lower category repairs from becoming worse and thus incurring greater cost at a later date.

This strategy therefore departs from that convention, and where priority 1, 2, and 3 works exist in an asset, there will be an assessment of the best value approach to addressing decay. Some or all of the categorised works may be completed if efficacy and efficiency can be demonstrated. In the event of high value items needing repair/replacement a decision will be made to submit a capital application to ensure revenue budgets are not unduly and prematurely exhausted over a fiscal period.

5. The Fixed Asset Base

The Corporate Property Service team maintain a register of Non-operational and Operational fixed assets either owned or leased into the council.

Non-operational assets are fixed assets held by the Council but not directly occupied or used in the delivery of front or back-office services.

Operational assets are fixed assets held, occupied, or used by the Council in the direct delivery of statutory or discretionary services or their back-office support functions.

In brief, the asset base comprises:

Operational Buildings

- Main Office Buildings
- Leisure Centres
- Sports Pavilion Buildings
- Depot Buildings
- Public Conveniences
- Museums

Non-Operational Buildings

- Any class of built asset held for investment/regeneration purposes regardless of location

Operational Land sites

- Council owned public car parks

Non-Operational Land sites

- Agricultural Land.
- Grazing Land (paddocks).
- Allotments.
- Woodland or wildlife sites.
- Public Open Space and rights of way
- Public Parks.
- Commercial or residential development sites.

Infrastructure (ad hoc) assets where not owned by other statutory body / authority

- Roadside seats.
- Bus Shelters.
- Streetlamps.
- Street name plates.
- Closed Churchyards (maintenance obligation only).

6. The Asset Challenge Process

An asset management strategy requires the challenge of all existing fixed assets and an option appraisal to judge against value and contribution to service delivery and/or corporate objectives.

Assets are challenged where priorities dictate there is a financial or operational risk or a corporate opportunity.

The options for consideration of any fixed asset are:

- Retain and continue to maintain through a programme of planned and reactive maintenance.
- Retain and develop the asset to improve financial and/or service delivery performance.
- Retain the asset and make minimum maintenance investment with a view to disposal when the time is right.
- Dispose of asset immediately. Transfer the asset to a community or third sector partner.

The Council should place each of its fixed assets into one of these categories

Asset challenges take account of several factors:

- Consideration of the extent to which new working practices within the Council are giving rise to changes in accommodation requirements. This might include a move towards greater agile, remote, homeworking, out-sourcing of services, any decision to change the ratio of front to back-office provision, increased partnership working, options to increase occupancy density to reduce overall spatial requirements of the business, and any policy or changes in the ways to provide local access to services.
- Individual services will have their own internal drivers that may change the approach to service delivery in future years and give rise to specific accommodation requirements. These need to be identified by Heads of Service and communicated to the asset management service in order to effectively deliver a long-term accommodation strategy.
- There is an assumption that local authorities will share accommodation and services with other local authorities, government agencies and the voluntary sector.
- The needs and expectations of customers and residents will be a major determinant in the decision to retain buildings and community fixed assets such as car parks and street fixtures and furniture.

For clarification, the Council is not adopting a narrow approach to accommodation provision, but is actively considering all available and appropriate opportunities for maximising the utilisation of individual assets in the best interests of individual service provision. This ensures that services are not unduly affected by asset related decisions, but also ensures the assets held are delivering maximum potential at minimal cost to the taxpayer.

7. Assets Declared Surplus to Requirements

Assets that as a result of inspection, assessment, challenge processes, that are identifiable as either redundant or cannot be put to effective efficient alternative use at reasonable cost will be deemed surplus to requirements and notified for approval to dispose. The exception to this approach being where assets are deemed to be of significant local, community, or historic value that overrides the commercial and operational efficacy assessments. These decisions will be taken after consultation with affected stakeholders.

8. Economic Development Assets

The summary of assets listed in the table below are currently being held for Economic Development purposes in that they deliver a revenue income to the authority.

Assets currently held for Economic Development / Regeneration

- a. The Ark Business Centre
- b. The Oak Business Centre
- c. Woodgate Chambers
- d. Meadow Lane Industrial Units
- e. Chainbridge Road Industrial Compounds
- f. Loughborough Industrial Park Compounds
- g. Messenger Close Industrial Compounds

Assets Currently Held for Economical Investment in that they deliver an income to the authority.

- a. 14 Market Place Loughborough
- b. 52 Belton Road Loughborough
- c. E7 Aberdeen Gateway Business Park
- d. 1 Brookhill Way, Banbury
- e. Cupola Way Scunthorpe

Council offices:

- a. Main Office Building Loughborough
- b. Old House building adjoining Main Building
- c. Detached Office Building Loughborough

Officers have been reviewing and assessing office accommodation since the Covid-19 Pandemic. Whilst areas of the council offices have been sublet, and the resultant revenue supports revenue budgets, the council remains committed to finding the most appropriate accommodation levels required.

Industrial Units:

All industrial units are retained for economical regeneration which supports the thriving economy objective in the councils Corporate Delivery Strategy.

With consistently high occupancy levels, there is a sound business case for retaining these assets to aid economic regeneration.

Opportunities to create additional units either on council owned land or by acquiring new land for this purpose will be explored. Possible partnering opportunities may also be explored if deemed of significant value both financially and from a community focus.

Leisure Centres:

- a. Loughborough Leisure Centre
- b. Mountsorrel Leisure Centre
- c. East Goscote Leisure Centre

The council owns these Leisure Services that are contracted out to a third-party service provider. The asset management service will work with the councils Leisure Service to assess the future investment/refurbishment/development or change of use as may be determined under the Leisure Services own assessments of needs and future operational requirements.

9. Resource Implications

There are obvious fiscal constraints and pressures on the Council, as there are throughout the entire public sector.

It should also be noted that the asset management service will direct any resources in accordance with priority against capacity in order to ensure that the most significant objectives are targeted for maximum benefit.

Income from capital receipts are influenced by prevailing market conditions, any disposal will take consideration of known market trends through desktop / consultancy valuations and if deemed to represent best value a disposal will take place.

To reduce the backlog of maintenance on operational land/buildings the Head of Assets and Property will make a capital funding application on a rolling three-year basis that will enable

investment to take place without undue delay for individual bids. Spend will be dependent on the outcome of feasibility studies and condition surveys

The available revenue budget for repairs and maintenance will be set annually and monitored monthly. Forecast changes are reported and budgets adjusted to show savings/pressures on an individual asset basis. Specific attention is paid to utility costs as the volatile nature of these supplies has a major impact on budgets. R&M / Capital investment works are delivered where savings can be made.

10. Statement

Within the context of this Asset Management Strategy the Council will:

- Promote a corporate approach to the management of property assets and build an understanding of the importance of assets in supporting service delivery.
- Ensure that property assets help to secure continuous service improvement.
- Review the Council's properties and gather information covering their sufficiency, suitability, and cost.
- Rationalise the property portfolio, disposing of properties that do not support core service objectives or fail to make an adequate return on investment.
- Fully implement the requirements of health and safety legislation to ensure assets meet or exceed the minimum requirement.
- Ensure assets meet or exceed the minimum requirements of Part M regulations' "Accessibility".
- Where appropriate, promote sharing of premises between Council departments and with other public bodies and voluntary organisations.
- Minimise space usage and the running costs of buildings.
- Use new technology where cost effective to improve the energy efficiency of buildings.
- Prioritise building and maintenance works according to need and ensure that projects are delivered on time and within budget whilst minimising service disruption.

11. Asset Strategy Objectives

The Strategy is supported by a series of specific objectives

Objective 1: To ensure the Council's service requirements are linked to an effective asset management solution:

- The Council will maintain sufficient financial resource and operational capacity to manage and maintain its fixed assets.
- Efficient and sustainable procurement processes will be undertaken for fixed assets.
- Accommodation will be suitable, accessible, and maintained.

- Assets will be sustainable and affordable for their whole life.

Objective 2. To raise awareness of the Council's assets and provide a clear decision-making structure for their management and use:

- Standards will be set for the design, care and use of accommodation and assets.
- Compliance with legal obligations will be maintained to the required standard.
- Elected members will continue to have a strong role in decision making.

Objective 3. To manage asset management delivery to demonstrate continuous performance improvement:

- Effective processes will be maintained to ensure efficient asset, contract and project management.
- There will be choice and competition in the asset management process through open market testing.
- Key Performance Indicators have been set for asset management activities and are reported through the Council's risk management system.
- Improvements in energy efficiency and a reduction in carbon emissions will be secured through the review and replacement of end of life/inefficient installations with efficient technology and demonstrated through the Council's Climate Action Board.

Objective 4. To release value from assets by minimising running costs, structured investment, or disposal:

- The need for the continued ownership of assets will be challenged.
- Assets will be reviewed to identify where the cost of retention exceeds the value added.
- Opportunities will be sought for the sharing of assets with partners.
- Running costs will be monitored to identify and deliver potential savings.
- Management arrangements will be reviewed to ensure best value.

12. Headline Performance

Effective performance management is critical for the success of an Asset Management Service. Performance management is about:

- Delivering the Council's aims and objectives through effective Asset Management.
- Prioritising what is important and what gets done.
- Engaging with and managing staff and partner organisations.
- Quantifying and communicating success.
- Improving the perception of service provision.

To be effective, performance management should not be isolated to the performance of fixed assets alone. Performance management within the asset management function needs to make consideration of other council strategies and plans and thus contribute to corporate, service and in some cases individual aims and objectives.

The introduction of the Corporate Pentana Risk Management Portal in 2023 details the Corporate Property Service plan objectives and supports the Corporate Plan and other service objectives where fixed assets are involved. progress is updated and reported monthly for review. This includes a number of key income/liability/occupancy values that are also reported through this channel.

13. Business Continuity Plan

The asset management team will support the emergency planning / business continuity lead officer in the form of building information to be used as the evidence base for the production of a Business Continuity Plan.