

This report will be made public on 11 July 2017

Folkestone

Hythe & Romney Marsh
Shepway District Council



Report Number **C/17/21**

To: Cabinet
Date: 19 July 2017
Status: Non - key Decision
Head of Service: Andy Blaszkowicz
Cabinet Member: Councillor Dick Pascoe, Property Management and Environmental Health

Subject: ASSET MANAGEMENT FRAMEWORK

SUMMARY: The Council will adopt a new Asset Management Framework from 2017 which is intended to last us through the next 5 years. This new framework replaces the previous Corporate Property Strategy 2013-2018 and the Asset Management Plan 2013-2018.

The new framework will provide Officers with clear direction for managing the corporate property portfolio whilst closely linking in with the strategic objectives set out in the Council's Corporate Plan.

REASONS FOR RECOMMENDATIONS:

Cabinet is asked to note the report and agree the recommendations set out below because:

- a) The Council's corporate property department requires a clear framework for which to operate.
- b) The Council is under significant financial pressure and the framework outlines a clear strategy to ensure our property assets are fit for purpose, are held for specific reasons and financial returns are maximised.

RECOMMENDATIONS:

1. To receive report C/17/21.
2. To approve the Asset Management Policy and the Asset Management Strategy as appended to this report.

1. BACKGROUND

- 1.1 The Council has a significant property estate comprising of around 800 land and property assets. It is crucial that these assets are managed corporately in a way that best serves the district and delivers services in line with the Strategic Objectives set out in the Council's Corporate Plan.
- 1.2 The Council faces significant shortfall in its finances in the years to come. The Asset Management Framework is key to ensuring that the council has a sustainable asset base and that the Council's property assets are managed efficiently, minimising unnecessary expenditure whilst maximising income.

2. INTRODUCTION

- 2.1 The new Asset Management Framework comprises three separate elements as follows:
 - Asset Management Policy
 - Asset Management Strategy
 - Asset Management Plan



- 2.2 The benefit of adopting such a structure is that many areas relating to the general approach to asset management are likely to remain constant for a number of years, and by having three separate elements, with different 'lives' the Council can cut down the need to keep rewriting elements every year. It also aids clarity for elected members, senior managers and property officers by separating out our policy principles which everyone is working towards and the short to medium term actions on which the Council will be working.
- 2.3 This report will summarise the three separate elements of the Asset Management Framework whilst also considering governance through the Asset Management Board.

3.0 ASSET MANAGEMENT POLICY

- 3.1 The Asset Management Policy (*attached at Appendix 1*) is deliberately intended to be a short and concise document that describes the principles adopted by the council in applying asset management to achieve the authority's strategic objectives.
- 3.2 It describes the Council's commitment to property asset management and will be endorsed at a senior level.
- 3.3 It demonstrates to the public and all stakeholders, including senior decision makers, elected members, practitioners and service providers, how asset management supports the Council's corporate policies. It also provides a visible commitment to achieving the benefits that can be delivered through good asset management.
- 3.4 The Council's Corporate Plan sets out the Council's long-term vision for improving the lives for all those who, live, work and visit the district. The Council's asset management policy is a high level document that is underpinned by a number of the Council's key strategies and plans and is overseen by the Asset Management Board. It will support the delivery of the six strategic objectives set out in the Council's Corporate Plan 2017-2020.
- 3.5 These Strategic Objectives underpin our asset management approach and vision;

'An efficient and effective estate which supports the delivery of the strategic objectives set out in the Council's Corporate Plan'

- 3.6 A key element of achieving our goals is how we use all our resources, and this includes our land and buildings. There needs to be a clear plan which balances aspirations in terms of rationalisation, future service delivery, regeneration and investment. This asset management policy establishes some clear policy principles by which we will manage those land and buildings, and it will remain in place for up to 5 years.

4.0 ASSET MANAGEMENT STRATEGY

- 4.1 The Asset Management Strategy (*attached at Appendix 2*) is a clear and concise high level document setting out how property asset management is delivered for the Council to meet our long term corporate goals and objectives.
- 4.2 It sets out how the long term objectives for managing the asset portfolio are met, including statutory obligations, stakeholder needs and the overall performance of property assets, within the context of any constraints, such as funding.
- 4.3 The strategy is expected to remain in place for up to 5 years, but will be revised as necessary before that, should the Corporate Plan, Medium Term Financial Strategy or the Asset Management Policy be revised or updated.

- 4.4 Strategic Property Asset Management has not previously been fully embedded in the Council. Moving forward we are ambitious to deliver more through the effective management of our property portfolio. We see the delivery of this Strategy/Policy and Plan, essential to this and the sustainability of our portfolio.
- 4.5 There are 5 objectives of the Asset Management Strategy that will help deliver a more sustainable asset base and the Council's Corporate Objectives:
1. *Embed a culture that recognises that property assets are a key corporate resource, where decisions need to be made which are linked to corporate and service objectives and balancing a wide number of views and needs.*
 2. *Maintain and develop the management of our property assets to improve over time how those assets work for us, provide value for money and minimise the costs of operating them.*
 3. *Demonstrate how the innovative use of property assets, in partnership with others, can improve Shepway and the lives of the people that live, work, play and visit.*
 4. *Support Economic Growth and Regeneration in the District.*
 5. *Support the District in meeting its Housing need.*
- 4.6 The purpose of each objective and how we will achieve them is detailed within the strategy.
- 4.7 The Asset Management Strategy is also summarised in the 'strategy on a page' (attached at Appendix 3).

5.0 ASSET MANAGEMENT PLAN

- 5.1 The Asset Management Plan (*not included as it is an operational document for which the report is not seeking approval*) provides clear and measurable actions that will be implemented over the short term of 2 to 3 years, as part of delivering the Asset Management Strategy.
- 5.2 Our intention is to report regularly on progress with delivering this Action Plan, which shall be at least quarterly.
- 5.3 Schedules A to C within the plan set out our intended actions and activities planned for the coming three years that will help in delivering our asset management strategy. The three schedules represent the three categories of action / activity, namely:
- A. Organisational arrangements
 - B. Policy development
 - C. Property specific activities
- 5.4 It should be noted that many of the actions set out in the plan are interdependent. The successful delivery of this plan will require a 'whole organisation approach'.

6.0 GOVERNANCE - ASSET MANAGEMENT BOARD

- 6.1 It is clear through the Officer and Member working group meetings that in-order to fully embed the Asset Management Framework throughout the organisation then senior managers from across the organisation need to be involved.
- 6.2 An Asset Management Board will be set up with member and senior management representation from relevant service areas.
- 6.3 The Asset Management Board will be a member / officer working group. It will be an advisory body that takes any decision making power from the delegated authority of officers attending as set out in the Council's Constitution. It will make decisions only where priorities are already agreed by Cabinet. It will also ensure that necessary consultation is carried out with CMT and Cabinet as part of the decision making process.
- 6.4 A draft 'terms of reference' for the Asset Management Board (*attached within Appendix 2 AMS page 13*) details the role of the board and the suggested members.

7.0 CONCLUSIONS:

- 7.1 The Asset Management Framework will provide the mechanisms to deliver an efficient and effective estate which supports the delivery of the strategic objectives set out in the Council's Corporate Plan.
- 7.2 Adopting the Asset Management Framework will enable corporate 'buy in' to the management of the Council's corporate property assets and provide strategic direction for the property portfolio.
- 7.3 It will provide a rigorous challenge process to ensure assets are well managed, efficient and held for the specific purposes of delivering the Council's services and the strategic objectives set out in the Council's Corporate Plan.
- 7.4 It will optimise income from corporately held property assets.
- 7.5 It will minimise liabilities by providing the mechanisms for disposing of surplus assets.

8. LEGAL / FINANCIAL AND OTHER CONTROLS / POLICY MATTERS

- 8.1 Consideration has been given to the following:

Legal (DK) – There are no legal implications arising directly out of this report.

Finance (PM) – This report does not have any specific budget implications. The Asset Management Framework should be considered alongside the Council's Medium Term Financial Strategy (MTFS) and capital and revenue budgets; together they provide the basis for management of the Council's resources going forward.

By 2020, revenue support grant funding from the government is expected to have ceased and the Council will rely on council tax, business rates and other income sources, including property income, to fund its activities. It will therefore be more important than ever that the Council manages the costs of asset ownership while optimising income returns. The Framework will provide clear direction for managing the corporate property portfolio whilst closely linking in with the strategic objectives as set out in the Council's Corporate Plan and MTFS.

Equalities – There are no equality issues arising from this report.

9. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officers prior to the meeting.

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List of Appendices:

Appendix 1: Asset Management Policy

Appendix 2: Asset Management Strategy

Appendix 3: Asset Management Strategy ‘on a page’