

SLOUGH BOROUGH COUNCIL

REPORT TO Cabinet **DATE:** 10 February 2014

CONTACT OFFICER: Stephen Gibson, Interim Head of Asset Management
(01753) 875852

WARD(S): All

PORTFOLIO: Finance and Strategy – Cllr Rob Anderson

PART I **KEY DECISION**

REVIEW OF ASSET MANAGEMENT PLAN & APPROVAL OF CAPITAL DISPOSAL PROGRAMME

1 Purpose of Report

The Council's most recent Asset Management Strategy was set out in the Asset Management Plan (AMP) approved in 2010. This included an action plan which has moved forward over the last 3-4 years. The AMP and associated action plan support the achievement of the Council's corporate priorities and sets out how the challenges and opportunities posed in managing land and assets will be addressed. The purpose of this report is to seek approval for the AMP 2014/17 and associated policies and Capital Disposals Programme.

2 Recommendations

The Cabinet is requested to resolve that:

- (a) The Asset Management Plan 2014-17, attached as Appendix A, be approved.
- (b) Note the potential use of CPO powers as described in Section 8 of the AMP, approve the proposed CPO policy, attached as Appendix C and agree to review the policy every three years.
- (c) Note the achievements summarised in section 6.2 of this report and the potential future regeneration projects outlined in section 10 of the AMP.
- (d) The summary of Key Actions described in Section 14 of the AMP be noted and approved.
- (e) The role of the Corporate Landlord is noted, agree that all future Cabinet reports be amended to include a new section 3 (e) Property Implications and that all future reports with a property implication must be signed off by the Assistant Director Assets, Infrastructure and Regeneration.
- (f) Note the emerging issues summarised in section 13 of the AMP.
- (g) The proposed Disposal, Investment and Acquisition Policy, attached as Appendix B to this report, be approved, and reviewed annually in line with the review of the Asset Management Plan.

3 Corporate Plan

The Council acknowledges that the way it manages its assets will have a fundamental impact on the delivery of economic development outputs and outcomes, improved health, enhanced community cohesion, increased educational attainment and improved service delivery. It will make a significant contribution to the introduction of physical regeneration and transformational change, as well as shaping and influencing the quality of life for local people. In short, the effective management of assets is closely aligned to Council's Corporate Vision and the achievement of the 5 priorities articulated in the Joint Wellbeing Strategy for Slough.

Other Implications

(a) Financial

The review of Property Assets will identify revenue savings from more efficient use of assets, shared use with partners and vacation and disposal where retention can no longer be justified. This will deliver savings to the Council's Revenue budgets and Capital Receipts from disposal will assist funding of the Council's Capital programme.

(b) Risk Management

Risk	Mitigating action	Opportunities
Property Assets not fit for purpose. Deterioration in leased property.	Enforcing repairs covenants. Introducing a pro-active approach to rent arrears and lease renewals.	
Finance Increase in bad debts	Prioritise dealing with debt management by tackling the highest debts first and taking into account any debt recovery limitations.	
Finance Poor Management of void properties	Proactive marketing, improve budget control and ongoing monitoring	
Capital Disposals Change in anticipated development, development period or market conditions post disposal	Introduce robust covenants and/or overage provisions to ensure that SBC obtains best value.	Analysis of market conditions linked to timing of disposals to ensure best value is achieved
Projects Do not reflect corporate priorities	Ensure that projects reflect the Council's corporate vision and are assessed via a robust options appraisal process.	
Corporate Landlord Lack of consistency throughout the Council with individual Property Portfolio holders directing resources to core business at the detriment of good estate management. Resulting failure to achieve best practice and KPI targets.	Ensure Asset Management staff attendance to relevant CIPFA courses to keep abreast of emerging government legislation, monitoring and guidance changes Implementation Corporate Landlord with overriding responsibility, supported by Capital Strategy Board.	Ensures the Council becomes competent in Asset Management and meets KPI with improved opportunities towards becoming a leading example Unitary Authority

(c) Human Rights Act and Other Legal Implications

There are no Human Rights Act Implications.

(d) Equalities Impact Assessment

Section 3 of the report describes how the Council will promote equality, diversity and community cohesion through the effective use of assets. In approving the AMP 2014/17, Council is committed to undertaking Equality Impact Assessments to ensure that new projects are totally accessible to all members of the community.

6. Supporting Information

- 6.1 The AMP describes how Slough Borough Council should manage its assets using a Corporate Landlord approach, enabling it to target its limited resources at achieve the greatest benefits.
- 6.2 Section 9 of the AMP summarises recent performance, identifies major achievements that were realised during the period of the previous plan and highlights the contribution that effective Asset Management has made to realising corporate priorities. These include:
- The building contract has been exchanged for the Curve and enabling works are ongoing to facilitate a construction start on 13 January 2014. This will allow completion of the project in 2015.
 - The completion of Britwell Community Hub and the commencement of major regeneration programme in Britwell to create a mix of 2, 3 and 4 bedroom properties to provide 101 new homes for sale, 155 homes for rent, including 54 affordable homes for SBC, new retail provision and environmental regeneration.
 - Disposed of the Castleview access to Bellway, raising a capital receipt of circa £5.1m.
 - Disposed of the retail units and houses at Parlaunt Road for circa £1.4m, compared to an external valuation of £0.55m that reflected the cost of refurbishment and essential repairs.
 - Completed and formally opened the Britwell Community Hub.
 - Completed the conversion and refurbishment of the former Town Hall building to create a new school site and fully upgraded CCTV Control and Monitoring Centre.
 - Completed the new Foundation block at Montem Primary School (£1.3), completed the new classroom block at St Anthony's RC Primary School (£0.7m), and completed the expansion of Priory Primary School (£1.4m).
 - Agreed and implemented a new School's Modernisation programme, value £4m.
- 6.3 The AMP 2014/17 will seek to deliver on 7 Key Aims that will have a cross-cutting effect on the Council's Finance Strategy, Capital Strategy, Economic Development Strategy, emerging Regeneration Strategy and the Human Resources Strategy (e.g. flexible working), as follows:
- **Key Aim One** – Introduction of a proactive approach to Estate Management
 - **Key Aim Two** – To achieve capital receipts targets through the disposal of surplus assets
 - **Key Aim Three** – Make a significant contribution to delivering transformational change
 - **Key Aim Four** – Use the Council's assets to promote economic development and growth

- **Key Aim Five** – To hold a rationalised portfolio that is in the right location, is fit for purpose and reduces ongoing revenue costs
- **Key Aim Six** – To introduce a culture of continuous improvement:
- **Key Aim seven** – To manage and deliver the emerging Strategic School Places Plan 2013-21.

Asset Challenge

6.4 The Council's portfolio needs to be evaluated against a common set of criteria to provide baseline information to identify the condition and suitability of assets and potential opportunities. This is known as the Asset Challenge process. The Asset Challenge process will take account of:

- The extent to which new working practices within the Council are giving rise to changes in accommodation requirements – this might include home-working, outsourcing or increased partnership working,
- Internal drivers for each department that will change the approach to service delivery in future years. These need to be identified by Service Directors and fed into the Asset Challenge process/Accommodation Strategy,
- The requirements of the capital programme, and
- The needs and expectations of staff, residents, service users and partners.

6.5 There are 5 potential recommendations that will arise from this process:

- **Fit for Purpose** - these should be retained and maintained through a programme of planned and reactive maintenance, or
- **Enhanced Utilisation** – These should be retained, however utilisation should be re-considered to improve the financial and/or service delivery performance (for example through shared services), or
- **Major Investment** – The future direction of the building needs to be determined as major works are required, or
- **Vision Property** – These assets should be retained, undertaking minimum maintenance pending investigation of the development potential of the site. The asset should be disposed when its potential can be maximised, or
- **Surplus** - Dispose of the asset immediately, in accordance with the Disposal, Acquisition and Investment Policy.

6.6 SBC has an excellent relationship with strategic partners and recognises the need to enhance this relationship to realise opportunities. This will commence in the period of the plan and will include the collection of property data from local public, statutory, voluntary and private sector organisations with the aim of establishing an Integrated Area Asset Management Plan to ensure more effective use of combined assets.

Corporate Landlord

6.7 The Corporate Landlord Model was adopted on 4th July 2011 and included the transfer of all Community Centres and the Caretakers/Assistant Facilities Officers to Facilities Management. A second transfer for the responsibility of Youth Community Buildings and Caretaking staff took place in July 2012. In the period of the Asset Management Plan, the Council will seek to enhance the existing model. Subject to approval, Facilities Management will centrally manage all Council land and building assets, with service departments making use of them for operational purposes as tenants. All aspects of building and facilities management across service departments will be reviewed by

Facilities Management to avoid duplication and inefficient practice, allowing the Council to generate savings related to resource costs.

- 6.8 It is suggested that the Assistant Director Assets, Infrastructure and Regeneration is designated as the Corporate Landlord. It is proposed that all future reports to Cabinet and CMT will include a requirement to identify property related implications and that the Assistant Director Assets, Infrastructure and Regeneration will be required to sign-off any identified issues prior to the dissemination of reports

Capital Disposals

- 6.9 SBC is committed to using its corporate property assets in a manner that realises their optimum benefit to the Council and the local community and represents value for money. The Council will consequently only seek to dispose of an asset declared surplus by service departments via the Asset Challenge process where it:
- Will provide land to support corporate strategies,
 - Will secure capital earmarked to support specific planned projects or support other core priorities,
 - Can no longer accommodate the delivery of services in an economically, environmentally or culturally sustainable manner,
 - Constitutes a significant future risk to the Council, e.g. through accrued liabilities,
 - Is no longer required for delivery of a partnership programme, or
 - Offers no real potential for long-term realisable capital appreciation.
- 6.10 Subject to approval, assets identified for disposal will be brought to Cabinet for disposal in accordance with the revised Disposals, Investment and Acquisitions Policy. Moving forward, from February 2015, Cabinet will receive an annual report on assets that are considered to be surplus to requirement and recommended to be made available to the market during the following three financial years.

Use of Compulsory Purchase Powers

- 6.11 Historically, the Council has made little use of its compulsory purchase powers ("CPO"), having been able to secure various acquisitions through negotiation with owners. However, the Asset Management Plan and Regeneration Strategy identify a range of key priorities in relation to affordable housing, infrastructure, regeneration, education, health and economic development which it wishes to deliver to realise its corporate objectives. The use of CPO powers will assist to deliver these priorities where agreement cannot be reached.

Governance

- 6.12 Governance, roles and responsibilities are set out in Section 11 of the AMP. This section confirms the role of Councillor, Cabinet and officers. Within this, the role of the Council's s151 Officer is paramount. The role of the Section 151 officer is to ensure that the Council achieves best value in relation to all its transactions for services, acquisitions and disposals. This function is carried out by the Assistant Director, Finance and Audit. If best value in financial terms conflicts with best social or community benefit/value then the Section 151 Officer will consult the Secretary of State seeking approval to accept less than best financial value for the greater community value.

7 Conclusion

- 7.1 The Implementation of an updated Asset Management Plan will ensure that assets held by the Council will support it's regeneration priorities and other Priorities.
- 7.2 The increased emphasis on the Corporate Landlord role will ensure that buildings are viewed as a corporate resource. Inefficient/poorly performing buildings will be identified via the Asset Challenge process, leading to rationalisation, the generation of a capital receipts and service improvements.

8 Appendices

Appendix A - Asset Management Plan 2014/17
Appendix B - Disposals, Investment & Acquisitions Policy
Appendix C - Compulsory Purchase Policy

9 Background Papers

None