



Date: Wednesday, 24 July 2019

Time: 2.45 pm

Venue: Shrewsbury/Oswestry Room, Shirehall, Abbey Foregate, Shrewsbury, Shropshire, SY2 6ND

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PERFORMANCE MANAGEMENT SCRUTINY COMMITTEE

TO FOLLOW REPORT (S)

7 Asset Management Strategy (Pages 1 - 4)

To receive a report and presentation on work undertaken on the revised Asset Management Strategy. [report attached]

Contact: Tim Smith, tel 01743 258998

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<u>Officer and Date</u>
Performance Management Scrutiny Committee
24 July 2019

<u>Item</u>
Public

ASSET MANAGEMENT STRATEGY 2019/20 to 2024/25

Responsible Officer Steve Law

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1. Summary

- 1.1 Members of the committee are asked to consider the framework for Shropshire Council's new Asset Management Strategy which aims to provide the clear principles, ethos and goals of the Council in the management of its property including land and buildings. The strategy is under development and is due for renewal this year. This report seeks to involve the committee in its production, view its objectives and to review a final draft later in the year.

2. Decision

- 2.1 To review and approve the draft framework for the Council's new Asset Management Strategy and the objectives set out in section 4 of the report.

REPORT

3. Risk Assessment and Opportunities Appraisal

- 3.1 The current strategic risks in not setting a coherent strategy to deliver the required rationalisation of the Council's use of the estate, alongside our desire to raise revenue through effective asset management, are primarily associated with the inability to make the necessary revenue savings and income contributions through property investment, and the inability to generate sufficient capital receipts to support the capital programme.
- 3.2 There are also risks associated with short term tactical decisions involving property development or disposal that do not take into account the needs of customers, the requirements for service innovation, current and future commercial and development value, the whole life cost of property, the potential for capital growth and the need to make assets more environmentally sustainable to support the climate emergency agenda, more financially viable and better used in terms of space and occupancy.
- 3.3 Impact on Children and Vulnerable Adults, Risk Management, Human Rights, Equalities, Community and other Consultation will be inherent in the property review and asset planning which will be instigated and driven by the overarching strategy.

4. Targeted Objectives

4.1 Purpose and key objectives of the strategy are:

- 4.1.1. To Generate and diversify revenue streams through effective property investment. Led by the Council's Commercial Strategy the investment plan will generate new and durable income streams through the re-development or repurposing of its existing assets and/ or the acquisition of new assets which will deliver a strong financial yield
- 4.1.2 To Reduce our carbon footprint and promote sustainable asset management. Recognising the importance of the climate emergency sustainability is absolutely key to the new strategy.
- 4.1.3 To Generate receipts to support our capital programme. Rationalise and reduce the estate to deliver receipts and support the Council's capital aspirations.
- 4.1.4 To Treat all assets strategically and corporately and review these as part of the One Public Estate programme
- 4.1.5 To Demonstrate value for money and fitness for purpose. The continuous review of the Council's assets is required to ensure they are suitable, are being effectively managed and are sufficient to support the Council's functions and objectives.
- 4.1.6 To Enable dynamic and effective service delivery. Through effective service asset management planning the Council will retain fit for purpose assets which strongly align to service delivery.
- 4.1.7 To Drive transformation to work more flexibly and efficiently, aligning with new delivery models. Creating modern, fit for purpose administration accommodation at a critical mass to ensure staff are supported through digital transformation and back office savings continue to be delivered driving efficiency.
- 4.1.8 To Reduce revenue impacts. Optimising the estate to reduce the burden of repairs and maintenance and reducing operating costs.
- 4.1.9 To Maximise opportunities of working with the wider estate. Working with public sector partners remains a key driver to drive out innovation across the public estate and creates the real opportunity for savings linked to new ways of working.
- 4.1.10 To Empower communities to thrive. Promoting, releasing and working with communities to improve resilience and allowing the use of assets by the community to deliver change.

5. Financial Implications

- 5.1 If assets are not managed and maintained in an appropriate way they become liabilities on the Council's revenue account.

- 5.2 A clear strategy assessing return on investment of the Estate will assist in providing revenue for the Council to invest in services in the future.
- 5.3 The Council's disposal programme has not always funded capital investment of a revenue generating nature. The Commercial Strategy now requires a significant property investment programme to generate durable income streams for the future.

6. Background

- 6.1 The Asset Management Strategy has been revised to be more relevant and focused to support innovation and the council's key strategies whilst delivering asset led transformation for the authority.
- 6.2 The Asset Management Strategy should also reflect the council's role as accountable body for the One Public Estate programme in Shropshire, Telford & Wrekin which allows the wider public estate to be considered and re shaped to meet the needs of local people in local communities.
- 6.3 Any asset used in the operation of Shropshire Council and not generating income, should only be retained if the value is expected to increase significantly and above the general price index of inflation pertaining to that type of land or property.
- 6.4 The detailed Asset Management Strategy will set out the aims, objectives, principles, criteria and standards to effectively manage the Council's land and property portfolio and ensure it is fit for purpose for the needs of local people, staff and future generations. The strategy and property review protocols contained within it will ensure that the suitability, viability and sustainability of land and property is carefully considered before decisions are taken to invest, divest or dispose of property owned or leased by the Council.
- 6.5 The Asset Management Strategy will be clear, coherent and progressive to ensure the estate is appropriately managed to deliver corporate priorities and service delivery needs over the next four years.
- 6.6 The strategy will continue to endorse the approach that Property and Assets are a corporate resource through an appropriate corporate landlord model.
- 6.7 The strategy seeks to act as an enabler for the Council to embrace new ways of working through flexible and efficient use of its administration accommodation.
- 6.8 The strategy seeks to establish the future framework for investment, planned maintenance, estate management, revenue generation and to support economic growth.

7 Alternative Options and Appraisal

- 7.1 The Council should have a strategy to comply with its responsibilities for asset and estate management. The alternative is to have no governance or strategic planning for the estate which would result in a significant financial burden associated with the

poor maintenance, operation and tactical management of the Council's property and land.

7.2 The alternative is to have service lead asset plans which are fragmented and do not reflect the overall priorities of the authority.

8. Additional Information

8.1 The Framework will be presented by a senior officer at the committee meeting providing the opportunity for feedback and consultation on the initial framework. This feedback and any subsequent input from the committee will contribute and help shape the new strategy.

9. Conclusions

9.1 Committee is requested to approve the 'direction of travel' through the framework presented so the new Asset Management Strategy can be developed in full to be presented to a future committee later in the year in readiness for agreement by cabinet and council.

<p>List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)</p> <p>Asset Management presentation 2019/20 to 2024/25</p>
<p>Cabinet Member (Portfolio Holder) Steve Charmley Deputy Leader</p>
<p>Local Member Committee Members</p>
<p>Conflicts of interest declared by members</p>
<p>Appendices</p>