

## STRATEGIC ASSET MANAGEMENT STRATEGY 2011-2015 - UPDATE

**EXECUTIVE MEMBER:** Councillor Gillian Troughton  
**LEAD OFFICER:** Darienne Law  
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### WHAT BENEFITS WILL THESE PROPOSALS BRING TO COPELAND RESIDENTS?

The Strategic Asset Management Strategy (SAMS) Update outlines best practice which will result in resource efficiencies and smoother working practices.

### WHY HAS THIS REPORT COME TO THE EXECUTIVE?

The way in which we manage our property portfolio to ensure best value and efficient and effective use of our assets has changed since the inception of the SAMS in 2011. The Council has adapted to reflect the need for change and to ensure that the Council's objectives are supported.

<b>RECOMMENDATIONS:</b> That Executive agrees the Strategic Asset management Strategy 2011-2015 Update
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## 1. INTRODUCTION

1.1 The Council's Corporate Plan 2013-2015 is the key strategic document which sets out the main challenges facing the Council over the next two years and how the Council plans to tackle those challenges. The Corporate Plan supports the need to set clear priorities for the future and to invest in priority services, whilst supporting economic growth. The Council's mission statement is to be 'an effective Council that works with partners and communities to arrange services for residents in Copeland'. The SAMS 2011-2015 has been updated to support the Council's Corporate Plan.

## 2. PROPOSALS

2.1 The Council's Strategic Asset Management Strategy 2011 – 2015 (SAMS) was adopted in 2011 amidst a time of major strategic and operational change for the Council. The purpose of the update is;

- to advise of the need for change and reasons why the Council's SAMS requires updating,
- to confirm the structure of the Council's current property portfolio,

- to confirm what we will do to go forward, and
- to advise of what the SAMS has achieved to date, and
- to confirm what we will continue to do.

### **3. ALTERNATIVE OPTIONS TO BE CONSIDERED**

3.1 None

### **4. CONCLUSIONS**

4.1 The way in which we need manage our property portfolio to ensure best value and efficient and effective use of our assets has changed since the inception of the SAMS in 2011. The Council has adapted to reflect the need for change and to ensure that the Council's objectives are supported.

4.2 Further significant change is expected over the next few years and the Council's SAMS will be updated and adapted to reflect these changes where necessary.

### **5. RESOURCE IMPLICATIONS**

5.1 The updated strategy will ensure more effective and efficient use of current staffing resources

### **6. STATUTORY OFFICER COMMENTS**

Section 151 Officer comments are: The changes in the SAMS are necessary to reflect the environment the council is now operating in; the need to make savings and adapt to changes in legislation.

Monitoring Officer comments are: Report proposes proportionate and appropriate solution to strategic management of assets.

EIA Comment: The Council continues to be mindful of its equalities duties when managing its property portfolio.

Policy Framework Comment: For the Corporate Plan 2013-2015 to be implemented fully, the Council's subsequent strategies and policies need to be aligned to it. As such, the update of the Strategic Asset Management Strategy aims to ensure that the Council uses its assets in line with and in support of the Corporate Plan and the priorities set out within it.

**7. HOW WILL THE PROPOSALS BE PROJECT MANAGED AND HOW ARE THE RISKS GOING TO BE MANAGED?**

7.1. The implementation of the SAMS will be overseen by the Estates & Valuations Manager.

**8. WHAT MEASURABLE OUTCOMES OR OUTPUTS WILL ARISE FROM THIS REPORT?**

8.1 The SAMS Update provides a clear direction for property management which in turn allows more effective and efficient use of resources.

**List of Appendices**

Appendix A – Strategic Asset Management Strategy 2011-2015 Update

**List of Background Documents:**

Corporate Plan

Strategic Asset Management Strategy 2011-2015

## **COPELAND BOROUGH COUNCIL**

# **STRATEGIC ASSET MANAGEMENT STRATEGY 2011- 2015 UPDATE**

<b>Current Document Status</b>					
<b>Version</b>	one		<b>Approving body</b>	Executive	
Date	October 2013		Date of formal approval		
<b>Responsible officer</b>	<b>Barbara Vernon, Estates &amp; Valuations Manager</b>		<b>Review date</b>	<b>Insert date review must be completed</b>	
<b>Location</b>	Insert file location or web address where document can be accessed				
VERSION HISTORY					
Date	Version	Author/Editor	Comments		
2011	2011-2015 Asset Management Strategy	Pat Graham/Chris Lloyd	Base strategy should be read in conjunction with this update		
<b>Equality Impact Assessment Record</b>					
<b>Date</b>	<b>Type of assessment conducted</b>	<b>Stage/level completed (where applicable)</b>	<b>Summary of actions taken decisions made</b>	<b>Completed by</b>	<b>Impact Assessment review date</b>
September 2013	Initial	Complete	NFA	Barbara Vernon	2015
Responsible officer	Insert name and job title	Review date	Insert date review must be completed		
<b>Corporate Quality Assessment Record</b>					
<b>Date</b>	Insert date				
<b>Completed by</b>	Insert name(s)				

<b>Document retention</b>	
<b>Document retention period</b>	Until 2015 when new strategy will be adopted

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## **1.0 INTRODUCTION**

1.1 The Council's Strategic Asset Management Strategy 2011 – 2015 (SAMS) was adopted in 2011 amidst a time of major strategic and operational change for the Council. The purpose of this document is;

- To advise of the need for change and reasons why the Council's SAMS requires updating,
- To confirm the structure of the Council's current property portfolio,
- To confirm what we will do to go forward, and
- To advise of what the SAMS has achieved to date, and
- To confirm what we will continue to do.

## **2.0 THE NEED FOR CHANGE**

### **2.1 Corporate Plan 2013-15**

The Council's Corporate Plan 2013-2015 is the key strategic document which sets out the main challenges facing the Council over the next two years and how the Council plans to tackle those challenges. The Corporate Plan supports the need to set clear priorities for the future and to invest in priority services, whilst supporting economic growth. The Council's mission statement is to be 'an effective Council that works with partners and communities to arrange services for residents in Copeland'.

The Council's SAMS needs updating to support the Council's Corporate Plan.

### **2.2 New Legislation**

Several of the Council's asset management policies have been changed to reflect emerging legislation which has affected the way we operate. New policy has also been created. The original SAMS makes reference to the Localism Act introduced in 2011. The Act affects the way we proactively manage our property portfolio, namely;

- Community Right to Challenge
- Community Asset Transfer
- Community Right to Bid
- Community Right to Build

The Council's SAMS needs updating to reflect recent legislation.

### **2.3 Policies**

Policies and procedures relating to the disposal and management of property have changed. Up-dated policies are adopted which replace the out-dated policies and new created to reflect the Council's commitment to efficiency and transparency. These policies are;

- Community Asset Transfer (CAT),
- Property Disposals,
- Community Right to Bid,
- Community Right to Challenge,

- Community Right to Build,
- Legionella, and
- The Property Services' annual service plan.

The Council's SAMS needs updating to support new policy reflecting best practice.

## 2.4 Property Categorisation

The way in which the Council categorises its property has changed. This change not only reflects the requirements of CIPFA for accountancy purposes but also the way in which the Council treats individual properties and manages its portfolio. The current categories are;

- Operational property that supports Council services ,
- Investment property that produces an income that can be used to support Council services or is held for capital appreciation, or both,
- Surplus property that is not required for operational purposes, nor is it capable of generating a satisfactory level of income.

The Council's SAMS needs updating to reflect the change in operational practices and the way we need to manage our assets to ensure value for money is achieved.

## 3.0 THE NEW STRUCTURE OF OUR PROPERTY PORTFOLIO

3.1. The Council's property portfolio is currently valued at circa. £45 million as at 31<sup>st</sup> March 2013. However, due to the way in which some operational property is valued, the changes made in the categorisation mean that the structure of the portfolio has changed and the overall value will therefore change accordingly as property becomes surplus.

3.2 The properties marked with an \* below are valued on a depreciated replacement cost basis. This means that the value attributed to these properties is the cost to replace the facility, taking account of the age and state of repair of the property. It should be noted that, should these assets become surplus, the market value will be considerably less than the value stated.

### 3.2.1 Operational Property;

TYPE	NUMBER	VALUE
Administrative buildings owned	1	£1,000,000
Administrative buildings leased in	2	£4,320,000
Public buildings* includes Civic Hall	2	£7,845,000
Council depots	3	£76,000
Leisure facilities	3	£8,965,000
Museum	1	£3,585,000
Car parks*	11	2,746,500
Land held to support regeneration (ie Pow Beck)	4	£818,500
Storage space leased in	1	Deminimus
Cemeteries/burial ground		Deminimus
Recycling areas owned	1	£8,000
Recycling area leased in	1	Deminimus



### 3.2.2 Investment property;

Retail Property	3	169,000
Industrial Property and employment land	13	£871,000
Office buildings	2	£370,000
Garage plot and pigeon loft sites	27	£216,000
Grazing sites	24	£729,000
Garden land	11	£16,200
Community facilities (ie TAVR, Girl Guides, Coastguard, doctors)	4	£667,000

### 3.2.3 Surplus properties let out at either low or Peppercorn rents where CBC has no retained liability;

Public Conveniences	1	£12,000
Leisure and sports facilities, includes Millom Rec Centre	10	£826,500
Training facilities, business start-up facilities	2	£954,000
Play areas	2	Deminimus
Community Centres where CBC has nil liability	3	£498,000
Community facility (care home, lifeboat station)	2	Deminimus
Long leasehold properties where premiums were paid at lease start	1	Deminimus
Land leased to National Trust	1	Deminimus
Land leased to Woodland Trust	4	Deminimus

### 3.2.4 Surplus properties available for disposal on the open market and/or by Community Asset Transfer.

3.2.4.1 The properties shaded below are currently held as operational but are available for asset transfer and/or disposal on the open market. Therefore see the note in 3.2 relating to value.

3.2.4.2 Allotments sites are only available for asset transfer to Allotment Associations to ensure their future is protected.

TYPE	NUMBER	CAT	Market	VALUE
Residential development sites with housing allocation	3	No	Yes	£4,891,000
Residential development sites without planning	6	No	Yes	£820,000
Commercial development sites	3	No	Yes	£3,557,500
Other areas of vacant land	28	No	yes	£57,000
Free car parks*	12	yes	Yes	£712,000
Public conveniences (2 now closed)*	2	yes	yes	£344,500
Skateboard parks*	2	yes	no	£131,500
Open spaces, planted and grassed areas	102	yes	Yes	Not valued

Bus shelter sites, leased in	1	N/A	N/A	deminimus
Allotment Sites**	7	yes	No	Not valued
Community Centres where CBC has retained liabilities	2	yes	No	£313,000
Parks and gardens and play areas owned	21	yes	No	Not valued
Parks and gardens leased in	2	N/A	N/A	Not valued
Community assets such as beaches, ancient monuments, SSSI and the like	23	yes	No	Not valued
Woodland areas	4	yes	yes	Not valued
Land and property where discussions are on-going relating to asset transfer	7	N/A	N/A	£623,600
Land and property where asset transfer has been agreed but legal completion is outstanding	3	N/A	N/A	£160,500
Land and property where sales have been agreed at market value but legal completion of the sale is outstanding	10	N/A	N/A	£900,500

## 4.0 GOING FORWARD

### 4.1 Client Base

We will review the client base for our property portfolio to ensure that properties sit with the appropriate client. This will mean that decision making is consistent and lies with the service that will make the asset work to its optimum capacity, producing best value and enabling efficient and effective service provision. The bulk of the portfolio will sit with Corporate Resources unless there are sound operational reasons for it not to.

### 4.2 Operational Property

We will continue to ensure that our operational property portfolio is fit for purpose through continued effective proactive and reactive maintenance practices. However, we will challenge the need for each property within our operational portfolio and re-categorise property as changes take place. The Council will occupy freehold property for operational purposes and will hold leasehold property only where it is necessary for the delivery of essential services. Leasehold property will be held on flexible agreements.

### 4.3 Investment Property

4.3.1 We will make our investment properties work harder for us by adopting a forward plan for investment property management. This will include;

- ensuring rental income is reviewed when leasing arrangements allow,
- ensuing leases are renewed to ensure best value is achieved,
- ensuring new leases are granted at market rents and on good estate management terms, and
- declaring as surplus those investment properties that no longer produce an adequate income stream.

4.3.2 We will base future investment decisions on an overall assessment of the performance of the existing asset portfolio and will only consider the acquisition of investment properties

when funds allow and where there is a strong business case to do so, with full life costing exercises undertaken. Investments will;

- support essential service delivery and increases efficiency,
- support the delivery of Council priorities either directly or through income generation,
- allow site assembly to support the Council's priorities,
- meet criteria around risk, income returns and yields.

#### **4.4 Community Asset Transfer**

Asset transfer is not new, however as a result of the Localism Bill the Council has recently adopted a clear policy for Community Asset Transfer. We have, and will continue to, review our property portfolio to ascertain which properties are suitable for asset transfer and will support applicants through the process of asset transfer where this supports community benefit, whilst reducing the Council's costs.

#### **4.5 Review of Leasehold property**

We will review why we hold leasehold properties. Leasehold properties which do not support the Council's priorities and operational needs will be declared surplus and disposed of by either surrender of the lease where there are no cost implications or by handing the property back to the freeholder at lease end. The Council currently holds leases for;

- The Copeland Centre building
- Accommodation within the Millom Council Centre
- St Nicholas Gardens
- Egremont Castle and Grounds
- St Bees Station car park
- Part of Millom Nature Reserve (SSSI)

#### **4.6 Strengthen our partnership working practices**

Supported by a strong business case, we will strengthen and seek opportunities to increase our work with partners both to support regeneration and to ensure that our assets are used in the most cost effective and efficient way possible. This is now being evidenced through the partnership agreement between the Council and Sellafield for the continued operation and use of the Beacon.

#### **4.7 Undertake an Accommodation Review**

An accommodation review is underway which will provide a comprehensive analysis of the existing provision and current needs whilst considering future requirements. The review will establish a corporate approach to accommodation and make more effective use of space whilst making the accommodation as productive as possible by maximising the use of space and increasing potential revenue streams. The review will encompass all the Council's Operational buildings and will be implemented within the life time of the current SAMS.

#### **4.8 Invest in IT software and infrastructure**

4.8.1 We will continue to invest in the Council's IT infrastructure and software packages to create improved accessibility within our main administrative centres and facilitate home working initiatives. A project of investment is currently being finalised relating to the reception area within the Copeland Centre to improve accessibility and support 'digital by default'.

4.8.2 We are in the process of implementing an effective electronic property management system. The implementation of the system will enable more efficient property management, facilitating business transformation by;

- providing a single source of information that will be accessible from the office, from home or from site, and supporting advanced handheld condition survey software,
- providing a base on which to map our risks more effectively to ensure the Council's liabilities are minimised. We will be able to understand our known risks and put in place an effective risk management plan,
- having the ability to host data in other formats such as CAD plans, GIS data, word and excel documents,
- providing real time key performance indicators and comprehensive reporting packages that enable improved project management, better assessment of property performance and improved space management and tracking of vacant space,
- providing a web based facility that allows data sharing with partners, having the ability to implement strict security levels by either complete access restrictions, read only permissions or full administrator rights.

#### **4.9 Seek way to maximise energy efficiency**

We are committed to reducing our energy commitment further and are always looking for innovative ways to reduce our energy targets. We will;

- Install LED lighting systems at the Copeland centre as our current lighting system comes to the end of its useful life,
- Change the hand driers in staff rest rooms to more efficient blade driers,
- Continue to work with our partners at Cumbria County Council to ensure we get the most economical deal through Framework agreements relating to the purchase of our energy.

#### **4.10 Equalities Impact Assessment**

4.10.1 Asset rationalisation proposals will inevitably require equalities impact assessments. The SAMS does not set out the detail of property reorganisation, but instead establishes a corporate framework against which a specific set of strategies can be developed. It is therefore proposed to use the SAMS to agree a set of equalities principles for assets that can be used in future Equality Impact Assessments that are needed to support our detailed proposals.

4.10.2 Our assets are the way in which many of our customers access the Council's Services. Our high risk services will have completed Equality Impact Assessments. It is proposed to use these assessments to inform the Council's access plans in the short to medium term. This will ensure our building and land assets support the effective delivery of services ensuring they are accessible to all.

### **5.0 WHAT HAS BEEN ACHIEVED**

5.1 The CAT policy has now been adopted and we have agreed to transfer the freehold or lease a number of previously operational properties. This has achieved significant savings to the Council by reducing maintenance liabilities whilst giving Parish Councils and community

groups the opportunity to provide community services. Negotiations are on-going for the transfer of more assets that will realise further significant operational resource and cost savings for the Council.

5.2 We have reduced our energy commitment by 27%. This has been achieved by;

- the introduction of voltage optimisation equipment within the Copeland Centre and the public convenience,
- the installation of air source heating together with a more efficient lighting system at Moresby,
- An overhaul of our IT storage systems, replacing servers with virtual storage,
- replacement of the air handling system at the Beacon together with changing all exhibition lighting to LED's.

5.3 An area of vacant space within the Copeland Centre has been let on commercial terms to produce a guaranteed revenue stream for the next five years with the potential to extend beyond this period. It has now been agreed that this letting will be extended with an additional area of available space will be taken up for a five year period. Our on-going accommodation review will realise further revenue streams and enable more efficient use of our administrative property.

5.3 The Council's investment property portfolio has been reviewed and rents have been increased where leases allow, maximising income from our investment properties. This is an on-going exercise as lease agreements have varying review dates.

5.4 The Property Disposals and Rental Concessions policies have been reviewed to reflect best practice and to ensure best value is achieved in all land and property transactions. A recent disposals programme has been completed which resulted in the Council's 2013/14 Capital programme financial requirements being met whilst informing the disposals programme going forward.

5.5 Term contracts are continually reviewed to ensure the Council achieves best value for money. Through negotiations with our current Term Contractors we have capped reactive repair spending at 2007 BCIS rates. Material on-costs have been reduced from 15% to 10% and bundling small repairs together has resulted in call out savings.

5.6 The Council helped to facilitate the Albion Square development through partnership working, acquiring and holding property and the transfer of some of its own landholdings to allow the development. This development will house 1,000 workers, boosting the local economy.

5.7 Policies have been updated and created to reflect the changing legislation, to reflect best practice and the new strategic and operational needs of the Council.

5.8 The Council's main leisure contract is currently under review which will realise a reduction in Council liabilities and offer a large cost saving.

5.9 The Council's residential development land has been included within the draft SHLAA which informs the LDF. Ensuring that the Council's land holdings are recognised within this document secures maximum corporate benefit and enables the best value for the land to be realised whilst maintaining consistency with strategic planning policies including those which seek to meet requirements to deliver affordable housing in the Borough.

5.10 The Council has undergone a programme of formally registering its land holdings with an expected completion date of September 2013. This will assist in the efficient management of Council assets through easier access to legal and boundary information relating to each property.

5.11 The Council has played an active role in supporting the Town centre Heritage Initiative, not only through accessing grant funding but by the use of Council property and partnership working with Morgan Sindall to realise additional community benefits.

## **6.0 WHAT WE WILL CONTINUE TO DO**

6.1 We will continue to ensure assets are fit for purpose and provide value for money by keeping buildings safe, comfortable and presented in a manner that is representative of the corporate values of the organisation. Also through ensuring that those seeking to acquire our property are able to maintain and manage the property appropriately, particularly listed buildings or property within conservation areas.

6.2 We will continue to ensure our developable property is within the LDF, informed by the SHLAA to support the provision of high quality housing and a balanced housing market by enabling the delivery of a proportion of affordable housing on our housing sites.

6.3 We will continue to work with partners to maximise the benefits from our assets through, for example asset sharing in both the public and private sectors through flexible lease arrangements, management and partnership agreements. This needs to be supported by a strong business case.

6.4 We will continue to challenge the asset portfolio to ensure value for money efficiencies are achieved by understanding how the property portfolio as a whole meets customer and service delivery needs.

6.5 We will continue to identify how the portfolio needs to respond and adapt to social, economic and environmental changes.

6.6 We will continue to put the customer at the heart of our services by delivery of increased accessibility within our main administrative centres.

6.7 We will continue to review our accommodation requirements as the organisation goes through transformation to ensure effective use of our assets, maximising potential income and reducing costs.

6.8 We will continue to protect public safety through the planned management of our cliff and coastal accesses and other known high risk areas.

6.9 We will continue to seek opportunities to reduce energy consumption throughout our property portfolio.

6.10 We will continue to monitor market conditions and review the disposals programme accordingly to ensure the Council's capital programme can be funded and to achieve best value in any disposal.

6.11 We will continue to identify and assess the potential for nuclear development opportunities.

6.12 We will continue to ensure our development sites are readied with up to date an accurate development briefs where appropriate and that known issues with title and legal externalities are managed as effectively as possible (eg mineral rights, contamination).

## **7.0 CONCLUSION**

7.1 The way in which we need manage our property portfolio to ensure best value and efficient and effective use of our assets has changed since the inception of the SAMS in 2011. The Council has adapted to reflect the need for change and to ensure that the Council's objectives are supported.

7.2 Further significant change is expected over the next few years and the Council's SAMS will be updated and adapted to reflect these changes where necessary.