

CABINET

15 November 2022

CORPORATE ASSET REVIEW AND STRATEGY

Report of the Leader of the Council

Strategic Aim:	Delivering Sustainable Development	
Key Decision: Yes	Forward Plan Reference: FP/160922	
Exempt Information	Appendix B and Appendix D of this report contain exempt information and is not for publication in accordance with Part 1 of Schedule 12A of the Local Government Act 1972.	
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Ward Councillors	All	

DECISION RECOMMENDATIONS

That Cabinet:

1. Approves the Property Asset Strategy and guiding principles for the future management of the Council's assets.
2. Approves the recommended future approach for primary key assets, and prioritised programme, for the development of business cases.
3. Approves the establishment of a Corporate Asset Programme Project Board and associated project documents including the Project Initiation Document, Terms of Reference and Risk Log.
4. Delegates authority to Strategic Director Places, in consultation with the Portfolio Holder for Property, to commission further technical advice as necessary within the project budget.

5. Approves budget creating a capital programme of £565k as per appendix D funded from Capital Receipts for major works, Revenue Budget of £31k to fund the repairs required and £120k to support the business case development programme.
6. Notes the need to consider future delivery models for the Council's asset and estate management as the corporate asset programme develops

1. PURPOSE OF THE REPORT

- 1.1 This report sets out information about the Councils property assets and seeks approval of the Property Asset Strategy, underpinned by guiding principles, recommendations for seven primary key property assets including high level steer for others and a prioritised programme for the preparation of business cases to inform future decisions on disposal and/or investment in assets.
- 1.2 The Corporate Asset Programme has been identified as a Corporate Project following the Council's Corporate Project Management framework and assessed as a 'High' risk project. As such, Cabinet approval is being sought for the Corporate Asset Programme project documents including the Project Initiation Document, Terms of Reference and Risk Log.
- 1.3 The report also recommends that Cabinet approve a budget of £716k to support the next phase of the corporate asset review and the preparation of business cases and essential repair and compliance work needed to assets.
- 1.4 The report also recommends that Cabinet delegates authority to the Strategic Director Places, in consultation with the Property Portfolio Holder to commission technical advice as necessary to support the preparation of business cases.

2. BACKGROUND AND MAIN CONSIDERATIONS

- 2.1 The Council owns approximately 110 property assets listed in Appendix E. The greatest number of these are highway, open space and ancillary assets. Others are operational, used to deliver council services. In addition, the Council owns a number of commercial properties from which it derives an income. Some operational functions are carried out from these commercial properties, but the bulk of the space is let to commercial occupiers. Most are owned freehold by the Council with some leased from 3rd party landlords.
- 2.2 Much of RCC's property was not designed or planned for its current use, is no longer fit for modern ways of working and is expensive to maintain. The range and type of buildings present many challenges in terms of their construction, original uses, adaptations over many years and in some cases heritage status. Catmose is a Grade 2 former house set in ornamental gardens, Oakham Enterprise Park (OEP) is a former prison and The King Centre was a college.
- 2.3 Historically the Council managed its assets on a reactive basis. Such a decision is a legitimate strategy and reflected the financial situation choices at the time. Past property acquisitions lacked a whole life business case. A reactive regime is more costly than a planned regime in the long term. The reactive strategy resulted in the current situation of buildings needing expenditure and upgrade.

2.4 Historically there was limited central management of assets, with several services managing their own properties direct. This has resulted in limited records and data and ongoing difficulties with budgeting and expenditure.

2.5 Following Cabinet approval in October 2021 surveys and other work has been completed to establish baseline information for properties. This includes:

Condition Surveys
Mechanical and Electrical Surveys
Fire Risk Assessments
Access Surveys
Building Plans and Layouts
Legal and Title Information
Occupancy and Tenancy
Rents and Service Charges
Property market advice

2.6 The Condition Survey has established Council liabilities. Costs have been established for Year1, Years 2 to 5 and Years 6 to 25. These works are categorised as D1 Immediate through to D4 Desirable.

2.7 A copy of the Property Asset Strategy, underpinned by guiding principles, is attached at Appendix A. This is a high-level strategy setting out how the Council will use and manage its property assets. A detailed asset management plan and business case will be developed for each individual asset or asset type. This will ensure a robust and auditable decision-making process, accompanied by an approved action plan. The Property Asset Strategy will support Council decisions, priorities and service delivery. The Strategy needs to be adaptable and flexible to support decision making about changes in service delivery, budget and statutory or regulatory requirements. The Strategy structure is the “industry standard” format endorsed by CIPFA and other bodies:

- Vision/Policy – reflecting other Council plans and priorities.
- Strategy – how the Council will use its assets to accommodate services provision, finance and future planning.
- Action Plan – a detailed strategy or asset management plan for each individual asset or asset type

2.8 The Property Asset Strategy underpinning objectives are as follows:

- Manage property to support RCC objectives and priorities set out in the Corporate Plan
- Minimise the operation and long-term cost of the Council’s estate
- Provide Value for Money by using Council resources wisely and having the required information to make robust and informed decisions – developing a planned maintenance approach
- Deliver and support services by providing assets fit for purpose and effective, modern ways of working

- Consider the impact of sustainability in all decisions, making buildings as sustainable as possible and considering the impact of our carbon footprint
- Take a dynamic approach to asset management including retention, repurposing and disposal
- Work with Partners to maximise opportunities and consider the transfer of services/assets to Town and Parish Councils and others
- Implement a Corporate Landlord Model

2.9 Attached at Appendix B are details for each Primary Key Asset (EXEMPT). This provides detail about the property, tenure, use and occupancy, future uses and opportunities, impact of local property market and recommendations for future approach. Appendix B also includes a programme for development of outline business cases for each Primary Key Asset. Sequence and prioritisation of the programme is essential to managing wider decision making. Focus will be on Catmose due to changes in the way we are working and Oakham Enterprise Park as the single-largest asset.

2.10 The Corporate Asset Programme has been identified as a Corporate Project following the Council's Corporate Project Management framework and assessed as a 'High' risk project. A Corporate Asset Programme Project Board will be established to ensure robust decision making and project management. Attached at Appendix C are the associated project documents including the Project Initiation Document, Terms of Reference and Risk Log.

2.11 There will be a need to commission further technical advice to support decision making and delivery of the project. Support needed will vary between assets but will include, but not be limited to valuation and property market advice, specialist surveying and engineering, cost consultancy and project management, architect and legal.

2.12 Property asset management will be adaptable and flexible to support decision making about changes in service delivery, budgetary and statutory or regulatory requirements. It will be a dynamic approach to retain, repurpose and divest as required.

2.13 The Asset Strategy is intended to provide a golden thread flowing from the Corporate Strategy and other corporate strategies and plans. It will ensure that assets are used to underpin corporate ambitions and reduce whole life costs and revenue expenditure. The Council wants to optimise its estate, including how it uses and occupies assets for service delivery so that in future it moves from services being dictated by the assets available to service requirements determining accommodation requirements (including virtual/no building base). The Strategy will help deliver the Councils ambitions and priorities to be:

- A special place:
 - Sustaining a vibrant rural county that harnesses the enterprise of its businesses, the ambition and creativity of its residents, and the passion of its local communities

- Sustainable lives:
 - Living sustainably and combatting the climate crisis through the power of choice, the removal of barriers, and real collective action
- Healthy and well:
 - Promoting health, happiness and wellbeing for people of all ages and backgrounds
- A county for everyone:
 - Celebrating diversity and ensuring everyone has the opportunity to live well, be heard and overcome any challenges they may face
- A modern and effective Council:
 - Transforming the way we work to deliver effective and efficient services fit for the future

2.14 Timeline for completion of the required business cases will be 6 -12 months to deliver. This timeline takes account of time taken for approval, commissioning of technical advisors, completion of activities and reporting of recommendations and findings.

3. CONSULTATION

3.1 The proposed process has been discussed with relevant Council Services, the Portfolio Holder for Property and Cabinet members.

4. ALTERNATIVE OPTIONS

4.1 An alternative option would be to continue to manage properties on a reactive basis. This option has been ruled out due to the Council's current financial context and the need to make budget savings. In addition, there is a need to address known critically urgent works to ensure continued safe occupation and use of buildings and make robust decisions about the future of properties, including making adequate budget provision.

4.2 An alternative option would be disposal of the entire estate. This option has been ruled out as there is a need to approach decision making in an informed and robust manner and to consider implications of disposal and/or rationalisation in the light of impact on service delivery and market conditions.

5. FINANCIAL IMPLICATIONS

5.1 Appendix D includes detail forming the basis of a planned maintenance programme which will be factored into the Medium Term Financial Plan.

5.2 The summary of the financial implications is shown in the table below

Area	Capital	Revenue

	£000	£000
Immediate Works	565	31
Current Running Costs (excluding unknown utility pressure)	0	0
Asset Strategy Business Case	0	120
Total	565	151

- 5.3 There is a need to establish a budget for delivery of work associated with the property strategy decisions. This includes the cost of carrying out works to support the next phase of the corporate asset review including the preparation of business cases and essential repair and compliance work needed to assets.

6. LEGAL AND GOVERNANCE CONSIDERATIONS

- 6.1 Procurement processes will be managed by the Council to ensure it complies with the requirements of all relevant legislation including the Public Procurement Regulations 2015.
- 6.2 Legal advice will also be taken on the process and the precise wording of any contract.
- 6.3 Legal advice will be taken to support recommendations for assets, with any matters arising investigated and undertaken as required. Consideration of options and other inputs to detailed Business Cases will need to have regard to the implications of existing leases and tenancies, whether granted to 3rd parties or situations where the Council leases in from others.

7. DATA PROTECTION IMPLICATIONS

- 7.1 A Data Protection Impact Assessments (DPIA) has been completed. No adverse or other significant risks/issues were found.

8. EQUALITY IMPACT ASSESSMENT

- 8.1 An Equality Impact questionnaire has been completed. No adverse or other significant risks / issues were found. As such, a full Equality Impact Assessment (EqIA) has not been completed.

9. COMMUNITY SAFETY IMPLICATIONS

- 9.1 It is important that the Council has a full and complete understanding of the issues affecting its assets so it can make provision for addressing issues to maintain safety and service delivery and is able to make robust evidence based decisions.

10. HEALTH AND WELLBEING IMPLICATIONS

- 10.1 Provision of well maintained and cared for assets will ensure workers and visitors to the site are able to carry out their daily activities safely whilst contributing to the sustainability of the asset and future carbon footprint.

11. ORGANISATIONAL IMPLICATIONS

- 11.1 Environmental implications
- 11.2 The Asset Strategy and guiding principles will assist with future decision making about Council property assets.
- 11.3 Human Resource implications
- 11.4 None at present but will be discussed with the Council's Human Resources Team if needed.
- 11.5 Procurement Implications
- 11.6 The procurement process for technical support needed will be discussed with the Council's Commissioning Manager and the Welland Procurement Unit to ensure that all relevant legislation and guidance is followed.

12. CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

- 12.1 The Council needs an approved Property Asset Strategy underpinned by guiding principles to inform future decisions about its assets. The establishment of a Corporate Asset Programme Project Board will ensure robust decision making and governance and is essential to the process. The Council does not have sufficient technical capacity or resource in house to complete all parts of the task required and is therefore seeking approval to appoint technical advisors where necessary. Budget approval for other areas of expenditure related to essential compliance and repair is requested as it is essential that buildings are safe to use and occupy. Approval will enable the Council to make robust and informed decisions about the future of its property assets.

13. BACKGROUND PAPERS

14. There are no additional background papers to the report.

15. APPENDICES

- 15.1 Appendix A - Property Asset Strategy and Guiding Principles
- 15.2 Appendix B – Primary Key Assets Details EXEMPT
- 15.3 Appendix C – Corporate Asset Programme Project Documents
- 15.4 Appendix D – Financial Implications EXEMPT
- 15.5 Appendix E – Council Assets

A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.

