

## ASSET MANAGEMENT STRATEGY

*“Strategic Property Asset Management is the process which aligns business and property asset strategies, ensuring the optimisation of an organisation’s property assets in a way which best supports its key business goals and objectives”* - RICS Public Sector Asset Management Guidelines

### INTRODUCTION

Rutland County Council (RCC) has a small but diverse portfolio, ranging from council offices, libraries, registry office, museum, car parks, depot and waste sites, open spaces and commercial and property. Several of these buildings are old, not used for the purpose they were originally built and need repair and upgrade if they are to be retained, to make them more appropriate for modern ways of working and service delivery.

The Asset Management Strategy will support Council decision making, priorities and service delivery. The common thread through much of this is the need for a building and/or land to ensure service delivery. The Strategy needs to be adaptable and flexible to support decision making about changes in service delivery, budgetary and statutory or regulatory requirements.

**The current national and local context provides a number of drivers for a review of the Council’s estate and how it manages its assets:**

#### Key Drivers

- Budget
- How the Council uses buildings to deliver services
- Service need – service design/delivery
- Not fit for purpose
- Require high level of expenditure
- Waste and Highway contract renewals are an opportunity
- OEP and Ashwell sites are an opportunity
- Risk appetite of Council
- Can only sell a property once
- Ability to access funding for upgrade/redevelopment
- Grant and funding regimes available
- Sustainability agenda

The Asset Management Strategy structure is the “industry standard” format endorsed by CIPFA and other bodies and includes:

- **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

## 1 STRATEGIC APPROACH

### VISION AND POLICY

Rutland County Councils Corporate Strategy 2022 – 2027 states

Rutland County Council will use this Vision to inform our long-term plans and policies, ensuring that all the services we deliver contribute to the Vision and are in line with our priorities. As a Council we have a clear purpose, which is to: “Improve lives by focusing quality services and expertise where they are needed most, helping the County to grow and thrive whilst remaining the special place our residents know and love”.

Rutland County Council’s ambitions and priorities are:

- 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

All other strategies and policies are informed by and flow from the Corporate Strategy. The Asset Management Strategy will also need to be informed by several other strategies and policies including but not limited to Medium Term Financial Plan, Waste Management and Streetscene Strategy, Cultural Services Strategy, Economic Development Strategy and Local Plan.

Like any other council resource, it is important that property assets, including land and buildings, are effectively managed, that key stakeholders are involved in the process and that decisions made remain closely aligned to the Council’s priorities and core objectives. Within the Council’s current financial context it is key that the costs associated with operating and maintaining the estate are minimised whilst supporting optimal service delivery.

## **STRATEGY**

The Asset Management Strategy establishes clear principles about how properties are managed and will remain in place for the next 5 years but be reviewed in 2 years to ensure it still reflects the ambitions. The Asset Management Strategy sets out eight Aims aligned with the Corporate Strategy.

### **AIMS**

- 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 RUTLAND COUNTY COUNCIL ESTATE – MANAGEMENT APPROACH

### Rutland County Council Property Assets

RCC property assets comprise operational, commercial and other ancillary land and properties. The assets are managed in-house by a small team. A list of assets is at Appendix A.

**Operational property** is used for service delivery and includes Council offices, registry office, museum and castle, libraries, childrens centre, depot, civil amenity sites, car parks and bus station. Several are listed

**Commercial property** is let to 3<sup>rd</sup> parties, generates an income to support council activities and helps drive economic development.

**Other land** includes highway and public open space areas, cemeteries and school playing fields.

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 construction, original uses, adaptations over many years and in some cases heritage status. Catmose, the Council's main office, is a Grade 2 former house set in ornamental gardens, Oakham Enterprise Park is a former prison and The King Centre was a college.

Historically the Council managed its assets on a reactive basis in addition there was limited central management of assets, with several services managing their own properties direct. This has resulted in limited records and data, ongoing difficulties with budgeting and expenditure, and legacy issues still requiring resolution e.g. adoption of public open space.

### WHAT WE WILL DO

We will utilise the following to develop and implement operational and action plans for assets.

#### Baseline Data

Information and data about assets is needed to inform robust decision making. The following has been completed for all key assets and work continues to complete the task for all remaining assets:

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

Baseline data is being used to develop and populate a database which will be regularly updated and maintained and lead to greater efficiencies and robustness of information when managing assets.

#### Asset Challenge – Decision Making About Why We Hold Assets

Asset Challenge will be used to aid decision making. We will use it to review assets resulting in a streamlined, fit for purpose and active asset portfolio. The aims of Asset Challenge are to reduce costs and identify assets to be retained/invested in or which are surplus to requirements.

### **Strategic Purpose**

- Why do we have the asset?
- What is its strategic purpose?
- Who is accountable for performance of it?
- What do we expect of it?
- Is this financial, non-financial or both?
- How would we know when this is being achieved?

### **Opportunities and Risks**

- Are there any opportunities that could be exploited?
- Are there any known barriers to exploiting these opportunities?
- Are there any risks that could be faced?

### **Performance Appraisal**

- What financial and non-financial outcomes have been delivered?
- Can non-financial benefits be quantified, or are they qualitative?
- What are the management costs?
- Are there any invisible costs?

### **Option Appraisal**

- Balance of performance, opportunities and risks
- What options are available?
- What are the relative costs and benefits of these options?
- Do any options carry increased risks?

### **Pre-implementation Consultation**

- Internal Stakeholders
- External Stakeholders and Partners.

### **Outcome**

- Retained
- Replaced / Remodelled / Re-used
- Disposed
- Open Market or Asset Transfer.

### **Effective Property Management**

RCC owns c110 land and building assets, with a current total book value of over £39.7m. Whilst this is not necessarily the amount the Council would receive if all assets were sold it demonstrates the considerable resource they are and why rationalisation, careful management and robust decision making is needed.

There are a wide range of assets within the current portfolio including offices, open spaces, specialist operational properties and commercial properties generating an income. The reasons for holding these assets will vary and, as a result, performance may need to be assessed in different ways. Performance of each asset must therefore be linked to the strategic purpose for holding it.

Without careful management, there is potential to waste money by keeping buildings that are not fit for purpose. Equally, all assets have a value and if they are no longer required, they could have a new purpose or be sold to unlock the value which can be reinvested.

As service delivery changes assets will also need to change to support the Council as it moves forward. RCC will need to invest in existing assets, acquire or develop other assets to ensure continuing service delivery fit for the future and to maximise the benefit to the people who live, work or visit Rutland and this cycle of renewal and asset challenge will continue.

Capital works are prioritised appropriately, based on evidence from building condition surveys and in alignment with operational priorities and service delivery.

This approach will ensure best value is achieved from assets, they are performing appropriately and provides assurance that money is spent in the right places and on the right buildings.

### **Maintain Assets**

Data from Condition Surveys, Mechanical and Electrical Surveys and Fire Risk Assessments will help develop a planned and costed maintenance plan for all assets. This will help with budgeting and finance and enable preparation of accurate service charge estimates for commercial property assets.

The maintenance and upkeep of Council owned property assets is an ongoing and essential activity to ensure that they remain:

- Safe and secure.
- Fit for their intended purpose.
- Are efficiently operated.
- To maximise the investment.
- To achieve the right balance between reactive and planned works.
- To protect their market value.
- To maximise efficiencies through procurement.

The Council has a duty to manage the risk and assess the impact of statutory regulations on its assets, for example in relation to asbestos, fixed wiring, legionella and Fire Regulation compliance. To ensure that the asset portfolio is compliant with statutory requirements, regular inspections and reviews of property are completed.

A planned preventative maintenance regime with regular inspections and updated records will inform future budget planning and help ensure where possible works are planned in advance and not reactive. This usually results in better controlled and lower maintenance costs and better maintained assets.

### **Develop Systems, Processes and Procedures**

Accurate, reliable and consistent data collection and record keeping is essential to properly managing property assets.

Appropriate systems and processes will assist with workflow, accurate record keeping and ensure all activities are completed and logged and helps drive efficiencies. We will continue with work already underway to identify what is needed, ensure systems and processes are developed and adopted and that all those needing to make use of them are appropriately trained.

### **Develop an Action Plan for Each Asset**

Using the approach outlined above an Action Plan will be developed for delivery of recommendations to determine future of 7 Key Primary Assets. An outline approach and recommendations will be determined for the remaining assets.

The Key Primary Assets are:

- Catmose
- Catmose Cottage
- County Museum
- Jules House
- Oakham Enterprise Park
- King Centre
- Ashwell Depot and Business Units

The Outputs will comprise:

- Detailed recommendation and Action Plan for 7 Primary Key Assets
- Outline approach and recommendations for remaining assets
- Sequencing of activities relating to 7 Primary Key Assets
- Implementation phase of Action Plan/s

The following will be considered when developing and sequencing activities relating to Action Plans for the 7 Key Primary Assets:

- Location and type of workspace for a largely hybrid workforce and operations, particularly those currently using Catmose. This will inform further property decisions.
- Opportunities for facilities needed to meet requirements of environmental, waste and highway operations currently based at Ashwell, civil amenity sites and parts of Oakham Enterprise Park.
- Opportunities at Oakham Enterprise Park. This is the largest property asset owned by the Council, has the opportunity to meet several priorities including service delivery, income and capital receipts, and economic growth. Significant investment would be required but options and feasibility outcomes will inform further property decisions.
- Quick win opportunities arising from changed service delivery models in recent years

### 3. GOVERNANCE ARRANGEMENTS

#### Corporate Asset Programme Project Board

A Corporate Asset Programme Board will be established to ensure robust decision making and project management and to meet requirements for service delivery. The Board will determine the Asset Management Strategy for council owned property assets, including delivering the Action Plan recommendations for several key assets and a high level approach for remaining assets and will help determine the sequence of activities and actions needed to achieve outcomes, including future delivery model/s.

#### Corporate Landlord Approach

Whilst the future delivery model for Property Services is still to be determined an underpinning principle will be to adopt a Corporate Landlord Approach, regardless of how it is delivered. The Corporate Landlord Approach will move responsibility for managing and operating property assets away from individual service areas into the corporate core and managed by Property Services. This will ensure the Corporate Landlord has oversight and control of all property assets allowing service areas to focus their efforts on service design and delivery. A key function of the Corporate Landlord is to ensure that property requirements of the individual service areas are properly understood and appropriately accommodated. The Corporate Landlord Approach will bring efficiencies to how assets are managed, much of which is old, under-used, in need of maintenance and a drain on resources.

Other key functions of the Corporate Landlord include advising on and undertaking property acquisitions, capital development and disposals. In addition, the following activities are also undertaken or coordinated by the Corporate Landlord:

- Estate management and valuation.
- Strategic asset management.
- Project design and management.
- Statutory compliance.
- Energy monitoring.
- Facilities management.
- Planned and reactive maintenance

### 4. RISK MANAGEMENT

Risk management is an intrinsic part of asset management. It adds value to our activities and increases the probability of successfully delivering our asset management objectives. Risk management enables us to manage uncertainty and embeds a process where unexpected events are minimised.

Risk is present in all kinds of undertaking. Risk can be defined as the potential for events and impacts to produce opportunities for benefit or threats to success. Risks exist across the organisation at different levels and in different types of activity. The Council has incorporated the management of risk in all decisions it makes about its properties. This management occurs within a hierarchy of risk:

- **Corporate** – High level risks that effect the whole authority. Such risks include corporate reputation, civil defence, emergencies; business continuity, health and safety, political and legal and financial risk.
- **Strategic** – Risks affecting the management of the property assets infrastructure should be considered throughout at strategic levels.
- **Operational** – Risk should also be managed when undertaking operational activities.

The Council maintains risk registers which are aligned within the hierarchy as defined in the Risk Management Policy. The risk registers cover all types of risk: Safety, Reputation, Service reduction or failure, Environmental or Financial.

## **5. COMMUNICATIONS**

The Asset Management Strategy recognises that our stakeholders and their needs are diverse. What we communicate and the way that we do this is important. We will:

- Classify types of stakeholders into groups to focus on what is important to them.
- Engage with stakeholders, following the communication plan that focuses on the key interests of each stakeholder group, using the channels that they wish to communicate through and the style of language needed.
- Fulfil our legal and ethical duty to be open and transparent whilst safeguarding the reputation of the Council.
- Monitor the success of this engagement.

## **6. PERFORMANCE AND REVIEW**

The Asset Management Strategy aims to provide a framework for improving the performance of the Council's property estate and bring about change to the way the Council manages its estate to deliver better outcomes for the Council, its partners and communities. The nature of property requires a longer-term approach to the realisation of benefits and therefore the strategy relates to a period of 5 years. It is therefore important to monitor progress and performance regularly to ensure the direction of travel is being maintained and the objectives of the strategy are being delivered. A review will be undertaken after two years and after four years.

Reviews will take the widest look at the state of the asset and includes knowledge of:

- Strategic risks
- Asset condition
- Financial data
- Stakeholder feedback
- Investment needs

In addition benchmarking is a valuable way of assessing the outcomes of our asset management practice in relation to the outcomes achieved. It also allows the communication of best practice to achieve further improvement. We will use benchmarking data from a variety of sources including local authorities, national and local data from Government and other sources and proprietary surveys. Using this knowledge, together with benchmarking data, it is possible to assess progress and likely future needs. Where necessary, the review can recommend improvements to any part of the asset management approach.