



# STRATEGIC ASSET MANAGEMENT PLAN

## 2012-2014

Building Community Capacity	Affordable Housing	Safe & Clean Environment	Regeneration	Dacorum Delivers
-----------------------------------	-----------------------	-----------------------------	--------------	---------------------

## 1. SECTION ONE – INTRODUCTION

### Introduction

- 1.1. Strategic Asset Management is the process which ensures that land, property and non-property assets:
  - enable the Council to fulfil its vision, meet its priorities and deliver its plans
  - support the drive for efficiency and value for money
  - achieve the sustainable use of local, national and global resources.
- 1.2. To deliver or commission services for its residents and businesses the Council needs to ensure that its land and property assets are 'fit for purpose'. This means that it needs to:
  - ensure that all existing assets meet the three criteria shown above
  - acquire new assets to develop its priorities and plans
  - dispose of assets that no longer meet the Council's needs
  - transfer assets to, or share assets with, its partners.
- 1.3. Government guidance and best practice from the Royal Institute of Chartered Surveyors and Audit Commission indicates that the preparation, adoption and review of an Asset Management Plan are essential to the practice of asset management.
- 1.4. This document sets out the Council's approach to the management of its property assets and the methods whereby such activity will be monitored and maintained. An accompanying Information Booklet provides further extensive details about the Council's existing assets and work programmes designed to maintain and develop them.
- 1.5. The management of moveable assets, such as plant and equipment, are not considered as part of this plan. Under Financial Regulations, responsibility for managing these rests with the relevant Corporate Director.

### Governance

- 1.6. In conjunction with relevant legislation and the Council's Constitution, particularly the Financial Regulations and Procurement Standing Orders, the Strategic Asset Management Plan is designed to guide Members and officers of the Council in decision-making with regard to property use. It will be used during Options Appraisals or Value for Money reviews when considering how a service should be provided and also as and when services, supplies and works are procured at other times.
- 1.7. It is important that strategic asset planning mirrors the results of the Council's longer term strategic view. This is especially so given the fact that property assets are not readily realisable and the long delivery timescales for property procurement.

## **Review**

- 1.8. The asset management activity of the Council is reviewed and monitored by the Group Manager, Commercial Assets and Property Development who reports to the Assistant Director (Finance & resources) and to the departmental Management Team and Portfolio Holder, Finance and Resources at monthly meetings. There are also direct operational and strategic links with the Corporate Regeneration Working Group (CRG) which also meets monthly. Furthermore, periodic reports are considered by Cabinet and the Resources Overview & Scrutiny Committee as required. This enables the Strategic Asset Management Plan to keep pace with changes in legislation, guidance and economic factors, as well as providing suitable governance arrangements for operational decision-making.

## **The Construction of the Plan.**

- 1.9. This Plan has been divided into a number of sections. These cover:

- Section 1 – Introduction
- Section 2 – Fit for purpose
- Section 3 – Acquisition and disposal
- Section 4 – Responsibilities for assets
- Section 5 – Asset performance.

## 2. SECTION 2 – FIT FOR PURPOSE

### Assets that are fit for purpose

2.1. As defined in the Introduction, assets are ‘fit for purpose if they:

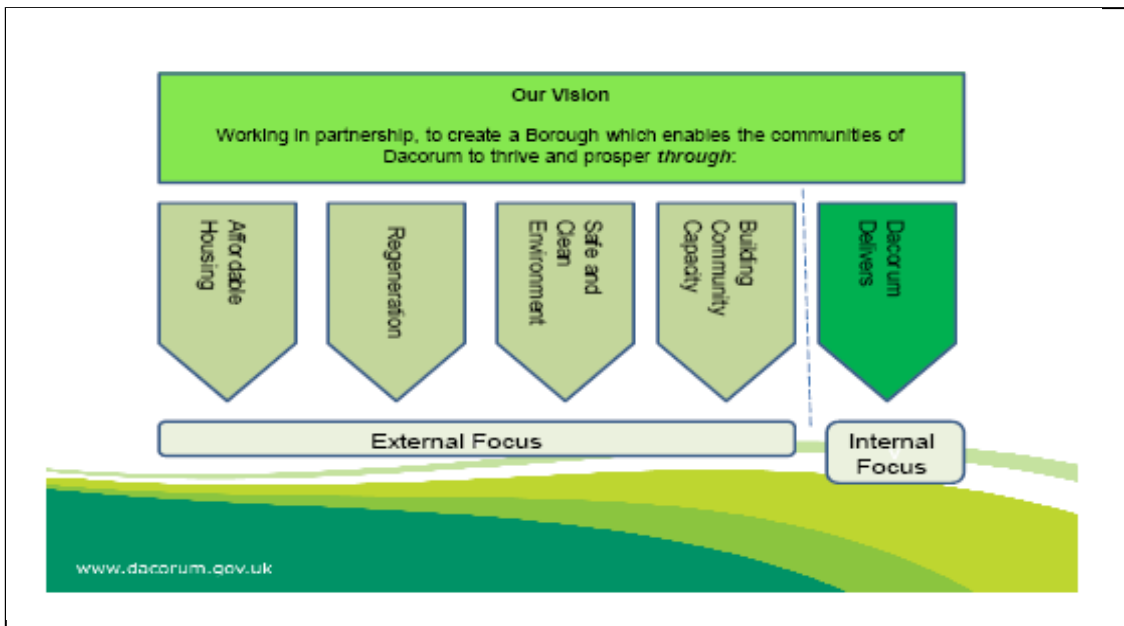
- enable the Council to fulfil its vision, meet its priorities and deliver its plans
- support the drive for efficiency and value for money
- achieve the sustainable use of local, national and global resources.

2.2. In September 2009 the Council published its revised Corporate Plan 2009-14. The Plan set out improvement proposals under six headings:

- Our community
- Resources and Value for Money
- Our environment
- Economic development and regeneration
- Affordable housing
- Our profile and reputation.

2.3. In October 2010 these headings were subsumed within a new vision and priorities, as shown in figure 1:

**Figure 1: Corporate vision and priorities October 2010**

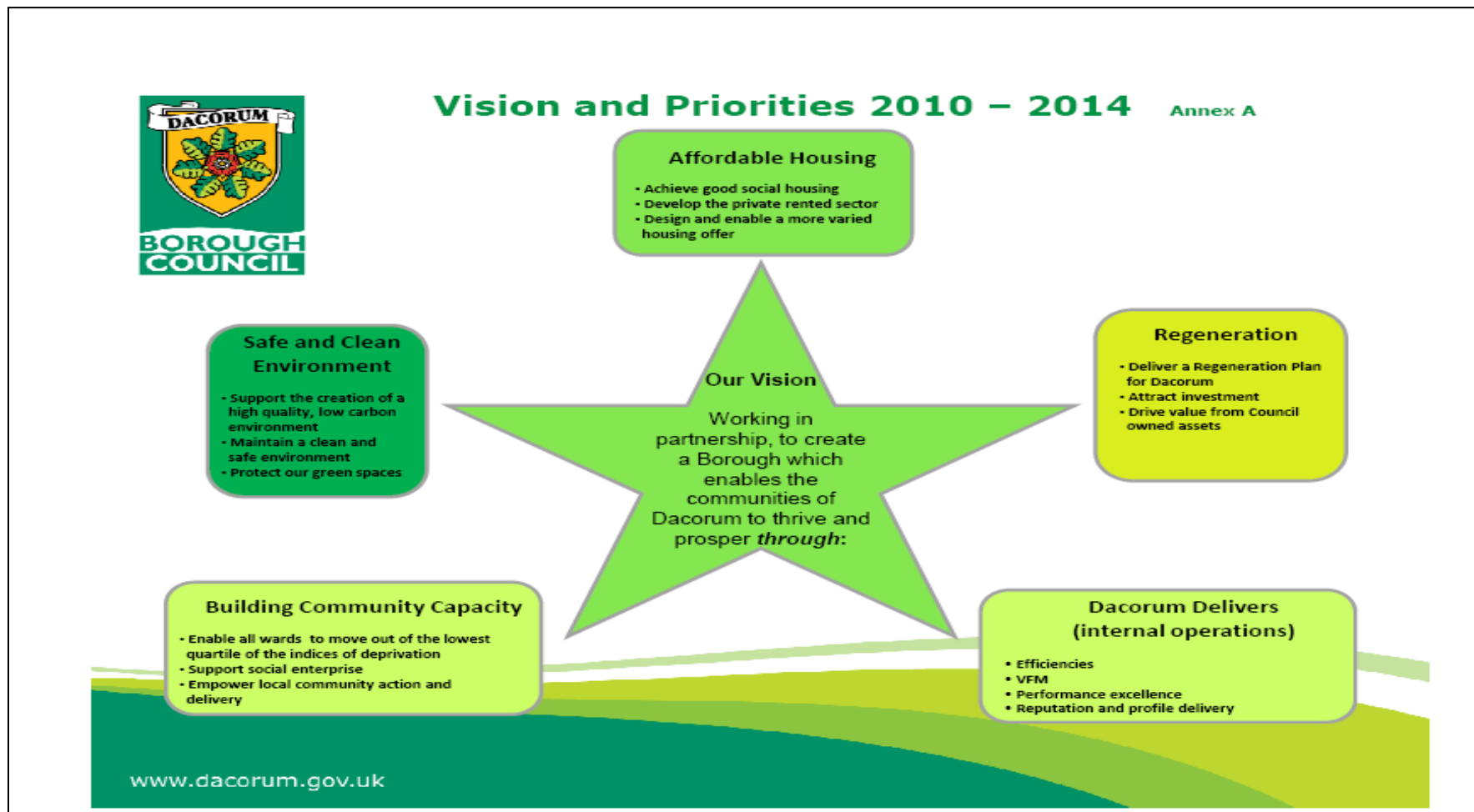


2.4. The five priorities are supported by key service objectives as shown in Figure 2 overleaf. The Council’s priorities and objectives have an external and an internal focus and are designed to drive improvement plans and enable the Council, with its partners, to deliver the ambitions of the Community Strategy.

The supporting objectives help the Council to work towards achieving sustainable development and cohesive communities to enhance the quality of life for our citizens and customers.

- 2.5. As well as the key ambitions, the Council has a range of service priorities, cascaded from the Corporate Plan into service planning. The Council's corporate aims and priorities are supported by a wide range of strategies and plans that, in turn, need to be supported by a coherent and dynamic Strategic Asset Management Plan and effective operational asset management.

Figure 2: Key objectives supporting the Council's vision and priorities 2010-14



### Existing assets

- 2.6. The Council has a wide-ranging asset portfolio. The portfolio (excluding housing stock) comprises over 550 assets of various sizes and types ranging from individual dwellings, shops, offices and industrial units to cemeteries, playing fields, adventure playgrounds, sports and youth buildings, public conveniences, depots and community halls. At 31 March 2011 it had a total capital value for accounting purposes in excess of £121 million (excluding Housing stock). Full details are set out in Section Four of the Information Booklet.
- 2.7. How far these existing assets are ‘fit for purpose’ can be measured by five standards, as shown in Table 1:

**Table 1: Asset management standards**

Assets must...	Measurable standards
have a strategic impact	<p>This means...</p> <p>ensuring that asset management contributes to our corporate vision and corporate goals and that our property decisions are linked to decisions on other Council resources (staff, IT, finance)</p>
meet the needs of those that use them	<p>This means</p> <p>ensuring that staff, elected Members, visitors, customers and the general public, people with disabilities or special needs and other minority and specialist groups can access and use assets as intended</p> <p>creating a comfortable and accessible environment that makes a positive contribution to the use to which the asset is put</p> <p>asking people what they think about our property assets and taking their needs into account.</p>
be affordable	<p>This means...</p> <p>keeping running costs down, prioritising capital spending, undertaking proper options appraisals that incorporate “whole life” costing and assessing opportunity costs.</p> <p>making sure that capital works are completed on time, to budget and in line with the capital programme and that any borrowing for capital works is affordable</p>
be safe and comply with the law	<p>This means...</p> <p>ensuring that regular surveys and inspection for asbestos, legionella, fire, health &amp; safety purposes, as well as physical condition surveys and Disability Discrimination Act (DDA) audits are undertaken.</p>
be sustainable	<p>This means...</p> <p>monitoring and reducing energy consumption and CO<sub>2</sub> emissions and ensuring that asset decisions take into account both the local and global environment and make a positive contribution to a sustainable community.</p>

- 2.8. In order to meet the above standards, the Council needs to ensure that all existing assets have a defined role to play in supporting its objectives and that they are managed according to agreed purposes. The categories of existing assets are given below along with the key strategic approaches governing their management.

### **The property portfolio**

- 2.9. Property assets are held by the Council for four reasons:

- to meet *service objectives* in support of the Council's vision
- to strengthen and maintain the Council's *financial* standing
- to build *community* capacity
- to help maintain the *infrastructure* of the community of Dacorum, including the Council's own corporate needs.

### **Operational buildings – service objectives**

- 2.10. The Council operates a number of operational buildings in order to deliver services to its customers. The types of building involved range from civic offices, depots and stores to cemeteries and community centres.

- 2.11. The scale of operational buildings is dependent upon the level of service provided and whether there are better ways of facilitating service delivery. To that end, it is often the case that operational buildings are subject to options appraisals or value for money reviews. To support this a regular cycle of asset assessment is required.

#### *Key Asset Strategy 1*

To undertake periodic scrutiny of all property assets to assess fitness for purpose.

### **Commercial estate – financial objectives**

- 2.12. The Council holds a number of commercial property interests that generate a rental income. These include:

- neighbourhood shopping centres
- shops
- industrial units
- storage units

- 2.13. These assets have been acquired over time and for a variety of reasons. The assessment of 'fitness for purpose' therefore depends to some extent on the reasons why the asset was required as its function or tenants may have changed over time. For assets to fall into this category, however, they must continue to have a commercial purpose and assessment of this is consequently needed from time to time.



*Key Asset Strategy 2*

To ensure that all commercial properties are let on a commercial basis that generates a rental value in line with market rents and is consistent with the value of the property.

**Non-operational buildings – community objectives**

2.14. The Council owns a number of buildings that are let to neighbourhood and charitable organisations so that they can deliver services to the community. There are a variety of leases involved in this category of assets: some of these operate on a low rent or peppercorn rent or have “internal repairs” only provisions where the Council has consciously chosen to act in an enabling capacity. In some cases the decisions made relating to the transfer, letting or management arrangements of the property are historical – i.e. were appropriate at the time, but may no longer be so. It is important therefore to keep these assets under review. Properties in this category include:

- community centres
- youth clubs
- charity offices / centres; eg. Citizens Advice Bureau, Volunteer Centre
- not for profit / social enterprises.

2.15. In November 2008, the Council approved a Community Assets Transfer Policy and a copy of the Policy is set out in Section Three of the Information Booklet. The Policy covers the considerations that need to be taken into account when reviewing proposals including the community benefits and financial sustainability, with a financial and risk analysis to ensure that the proposal serves the public interest in the best way.

2.16. The concept of community asset transfer is one that Dacorum has embraced for a considerable period of time through its provision of property to the voluntary sector for the delivery of services. Further consideration is required in the light of the Localism Act, passed in November 2011. Opportunities for asset transfer will be considered in accordance with the proposals set out within the Localism Act action plan separate to this Strategic Asset Management Plan. Section Three of the Information Booklet will be revised in the light of the Localism Act and associated action plan.

*Key Asset Strategy 3*

To support Localism by ensuring that all properties let or transferred for purposes of community support continue to be used by organisations whose objectives are compatible with the Council’s own objectives and are best placed to provide the defined community benefit.

**Stand alone assets – infrastructure objectives**

2.17. Assets in this category are of two types:

- land assets
- physical ‘stand alone’ assets (such as retaining walls, war memorials art structures and heritage assets)

### Land assets

- 2.18. In addition to its property assets and the land on which they are based (where the Council owns that land) the Council owns a number of sites that have been set aside for leisure and recreation or have not been developed. These assets are subject to the standards set out in Table 1, although the purposes for which they are held varies according to historical, geographical and demographic factors that in some cases are outside of the Council's control. A review process is therefore required to determine the extent to which these assets are fit for purpose.
- 2.19. Data relating to land assets is stored on the Council's Geographical Information System. However data management is limited because of the form in which information is held on the system. Improvements are needed to the system in order to categorise and maximise the use of these undeveloped land assets. Work has begun on this process and will continue during the development of this strategy.

#### *Key Asset Strategy 4*

To determine the nature and purpose of undeveloped land assets held by the Council and to establish a programme of development or disposal for each.

- 2.20. There are a number of assets around the communities of Dacorum that need maintenance, checking and repair from time to time. In some cases ownership and responsibility clearly belongs to the Council. In other cases ownership is less clear and work has been in train for some time to gain clarity over ownership (see paragraph 5.11). In respect of those that are owned by the council there is a need to ensure that all of these are identified and that responsibility for maintenance and repair is established.
- 2.21. Revisions to the Code of Recommended Practice which governs accounting arrangements for 2011/12 require the Council to identify and value Heritage Assets. These are assets which are:
- preserved in trust for future generations because of their cultural, environmental or historical associations
  - have historical, artistic, scientific, geophysical or environmental qualities
  - assets held and maintained by the authority principally for the contribution of knowledge and culture.
- 2.22. A process of identification, ownership verification and valuation is being undertaken as part of the preparation of final accounts for 2011/12. This work will contribute to the wider strategic objective to own and maintain stand alone assets.

*Key Asset Strategy 5*

To ensure that all 'stand alone' assets owned by the Council are identified and that responsibility is assigned for their maintenance.

**Existing asset management**

- 2.23. Work programmes for the maintenance and development of existing assets form part of the business planning process for Building Services and Estates teams and the capital programme. Some of these were included in the 2010-12 Asset Management Plan. Further details are included in the Information Booklet.
- 2.24. Management of existing assets is supported by the details held on the Council's asset Management System. A new system was procured and introduced in 2011. However, data on the system was migrated from earlier records and it is evident that a substantial amount of data relating to the condition of assets is out of date.
- 2.25. A stock condition survey has been commissioned. This will provide sufficient information to support a revised action plan and investment strategy relating to existing assets. This will be developed as part of the revision of the detailed Information Booklet and subject to the consultation and approval processes set out in Section 1.

### 3. SECTION THREE – ACQUISITION AND DISPOSAL

- 3.1. To continue to implement its vision, priorities and plans the Council needs to maintain existing assets to ensure that they remain fit for purpose. The Council also needs to acquire new assets from time to time for three main purposes:
- to ensure that existing priorities can continue to be delivered as these change and/or existing assets become unsuitable over time
  - to support new initiatives and new requirements
  - to take advantage of opportunities to support the Council's operational, commercial and community objectives as and when these arise (for example the purchase of strategic assets).
- 3.2. Where existing assets are no longer fit for purpose they should be considered for renovation or disposal to ensure that the Council is not diverting resources to sustaining assets that are not contributing effectively to desired outcomes.

#### Acquisitions

- 3.3. The Council will assess the need for land for strategic or operational purposes and identify opportunities which either represent an appropriately high level of value or which, due to the location or type of property concerned, are worth purchasing to assist with the Council's objectives, whether for operational, financial or community purposes.
- 3.4. Within this overall framework, the benefits and implications, financial and otherwise, of undertaking acquisitions should be considered on a case by case basis and fully documented for consideration when decisions are made. Capital resources will be made available within future capital programmes for the strategic acquisition of assets so that the Council can take advantage of opportunities presented at short notice. All such acquisitions shall be undertaken in line with the requirements of the Constitution and Financial Regulations.
- 3.5. The Council will only consider the use of compulsory purchase powers to assist with land assembly where such acquisitions can be justified in terms of the Council's duty to taxpayers, where there is a practical end use and they result in a clear community benefit. Where these powers are utilised, consideration will be given to whether consultation should take place and, in every case, an appraisal will be undertaken to establish fully the basis upon which a decision may be taken. This will incorporate a financial appraisal approved by the Section 151 Officer in accordance with Financial Regulations.
- 3.6. The Council will only acquire land through the town and country planning process e.g. pursuant to Development Briefs and/or Section 106 Agreements and where this will result in a clear community benefit. The Council will not accept land under any such agreement without a sufficient commuted sum with which to maintain such land unless there is an overriding reason to do so.
- 3.7. Where it has the opportunity to accept or refuse, the Council will not accept any land or buildings as a trustee unless there is a clear community benefit and sufficient endowment or other sums with which to maintain such land or buildings. Where land is accepted on this basis, the Council will seek to

ensure that the Trust has as broad a management discretion as possible within the constraints of charity law and/or the intended purpose.

*Key Asset Strategy 6*

To seek to acquire assets that support the Council's operational, financial and community objectives within the Council's governance arrangements and the capital funds assigned for the purpose.

**Disposals**

3.8. The Council will seek to minimise vacant and non-productive property within its portfolio. However, disposals should not outstrip acquisitions to the extent that they adversely affect the Council's flexibility of operations and its ability to shape and carry out its strategic aims. Therefore disposal of property should not be considered if:

- it is required for operational purposes
- it provides significant net rental income; or
- it provides significant community benefits

3.9. Under Financial Regulations, Corporate Directors are responsible for assessing the operational value of an asset but the disposal of all land assets and of property assets above the value specified in the Schedule of Authorisations Item 11 (currently £10,000) must be approved by Cabinet on the advice of the Section 151 Officer. The Council will, once a property has been declared surplus to requirements, dispose of it at the earliest opportunity in accordance with the Constitution and Financial Regulations and with a view to maximising the return on the property (best consideration) subject to any lawfully overriding policy considerations.

*Key Asset Strategy 7*

To require that asset acquisitions and disposals are only undertaken following an option appraisal approved by the Section 151 Officer.

**Option appraisal**

3.10. Where acquisitions, disposals or developments (not including refurbishment) are considered that have a capital value exceeding £10,000, then an options appraisal should take place.

3.11. However, where schemes have a lower value or the value is not easily ascertainable, options appraisals should take place in the following circumstances:

- change of use
- projects with a high level of risk
- strategic business / service delivery change
- requirement for capital receipts.

3.12. The operational value of an asset will be assessed by reference to three criteria:

- financial returns
- value for money
- service effectiveness (fit for purpose).

*Financial return performance criteria will require that:*

- the internal rate of return (IRR) falls within an acceptable percentage range of the portfolio's target rate; and
- the IRR falls within an acceptable percentage range of the prevailing public sector borrowing rate.

Note: If valuation systems are not in place to calculate the IRR, the following two performance indicators provide alternative performance measures:

- the annual net investment yield anticipated is comparable with other similar property investments
- the level of risk/yield attached to the property is comparable with alternative low risk investments (such as long term government gilts).

*Value for money performance criteria will require that:*

- there is justifiable need for the asset in the context of the Council's policy framework including the needs of the community and sustainability issues
- annual management costs are equal to or less than the target rate for the portfolio
- property condition complies with statutory and lease requirements
- backlog maintenance value is equal to or less than the target rate for the portfolio
- property service performance is effective, efficient and economic.

*Service effectiveness criteria will require that the asset:*

- supports efforts to promote economic prosperity
- supports efforts to achieve and maintain sustainable development
- contributes to quality of life
- supports efforts to increase social inclusion.

- 3.13. Depending upon the scale of the project, it might be appropriate to utilise the approaches set out in HM Treasury's *Green Book – Appraisal and Evaluation in Central Government*. However, the degree to which it is used is dependent on the size and complexity of each project as, in general, the *Green Book* is designed for major undertakings.

#### **Wider considerations**

- 3.14. In undertaking the option appraisal and in pursuing best consideration, the Council will need to consider a wider range of principles. These are set out in the remainder of this section, and cover:

- the prevailing economic climate
- whole life costing
- energy management and sustainability
- financial planning
- prioritising capital proposals
- revenue planning
- procurement
- project management (Including the Improving Dacorum Programme)
- business Continuity

### **The prevailing economic climate**

3.15. The economic position over the period 2008-2012 has seen extensive turbulence in many financial, property and commercial markets followed by economic downturn and recession. This has had a significant impact upon land and rental values and property prices. These circumstances need to be taken into account when:

- identifying any potential acquisitions of land, where current market value may vary widely from historic values
- safeguarding the value of assets available for disposal,
- minimising the cost of empty property and
- maximising the rental returns on the commercial estate.

3.16. In the light of the prevailing economic conditions, disposals have, as a general principle, been put on hold until there is any compelling reason for the Council to reconsider this position, such as improvement in property prices. In the event that any attractive disposal opportunities arise, then they will be considered on a case by case basis.

### **Whole Life Costing**

3.17. Whole Life Costing is “a technique which enables comparative cost assessments to be made over a specific period of time taking into account all relevant economic factors both in terms of initial capital costs and future operational costs” (Definition from the International Standard 15686 on service life planning).

3.18. Specific condition surveys carried out as part of the service property reviews include whole life costing. The general condition survey to be undertaken during 2012 will also incorporate whole life costing. This should ensure that any decisions regarding the development and disposal of assets following that survey are based on current best practice in property valuation and assessment.

### **Natural resource management and sustainability**

3.19. The Council reviewed and re-adopted its Corporate Environmental Policy in 2011 and is committed to continually improve its environmental performance through a programme of responsible natural resource management. It practices resource efficiency across all of its assets to reduce consumption where practicable. Matters relating to improving the Council’s environmental position in the context of its property are considered on a regular basis by the Corporate Assets Group.

- 3.20. In accordance with the Council's objectives, Building Services include environmental improvements within construction projects: such as rain water harvesting, voltage optimisation units and photovoltaics.
- 3.21. A number of workstreams have taken place in order directly to challenge and reduce the Council's consumption of natural resources. These have been set out in Section Twelve of the Information Booklet.
- 3.22. Further progress on developing understanding of the impact of the Council's assets on the environment is required. In November 2010, an IDP project was initiated to develop a Corporate Environmental Management System (EMS) following a gap analysis against ISO 14001, an international accreditation scheme for EMSs. Cupid Green Waste Depot has had an EMS accredited to ISO14001 since 2004 and it is the intention to use parts of the system as a foundation for a wider EMS.
- 3.23. In developing the EMS, the Council has identified the significant environmental aspects and impacts that relate to its operational activities and assets; it has identified the applicable environmental legislation. The Council is now developing suitable operational controls and monitoring to ensure that it manages these impacts and where practicable, works to reduce them. Environmental objectives and targets have been set for 2012/13 aimed at improving our environmental performance in the areas where we have most significant impact. These include, but are not limited to, reducing electricity, gas and fuel consumption from our operations.
- 3.24. Programmes are being developed to deliver these objectives and progress towards them will be monitored through the Council's performance management system.

### **Financial planning**

- 3.25. The key components that formulate the Medium Term Financial Strategy (MTFS) and its impact upon the Council are:
  - Budget strategy, balances, provisions and reserves
  - Housing Revenue Account (HRA)
  - Capital Strategy
  - Treasury Management Strategy
  - Asset Management Plan
  - Fees and Charges Policy
  - Risk Management arrangements
  - Capital planning.
- 3.26. The Council's Capital Strategy and Programme are considered on a regular basis as part of reviewing the MTFS and, in particular, the Improving Dacorum Programme. The development, acquisition and disposal of assets has a bearing on the Council's medium term financial standing and its capacity to meet its financial objectives. Decisions on these matters therefore must consider the implications for the MTFS.

### **Prioritising capital proposals**

- 3.27. In order for a proposal for capital funding to be formulated and included within the Council's Capital Programme, it must satisfy the criteria set out in the Capital Strategy (adopted June 2011).



- 3.28. All proposed schemes are prepared by service departments and are presented to the Capital Strategy Steering Group (CSSG) for review and, if selected, inclusion in the programme. This Group is chaired by the Assistant Director (Finance & Resources) and supported by the Portfolio Holder for Finance & Resources. It considers proposals in detail in order to prioritise them so that a balanced capital programme can be prepared.
- 3.29. The Capital Programme is approved by full Council on a periodic basis and the Cabinet authorise schemes within the Programme. In the event that proposals are included within the authorised Capital Programme, this will reserve funds for them. If, however, there is insufficient funding available, schemes that have not been approved may be kept on hold and approved if circumstances change.

### **Revenue Planning**

- 3.30. The running costs of operating property assets constitute a significant proportion of the Council's overall revenue budget. Accordingly, it is necessary for such costs to be managed and minimised. Moreover, it is essential that future costs are taken into account when preparing budgets in order to prepare robust estimates and consider capital investment.
- 3.31. In 2010/11 Financial Services were restructured so that Group Accountants are aligned to each of the Council's three directorates. This approach ensures that a key finance contact exists for each department. All budgetary decisions are supported by the appropriate contact and this should ensure that running costs are appropriately planned and considered as part of budget setting, monitoring and control.

### **Procurement**

- 3.32. In 2009, the Council reviewed its corporate Procurement and Commissioning Strategy and the Procurement Standing Orders to embrace sustainability, commissioning and collaboration. The procurement governance arrangements cover purchasing relating to property interests.
- 3.33. The Commercial Assets and Property Development division undertakes a significant amount of procurement. Examples are shown in Table 2 to demonstrate the range of procurement activity. Options appraisal for development, acquisition and disposal of assets need to take into account existing contract arrangements and previous procurement decisions.

**Table 2: Procurement activity relating to asset management**

---

Property refurbishments / constructions
<ul style="list-style-type: none"><li>• Public conveniences investment programme</li><li>• Cupid Green refurbishment</li><li>• Lift replacements</li></ul>
Ad hoc repairs
<ul style="list-style-type: none"><li>• General estate repairs</li><li>• Plumbing and electrical repairs</li></ul>
Service and maintenance contracts
<ul style="list-style-type: none"><li>• Electrical, gas and appliance testing</li><li>• Fire alarms, burglar alarms</li><li>• Legionella / air conditioning</li></ul>
Valuation and surveying
<ul style="list-style-type: none"><li>• Valuations</li><li>• Condition surveys</li><li>• Topological and contamination surveys</li><li>• Options appraisal / investment analysis reports</li></ul>
Rating surveying
<ul style="list-style-type: none"><li>• A five year contract to act as the Council's agent with regard to rateable value reductions</li><li>• Fees only arise when savings have materialised</li></ul>

---

### **Project management (including the Improving Dacorum Programme)**

- 3.35. The Improving Dacorum Programme (IDP) operates to govern a suite of projects that endeavour to help in the delivery of the Council's priorities. Oversight of this programme and other aspects of Council Performance is undertaken by the Performance Board, which meets monthly. The Improving Dacorum Programme has a project management methodology and process to control changes to projects and a dedicated team works to operate it. In addition, a post-implementation review process serves to promote continuous improvement.
- 3.36. Developments, acquisitions and disposals should be subject to the IDP project management methodology and asset management decisions should take into account the objectives of exist projects where relevant. Details of IDP projects in which the Commercial Assets and Property Development division is already engaged are set out in the Information Booklet. New projects will be added as these develop to ensure that there is coherence between the two sets of work programmes

### **Business Continuity**

- 3.37. The Council has a Business Continuity Plan that sets out a framework in which the Council can respond in the event of a serious emergency. It provides for a flexible set of circumstances to facilitate the continued provision of services following major disruption and aid recovery, including the allocation of alternative accommodation, should this be needed.

- 3.38. Changes in the Council's asset portfolio may have an impact on the operation of the business Continuity Plan. These potential impacts need to be considered in making asset development, acquisition and disposal decisions.

#### 4. SECTION FOUR – RESPONSIBILITIES FOR ASSETS

- 4.1. Financial regulations governing the holding and use of assets state that Corporate Directors have responsibility for ensuring that all assets used by their service departments are fit for purpose. However there are two corporate requirements:
- a responsibility or dealing with assets that are of shared use (such as the Civic Centre) or are not providing benefit to any specific services (such as open spaces)
  - suitable governance arrangements are needed to ensure that decisions over the use, development, acquisition or disposal of assets:
    - support the Council's objectives
    - comply with corporate requirements
    - have a strategic impact (as defined in Table 1 above)
    - take account of related corporate strategies
- 4.2. Many aspects of how the Council operates involve property and, because a significant proportion of the budget and balance sheet value is committed in this way, a regulatory framework exists to ensure that appropriate, auditable, procedures are followed. The Council's governance arrangements that apply to asset management activities are:
- the Constitution (including the Scheme of Delegation to Members and Officers, and the Codes of Conduct for Members and Employees)
  - Financial Regulations
  - Procurement Standing Orders
  - legal provisions and government guidance
  - The Council's fiduciary duty to Council Tax payers
  - duty under Section 17 of the Crime and Disorder Act 1998 to exercise its various functions with due regard to the likely effect of the exercise of its functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area.
  - duty to achieve best consideration – Local Government Act 1972
  - duties under the Disability Discrimination Act
  - Statement of Recommended Practice – CIPFA financial accounting provisions
  - International Financial Reporting Standards
  - Department of Communities and Local Government guidance

##### **Governance**

- 4.3. Whilst the Council must always operate within the rules, there are opportunities for innovation within legislation and the approach to asset management needs to be flexible enough to bring about good solutions for the local area.
- 4.4. Best practice indicates that councils should demonstrate political leadership of asset management and, moreover, that its strategic importance should be recognised within a Portfolio. To that end, the Council lead Member with regard to property is the Portfolio Holder for Finance & Resources and, together with the Cabinet where necessary, that Member has responsibility for:

- Recommending to full Council the adoption of the Strategic Asset Management Plan and ensuring that it aligns with the Council's priorities
  - Attending the Corporate Regeneration Working Group
  - Overseeing arrangements for asset management to ensure they are operating effectively through Portfolio Holder/Departmental Management Team meetings and liaison with eth Group Manager (CAPD) as appropriate
  - Asking challenging questions about value for money and options appraisals in relation to property use
  - Ensuring equality and sustainability are factored in to the Asset Management Plan and considered when appropriate
  - Making key decisions in the asset management process for major projects (which could include agreeing outline business cases as well as awarding contracts)
  - Monitoring the performance of partnerships
  - Requiring options appraisals of high value/high risk projects.
- 4.5 The Corporate Regeneration Working Group comprises a range of officers that represent service departments, including Planning & Regeneration, Estates, Finance, Legal, Housing and Building Services. As part of its role the Group has oversight of the development of assets in relation to wider regeneration strategies and helps to ensure that property-related activities reflect the Policy and Governance frameworks and accordingly take into account all relevant strategic priorities and legislative requirements and factors relating to applicable legal, financial and best practice issues.
- 4.6 If sensitive commercial or political matters arise before CRG is due to meet, such issues will be discussed with the Portfolio Holder at the monthly Portfolio Holder meeting. If the matter is urgent, contact will be made with the Portfolio Holder for a direction on the matter.
- 4.7 The Finance and Resources Overview and Scrutiny Committee also has specific roles to play in:
- reviewing and contributing to the development of the Strategic Asset Management Plan
  - reviewing the development of operational asset management plans and the capital programme through budget monitoring review
  - scrutinising property performance indicators
  - conducting enquiries into the current use of property
  - challenging the progress of major projects.
- 4.8 The Council's Constitution and Financial Regulations set out the circumstances in which powers are delegated to Members and Officers. It is essential that Officers with delegated authorities are fully conversant with the governance documents that are referred to at the start of this Section and the obligations and responsibilities that flow from them

### **Management arrangements**

- 4.9 The Council's lead responsibility at officer level for strategic recommendations on asset management planning rests with the Corporate Director (Finance & Governance) who delegates certain powers to the Assistant Director (Finance & Resources) within prescribed values as set out in the Council's constitution.
- 4.10 The Group Manager (Commercial Assets and Property Development) has operational responsibility for managing the Council's asset portfolio and manages five teams covering:
- Valuation & Estates
  - Building Services
  - Facilities Management
  - Cemeteries
  - Car parking
- 4.11 The staffing arrangements are detailed in Section Two of the Information Booklet.
- 4.12 The Commercial Assets and Property Development division is responsible for:
- developing, reviewing and reporting on the Council's Asset Management Plan,
  - developing good practice and procedures that identify options and seek to deliver value for money
  - providing professional advice and support to service departments with regard to their property requirements
  - carrying out valuations
  - being responsible for Corporate Contracts which are used commonly across the Council: these include: building, construction, facilities management and associated supplies, services and works contracts
  - acting as the Council's "Gateway" for obtaining specialist services and work, including construction, building services, facilities management and leasing of property.
  - organising lettings/bookings/maintenance/safety checks/cleaning
  - carrying out Options Appraisals in partnership with Financial Services.
  - providing technical assistance to regeneration and housing projects.
- 4.13 In addition, the Legal Services and Financial Services divisions provide specialist advice and support to ensure that asset management is carried out in an effective and compliant manner.
- 4.14 Where specific and/or high value property-related activities are embarked upon, it is likely that working groups will be set up to ensure that all legal, financial, procurement, commercial and service matters are considered. Examples of this include the Mayland Business Park Management Board which comprises officers from Planning & Regeneration and Commercial Assets and Property Development.

## 5 SECTION FIVE – PERFORMANCE

- 5.5 To assist in the fulfilment of this Plan, proper performance management is essential for purposes of:
- achieving Council aims and objectives through effective asset management
  - securing cost effective service improvements
  - prioritising what is important so it is progressed
  - motivating and managing staff and working effectively with partner organisations
  - measuring and communicating success
  - improving perception of service provision.
- 5.6 In order to be effective, performance management should not be isolated to property performance alone, but it should link and overlap with the Council-wide corporate strategy and contribute to service aims and objectives. To ensure that this happens, elected Members and Chief Officers need to be provided with information on property performance so that they can act upon that information and, in particular, address issues associated with poor performance.
- 5.7 Moreover, if asset management is to be fully effective, it needs to be:
- understood throughout the organisation by property staff, non-property staff, managers and elected Members
  - an integral part of service and business planning, and not an ‘add-on’ that is seen as ‘yet another plan’, and
  - reflective of the very latest best practice guidance, approaches and methods (internal and external).
- 5.8 In order to ensure that the Council’s corporate property arrangements achieve a corporate focus, the following arrangements will be put place:
- the Corporate Assets Group will comprise property, legal and financial staff and other service representatives and is chaired by the Portfolio Holder for Finance & Resources. This Group is essential for gauging the priority of projects and how they dovetail with other parts of the organisation
  - Financial control – the budgetary impact is considered prior to the commencement of activity
  - Capital control – the Group Manager (Commercial Assets & Property Development) is a member of the Capital Strategy Steering Group
  - Procurement and Commissioning Strategy – The Assistant Director (Finance & Resources) acts as a link to the procurement activities of the Council through Assistant Director’s Group and the Corporate Organisational Transformation Group.

### **Performance Management**

- 5.9 The Commercial Assets and Property Development division utilises performance measures and CIPFA benchmarking to determine how assets

contribute towards the Council's key aims and objectives as well as how assets contribute to the effectiveness of other services.

- 5.10 A review of performance management is to be instigated with regard to the nonoperational property to ensure key issues have been fully considered. These include social reasons for holding non-operational property, financial return, future development potential, revenue income and capital growth.
- 5.11 In general, performance is measured in four ways:
- delivery of service plan objectives
  - property performance indicators
  - option appraisals
  - staff and user surveys
- 5.12 The details of the performance of corporate property are set out in the Information Booklet.

#### **Service Development Objectives**

- 5.13 The Corporate Property Team's primary objective is to deliver the work programmes that exist and will be developed pursuant to the Strategic Asset Management Plan. In the event that there are any other objectives, then they will be contained in the Finance and Resources Service Plan.

#### **Data Management**

- 5.14 The Council's data management arrangements are set out in Section Nine of the Information Booklet and cover:
- Asset management systems
  - Geographical information
  - Document management
  - Registered Land
- 5.15 A Land Registration project has been a major undertaking for the Legal and Property Teams and involved the first registration of all Council owned unregistered land and property assets with HM Land Registry. All such land has now been registered.
- 5.16 The Council's Geographical Information System (GIS) contains data regarding land assets. The data held on the system is partial and reporting routines are in need of development. A process of internal agreement on future GIS needs has been initiated and discussions have taken place with Herts County Council to look at strategic county-wide options. These initiatives will be taken forward by the Corporate Asset Group