



AGENDA ITEM: 12
SUMMARY

Report for:	Cabinet
Date of meeting:	24 April 2012
PART:	1
If Part II, reason:	

Title of report:	Asset Management Plan – Asset Rationalisation
Contact:	Portfolio Holder for Finance and Resources: Councillor Nick Tiley Author/Responsible Officers: Shane Flynn, Assistant Director (Finance and Resources) Mike Evans, Group Manager (Commercial Assets and Property Development)
Purpose of report:	To seek approval for revisions to existing asset management plans and to approve a new strategy for driving value from the Council's assets.
Recommendations	That Cabinet recommend to Council for approval 1. the attached Strategic Asset Management Plan 2. the proposed work programme set out in this report
Corporate objectives:	Management of the Council's assets supports the achievement of the Council's vision and all five of its priorities. In particular the proposals and programmes set out in the Strategic Asset Management Plan support the Regeneration Priority under the heading 'Drive Value from Council-owned Assets'.
Implications:	<u>Financial</u> The Council currently spends approximately £3.0m p.a. on premises. Income derived from commercial lettings amounts to £3.3m per annum. Capital resources set aside within the capital programme for property acquisitions include £1.110k in 2011/12 and £700k in 2012/13. Anticipated capital receipts from sales of properties

	<p>(including Housing under the Right to Buy scheme) amount to a budgeted £1.5m p.a.</p> <p>Decisions regarding the acquisition, development and disposal of assets can therefore have a significant impact on capital and revenue budgets.</p> <p><u>Value for Money</u></p> <p>Maintaining assets to support the delivery of council services is essential, as is acquiring new ones to support changes and disposing of existing ones that are no longer fit for purpose. The consideration of 'fit for purpose' incorporates a decision over value for money and each decision regarding the utilisation of assets needs to take value for money into account.</p>
Risk Implications	Individual Risk Assessments are completed for each development, acquisition or disposal decision in relation to Council assets. Risk Registers supporting Directorate Service Plans incorporate risks governing the use of property and Health and Safety risks which form part of the preparation of the Strategic Asset Management Plan
Equalities Implications	Equality Impact Assessments are completed at the decision stage for each development, acquisition or disposal of an asset.
Health And Safety Implications	Health and Safety implications form an important part of asset management and maintenance programmes. Consequently such implications are taken into account as decision are made regarding the maintenance, development, acquisition and disposal of assets.
Monitoring Officer/S.151 Officer Comments	<p>Monitoring Officer:</p> <p>I have no comments to add to this report.</p> <p>S.151 Officer</p> <p>This is a Section 151 Officer report</p>
Consultees:	<p>Corporate Management team</p> <p>Finance & Resources Overview and Scrutiny Committee</p>
Background papers:	Asset Management Plan 2010-12
Glossary of acronyms and any other abbreviations used in this report:	<p>Capital Strategy Steering Group (CSSG)</p> <p>Disability Discrimination Act (DDA)</p> <p>Environmental Management System (EMS)</p> <p>Geographical Information System (GIS)</p> <p>Housing Revenue Account (HRA)</p> <p>Improving Dacorum Programme (IDP)</p> <p>International Financial Reporting Standards (IFRS)</p> <p>Internal rate of return (IRR)</p> <p>Medium Term Financial Strategy (MTFS)</p>

BACKGROUND

1. The Council is the owner of a large number of land and property assets which are held for operational and financial reasons to support the delivery and commissioning of services to local residents and businesses. In order to ensure that land and property is used in the most effective way, it is important that the Council adopts and then, subsequently, reviews its asset management arrangements to ensure that they are 'fit for purpose'. This concept is defined and developed in the Strategic Asset Management Plan.
2. The Council's current Asset Management Plan covers the period 2010-12 and there has been considerable change within the Council since it was approved by Council. A revision is therefore required. The opportunity has been taken to develop the revised plan as a Strategic Asset Management Plan to bring it in line with the Capital Asset Strategy, the Medium Term Financial Strategy and the Council's Strategic Development Plans.
3. The Strategic Asset Management Plan 2012-14 is attached. Cabinet is requested to recommend this to Council for approval and adoption.

PURPOSE OF THE STRATEGIC ASSET MANAGEMENT PLAN

4. The Strategic Asset Management Plan exists in the context of the following:
 - The Council's Vision and priorities, as defined in October 2010
 - Adopted policies and strategies
 - The Medium Term Financial Strategy
 - The Capital Strategy
 - The Procurement & Commissioning Strategy
 - Governance arrangements set out in the Constitution.
5. The Plan has been updated from the 2010-12 plan to take into account changes in the above related policies and strategies and also to take into account changes in the structure of the organisation, including the revised set of corporate priorities. the introduction of Corporate Director, Assistant Director and Group Manager roles, and the development of Corporate working Groups
6. In addition, Key Assets Strategies have been drawn out of existing approaches to provide a strategic context for future operational decision-making. This provides assurance to the Council that operational decisions are made within the boundaries of agreed approaches and empowers operational managers to make decisions by reference to the Strategy. The Key Asset Strategies are summarised in the box below.

Key Asset Strategy 1

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

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.

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 services.

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.

Key Asset Strategy 5

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.

Key Asset Strategy

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

REVIEW AND NEXT STEPS

7. In order to present the totality of the Council's Assets and the Asset Management function in a manageable way, the 2010-12 document was split into two parts:
 - The Asset Management Plan
 - An Information Booklet that provides a range of background information.
8. This reduces the size of the strategic element of the document, but retains the detail for those that require it. The detailed Information Booklet is subject to continuous review but a substantial revision is now required, which has yet to be undertaken for two reasons:
 - A new asset management system was procured in 2010. During 2010/11 data was migrated to this new system and as part of this process, and the introduction of International Financial Reporting Standards (IFRS), a significant amount of reclassification and redefinition took place.
 - A stock condition survey (excluding housing) has been commissioned and will be undertaken during the summer of 2012. This will provide a set of data which will enable the development of an investment strategy for the Council's non-housing assets.
 - The Council has made a commitment to develop proposals for alternative accommodation as part of its regeneration plans for Hemel Hempstead Town Centre. The outcome of this exercise will have a major bearing on the type and value of the Council's property assets.
 - The Localism Act has introduced a general power of competence which potentially provides the Council with wider choices about the development,

acquisition and disposal of assets but also places the Council under various duties to consider the transfer of assets to community-based partners and constraints over its use of existing assets.

9. Following the completion of the stock condition survey and confirmation of proposals for the Civic Centre, the Information Booklet will be revised and used to define future work plans for the building service team and for any required consultancy support.
10. The outcomes of this exercise will be reported to the Finance and Resources Overview & Scrutiny Committee, and the development of the work programmes will be the subject of consultation both with the Overview and Scrutiny committee and with other partners and stakeholders. A revised Information Booklet and proposed investment programmes will be reported to Cabinet in Spring 2013 for recommendation to Council for approval.
11. A Corporate Assets Group was formed in September 2008 and met under the chairmanship of the Portfolio Holder for Finance & Resources. This enabled property related business to be conducted corporately, taking into account all relevant service matters. In January 2012, wider governance arrangements for asset development were incorporated into the Corporate Regeneration Working Group. This includes senior officers drawn from across the Council and has Member representation from the Portfolio Holders for Finance and Resources and Planning and Regeneration. It provides coherent strategic oversight of the relationship between asset management and the Council's regeneration objectives.
12. Further operational developments regarding the acquisition, disposal and management of assets will be addressed by officers and Members as part of existing Portfolio Holder/officer working arrangements and reviewed by the Corporate Regeneration Working Group as necessary