

Asset Management Strategy 2015-2018 September 2015

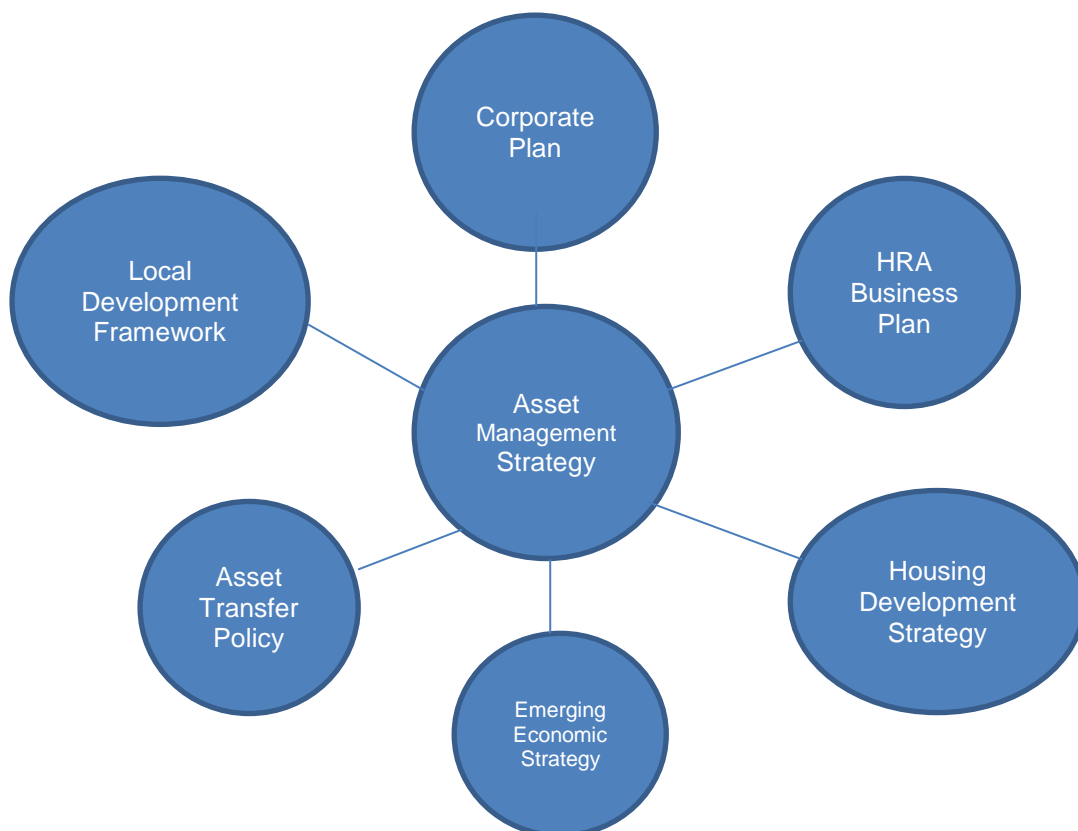
The Council manages a small but significant property portfolio which is a valuable resource for delivering a wide range of services.

Most people use the Council's assets in some shape or form, whether it be the customer contact centre, parks and leisure facilities, industrial and commercial buildings, car parks, bus stations or council houses.

As such they make a huge contribution to the well-being of our community.

The Council's assets are also a strategic resource which support delivery of the Council's Corporate objectives. As a result the Asset Management Strategy (AMS) is an important strategy for the Council and its objectives will help us achieve our plans.

The AMS together with the Capital Programme and the Medium Term Financial Strategy provides the Council with the overarching objectives in its management of assets in an effective, economical and efficient manner for the next 3 years. The AMS is influenced by and contributes to the delivery of a number of corporate documents as shown in the diagram below.



This plan reviews the progress made on the previous Asset Management Strategy, takes into account the new Corporate Plan and informs the

Council's strategic objectives to 2018. Further details are provided in the attached Action Plan along with the following appendices:

- Appendix A Asset Register
- Appendix B Action Plan
- Appendix C Risk Assessment
- Appendix D Management
- Appendix E Register of Completed Acquisitions and Disposals
- Appendix F Register of Potential Acquisitions and Disposals
- Appendix G Financial Funding Plan

The 2012 – 2015 AMS provided a solid base and staged progression plan towards making best and most efficient use of our assets and contributing to the 5 Big Things and the Better Together Project. Progress has been made and is continuing – see the completed items list at Appendix B.

The 2015 - 2018 AMS objectives are:

- To use our assets in a sustainable way to support the Council's strategic objectives and to contribute to the development of the Council's emerging economic strategy.
- To identify ways to maximise the use of assets for the benefit of the local community and to encourage inward investment.
- To ensure our assets are fit for purpose and maintained to the required standard.

To do this effectively the AMS requires linkage with all service departments to ensure we maintain a robust database and any gaps are identified between the current property asset base and that which is needed to effectively and efficiently support the business of the Council and act as a catalyst for transformation.

The Strategy supports the Council's Corporate Plan, together with budget planning, so that we balance resources with our ambition.

Our key assets are identified in Appendix A, but in summary comprise:

- Council Housing Stock and Garages
- Leisure facilities including parks and open spaces
- Commercial Units
- Community Centres
- Homeless Hostels
- Car Parks

The Council's draft Corporate Plan identifies the following priorities:

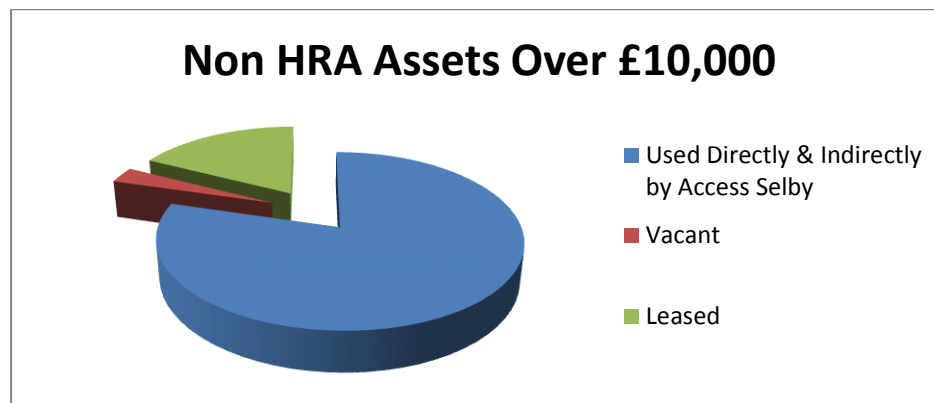
- Making the Selby District a Great Place to do Business
- Making the Selby District a Great Place to Enjoy Life
- Making the Selby District a Great Place to Make a Difference

The strategy is a 3 year document, the projects within the action plan, however, will be managed on an ongoing basis.

The Council will need to take some tough decisions to make sure that our Assets meet our objectives and also make good business sense; being value for money. These are some ways in which the AMS could help us achieve our corporate objectives:

		How the AMS can help achieve our corporate priorities
1	A Great Place to do Business	Helping businesses grow and supporting growth of the leisure, hospitality and retail economy. Looking at how we can use our assets to create jobs e.g. the best use of our industrial assets / investments.
2	A Great Place to Enjoy Life	Maximising the use of our leisure facilities, parks and open space assets.
3	A Great Place to Make a Difference	Supporting the housing we need, ensuring people are not priced out of the area through affordable homes.

The AMS provides the asset resources for us to deliver these. The focus of the AMS will be property based resources, see Appendix 1.



Asset Management Strategy Objectives

1. Using our assets in a sustainable way to support the Council's strategic policies

We need to ensure that the Council's Assets are best placed to support the corporate objectives of the Council. To do this we need to review whether they achieve their objectives from an economic, social and environmental and financial perspective.

Previously we have reviewed the assets of the Council which has led to disposal of some of the Council's surplus assets and, in order to maximise the potential of Council owned sites, and acquisition of others.

We have an opportunity to review whether our Assets are helping us achieve our plans.

- Are they doing the role they were intended for?

e.g. Industrial Units at The Vivars were originally intended for start-up businesses with a maximum licence period of 3 years, is our priority yield or job creation?

- Are they still needed?

If assets are no longer required for their original role, an options appraisal should be carried out.

- Could they be used more effectively?

This will be reviewed as part of the Better Together project, and pooling of public assets (for example – as a combined authority initiative). working with our partners to ensure that our arrangements for improved asset management provide buildings which are fit for purpose, energy efficient and help us to share resources to reduce our need for office accommodation.

- The Council is considering solar panels on its building assets (council homes, leisure services and civic assets). Further detailed work is needed, this work is not time critical and will be considered through our consultants during the lifetime of this strategy.
- Could some land or buildings be used differently?

Council owned land has been reviewed and some areas submitted as potential development sites as part of the Local Plan review. Details of sites submitted to date can be found in Appendix 1. Other sites have been identified as surplus to requirements and potential disposal sites to the SDHT or suitable for HRA development for vulnerable persons.

All sites will be considered as to whether we can enhance the value, can be considered under the Better Together Project or contribute to the Plan Selby via the masterplanning exercise.

- Are they providing a satisfactory rate of return?

To inform decision making on the distribution of resources and influence future fees and charges, in line with the Council's corporate objectives.

The Welfare Reform Bill will reduce the rate of income from lettings over the next 4 years from April 2016. To minimise the impact the Council is currently reviewing all HRA budgets using the Zero – based budgeting approach

- Do we need to acquire additional sites to support our vision?

e.g. recent purchase of property at Bondgate to open up a landlocked site and the purchase of Burn Airfield for long term investment.

As part of the programme for growth and approved savings plan a feasibility study of the potential for a renewable energy scheme had been commissioned. The study considered the Burn Airfield and Bondgate sites. Of the two sites Burn Airfield has the most potential and could be used for a 5MW solar farm.

A review of the options available to us to make the best use of these assets will help us achieve this objective and will identify ways to maximise the use of assets for the benefit of the local community.

In June 2012 the Community Right to Challenge regulations came into force following the drive to shift power from government. The right to challenge allows voluntary and community groups, charities, parish councils and local authority staff to bid to run a local authority service, the District Council would assess expression of interest bids for managing SDC assets on proposed outcomes linked to the needs of the relevant service and can demonstrate the economic, social and environmental benefits to the community.

2. Ensuring our assets are fit for purpose and maintained to the required standard

It is vital that we maintain a robust management system to ensure our properties are maintained to a good standard and remain 'fit for purpose'. A budget for asset maintenance is identified in the Medium Term Financial Strategy.

Historically the cost of maintenance has varied requiring unexpected capital or revenue expenditure.

Our HRA housing stock has a programme of maintenance based on a Stock Condition Survey in 2014 which has been fed into the Financial Appendices of the HRA Business Plan and will be feeding into the zero – based budgeting review. This will need updating on a regular basis to ensure our planned expenditure is accurate and assess any opportunities for further improvement to our stock.

Our other assets have had a condition survey in 2015 which will be used to help us plan for future maintenance budgets within the Medium Term Financial Strategy. The stock condition surveys have been received and a summary of the costs over the next 10 years are attached as Appendix H. The buildings repair and projects reserve indicates that there will be sufficient funds to manage the schemes for the 10 year period.

The Stock Condition surveys of the housing stock indicated a requirement for programmes of works and costings to enable the work to be prioritised and scheduled with the financial and operational plans.

There will always be some unexpected maintenance costs, and these will require allocations within the general fund, however we want to mitigate these as much as possible through this work.

Risks include inflation, void properties, insufficient Capital budget and bad debt.

All our non- domestic premises have been assessed and issued with an energy performance certificate. These are fit for purpose at this current time however new legislation may require us to upgrade these premises. It is recommended as the Council does not receive any benefits from any upgrades that these are deferred until legislation is introduced.

All new build will have to meet increasing levels of energy efficiency in line with increasing energy performance thresholds.

Potential environmental improvement to improve the external appearance of our assets will be reviewed as and when opportunities arise.

Managing progress

Management tools include reporting on

- i. progress against KPIs
- ii. any forthcoming value for money initiatives or efficiency savings
- iii. any issues which have arisen during the quarter which affect the quality of the service provision
- iv. any risks which may affect the delivery of the Services
- v. strategy considerations

Progress will be reported to the Executive annually through the AMS.

The Council's assets themselves are managed on a daily basis by the Lead Officer - Assets within Access Selby.

Details of the Asset Management Strategy and Action Plan for 2015 – 2018 are in Appendix B including timelines.

How will we know that we have achieved our objectives?

These performance measures will help us to see what the financial contribution of the assets to the business are, to see whether asset management is satisfying our customer needs, and to ensure that the use of our assets helps us achieve our corporate objectives.

No	Topline Performance measures	Review
SLA001	Customer Satisfaction	Quarterly
SLA025	Rate of return on our assets	Annual
SLA026	Reducing internal costs on non-operational sites	Annual
SLA031	Delivering the Capital Programme	Annual

Financing the Strategy

The financial arrangements for maintenance of the Council's assets are identified in the Medium Term Financial Strategy. This does not include the Housing Revenue Account and Housing Investment Programme which are covered separately in the Housing Revenue Account Business Plan. However any HRA development as part of the maximising homes for the vulnerable may seek external funding including potential S106 commuted sums and/or use of capital receipts.

The Medium Term Financial Strategy identifies General Fund reserves including allocations for Assets with current forecasted balances of £359k at 31 March 2016, £424k at 31 March 2017, £552k at 31 March 2018 and £662k at 31 March 2019, and £50k industrial unit maintenance.

The Council will seek external funding as appropriate for individual projects. This may include external borrowing or grant / loan applications to funding bodies (e.g.LEP).

Any new projects will be subject to detailed business cases and will include the capital costs, revenue implications including staffing resources.

Regular contributions to be identified in the revenue account which identifies £130,000 budget allocation to cover expected repairs and maintenance requirements.

