

Strategic Policy and Resources Committee

Friday, 13th June, 2008

SPECIAL MEETING OF STRATEGIC POLICY AND RESOURCES COMMITTEE

- Members present: Councillor D. Dodds (Chairman); and
The Deputy Lord Mayor (Councillor D. Browne); and
Councillors Adamson, Convery, Newton and Stoker.
- Also attended: Councillors Campbell, Hendron, Jones, Moore,
Mullaghan and Rodgers.
- In attendance: Mr. P. McNaney, Chief Executive;
Mr. A. Hassard, Director of Parks and Leisure;
Mr. G. Millar, Director of Improvement;
Mr. C. Quigley, Director of Legal Services;
Mr. T. Salmon, Director of Corporate Services;
Mr. L. Steele, Head of Committee and Members'
Services; and
Mr. J. Hanna, Senior Committee Administrator.

Apology

An apology for inability to attend was reported from Councillor Rodway.

Corporate Plan - Strategy 2008-2011

The Committee considered the undernoted report in relation to the Council's high level strategy and Corporate Plan for the period 2008-2011:

"1.0 Relevant background information

1.1 This report sets out the context of the special Strategic Policy & Resources Committee meeting which is scheduled for 13th June. At this meeting members will be asked to:

- agree the Council's high level strategy, its corporate plan, for the period 2008-2011;
- note the arrangements which will allow the committee to fulfil its role in ensuring delivery of the corporate plan in line with affordability;
- agree that reports are brought to the Committee in September outlining how the Council will move towards area and thematic working on a more consistent basis and outlining the programme management and accountability arrangements for the main programmes and projects;
- agree a proposed approach to working up detailed project proposals relating to the city investment strategy;

- agree a series of recommendations to put in place an effective asset management strategy which will align the use of Council assets with the Council's strategy and
- agree the capital programme for 2008/09 and agree a process for development of the programme for 2009/10 onwards.

Reports on each of these items are attached with this cover report.

2.0 Corporate Plan – Strategy 2008-11

2.1 The document setting out the corporate plan 2008-2011 represents the culmination of 9 months work with the Committee and with Party Groups to set out the Council's ambitions for the future. The Plan is based upon extensive internal and external analysis, including our large-scale public consultation exercise and all Party Groups have been briefed on the emerging strategy.

2.2 The corporate plan embodies what we stand for. The messages that flow from the plan are as multi-layered and diverse as the organisation it represents. The challenge is to express the philosophy of Belfast City Council within the plan in as clear and concise a way as possible. This means cutting away the detail, shrinking the work of the last 9 months to a few pages of positive messages about what the Council stands for, about the way its Members and officers will behave, of its commitment to the people of Belfast and the city and the action that will reflect this in the year ahead.

2.3 The key messages emerging from the corporate plan are:

- Better together – working with others to create a shared vision and delivering together;
- Today's action, tomorrow's legacy – city investment that improves quality of life now and in the future;
- Value for Money, minimising the rates burden, freeing up resources for more delivery on the ground;
- Better Services – continuing to enhance the level of service offered to the citizen.

In short; *Better together; Better for the Future; Better Value; Better Services.*

2.4 More information on the key messages can be found at page 3 of the draft Corporate Plan and it is recommended that a workshop be held with Members to explore the communication of the corporate plan in more detail and particularly the key role which Members have to play within this process.

3.0 Values and Behaviours

3.1 Feedback from the party group briefings underlined the importance of the right values and behaviours in ensuring the delivery of the plan. Members were strongly of the view that the values and behaviours should relate to employees and Members. The proposed values are set out at page 7 of the draft Corporate Plan.

4.0 Strategic Themes

4.1 Throughout the past months Members have set out their priorities for the next three years in the context of a wider analysis of need in the city, the views of the public and the statutory and strategic challenges and opportunities that are likely to impact on the Council over the next three years. The strategic themes that have emerged are a reflection of the breadth of the ambition that Members have for the city, tempered by the need for financial prudence. They are an expression of our potential and the corporate plan represents the beginning of our journey towards this potential. The themes have been reworded in order to give them more consistency and make them easier for people to understand and remember. The six themes, together with their original wording are set out below: The detail with respect to each theme is set out over pages 8-18 of the draft Corporate Plan.

<u>Strategic theme</u>	<u>Original wording</u>
Better Leadership;	City leadership;
Better opportunities for success across the city;	Regeneration, growth and prosperity;
Better care for the environment – a clean, green city, now and for the future;	Environmental responsibility;
Better support for people and communities;	People and places;
Better services – listening and delivering;	Value for money customer focused services
Better value for money – a can-do, accountable, efficient Council.	An organisation fit to lead and serve

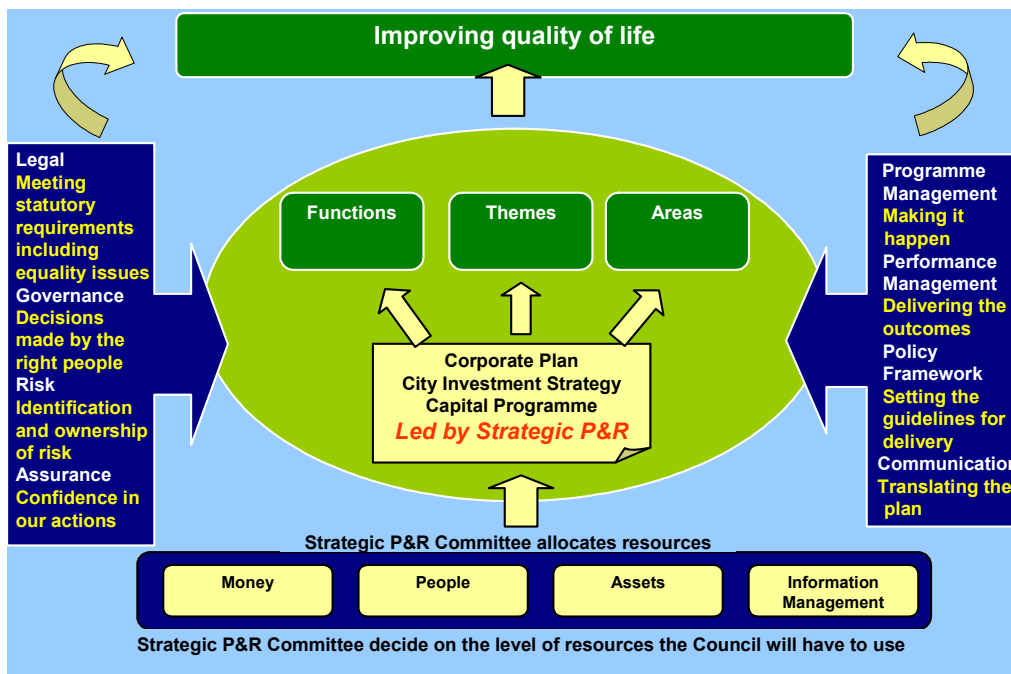
- 4.2 ***Recommendations: Members are asked to agree the values, key messages and strategic themes set out at Appendix 1. Members should note that the actions set out within each of the themes are illustrative actions which will be tested against affordability in line with the financial planning cycle which commences in June. Members should also note that performance indicators will also continue to be refined as action plans relating to each of the themes are developed further.***

Members are asked to agree that a workshop is held to allow Members to explore the communication of the corporate plan in more detail and particularly the key role which Members have to play within this process.

5.0 **Moving from planning to implementation – the frameworks to support delivery**

- 5.1 Throughout the briefings it has been stressed that this is not the end of the corporate planning process but the beginning of a continuous cycle over the next three years, where annual business planning and resource planning are informed by the high level strategic direction set by Members.
- 5.2 Figure 1 shows the role of the Strategic Policy & Resources Committee in setting the priorities of the Council, ensuring that the organisation's key processes are fit for purpose, that resources are effectively allocated and that people are developed and then held accountable for delivery through effective programme and project management. The diagram shows that the 'corporate planning' framework is not one process but the alignment and harmonisation of a number of processes and frameworks.

Figure 1 Strategic Planning and Implementation Framework



5.3 Over the last two years the focus has been on creating effective frameworks for the strategic management of people, finances, assets and information that will make the Council better able to deliver on its ambitions. This work has culminated in recent months with the agreement by the Committee of a series of frameworks, including:

- Strategic Human Resources Management Framework
- Strategic Financial Management Framework
- Governance & Assurance Framework
- Asset Management Framework
- Performance Management Framework
- ICT framework

5.4 Figure 1 shows how these frameworks combine to ensure that planning within the organisation becomes effectively aligned to the allocation of resources. Further information on how the corporate planning process will be taken forward with Members as we move into the delivery and performance management phases will be presented at the meeting. Members will see the first operation of the process with the start of the financial planning cycle in June and a report on this issue is being prepared for the Committee's meeting on 20th June.

5.5 Through the corporate planning work, it has become clear that the strategic direction of the organisation has changed from one where the Council could deliver its priorities through functional service delivery to one where the Council needs to organise itself more effectively to work on a thematic basis, to address issues such as safety and health improvement and on an area basis. This will mean planning and allocating resources in new ways and has consequences in terms of how Members hold officers to account for delivery. For these reasons, papers will be brought to the SP&R Committee in September setting out the accountability framework for delivery of the programmes within the corporate plan and the approach to taking forward thematic and area-based planning and delivery.

5.6 *Recommendation: Members are asked to note the ways in which the Committee will be supported in ensuring delivery of the strategy for 2008-2011.*

6.0 City Investment, Capital and Assets

6.1 Key to the delivery of the Council's strategy for the next few years is the effective development and implementation of the City Investment Strategy and Capital Programme. Party Group briefings on the City Investment Strategy and Capital Programme have taken place. Following on from these briefings, reports relating to these programmes and the asset management strategy needed to underpin them are included as part of the agenda. In this way the future management and strategic allocation of capital and assets can be considered in line with the goals for the city set by Members within the corporate plan.

7.0 City Investment Strategy

7.1 The City Investment Strategy paper sets out the decisions that have already been taken in terms of criteria, the potential projects for consideration, issues with respect to the funding strategy and the current financial situation.

7.2 *The paper recommends that Members agree to the further development of detailed project proposals within the context of the City Investment Strategy with regular feedback to Committee on this basis for Members consideration and approval.*

8.0 Asset Management Strategy)

8.1 The item relating to the Asset Management Strategy sets out the need for the Council to develop a strategy that allows it to maximise the benefits of its assets to the city and outlines some preliminary work that has been carried out to look at the short, medium and longer term options for some of the Council's assets. The report stresses that this Schedule of Assets has been prepared in advance of the development of an overarching asset strategy and all assets included in the schedule will need to have further detailed investigation and appraisal before any final decisions can be taken. Members will continue to be brought information on individual assets as necessary as opportunities and issues arise.

8.2 The paper makes a number of recommendations including the engagement of consultants to help in the development of the process, the cost of which has been provided for within current budgets, and the setting up of an Asset Management Group to be chaired by the Director of Improvement which will look at the development of the asset strategy and will also discuss ongoing asset issues, including those relating to acquisitions and disposals.

9.0 Capital Programme

9.1 The report on the capital programme sets out the status of the projects within the programme for 2008/09 and the level of financial commitment this represents. The report then sets out the process for agreeing the programme from 2009 onwards, linked to affordability and delivery limits.

9.2 *Members are asked to agree that committed projects proceed as outlined in the appendix to the report and that all other projects are put through the Gates process with a view to their rationalisation and prioritisation on the basis of need, affordability and deliverability.*

10.0 Recommendations

Members are asked to:

- a) agree the key messages, values and strategic themes set out in the draft Corporate Plan;
- b) note the arrangements to support the delivery of the corporate plan;
- c) Consider the reports on the rest of the agenda and agree the recommendations contained therein."

The Chief Executive reviewed the work which had been undertaken in order to develop the Corporate Plan for the period 2008-2011. He highlighted the key messages and strategic themes which had emerged for inclusion in the Plan, the planning framework and the role of the Committee in its effective implementation. He explained how the new strategic themes would be incorporated within the Council's Value Creation Map and the challenges which the Council would face in delivering the Plan.

In conclusion, the Chief Executive stated that the agreement of the Committee to the strategic themes which would be included within the Corporate Plan represented the first step in the process and the Committee would now be required to lead the implementation of the Plan and oversee the accountability arrangements. In future, planning in the organisation would occur within the context of the objectives which were set out in the Plan and in line with the Council's financial planning cycle and overall affordability limits. Work would be commissioned so that further reports on accountability, the governance of major projects and the alignment of policy and performance within resources could be brought to the Committee in the autumn. If the Committee were minded to approve the draft Corporate Plan it would be subject to an equality screening process, with a report thereon being submitted to the Committee in due course. The plan would form the framework for services planning and budgeting for 2009/2010.

In response to a number of questions, the Chief Executive stated that, following approval of the Corporate Plan, annual reports would be developed and the Plan evaluated in the context of the performance management framework. With regard to activities for teenagers and facilities for young children, he stated that the Council was undertaking currently a substantial piece of work in this regard and a report in the matter would be submitted to the appropriate Committee in due course.

After further discussion, the Committee agreed the key messages, values and strategic themes as set out in the draft Corporate Plan and noted the arrangements which would be put in place to support the delivery of the Plan.

City Investment Strategy

The Committee considered the undernoted report in relation to the City Investment Strategy:

“1.0 Relevant background information

1.1 Members, as part of their Corporate Planning deliberations, have indicated their support on a number of occasions for the creation of a City Investment Strategy and Fund. The intention of the Strategy is to provide tangible examples of the Council's leadership role within the city and create a lasting legacy for future generations.

1.2 A series of Party Group briefings took place in April in regard to the City Investment Strategy, the associated Asset Strategy and the linked Capital Programme. Members will accept that these strands of activity are not divorced from one another and are mutually reinforcing, with the City Investment

Strategy giving expression to the impact that the Council wants to make within the city, with its deliverability to be considered within the context of financial affordability.

2.0 Key Issues

2.1 Members will accept that Belfast is now at an important stage of development where a further step change in its fortunes is possible. The Council can help to facilitate and deliver these changes through its vision and leadership which enables things to happen through the efficient and innovative allocation of its resources. Real hands on civic leadership can now be applied to push Belfast over the tipping point to consolidate prosperity by focusing resources on a limited number of strategic projects within the city.

2.2 Why a City Investment Strategy

2.2.1 A key characteristic of the City Investment Strategy, as identified by Members, is the idea of growing and maximising revenue from the city's rate base. Members have stated that a key benefit of the Investment Strategy is its potential to create a virtuous cycle whereby the Council's investment grows the rate base and provides income to improve services and connect more people to the opportunities which emerge and, thereby, improving the quality of life within the city and attracting further investment.

2.2.2 It is the intention that the City Investment Strategy would support the development of a number of landmark capital schemes within the city and would pump-prime or lever additional investment into the city. It will be a clear demonstration of the Council's commitment to action and its wish to contribute to the vibrancy, prosperity, culture and attractiveness of the city.

2.3 What criteria will be used

2.3.1 Overall the City Investment funding needs to be used strategically with a view to securing the Council's overall strategic objectives and vision for Belfast and ensure a positive return for the city. In that context, Members have agreed the following criteria for the City Investment Strategy.

Overall criteria:

1. Contribute to the Council's corporate priorities and vision for the city.

2. Encourage investment from and engagement of public, private and voluntary sectors, in the achievement of that aim.
3. Create a focal point for the Council to play a leading role in the development of the city; creating a 'can do' attitude amongst its citizens and a sense of place and pride in the city. The above criteria allow the Council to take a lead role and to work in partnership with others for mutual and civic benefit and invest in projects which are deliverable in the short to medium term.

Scheme/Project specific criteria:

4. Promote the image of Belfast as a place to visit
 5. Enable and/or promote the city as a place in which to do business
 6. Bring financial or other economic returns on investment which benefits the city
 7. Promote Belfast as a city in which its citizens have pride and belief in a brighter future.
 8. Enhance the city's strategic, social, cultural and environmental infrastructure
 9. Provide a lasting legacy for future generations.
- 2.3.2 Members will note that the agreed criteria for the City Investment Strategy will be the subject of an equality screening process. They will also take on board legal and accounting arrangements to meet Legal Vires, Equality and Audit requirements.
- 2.4 Potential projects for consideration
- 2.4.1 A number of project proposals have already emerged as part of the ongoing discussions with Members which are put forward as part of the City Investment Strategy. It is important to note that in many instances the Council has given their support to a number of projects through either emerging strategy and policy frameworks (e.g., Open Space Strategy, Local Economic Development Plan, Integrated Cultural Strategy, the Council's commitment to the Southwood Report) or through direct funding commitments (e.g., support for the Lyric under the auspices of the Council's Cultural Legacy Fund).

2.4.2 Appendix 2 benchmarks the proposed projects against the Council's emerging Strategic Objectives for the city and provides an initial consideration of the potential deliverability of the projects in terms of the current levels of commitment, timing and cost.

2.4.3 In terms of the current status of projects and the financial commitment provided by the Council, Members will note the following:

- *Connswater Community Greenway* – the Council has agreed to provide £4.2m funding towards a £30m Connswater Community Greenway project;
- *Lyric Theatre* – the Council has agreed to provide £1.5m funding towards the realisation of a £17million new iconic Lyric Theatre within the city which will significantly improve the city's cultural and tourism offering;
- *North Foreshore* – a draft 'Concept Regeneration Framework' (masterplan) for the development of the entire North Foreshore site has been prepared and the associated funding structure is being currently worked up;
- *Titanic Signature Project* – due diligence exercise underway to assess the appropriateness and feasibility of the Council committing £10m funding towards a Titanic Signature Project;
- *Lagan Canal* – the Council has secured, in principle, £1m funding from the Ulster Garden Villages Trust towards the development of a Lagan Canal project. The funding is subject to match funding being secured and predicated on a feasibility study being undertaken.

2.5 Funding Strategy

2.5.1 The Council will need to satisfy itself that the City Investment Strategy can be afforded without adversely affecting the stability of its financial position or its ability to deliver appropriate services to the citizens of the city. The impact on the level of rates will also need to be minimised.

2.5.2 Members will recall that the Committee, at its meeting on the 14th December 2008, agreed the three-year financial framework for funding the City Investment Strategy. The largest revenue contribution for the City Investment Strategy will be funded through a more proactive approach to the management of Council assets and the identification,

profiling and potential sale of surplus assets. It is intended that a proportion of the capital raised from the rationalisation of surplus assets will be re-invested in the city as part of the City Investment Strategy. A separate paper on the development of an Asset Management Strategy and associated policies is enclosed for Members consideration.

2.5.3 *Members will note that the Council will not expend any funding in respect of the City Investment Strategy until the funds for the Strategy are realised.*

2.6 Current Financial Position

2.6.1 Table 1 below provides a breakdown of the current financial position of the City Investment Strategy.

	<u>Fund</u>	<u>Source</u>
<u>Current</u>	£1.075million	Rent Reviews
	£1million	Reserves 2007/2008
	£1million	Reserves 2008/2009
<u>By year-end</u>	£0.5million	efficiency savings – year-end
	£1.25million	Boucher Rd – Westlink
TOTAL	£4.825million	

2.6.2 Members will note that work is ongoing regarding examining potential opportunities for the sale of surplus assets which could provide additional funding for the City Investment Strategy.

2.6.3 The development, control, management and delivery of the City Investment Strategy is a key priority for the Council to ensure that public money is used wisely, best value is secured, maximum impact achieved (social, economic and environmental), equality legislation is pursued and the decision-making process is clearly understood and taken at the right level.

2.6.4 If Members give their continued support towards the City Investment Strategy and the process for its development, it would be the intention to initiate a process of discussion with potential partners within the city to determine the scope for leveraging additional resources to support the realisation of the emerging projects.

3.0 Resource Implications

Financial and Human Resources

- There are no *additional* Financial or Human Resource implications contained within this report.

- Whilst there is clearly substantial Human Resource implications attached to the development and implementation of the Council's City Investment Strategy and the projects contained therein, it will be difficult to quantify until a detailed programme of projects are agreed within the context of the emerging Corporate Plan and new ways of working.
- In terms of financial implications, Members had agreed previously that the City Investment Strategy would be a £29million fund over three years.

4.0 Recommendations

Members are asked to agree to the further development of detailed project proposals within the context of the City Investment Strategy with regular feedback to Committee on this basis for Members consideration and approval.

The Committee adopted the recommendation.

Development of a Council Asset Strategy

The Committee considered the undernoted report in relation to the development of a Council Asset Strategy:

“1.0 Relevant background information

Current position and feedback from the Party Group Briefings in April

- 1.1 The Council is a major asset holder with a portfolio of over 260 land and property assets. Currently operational and non-operational property is held under the stewardship of the responsible department with surplus assets held in the corporate land bank which is managed by the Core Improvement Team (Estates Management Unit). Whilst there are many examples of effective and proactive management of some assets, the management of the entire council asset base lacks a joined-up corporate approach and strategic framework. The Council is also increasingly being approached by third parties in regard to the disposal of assets. These approaches are dealt with in a reactive way on the ad-hoc basis that they are received with little overall acknowledgement of the wider context of the organisation.

1.2 Members will recall that a series of Party Group briefings took place in April in regard to the development of a City Investment Strategy, an Asset Management Strategy and the Capital Programme. Members accepted that these strands of activity are not divorced from one another and are mutually reinforcing. At these briefings there was a clear acceptance of the need for an effective asset management strategy and recognition of the potential scope to rationalise and potentially dispose of non-operational assets which have been declared surplus to either Service and/or Council requirements to enable the Council to both fulfil its strategic priorities for the city and to improve service delivery.

2.0 Key Issues

What is Asset Management?

2.1 There are many definitions of asset management but essentially it is the activity that ensures that the land and property asset base makes the maximum possible contribution to achieving the goals and objectives of an organisation. It is important that assets are not viewed solely in economic terms but that the wider social and environmental benefits of assets are also recognised.

Reasons why an Asset Strategy is needed now in Belfast City Council

2.2 In addition to the reasons highlighted above there are a number of other reasons why it is timely for the Council to start looking more strategically at how it uses its assets in order to maximise their benefit for the Council. These include -

- ensuring greater alignment with the Council's Capital Programme priorities, the emerging City Investment Strategy and the Council's strategic priorities and vision
- meeting growing user expectations
- reinforcing the Council's civic leadership role
- public sector reform and modernisation – increasing focus on VFM and efficiency
- ageing assets – many of the Council's property assets are coming to the end of their life spans and it will be necessary to start looking at how these assets will be used/replaced in the future

- potential release of under-utilised assets – under-utilised assets are a major drain on resources as they are ineffective and inefficient use of assets
- the outworkings of the Review of Public Administration process - the transfer of additional functions and associated resources
- emergence of new technologies and non-asset alternatives – technology is creating better ways of delivering services
- innovative ways of delivering solutions – multi-use public service centres, private sector investment, joint ventures etc. e.g. - Grove Wellbeing Centre
- addressing the issue of non-operational property continuing to be held

The development of an asset management strategy will also ensure a consistent and holistic approach to all Council assets – not only those assets which are owned by the Council but also property leased by the Council and the benefits/costs of leasing versus outright ownership.

Asset Management in other local authorities

- 2.3 Nationally local authorities have moved away from considering land and property as simply operational matters. Instead asset management disciplines increasingly form a core part of effective strategic management. Asset management is a key focus of the modernisation agenda in the UK.

RPA

- 2.4 Under the RPA the Council may acquire further assets or leased properties which may be construed as liabilities as a result of its increased roles and responsibilities. However there is also the possibility that whilst there will be a transfer of certain functions and staff the current assets associated with these services and staff may not transfer. The Council will therefore have to consider and plan for this in terms of its overall asset and accommodation requirements and in its arrangements with central government.
- 2.5 It would also be useful for the Council to embark on this process now as a duty to produce asset management strategies might be agreed in the future and this would give the Council a 'head start'. Experience from the councils who have been awarded 'beacon status' in this area in England has shown that it takes time to get this process right.

What should be contained in an asset management strategy

- 2.6 The Royal Institution of Chartered Surveyors (RICS) recently produced comprehensive guidelines for Public Sector Asset Management and these will be used as a basis for the development of a future strategy. The RICS Guidelines implicitly state that developing a corporate strategy for asset management will not be an overnight process and that it will at least 12 months to get all the process and steps in place that will be needed in order to have effective asset management across the council. This has also been evidenced by local authorities in GB who have gone through this process.
- 2.7 Following the RICS guidance and looking at best practice from the beacon councils in asset management in England it is likely that an Asset Management strategy will -
1. provide a vision and purpose for the strategy
 2. intrinsically link the asset strategy back to the Council's corporate planning process and the financial planning process including the Capital Programme
 3. outline the existing asset base and highlight the gap between where the asset base is now and where the organisation wants to be
 4. require assets to be reviewed/challenged annually to help identify surplus/under-used/non-operational assets and future acquisition needs – both on a departmental and corporate basis
 5. implement rolling condition surveys which will help identify, and plan for, maintenance and address any maintenance backlog
 6. contain performance measurement including the development of performance indicators and critical success factors
 7. look at the structure and roles and responsibilities needed for implementing effective asset management across the organisation
 8. improve internal engagement with regard to asset matters

Vision for Asset Management

- 2.8 One of the first steps in developing an asset management strategy is to develop a vision for asset management. Work on this has already commenced and a draft vision of 'to have by 2011 a fully informed straightforward land and property policy that enables strategic decisions to be taken for the benefit of the city' has been proposed. This is supplemented by the following mission statement -
- To ensure a corporate approach to the ownership and management of the Council's land and property assets for the city's good
 - To provide a strategic framework for future decision-making and planning by providing the policy context for land and property asset management
 - To translate the council's corporate and service objectives into land and property asset aims and objectives
- 2.9 These will be used as the initial starting point for the development of the strategy and will be developed and refined over the coming months.

Asset Management within the Council

The role of the Strategic Policy & Resources in Asset Management

- 2.10 In the absence of a corporate approach to asset management and while a strategy is being developed it is must be noted that *all issues relating to asset matters* must go through the Strategic Policy & Resources Committee in accordance with the revised Standing Orders. Standing Order No.60 highlights that the Strategic P&R Committee is responsible for '*dealing with all matters relating to land and buildings owned, rented or proposed to be acquired by the Council, including the land development strategy and review of property holdings in a regularly updated Asset Management Plan*'

The role of the other Committees

- 2.11 As highlighted all decisions relating to any land or property asset must now be taken through the Strategic Policy & Resources Committee. Issues relating to departmental land and property assets may still be taken to the relevant Committees for decisions on operational requirements for particular assets but all decisions on future redevelopment, reuse or disposal options must be taken to Strategic P&R.

Schedule of Assets

2.12 Some preliminary work on Council assets has already taken place. This work has started to identify assets which, subject to appropriate appraisal and approvals, might potentially fall into one or all of the categories below

- Shorter Term Potential Disposals - non-operational assets that have been declared surplus to either service requirements or to both service and Council requirements
- Medium Term Possibilities - potential non-operational assets
- Longer term possibilities - operational Assets that may have development potential

2.13 It must be emphasised that this Schedule of Assets has been prepared in advance of the development of an overarching asset strategy and all assets included in the schedule will need to have further detailed investigation and appraisal before any final decisions can be taken. In addition the rollout of the Asset Management strategy process will look at all Council assets and a challenge and review process for all properties will be undertaken. In assessing all assets on the enclosed schedule consideration will need to be given to issues such as:-

- Legal/Title restrictions
- Planning status
- Site constraints
- Financial (capital v revenue' cost relocating displaced services etc.)
- Wider Council requirements
- Market and timing
- Resource availability in progressing disposals

Links to City Investment Strategy and Corporate Plan Objectives

2.14 As Members are aware work is ongoing on the development of a City Investment Strategy which will enable the Council to take a leading role in the development of the City, demonstrate its commitment to action and its wish to contribute to the vibrancy, prosperity, culture and attractiveness of the City. Accordingly, it is currently envisaged that a proportion of the capital raised by the rationalisation of Council assets will be re-invested in the city as part of the City Investment Strategy. The asset management strategy will also be linked to the emerging

strategic themes and vision for the city contained within the Corporate plan.

- 2.15 Through the Party Group Briefings, Members have already fed back that they wish officers to progress actions on the assets identified in Appendix 1 (under the 'Recommended course of action' column). Regular reports to Members will be essential in this process and in regards to the actions identified. We will also continue to report and seek Committee approval on specific assets as opportunities and issues arise.

Next Steps

- 2.16 Adopting a strategic approach to asset management and improving the benefit to the city and citizens will require a change in attitudes and culture towards assets within the organisation. As previously mentioned, developing and embedding an effective Asset Management Strategy within the Council will not be an overnight achievement. It will take time to get right and ongoing engagement with elected Members and Senior Management will be critical to its success.
- 2.17 Due to the importance of this strategy to the whole organisation it is recommended that an Asset Management Group is set up. This Group, which will be chaired by the Director of Improvement, will ultimately be responsible for coordinating asset management strategically across the organisation. However in the first instance it is envisaged that the Group will be involved in the development of the strategy and ensure that the needs of all departments are reflected during the strategy development process. As highlighted regular updates on the development of the Asset Management Strategy and updates on individual assets (as necessary) will be taken to Members through the Committee process.
- 2.18 As highlighted the management of Council assets is intrinsically linked to the Capital Programme and the City Investment Strategy. A coordinated approach will be taken to ensure that these strands are coordinated and synergies recognised and that decisions are not taken in isolation of the overall context and strategic direction of the organisation.
- 2.19 Best practice from the 'beacon councils' in England who have been through this process has indicated that the use of independent consultants has been beneficial in developing corporate wide asset strategies due to their expertise in this area and it is recommended that this approach is used.

3.0 Resource Implications

Financial and Human Resources

It is likely that in the development stages of the Asset Management strategy the main resource implications will be in the Core Improvement Team. As the strategy is implemented throughout the organisation it is likely to have resource implications for other departments and services, including Facilities Management and Financial Services. However the precise nature of these implications is not known at this stage. The resources and commitment needed to deliver any asset strategy will be an integral part of the strategy development process. Costs for engaging consultants have been included in the annual revenue estimates for the Core Improvement Team.

4.0 Recommendations

Members are asked to note the contents of this report and -

- note the vision outlined for the strategy which will form the basis of the strategy;
- note the close links between the development of the asset management strategy and the ongoing strategic work taking place in the organisation including the development of the Corporate Plan, the Capital Programme and the City Investment Strategy. Members are also asked to note that a proportion of the monies received from the realisation of assets in Appendix 1 will be allocated in the first instance to the City Investment Strategy in order to fund initiatives/projects for the benefit of the city;
- agree that consultants should be engaged to help in the development of the process;
- agree to the setting up of an Asset Management Group to be chaired by the Director of Improvement which will look at the development of the asset strategy and will also discuss ongoing asset issues, including those relating to acquisitions and disposals;
- note the role of the Strategic Policy & Resources Committee in relation to *all issues regarding council assets* under Standing Order No. 60 and ensure that any decisions on assets are taken through this Committee; and

- **approve the recommended course of action for assets as outlined in the tables attached at Appendix 1. Members will continue to be brought information on individual assets as necessary as opportunities and issues arise.**

The Committee adopted the recommendations, subject to an additional reference relating to sports and leisure development being included in criterion 8.

Capital Programme

The Committee was reminded that the Council invested through its Capital Programme, significant sums of money to improve service provision and its stock of assets. The scale and content of the Capital Programme was inextricably linked to the Revenue Budget and issues of affordability, financial prudence and sustainability. It was therefore important that there was a clear link between the Programme and the Council's strategic objectives for the City and an alignment with the budgeting process. This would support an integrated system of financial planning and resource allocation.

A series of Party Grouping briefings had been held during April in order to update the Members on the current status of the Capital Programme and to provide information on the range of projects which were currently included or proposed, with a view to seeking the direction of the Members on how the Capital Programme could be rationalised and brought within affordability limits. At those briefings, the Members had accepted that a number of Capital projects had reached a certain stage of development and commitment and could be proceeded further. However, the Members had indicated also that there was now an opportunity to take affirmative steps to rationalise the Capital Programme in terms of need, affordability and the Council's capacity to deliver.

To date those schemes included in the Capital Programme had emerged and/or had been proposed by Standing Committees or officers with a limited challenge put forward in terms of priorities, finance, level of need and the capacity to deliver. Consequently, it was unlikely that the levels of investment contained currently within the Capital Programme were achievable within the Council's financial constraints, were not adequately justified and would be difficult to align with the corporate priorities. The overall capital expenditure, if the Council were to implement the 150 projects proposed currently for the period 2008-2013, would be £122.5 million, most of which would need to be funded via rate-financed loans. In order to align the Capital Programme to both the corporate priorities and affordability, it was recommended that the following approach be adopted:

1. Capital Programme 2008-2009

For the period 2008-2009, all the projects underway and/or committed to (numbers 1 – 57 as set out in Appendix 1) be progressed. These projects had either commenced or had reached a point where they would be difficult contractually to stop and would result in abortive expenditure. While these projects equated to £26.73 million capital expenditure, £5.375 million of that amount had been allocated as part of the North Foreshore Closure Plan. Furthermore, the £2.235 million included for the rolling replacement vehicle programme had been budgeted for within the Revenue Estimates. Therefore, the estimated total net capital spend for 2008-2009 would be £19.5 million.

2. Capital Programme 2009-2010 Onwards

The remainder of the projects proposed, estimated to be in excess of £80 million, be put through the revised Capital Programme prioritisation “Gateway” process. This process would involve:

- Initial agreement and prioritisation of projects by the Strategic Policy and Resources Committee;
- consideration of potential new projects as they emerged by means of a project proposal form and if deemed appropriate, and if they were in line with Service Business Plans, need and affordability, their recommendation for potential inclusion in the Capital Programme, subject to the approval of the Strategic Policy and Resources Committee;
- the presentation on a 4-monthly basis of a Capital Programme update advising on the current status of existing projects and indicating any new proposals and their financial impact, along with the project proposal details;
- if confirmed for potential inclusion by the Committee as being in line with the Corporate Plan, Strategic Objects and Priorities, the undertaking of an appraisal, proportional to the scale of the project to provide challenge and verification of the need, scope, finance and alignment with the Asset Strategy;
- the submission to the Strategic Policy and Resources Committee of the appraisal result for consideration as to whether or not to formally include the project in the Capital Programme and for prioritisation against existing projects. This might require deferral of certain projects;
- the taking of further decisions relating to the project by the Strategic Policy and Resources Committee, although the service Committee would be advised regularly of the project status; and
- the confirmation by the Strategic Policy and Resources Committee of any variations requested by the service Committee or Department.

The Committee noted that, following the recent revision of the Council’s Standing Orders, the Strategic Policy and Resources Committee had been given full responsibility for the Capital Budget and was required to play a central role in challenging, improving and prioritising Capital projects.

To take forward the committed Capital projects there would be a net capital cost to the Council of £19.5 million, £15 million of which had been allocated for net capital expenditure within the Council’s Estimates for the period 2008-2009. The shortfall might have to be dealt with through re-profiling, which would impact on future projects and programmes.

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After discussion, the Committee agreed that:

- (i) the practically complete projects, numbers 1-22, and the committed projects, numbers 23 to 57 as set out above, be progressed;
- (ii) the Mary Peters Track, the Blanchflower Playing Fields projects be included within the Capital Programme for consideration through the Gateway Process; and
- (iii) all other projects be put through the revised "Gateway" process with a view to their rationalisation and prioritisation being on the basis of corporate priorities, need, affordability and delivery.

The Committee agreed also that consideration be given to certain Capital projects being considered as potential projects within the City Investment Strategy.

Chairman