



Belfast City Council

Report to:	Strategic Policy and Resources Committee
Subject:	Development of a Council Asset Strategy
Date:	Friday 13 th June, 2008
Reporting Officer:	Gerry Millar, Director of Improvement
Contact Officer:	Gerry Millar, Director of Improvement

1.0	<u>Relevant background information</u>
	<i>Current position and feedback from the Party Group Briefings in April</i>
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 (refer to paper 2.a), an Asset Management Strategy and the Capital Programme (refer to paper 2.c). 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	<u>Key Issues</u>
	<i>What is Asset Management?</i>
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.
	<i>Reasons why an Asset Strategy is needed now in Belfast City Council</i>
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 - <ul style="list-style-type: none"> ▪ 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

	<ul style="list-style-type: none"> ▪ 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
	<p>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.</p>
	<p><i>Asset Management in other local authorities</i></p>
2.3	<p>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.</p>
	<p><i>RPA</i></p>
2.4	<p>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.</p>
2.5	<p>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.</p>
	<p><i>What should be contained in an asset management strategy</i></p>
2.6	<p>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 <i>at least</i> 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.</p>
2.7	<p>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 -</p> <ol style="list-style-type: none"> 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

	<i>Vision for Asset Management</i>
2.8	<p>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 <i>'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'</i> has been proposed. This is supplemented by the following mission statement -</p> <ul style="list-style-type: none"> ▪ <i>To ensure a corporate approach to the ownership and management of the Council's land and property assets for the city's good</i> ▪ <i>To provide a strategic framework for future decision-making and planning by providing the policy context for land and property asset management</i> ▪ <i>To translate the council's corporate and service objectives into land and property asset aims and objectives</i>
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.
	<i>Asset Management within the Council</i>
	<i>The role of the Strategic Policy & Resources in Asset Management</i>
2.10	<p>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 <i>'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'</i></p>
	<i>The role of the other Committees</i>
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.
	<i>Schedule of Assets</i>
2.12	<p>Some preliminary work on Council assets has already taken place (attached at Appendix 1). 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</p> <ul style="list-style-type: none"> ▪ 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	<p>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:-</p> <ul style="list-style-type: none"> ▪ 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 (see report 2.a) 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
<u>Financial and Human Resources</u>	
<ul style="list-style-type: none"> ▪ 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 -	
<ul style="list-style-type: none"> ▪ 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.

5.0 Documents Attached

Appendix 1: Schedule of assets

