



EXECUTIVE MEMBER DECISION

REPORT OF:	Executive Member for Finance and Governance
LEAD OFFICERS:	Director of Growth and Development
DATE:	16 th June 2020

PORTFOLIO/S AFFECTED:	Finance and Governance	Growth and Development
WARD/S AFFECTED:	All	

SUBJECT:	Corporate Asset Management (AMP) 2020/23 – Developing the Asset Management Policy
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1. EXECUTIVE SUMMARY

1.1 The purpose of this Briefing Paper is to set out a preferred approach for updating the Corporate Asset Management Plan (AMP) and outline a draft Asset Management Policy. The Policy, described in section 4.4 and in the Appendix, will provide the core framework for the updated Asset Management Plan. It will help us to develop the specific Asset Management strategies and actions needed to implement the AMP.

2. RECOMMENDATIONS

2.1 The Executive Member notes the following:

- The proposed approach for updating the Corporate Asset Management Plan, and
- The draft Asset Management Policy, described in section 4.4 and in the Appendix

3. BACKGROUND

3.1 The Corporate AMP was last updated in 2015/16. The Council is now operating in a completely different environment to that of five years ago. Then, the Council was still subject to austerity measures, as it is now, but three further factors will change the way local authorities conduct their business in the future:

- **Covid-19** The Covid-19 pandemic has turned the world on its head. Local authorities, with their health and social care partners, have been at the forefront of tackling the pandemic. Most are now adjusting the way they will need to deliver services, reflecting new priorities with a much greater emphasis on health and wellbeing of staff, service users and visitors. This will have a huge impact on how land and property assets are occupied and deployed to provide services and support the local economy.
- **Climate Change.** The Council has made a commitment in its Climate Emergency Declaration to be carbon neutral by 2030. This again will have a big impact on the Council's land and property portfolio. The priorities will be on energy efficiency measures and improved utility

management, increased generation of energy from renewable sources and using open spaces to capture carbon and alleviate the impact of extreme weather events.

- **Brexit.** The decision to leave the European Union is a major factor although less likely to impact directly on the Council. Nevertheless, it will affect those sectors that either trade with the EU or are heavily reliant on migrant labour from the EU, such as the NHS and social care sectors. The extent of any impact in these areas being dependent on the final terms of any trade deal with the EU and regulations concerning the freedom of movement.

It is also clear there needs to be effective resourcing in the Estates Team going forwards, so there is a clear focus on Strategic Asset Management as distinct from day to day property management, in order to deliver the AMP.

4. KEY ISSUES & RISKS

4.1 Why do we need Strategic Asset Management?

Asset management is about supporting the delivery of the Council's strategic goals and objectives, using land and property assets. It is part of resource and business planning. The Asset Management framework will need to reflect the issues facing the authority and what its values are. In order to be effective in delivering strategic Asset Management, the AMP also needs to give some attention to processes, procedures and how things will be delivered.

The AMP needs to set out a vision of where the Council wants to be and what its main Asset Management objectives are. It also needs to explain how the Council intends to deliver those objectives (its Policy) through a number of Asset Management strategies and actions. Finally, the Plan needs to indicate where investment is needed to achieve specific objectives and how the Council is going to manage and report on property performance.

The Royal Institution of Chartered Surveyors (RICS) Public Sector Asset Management Guidelines describe the property Asset Management Policy as being..... *designed to make sure that the property asset strategy is reflected in the decisions of all parts of the organisation. It sets down the 'rules of behaviour' for the organisation, as far as property decision-making is concerned, to ensure that the strategy can be delivered.*

4.2 The Council's Land and Property Portfolio

Local Authorities across the UK hold large property portfolios (buildings and land) which have been acquired, gifted or inherited over many years. Blackburn with Darwen Council is no different, owning or operating nearly 2,300 land and building assets, with a total asset value of over £280 million.

The portfolio is extensive and diverse, ranging from libraries, community centres, sports centres and schools, which all help to deliver front line services, to commercial land and property that generates income for the Council and supports local businesses. The Council has an extensive agricultural portfolio and has property interests in Blackburn and Darwen town centres. Finally, sites for new housing and industrial development.

4.3 Structure of the Asset Management Plan

The proposed framework for the Asset Management Plan 2020/23 is to have 3 separate elements as follows:

- the Asset Management Policy,
- an Asset Management Strategy, and
- an Asset Management Action Plan

This Briefing Paper and the attached Appendix set out a draft Asset Management Policy. In future, not all parts of the Plan will need to be updated at the same time for it to remain fresh. In many areas our approach to Asset Management is likely to remain constant for several years (such as the Asset Management Policy). The strategy is unlikely to change frequently but will have a shorter life than our land and property policy objectives. The supporting Action Plan will be used and adapted in order to manage our Asset Management programmes.

4.4 Asset Management Policy

The AMP needs to embody certain agreed policy aims, to give a framework for developing asset strategies, and delivering actions and activities relating to our land and buildings. The policy aims below are not listed in any particular order of priority. The key challenge for the Council is ensuring that we maintain an appropriate balance between all these elements so that we make effective use of our land and buildings, and help deliver the Council's Corporate Objectives. The overriding aim (or vision) is to develop an effective, efficient and economic land and property portfolio.

The proposed Asset Management Policy can be summarised as:

- Strategic Asset Management which supports corporate priorities
- Supporting economic recovery and growth
- Property assets managed and developed effectively, efficiently and sustainably, optimising financial returns
- Contributing to the reduction of carbon emissions
- Supporting and empowering local people
- Working with partners to maximise shared opportunities

These policies are set out in more detail in the attached Appendix.

4.5 Next Steps

As mentioned in the Introduction, the purpose of this Briefing Paper is to set out the Asset Management framework and gain endorsement to the Asset Management Policy. This will provide the core framework for the updated AMP and help us to develop the specific Asset Management strategies and actions needed to implement the Policy.

We will also need to consider the resources and capital investment needed to deliver the plan and how this will be funded. This includes effective resourcing in the Estates Team so there is a clear focus on Strategic Asset Management as distinct from day to day property management. Some Asset Management strategies may have to be prioritised or phased over time, and we will need a proactive approach to Property Review to identify underused or surplus assets for disposal, generating capital receipts for re-investment. Where borrowing is needed, a business case approach should help to ensure that revenue savings help offset borrowing costs.

Finally, we will need to develop an effective framework that enables us to understand how the portfolio is performing. Developing Key Performance Indicators (KPIs) will help in targeting the areas where performance needs to be improved and identifying poorly performing or underutilised assets for disposal.

5. POLICY IMPLICATIONS

5.1 It is essential that we plan and manage property as a corporate resource for the benefit of the people of Blackburn with Darwen. In that respect, our Asset Management policies need to support the Council's Medium Term Financial Strategy and Corporate Objectives. A table is included in the Appendix, which illustrates the links between our asset policies and the Corporate Objectives.

6. FINANCIAL IMPLICATIONS

6.1 The Council will need to make sufficient capital and revenue resources available to support the aims of the AMP and deliver the Asset Management strategies. In some areas, there may be an investment 'gap' so the delivery of some strategies may need to be prioritised or phased over time. Through property review processes, we will challenge the reasons for holding property assets and identify underused or surplus assets that can be released for disposal. This should generate capital receipts for re-investment. In other cases, borrowing may be needed. A business case approach will help to ensure that revenue savings from the economies and efficiencies resulting from Asset Management initiatives offset borrowing costs.

7. LEGAL IMPLICATIONS

7.1 The Asset Management Plan will be implemented in compliance with the Council's Constitution and the Local Government Act.

8. RESOURCE IMPLICATIONS

8.1 Beyond the financial implications detailed above, staff resources will be needed to implement the AMP. This may require a review of roles and responsibilities in some areas, and this will be addressed in more detail as we develop the Asset Management strategies and Action Plan.

9. EQUALITY AND HEALTH IMPLICATIONS

Please select one of the options below. Where appropriate please include the hyperlink to the EIA.

Option 1 Equality Impact Assessment (EIA) not required – the EIA checklist has been completed.

Option 2 In determining this matter the Executive Member needs to consider the EIA associated with this item in advance of making the decision. (*insert EIA link here*)

Option 3 In determining this matter the Executive Board Members need to consider the EIA associated with this item in advance of making the decision. (*insert EIA attachment*)

10. CONSULTATIONS

Internal consultations within the Growth and Energy & Sustainability teams.

11. STATEMENT OF COMPLIANCE

The recommendations are made further to advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been considered. The

recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

12. DECLARATION OF INTEREST

All Declarations of Interest of any Executive Member consulted and note of any dispensation granted by the Chief Executive will be recorded and published if applicable.

VERSION: 2.0

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DATE:	16 th June 2020
BACKGROUND PAPER:	None