



EXECUTIVE BOARD DECISION

REPORT OF:	Executive Member for Growth and Development
LEAD OFFICERS:	Strategic Director of Growth & Development
DATE:	Thursday, 9 March 2023

PORTFOLIO/S AFFECTED:	Growth and Development
WARD/S AFFECTED:	(All Wards);
KEY DECISION:	Y

SUBJECT: Strategic Asset Management Plan for 2023/24 – 2025/26 and Disposal Policy

1. EXECUTIVE SUMMARY

The **Strategic Asset Management Plan**, attached at Annex A, sets out what the Council intends to do to ensure our property assets support our corporate priorities, increase the Council's financial resources and deliver value for money. Effective asset management is essential to meeting the Council's priorities and improvement aims, with asset rationalisation presenting opportunities to reduce costs and improving service efficiencies.

Strategic use of our land and property assets is a prerequisite for the achievement of our corporate priorities in relation to a growing Borough, supporting neighbourhoods and promoting inward investment and job creation. The challenge facing the Council, and all local authorities, is that we must continue to deliver effective services to our residents and businesses, with ever decreasing resources. These are difficult times and the financial constraints and uncertainty in the wider economy bring additional challenges for the Council.

In this context, it is essential we take a strategic view of our asset portfolio in order to deliver our corporate priorities, grow our borough, achieve best value and return from all of our assets. The objectives of reducing expenditure, increasing income and realising value in our strategic land assets is key to the delivery of our Place investment and achieving our Medium Term Financial Plan. An updated Disposal Policy is included within the Strategic Asset Management Plan as an appendix, setting out the process and considerations to be made when disposing the Council's land / property assets.

2. RECOMMENDATIONS

That the Executive Board:

1. Notes the progress made by Growth & Development team to restructure and reprioritise our property functions to align and support emerging service needs in addressing the Council's financial challenges;
2. Approves the Strategic Asset Management Plan for 2023/24 to 2025/26 attached as Annex A, and approves officers to progress with the key actions as detailed in the plan;
3. Approves the Disposal Policy which is included as an appendix to the Strategic Asset Management Plan and attached as Annex B;
4. Approves a revenue fund of £300,000, funded from the Invest to Save Reserve to cover the 3 year period of the Strategic Asset Management Plan to support officers in undertaking property condition surveys and feasibility studies to support the asset review process;

5. Delegates authority to amend the key actions included in the Strategic Asset Management Plan (by adding, removing or prioritising projects) to the Growth Programme Director or Strategic Director of Growth & Development in consultation with the Executive Member for Growth & Development; and
Notes that future progress updates on key actions and KPI's will be submitted on an annual basis to Executive Board for information.

3. BACKGROUND

Asset Management

Asset Management is the activity of aligning land and property assets with the strategic aims and direction of the organisation, and adding both financial and non-financial value to the organisation as a result. This **Strategic Asset Management Plan (SAMP)** aligns the land and property assets with the organisation's corporate priorities and objectives. It also aims to respond to all functional and service delivery requirements of the Council, enabling the organisation to meet its statutory obligations to deliver operational functions, services and duties within the Borough. The SAMP provides a comprehensive framework describing how the Council will manage its land and property assets and harness their benefits within an agreed standard of service.

This **SAMP** covers a 3-year timeframe from 2023/24 to 2025/26 and is intended to deliver the following 7 objectives:-

1. achieve corporate objectives and improve service delivery;
2. set out the scope of the Councils property assets portfolio;
3. assist in maximising the beneficial use of property assets;
4. promote service benefits such as accessibility, user satisfaction and comfort;
5. generate carbon and budget efficiencies;
6. encourage continuous review and challenge of the use and ownership of property assets; and
7. ensure that buildings are maintained in line with statutory requirements.

Our Asset Portfolio

The Council carries out the whole range of functions required of a unitary authority including education, social care, leisure culture and sport, planning, highways and housing. As a result of this, the Council holds a large and diverse portfolio of land and building assets which extends to around 12% of land coverage. Our **Asset Portfolio** therefore comprises offices, schools, community centres, depots, leisure facilities, libraries, cemeteries, household waste centres, car parks, public conveniences, assets leased to community organisations, amenity land, allotments, farms and other land and property used to generate commercial income. The reasons for holding these assets will vary and, as a result, we may need to measure their performance in different ways. The performance of each asset must link to the strategic purpose for holding it. The Council's asset list for valuation purposes records **circa 600 individual land and property assets** of which circa 200 are buildings and 400 are land parcels. Each of these assets are valued in accordance with CIPFA guidance and the value included within the Statement of Accounts, which for 2020/21 records the book value for these assets as £231m. The Council's asset list for ownership and property management purposes records circa 2,700 individual assets, which includes subdivisions of the valued assets and other assets which are not recorded for valuation purposes.

The **operational estate** comprises assets which are utilised for the delivery of services, the **investment estate** includes land and property which generates income, and the **community estate** comprises assets such as amenity land, allotments and gardens. **Surplus property** is any asset which does not fall into any of the previous three categories, and has been declared surplus via the Council's Asset Management Group (AMG). As part of the three year plan within the SAMP, a review of all vacant surplus land will be carried out, and where possible, the assets will be disposed over the plan period.

Our Investment Estate

The Council's **Investment Estate** directly contributes towards the Council's Financial Strategy. The portfolio comprises a variety of industrial units, retail premises, ground rents and other commercial properties occupied by various tenants (businesses, individuals and community organisations). In 2021/22 the Council received an investment estate income of £2,216,540 based on circa 300 assets which is a 7.4% increase on our 2020/21 income. The investment estate income is forecast to increase in 2022/23 by 6.2% to an income of £2,354,188 demonstrating the Council is delivering a good return from its assets.

Strategic Objectives

The SAMP details key strategic objectives and delivery/implementation initiatives over the three year period of the plan.

The five strategic objectives set out below will inform all strategic decisions regarding our assets:

- 1) To efficiently manage our assets for the benefit of the people of Blackburn with Darwen;
- 2) To provide the right accommodation to meet existing and future service needs for Blackburn with Darwen Borough Council;
- 3) To effectively manage and maintain our assets and to maximise positive outcomes from all disposals;
- 4) To utilise our assets to stimulate growth and development, together with supporting local business needs and promoting new investment; and
- 5) To promote joint working where it will provide benefits for service delivery and increased efficiencies.

The action plan (section 6 of the SAMP) outlines how the strategic objectives will be delivered and identifies the links between the Council's Corporate Plan, the Asset Strategy and timescales for delivery.

4. KEY ISSUES & RISKS

Background

The Council is now operating in a completely different environment than five years ago. Then, the Council was still subject to austerity measures, whereas now, additional factors, as well as a new austerity period, are impacting how local authorities respond to our changing world. **Key drivers of this change** include; Climate Emergency, Brexit, Covid-19, Cost of Living Crisis and War in Ukraine. The Council will therefore need to change the way services are delivered and respond to the emerging new environment. Consequently, the Council will need to be more flexible and agile in managing the land and property assets and use creative and innovative solutions to drive growth opportunities to support new jobs, housing and infrastructure within the Borough.

Inspection and Maintaining our Assets

Over recent years the budget for planned maintenance work and stock condition surveys has been significantly reduced. Targeted planned preventative maintenance not only reduces cost, but also the impact and downtime caused. To support future planned maintenance programmes and asset improvement works to reduce carbon emissions a new programme of asset condition assessments is required to inform future investment programmes, with a target of 20% of our building assets surveyed each year on a 5 year rolling schedule.

Asset Reviews

The Council's assets deliver a combination of front line services, indirect service provision and support to our communities. Some assets are legacies from donations in the past, local government reorganisation or previous acquisition and all of these assets need to have a purpose which should be continuously challenged. Council officers will challenge our land and property portfolio holdings to ensure they remain fit for purpose, offer value for money and are flexible enough to adapt to future needs. We will manage and report land and property data in a way that is transparent, assists the Council, helps us to carry out asset reviews and improve property performance. The Council is currently progressing with an **Asset Review Programme** for the operational estate, assessing our properties against current and emerging service needs to identify opportunities for co-location, relocation or intensification. Assets identified as no longer required for operational purposes will be disposed, developed or transferred to the community where appropriate. Revenue savings identified by the asset review will be included in future savings targets and plans supporting the Medium Term Financial Plan.

Corporate Office Accommodation

One element of the asset review process is to consider the Council's corporate office accommodation which forms a significant part of our asset portfolio in terms of area and running costs. Changing the way we use accommodation has the potential to deliver significant revenue savings to the Council. Significant activity has already taken place in the last few years in terms of bringing Council employees into Blackburn town centre from dispersed locations, and terminating leases or re-using assets as appropriate, with improved space planning and investment in furniture. Over the past 5 years up to 2022/23, the Council reduced office accommodation space by 27% from around 20,000 square metres (gross) to approximately 14,500 square metres (gross), thus delivering running cost revenue savings.

Disposal of Assets

As part of the three year SAMP, Council officers will conduct a review of all vacant and surplus land, and suitable assets will be disposed of where possible. In addition, assets identified as no longer required for operational

purposes will either be disposed, developed or transferred to the community where appropriate. Given this potential increased level of disposal activity, officers have taken the opportunity to review the existing disposal policy and update as required. An example of an update is the inclusion of a section in the policy regarding subsidy controls as legislated by the new Subsidy Control Act 2022.

5. POLICY IMPLICATIONS

The Strategic Asset Management Plan aligns with existing Council Policies and Strategies including the Financial Strategy, Corporate Plan, Local Plan and Growth Programme.

6. FINANCIAL IMPLICATIONS

Approves a revenue fund of £300,000 over the 3 year period of the Strategic Asset Management Plan to support officers in undertaking property condition surveys and feasibility studies to support the asset review process. It is intended to fund this expenditure from the Council's Invest to Save on the basis that implementation of the Plan should result in a reduction in the Council's property/asset cost base.

Any follow on capital requests for individual projects will be reported separately.

7. LEGAL IMPLICATIONS

Whilst there may be legal implications for individual projects there are no legal implications for the implementation of the Strategic Asset Management Plan, and indeed is a requirement of the financial governance framework that an asset plan is prepared and adopted by the Council.

8. RESOURCE IMPLICATIONS

Whilst there may be resource implications for individual projects there are no additional resource implications for the Growth & Development department for the implementation of the Strategic Asset Management 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

Consultations will be undertaken for any follow on schemes developed by the Asset Review Process in accordance with the Council's constitution and other statutory planning legislation.

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 in the Summary of Decisions published on the day following the meeting.

VERSION:	1
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CONTACT OFFICER:	Simon Jones, Growth Director, Department of Growth & Development
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DATE:	March 2023
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BACKGROUND PAPER:	None
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