

Cabinet

19 April 2023

Corporate Asset Management Plan 2023-2025



Ordinary Decision

Report of Corporate Management Team

Any Harhoff, Corporate Director of Regeneration, Economy and Growth

Councillor James Rowlandson, Cabinet Portfolio Holder for Resources, Investment and Assets

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To present and agree the Corporate Asset Management Plan 2023-2025 which is a strategic plan setting out how the property portfolio will support the Council's corporate priorities and objectives and which provides the direction for the ongoing management of the portfolio over the next two years.

Executive summary

- 2 The size, shape and location of our land and property portfolio is vitally important to enabling the success of the Council's ambitions. It provides space for the delivery of our public services; it helps create jobs, housing and economic growth as well as income to invest in our services. The strategic management of this valuable resource in the context of broader objectives for the economy and the environment is important to the Council and to the communities we serve.
- 3 In 2009, the unitary County Council was formed from 8 authorities and information about the now combined estate brought together from each former district council and the County Council varied greatly in its availability and its quality. The process of reconciling this data has been prioritised alongside operational requirements and is ongoing.
- 4 The Council owns over nine thousand hectares of land and has an interest in nearly nine hundred buildings. The operational estate is

valued at £1 billion and costs £34 million annually to run. The estate is widely dispersed across the county and, in addition to the property we hold for service delivery, we have a significant legacy of sites used for reclamation, heavy industry and amenity sites. The historic and inherited nature of many of our assets bring specific challenges and responsibilities.

- 5 A significant programme of activities is underway within the Council to implement the Corporate Property Partnership (CPP) approach to asset management. This approach ensures that our property portfolio is managed and maintained consistently and corporately, allowing services to concentrate on their operational delivery.
- 6 A major component of the CPP model is the development a Corporate Asset Management Plan (CAMP) which sets out at a high level how the property portfolio will support the achievement of the corporate priorities and objectives and will provide direction for the ongoing management of the portfolio.
- 7 This CAMP is designed to provide this context and direction of travel for the near term. It has three elements:
 - **The Asset Management Strategy** – highlighting the strategic context, factors that will influence change, and translating organisational objectives into property objectives;
 - **The Asset Management Policy** – setting out the framework of rules, culture and behaviour that will ensure the consistent management and high performance of our property assets;
 - **The Asset Management Action Plan** – an action plan of activities and projects that deliver our property objectives.
- 8 Progress on delivering the activities in the Action Plan will be fundamental in the further development of the CAMP and, in particular, the delivery of the second iteration of the document in 2025. Wider consultation with external agencies, partner organisations and with communities will also inform the CAMP post-2025.
- 9 Amongst the many agendas supported by good use of our assets are the Inclusive Economic Strategy, the County Plan, the Climate Strategy and the Council's Corporate Plan, the CAMP therefore has due regard to the role of our land and property in supporting these adopted plans.

Recommendation

- 10** Cabinet is recommended to
- (a)** approve the Corporate Asset Management Plan 2023-2025;
 - (b)** agree to the continued development of a second stage CAMP to be presented to cabinet in 2025.

Background

- 11 The way we manage our property assets is fundamentally important to the success of the Council but moreover to the success of our County. In 2019 the Council adopted the CPP model – sometimes referred to as a Corporate Landlord model - as an approach to asset management. The aim of the CPP model is to establish clarity of direction, vision and purpose for our property assets and to:
- enable us to more efficiently utilise our assets to deliver better services to the community;
 - unlock the value of our assets, seek efficiencies through joint arrangements with other public sector partners and maximise private sector investment;
 - integrate strategy about property with financial, economic, environmental and commercial considerations to support the delivery of our Council Plan.
- 12 The principle of the CPP model is that responsibility for all property related activity and expenditure is within the remit of CPaL under the direction of the Corporate Property Board (CPB). This approach assures that finances are properly prioritised, management is consistent, and opportunities are realised across the whole estate. In this way, we can ensure that the needs of the whole organisation, as well as individual service operations are met.
- 13 The CPP model has generated an extensive programme of activities that will ensure strategic asset management principles are embedded within the organisation. It will take some time to complete the programme due to the scale and scope of the change required and the need to adapt behaviours in the longer term.
- 14 The key benefits of the model so far have been:
- (a) establishment of the CPB, chaired by the Corporate Director of Regeneration, Economy and Growth, which oversees the delivery of the CPP model and ensures integrated management of the portfolio;
 - (b) greater clarity on roles, responsibilities and processes involved in property repairs and maintenance through the development of the Interim Maintenance Policy;
 - (c) realignment of property repairs budgets so that the principles contained in the Maintenance Policy are embedded in work practices and decision making;

- (d) standardisation of the Landlord Approval process has involved significant collaboration across the authority and will ensure consents are granted with consistency and with proper consideration of relevant implications;
 - (e) development of a framework to classify our assets which will allow us to refine data management and to identify areas of the portfolio that require review and greater clarity of responsibilities.
- 15 Despite the global challenges of the last three years, significant steps have been made to progress the delivery of the CPP model, but there remains a great deal to do.
- 16 One of the principal tasks in the CPP programme of activities is the development and delivery of the CAMP, setting out the strategic context in which property assets are managed. The remaining activities in the CPP programme form the basis of the CAMP action plan and will be fundamental to its further development.

The Corporate Asset Management Plan

- 17 The purpose of the Corporate Asset Management Plan is to set out strategically how the Council’s property portfolio will support the corporate priorities and objectives, and to provide the direction for the ongoing management of the portfolio.
- 18 The CAMP is designed to provide this statement of intent for the near future (2023-2025). Over the course of this two year period it will be subject to changes and refinement as the implementation of the CPP model is advanced, and it will need to reflect changes in working practices and corporate ambition that are emerging post-pandemic.
- 19 A second stage, longer term CAMP will be presented during 2025.
- 20 This Corporate Asset Management Plan has three elements:

The Asset Management Strategy	<p>The direction for change</p> <p>This will set out at a strategic level what the Council wants to achieve from its property assets in the context of its organisational objectives and achieving its priorities. This will reflect different strategic issues including specific social, economic and environmental objectives as well as specific service and portfolio transformation objectives.</p> <p>It will translate organisational objectives into property objectives.</p>
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<p>The Asset Management Policy</p>	<p>The rules, culture and behaviour</p> <p>This will set out the rules and principles by which the property assets must be managed.</p> <p>It will provide the framework under which all activities will be undertaken and will ensure that performance is effectively and consistently managed to support the Council's strategic objectives.</p>
<p>The Asset Management Action Plan</p>	<p>The delivery plan</p> <p>This will be a short term, 'live' action plan specifying detailed activities, timescales, resources and responsibilities to achieve the property objectives. It mirrors the activities required to implement the Corporate Property Partnership model.</p> <p>This action plan will be actively managed and updated at least annually.</p>

- 21 There has been a multi-disciplinary approach to consultations on the CAMP to help understand service delivery challenges and future service developments so that, in turn, we can explore how the property estate can support these. The main findings are listed in the table below and have been incorporated into the CAMP:

<p>Link to Council Plan and Key Strategies</p>	<p>The Council Plan, County Durham Together, Customer Access Strategy, Digital Durham were cited as critical to determining the shape of the Council's future estate. Joining up these initiatives and understanding the corresponding property needs in each community will provide strategic direction for reviewing the estate and inform decisions on investments or disposals.</p>
<p>Assessing estate proposals and investment</p>	<p>We need to ensure that new initiatives and proposals, that often come with financial incentives, are properly assessed to ensure they fit the Council's strategic objectives and are not detrimental to progress in other areas.</p> <p>Similarly, opportunities to drive greater corporate benefits from programmes of work by investing more at the outset must be fully considered during option appraisal.</p>

Clarity of responsibilities	There are parts of the current estate where clarity of responsibility is an issue. Some of these have been addressed by the development of the new Maintenance Policy and by a focus on centralisation of maintenance responsibilities, but other areas require a review of current Policy and/or quicker access to comprehensive asset information.
Review of existing portfolio	Engagement with all services and an understanding of their future operating models together with a system of asset challenge will ensure that we have the right approach to property reviews. This must also link with Key Strategies and clarity on responsibilities.
Approach to partnership/collaborative working	We need to build on the work that is already happening with partners, and we need to make the processes more transparent, responsive and reflective of the benefits to be gained.
Operational management & staffing	Building suitability and design will be influenced by the way the services are delivered so operational models must be clear.

22 The further development of the CAMP (post-2025) will involve consultation with external agencies and partner organisations that work with the Council to deliver its objectives and with the communities that have an interest in how we use and manage our estate. It will also reflect the progress and conclusion of many of the key activities listed in the action plan (see part 3 of the CAMP).

23 The CAMP is attached at Appendix 2 for your attention. A summary of the contents is set out in the table below:

Introduction to the CAMP	An introduction to the purpose of the CAMP and the diverse nature of the property estate. It details of what is excluded from the scope of the document, background information about the corporate context the CAMP operates within, and the structure and status of the document. There is a summary of achievements made in corporate asset management over recent years together with some metrics that detail the scale of day-to-day operational management.
The Asset Management Strategy	Through pages 10-15 we set out the links between the CAMP and other strategic documents that impact on

	<p>and direct how we manage the property portfolio. These include but are not limited to:</p> <ul style="list-style-type: none"> • The Council Plan 2022-2026 • Medium Term Financial Plan • Inclusive Economic Strategy • Climate Plan • Towns and Villages Strategy • Housing Strategy • Workforce Strategy <p>This section continues with the key drivers for change, both internal and external, and lists seven strategic property objectives that provide the framework for the holding and management of our portfolio.</p>
<p>The Asset Management Policy</p>	<p>The policy section sets out the rules, culture and behaviours that will enable us to deliver against the strategic property objectives. There are five 'directing principles' of working practice and decision making:</p> <ul style="list-style-type: none"> • To ensure that property assets are managed as a corporate resource and are used to support the Council's ambitions and priorities. • To ensure property assets provide the right spaces in the right places to support the delivery of services for the benefit of communities. • To ensure property assets are managed and maintained safely, effectively, efficiently and sustainably to take account of whole life costs and environmental impact. • To ensure consideration is given to the use of property assets to stimulate development and growth, support local business needs, optimise financial returns and support corporate ambitions and priorities. • To ensure opportunities for community involvement and partnership working are considered where they can provide efficiencies, benefits to communities and the property assets can be effectively managed. <p>Organisational, governance and resourcing arrangements are explained and it is acknowledged that this work is ongoing to ensure that they continue to reflect the needs of the organisation.</p>
<p>The Asset Management Action Plan</p>	<p>This section includes key statistics about the portfolio –</p> <ul style="list-style-type: none"> • 9,296 hectares (22,971 acres) of land and 893 buildings with a book value of circa £1.04bn and running costs of £34m • Annual rental income of £9m and outgoings of £2.5m • Numbers of properties in different service areas

	<ul style="list-style-type: none"> • Sales income of £2.2m (21/22) and required maintenance of £108m <p>The action plan of activities to implement the CPP model in the two year timeframe of this CAMP and beyond 2025 is summarised in this section.</p> <p>Fundamental to the success of the action plan is:</p> <ul style="list-style-type: none"> • Continuing to embed corporate working • Engagement with external agencies, partner organisations and communities • Developing data systems and enhancing property information • Improving policies and procedures
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Conclusion

- 24 The CAMP is the fundamental strategic plan that sets out what the Council wants to achieve from our property and land. The plan sets out opportunities to support the achievement of our corporate objectives and wider goals for our county.
- 25 Engagement and development will be ongoing and will be an important part of ensuring that the CAMP supports and is consistent with wider corporate objectives and priorities.
- 26 Over the next two years the CAMP will be further developed and refined as the programme of activities listed in the CPP model and CAMP action plan are completed.

Background papers

- None

Other useful documents

- None

Author(s)

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Appendix 1: Implications

Legal Implications

No implications.

Finance

There will be financial and resource implications arising from the further work to develop and implement the Corporate Asset Management Plan. These resource implications will be presented and considered as part of the CAMP implementation and with reference to MTFP requirements.

Consultation

The recent activities summarised in this report form part of the engagement process to develop the Corporate Asset Management Plan. Further engagement will be ongoing involving wider groups of stakeholders.

Equality and Diversity / Public Sector Equality Duty

No implications.

Climate Change

The Corporate Asset Management Plan will reflect the Council's commitment to carbon reduction/neutrality.

Human Rights

No implications.

Crime and Disorder

No implications.

Staffing

There may be changes to working practices and resource implications arising from the development and implementation of the Corporate Asset Management Plan. These resource implications will be considered as part of the CAMP implementation.

Accommodation

No implications at this stage, although the implementation of the Corporate Asset Management Plan is likely to result in changes to the existing property portfolio. Changes to the portfolio will be subject to option appraisal and corporate approval processes and governance.

Risk

None at this stage.

Procurement

None at this stage.

Appendix 2: Corporate Asset Management Plan 2023-2025

See document attached separately.