

Executive – 5 March 2009

ASSET STRATEGY

Report of Strategic Director (Community)

Statutory Powers: Sections 111, 120 and 123 of the Local Government Act 1972.

Financial Implications: The Asset Strategy sets out links between the Council's approach to asset management and the funding of schemes through use of both internal and external resources. Whilst this report does not seek approval for expenditure of Council resources, subsequent proposals for development projects, acquisitions and disposals will have implications which will need to be considered carefully at the appropriate time.

Purpose

This report refers to the Council's draft Asset Strategy 2009 which is attached at annex 1. The Asset Strategy is an update of the Asset Strategy 2008 and provides linkages between what the Council is doing to maximise the use of its assets to meet priorities and how this fits with the Council's financial plan.

The Asset Strategy meets a wide number of Council Priorities including:

- CP1 – provision of sites for affordable housing; acquisition of land under CPO powers for housing developments; capital receipts generated for housing projects
- CP2 – provision of sites for employment projects; acquisition of land under CPO for employment schemes; disposal of existing sites to re-invest in new developments
- CP3 – management of public open space and ensuring that proper consideration is given to impact on the environment when promoting development projects
- CP4 – reducing the production of CO2
- CP5 – partnerships promoted to work with other organisations to support access to services
- CP6 – maximising financial returns from assets; disposal of poor performing assets; links between capital schemes and Council priorities clearly demonstrated; clear understanding of premises costs which can be built into the Council's medium term financial plan

Recommendations

That the Executive RESOLVES to approve the Asset Strategy 2009.

Background

1. The Asset Strategy 2009 provides a framework to optimise the use of property assets in terms of service benefits and financial return in order to meet corporate objectives and priorities. The Asset Strategy updates the principles set out in the current document which was approved by the Council's

Executive on 29 May 2008. The major changes to the Strategy are explained further in paragraphs 4, 5 and 6 below.

2. The draft Asset Strategy 2009 has been considered by the Council's Asset Management Group on 12 January 2009.
3. One of the principal aims of the Asset Strategy is to ensure that the opportunity cost of having resources tied up in land and buildings is kept to a minimum and that expenditure (whether it be capital or revenue) is used effectively and efficiently to provide value for money.
4. Fundamental to the Asset Strategy 2009 is the need to systematically review and challenge property holding and use. During the summer / autumn of 2008 a review was undertaken of the Council's assets to identify which a) should be retained for service delivery, b) which should be developed to support the Council's Priorities or sold, and c) those which do not directly contribute to the Council's objectives and could be offered / transferred to other agencies. Proposals for offering to transfer assets to Parish and Town Councils are included in paragraphs 3.3.6 and 3.3.7 of the Strategy.
5. The Strategy also includes an update to the Council's protocol on accepting donations of land for public open space etc. The revised protocol places the responsibility on the land owner / developer to manage such assets rather than looking to the Council to take ownership. The revised protocol is set out in appendix H to the Strategy and is attached as annex 2 to this report.
6. The third change to the Strategy is the addition of a new project appraisal form for minor capital projects (under £100,000). The existing appraisal is considered to be too onerous and comprehensive for smaller schemes and the new appraisal still identifies the key risks to a project but allows for streamlining of the process. The revised protocol is included at appendix D to the Strategy and is attached as annex 3 to this report.
7. The Asset Strategy 2009 at Annex 1 includes a range of appendices which support the delivery of this Council's joined up approach to asset management and its use of resources. Some of the appendices are documents previously approved by Members, and in order to avoid excessive printing these have not been included with the Asset Strategy but have been published as part of the agenda on the Council's website. Those with significant changes have been attached. In addition, interested Members can also obtain a hard copy of any or all of these appendices from Members Support Services if required.

Links between Asset Management, Capital Resources and Capital Programme

8. The capital programme is prioritised based upon a range of issues including:
 - The extent to which the projects meet corporate priorities
 - Requirements to meet legislation
 - Asset condition
 - Net Revenue Impact
 - Opportunities to lever in external funding

9. The 2 year capital programme for 2008/09 and 2009/10 was approved by Council on 24 July 2008. Progress on the programme was last reported to the Executive on 08 January 2009. A revised capital programme will be recommended to the Council following approval of this Strategy.

Risk Assessment

The following are the significant risks and opportunities identified:

Opportunity	Issues / Obstacles	Benefits
To ensure that assets meet the needs of services	Identifying the resources and prioritising to keep premises in the appropriate condition and are suitable for users Planning condition surveys and planning maintenance	Premises enhance the delivery of services
Capital projects are focused on delivering to the Council's priorities	Clear requirements for projects to be appraised against priorities	Capital expenditure enhances the delivery of the Council's approved objectives and priorities
That projects run to time and on budget	Effective use of project management Regular reporting through the Asset Management Group to Executive	There is close control on capital budgets and expenditure
Ensure that the financial implications of all asset related initiatives are properly considered	Identifying the life long cost implications of capital investments	There is close control on revenue budgets and expenditure
To ensure that the agreed asset priorities and objectives may be carried forward to any successor Authority to South Hams	Changes to the boundaries as result of Local Government Review	Locally agreed property programmes will be delivered to support identified service needs

Conclusion

10. The Asset Strategy 2009 pulls together a number of policies and initiatives and provides an update on the current 2006 edition.
11. The importance of ensuring that assets are seen as a critical part of the Council's resources is clearly recognised.

12. The Asset Management Group has been closely engaged in the development of the Asset Strategy and fully support it.

Alan Robinson
Strategic Director (Community)

Executive
5 March 2009

Background Documents:

Council Report, 24 July 2008, minute 39/08

Executive Report 29 May 2008, minute E.5/08

Executive Report 08 January 2009, minute E.93/08