

For publication

Asset Management Strategy Delivery Plan 2024/25

Meeting:	Cabinet
Date:	19 March 2023
Cabinet portfolio:	Cabinet Member for Finance and Asset Management
Directorate:	Economic Growth

1.0 Purpose of the report

- 1.1 Full Council approved the Asset Management Strategy 2023-2027 in July 2023. This report seeks Cabinet approval for a detailed delivery plan for 2024/25, which contains a range of activities aimed at achieving the objectives set out in the strategy.
- 1.2 The report also seeks approval for resources to progress the implementation of new asset management software system, to support service transformation, and to progress the stock condition surveys, net-zero carbon assessments and develop business cases to progress an asset maintenance and decarbonisation programme.

2.0 Recommendations

- 2.1 To approve the asset management strategy delivery plan for 2024/25 as set out in Appendix A, to move forward the delivery of the strategic objectives set out in the Council's Asset Management Strategy.
- 2.2 To approve up to £350,000 to progress the procurement and implementation of a new asset management software system, to be funded through the use of capital receipts.
- 2.3 To approve up to £300,000, to be funded over two financial years from the property renewals fund, and the use of individual held commercial property reserves, to progress a programme of stock condition surveys, net-zero carbon assessments and develop business cases, to progress an asset maintenance and decarbonisation programme.

- 2.4 To endorse the capital receipts policy, as set out in the Asset Management Strategy - to reinvest capital receipts, secured through the disposals programme, into the land and property estate to fund maintenance, decarbonisation and investment activity to support the delivery of the asset management vision.
- 2.5 To note that successful delivery of the recommendations set out in this report are dependent upon the reshape of the property and technical services team that is being presented to Joint Cabinet and Employment and General Committee on 19 March 2023.
- 2.6 To delegate authority to the Service Director – Economic Growth, in consultation with the Cabinet Member for Finance and Asset Management, to make amendments to the Asset Management Strategy Delivery Plan during the year to enable operational effectiveness.

3..0 Reason for recommendations

- 3.1 To establish, for 2024/25, a detailed work programme and resources to continue the delivery of the Council's asset management strategy that sets out the vision, asset management policies and strategic objectives to guide the overall management of the council's land and property assets, in line with the vision and priorities of the Council.

4.0 Report details

Context

- 4.1 Chesterfield Borough Council is committed to making sure that its land and property assets work to benefit the wider borough, as well as enabling the council to deliver its services as efficiently and effectively as possible.
- 4.2 The Council Plan sets out its vision to 'Putting our Communities first', together with three priorities:
- Making Chesterfield a thriving borough
 - Improving quality of life for local people
 - Building a resilient council
- 4.3 The commitment to our communities to maximise social value, deliver inclusive growth, provide good quality housing and attractive green spaces, and achieve net-zero carbon by 2050, can all be driven forward through the way in which the Council uses its assets for the benefit of the borough.
- 4.4 A new asset management strategy was approved by Council in July 2023. It includes an overview of the council's current land and assets and in consideration of the drivers and opportunities, the strategy sets out a vision,

asset management policies and strategic objectives which set out the focus for land and property management up to 2027.

4.5 Key elements of the strategy are highlighted below, including the headline outputs and outcomes, under each of the strategic objectives, that the delivery of the strategy will seek to achieve by 2027.

4.7 Vision:

To actively manage and rationalise our land and property assets in line with the vision and priorities set out within the Council plan, ensuring that our assets are safe, efficient, fit for purpose, sustainable and provide value for money for the communities of Chesterfield.

4.8 The asset management policy areas provide an overview of the remit and responsibilities of the new corporate property and estates service, with regards to land and property assets.

- Corporate landlord – to adopt a corporate landlord approach to the management of our land and property, including providing a clear governance structure for performance, programme management and decision making; clear policies and procedures, reporting and monitoring arrangements; and putting in place resources to deliver a corporate landlord approach across the council
- Compliance and property maintenance – to keep our properties safe, dry and secure through the implementation of an appropriately resourced, well-managed, rigorous compliance regime and a repairs and renewals programme with evidence-led maintenance plans, which are based on an appropriate balance of investment between planned and reactive maintenance
- Commitment to net zero carbon emissions - to seek to protect the environment by adapting and managing our estate to meet the council's climate commitment to net zero by 2030, in line with the council's climate change strategy and including the consideration of initiatives that support green growth
- Land and property rationalisation – to drive efficiencies through regular asset management reviews of our land and property assets, ensuring they are managed efficiently, provide the right space, in the right place and on the best terms
- Disposals and acquisitions – to dispose of, or acquire land and property as part of the delivery of the outcomes from the rationalisation programme, in line with the council's overall vision and priorities set out in the Council Plan, with particular focus on maximising social value, inclusive growth and the contribution to net-zero commitments

- Use of capital receipts - to reinvest capital receipts, secured through the disposals programme, into the land and property estate to fund maintenance, decarbonisation and investment activity to support the delivery of the asset management vision
- Commercial estate management – to maximise income generation and overall social value from the existing land and property portfolio through proactive estate management recognising the importance of delivering value for money to support council service delivery and the medium-term financial plan
- Supporting growth and housing strategies – to use our assets to support development opportunities and maximise inclusive growth in the borough, as part of the delivery of the council’s growth and housing strategies
- Innovation and technology – to promote a culture of innovation that optimises the use of technology to support new ways of working across the Council

4.9 The strategic objectives, outputs and outcomes, provide an overview of the work to be delivered over the period of the Asset Management Strategy to March 2027.

- **Developing and delivering our Corporate Landlord approach**

By 2027 we will have:

- Established effective governance arrangements, under a corporate landlord model, to support effective decision making.
- Reshaped services across the council to support the implementation of a corporate landlord approach, with appropriate resources for successful delivery.
- A range of appropriate policies and procedures in place to guide decision making and the development of work programmes.
- A new ICT software system to effectively manage and analyse asset data to support decision making.
- Regular reporting of statutory compliance performance across the estate.

- **Investing in decarbonisation whilst keeping our assets safe and well maintained**

By 2027 we will have:

- Completed a stock condition and net-zero carbon assessment on all of our assets.
- Made significant progress in decarbonising our assets, towards the council’s net-zero target for 2030.
- An established and sufficiently resourced medium to long term planned maintenance programme.
- An appropriately funded planned maintenance and reactive repairs service.

- An established corporate landlord approach to premise management with clear responsibilities for the corporate property team and premise managers.
- **Delivering a land and property rationalisation programme**
By 2027 we will have:
 - Completed a full land and property rationalisation programme and established an annual review programme to review our assets every five years.
 - Completed a four-year disposals programme and achieved a significant level of capital receipts, that have primarily been re-invested in the council's land and property portfolio
 - Established an on-going disposals and acquisitions programme to ensure the estate continues to provide value for money for the Council and support its vision and priorities.
- **Maximising income and overall value from the existing commercial estate**
By 2027 we will have:
 - Completed a review of the commercial portfolio, seeking to maximise income from land holdings
 - Implemented a new ICT software system to enable the effective management of the financial transactions required to recover rental and service charge income.
- **Using our land and property to maximise inclusive growth opportunities across the borough**
By 2027 we will have:
 - Worked to support the delivery of the growth and housing strategies of the council; seeking to deliver the council vision and priorities.
 - Identified opportunities to expand the council's commercial portfolio and income generating ability, including green growth opportunities.

4.10 The strategy highlighted the significant resourcing challenges to progressing its delivery. In the short term these challenges include staff resources and investment required in new and replacement ICT software systems and the completion of stock condition and net-zero carbon assessments.

Progress in 2023/24

4.11 It was acknowledged when the asset management strategy was approved that sufficient resources were not available to develop a detailed delivery plan at the time. The report did set out the key priorities that were to be progressed in the intervening period, which included the stock condition and

net zero carbon assessments, the progression of appropriate asset disposals, a focus on maximising income from the commercial estate, supporting the delivery of a number of major growth projects and the development of a corporate landlord policy. With regards to progress against these areas:

- The stock condition and net zero carbon assessment work has been completed for the Staveley Healthy Living Centre and analysis of the information is underway to develop a programme of maintenance and decarbonisation work. The Council has also been successful in attracting grant funding of £275,000 to replace the combined heat and power plant at the centre
- Progress has been made on the asset disposal programme, securing significant capital receipts, and preparing assets for disposal
- Renting space within the Council's new office accommodation has been very successful and is contributing to maximising the commercial rents
- Significant input has been provided by the building surveying team to develop and begin the delivery of the £20m refurbishment of Stephenson Memorial Hall
- Initial conversations have begun with premise managers across the council to review the premise management policies and work to develop a comprehensive corporate landlord policy for premise management

4.12 This report sets out the proposed asset management strategy delivery plan for 2024/25, including the request for additional resources to progress with key areas of activity. A separate report is being considered by Joint Cabinet and Employment and General Committee which seeks approval for a revised the staffing structure, which is considered necessary to deliver the strategy.

Delivery plan 2024/25

4.13 The proposed delivery plan is set out in Appendix A. Activities to be delivered during 2024/25 have been set out under the strategic objectives of the asset management strategy. It should be noted that some of the activities will take longer than one year, but it is important that a commitment and significant progress can begin in 2024/25.

4.14 The key priority areas to be progressed are summarised below.

4.15 Developing our Corporate Landlord approach

- completion of the service reshape to put in place resources to drive through the delivery plan activities at pace
- procurement and implementation of new ICT software system to support service transformation

- the development of a corporate landlord policy, including new governance and operational procedures related to statutory compliance and premise management, to be implemented across the Council's estate

4.16 Investing in decarbonisation whilst keeping our assets safe and well maintained

- continue to prioritise keeping our properties safe, dry and secure through the implementation of a well-managed, rigorous compliance regime and a repairs and renewals programme
- development of a programme to achieve stock condition surveys and net zero carbon assessments on all assets by December 2025
- development of subsequent planned maintenance and decarbonisation programmes of work, including appropriate business cases to set out the proposed works and financial implications, in line with the Climate Change action plan
- Priority will be given to six key assets, to complete surveys, develop business cases and begin appropriate works (timelines set out in appendix A):
 - Healthy Living Centre
 - Dunston Innovation Centre
 - Tipton Innovation Centre
 - Queens Park Sports Centre
 - Chesterfield Town Hall
 - Stonegravel Depot

4.17 Delivering a land and property rationalisation programme

- development of a phased land and property rationalisation programme, linked to the completion of stock condition survey and net zero carbon assessments
- set out recommendations to retain or dispose of assets based on assessment of right space, right place, best terms; taking account of stock condition surveys, net zero carbon assessments and opportunities for renewable energy generation.
- progress a programme of asset disposal activity, with milestone targets for timescales and estimated capital receipts

4.18 Maximising income and overall value from the existing commercial estate

- a focus on maximising income and achieving value for money from the commercial estate
- in line with the development of IT software, work to replace the Mentor commercial rent collection system

4.19 Using our land and property to maximise growth opportunities for the Council and borough

- consider the opportunities to increase the commercial estate, through acquisition or new construction to support growth opportunities, and the council's income position
- develop options to expand the current commercial return from the council's land and property, including assessing the potential for renewable energy generation
- continue to support the delivery of a number of major growth projects

Additional resources

- 4.20 The approval of the staffing reshape is critical to the delivery of the asset management strategy, which is the subject of a separate report to Joint Cabinet and Employment and General Committee. Due to a number of existing staffing vacancies and additional recharge income that will be achieved by the team, no additional financial resources have been required to support the service reshape.
- 4.21 Additional resources will be required to procure and implement a new ICT software system to improve the asset management systems and processes, to support operational service delivery and to provide a replacement for the current Mentor system, which is used for the invoicing of rents for the commercial estate. This is a system that has been identified for replacement for some time.
- 4.22 The estimated cost to implement the new software and associated service transformation is £350,000. It is proposed that this is funded through the use of capital receipts. The funding includes support for two temporary posts within the corporate property and estates service reshape, a resource for the ICT service to provide the necessary systems and development input into the project, and the initial software purchasing costs. There will also be an annual maintenance charge, which at present is not known. The existing annual software fees, that are contributed to by all properties, through the property renewals fund, are £23,000. It is anticipated that the new annual charge will be higher than current costs, and this will need to be managed within the overall property renewals fund.
- 4.23 The total cost of completing the stock condition surveys and net zero carbon assessment across the whole of the estate, is not easy to estimate. Specific technical expertise will be retained to complete the surveys and following the completion of the surveys for each building, more detailed work will also be required to develop preliminary scheme designs, business cases and bids for external funding to deliver the decarbonisation works. As this work programme is progressed, delivery mechanisms will be explored to harness appropriate expertise and establish delivery partnerships that will support the Council in achieving the Council's 2030 decarbonisation target.

- 4.24 It is proposed that an initial sum of £300,000 be identified from the property renewals fund, to be utilised over two financial years. It is also anticipated that the individual reserves, held for some of the commercial estate, will be able to be used to complete the required surveys for those buildings, as an integral element of maintaining the premises. As the programme of work progresses costs will be closely monitored, and if necessary further funding approvals will be sought.

Governance and monitoring of Delivery plan

- 4.24 Monitoring of the delivery plan will be carried out by the Corporate Property Board, which is an internal officer board set up to provide corporate oversight to the property activities of the council and is focussed on achieving the aims and objectives set out in the asset management strategy. Regular briefings will be provided to appropriate Cabinet portfolio holders.

5.0 Alternative options

- 5.1 The service could progress the delivery of the asset management strategy without a more detailed delivery plan in place, but this would risk losing sight of key priorities, and is not recommended.

6.0 Implications for consideration – Financial and value for money

- 6.1 The Council's land and property assets form a key element of the medium-term financial plan; from the role that is played in providing operational buildings from which services operate, to the significant amount of income that is raised from the commercial portfolio, which supports service provision across the council.
- 6.2 Ensuring that the management of the council's assets is carried out as efficiently and effectively as possible is a key priority. Investment in a new ICT software system and the associated service transformation is estimated to cost £350,000, spread over two financial years. It is proposed that this cost is funded through capital receipts.
- 6.3 Carrying out the stock condition surveys and net zero carbon assessments, in order to identify the levels of investment required into the council's assets is also recognised as a key priority. It is recommended that £300,000, over two years, is initially allocated to this activity area.

- 6.4 Since this work is associated with property maintenance activities, the use of the property renewal fund reserve is considered appropriate. The Medium-Term Financial Plan assumes annual contributions to the property renewal fund of £1.166m. The earmarking of £300k (£150k in 2024/25 and 2025/26) to fund the stock condition surveys, net zero carbon assessments and business case development, can be accommodated within the reserve. In carrying out the surveys the contribution that properties make to the property renewals fund will be revised in line with the updated building information. It is also anticipated that the individual reserves, held for some of the commercial estate, will be able to be used to complete the required surveys for those buildings, as an integral element of maintaining the premises.
- 6.5 The cost of planned maintenance and decarbonisation works will be estimated as part of the survey work, with business cases being developed for approval, in line with the constitution. Whilst it is anticipated that some funding for these works will be provided through securing grant funding from government, there will be a call on the councils existing and future capital receipts to fund the property maintenance requirements and provide match funding.
- 6.6 The capital receipts policy, set out in the asset management strategy, highlights the importance of reinvesting capital receipts to effectively manage the councils land and property. It will be important that the asset rationalisation and disposals programmes are progressed in order to ensure that Council achieves the necessary levels of capital receipts to fund the maintenance and decarbonisation building works.

7.0 Implications for consideration – Legal

- 7.1 The legal responsibilities for asset management are wide-ranging, from statutory compliance and health and safety requirements in safely operating land and buildings, through to landlord and tenant requirements, and those that regulate disposals and acquisitions.

8.0 Implications for consideration – Human resources

- 8.1 Implementation of the new structure, which is the subject of a separate report to Joint Cabinet and Employment and General Committee is required in order to support the delivery of the asset management strategy.

9.0 Implications for consideration – Council plan

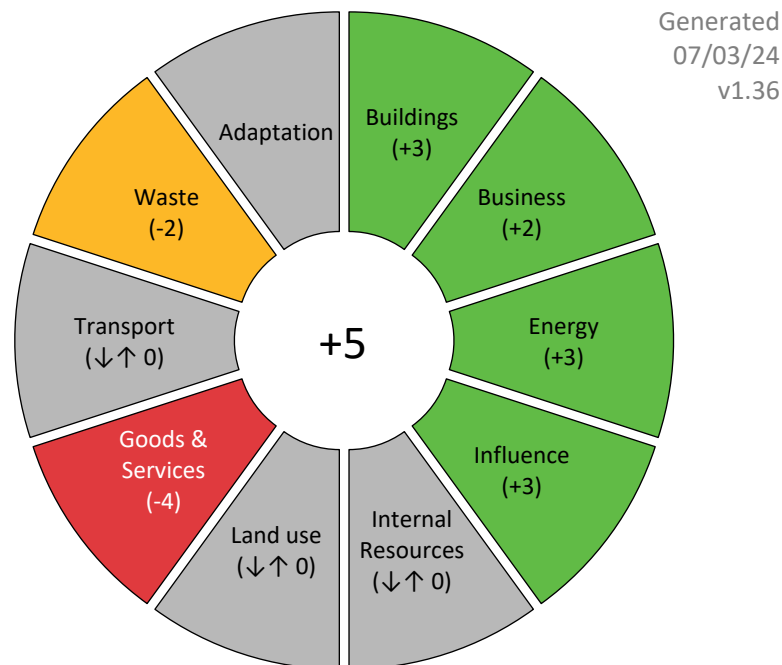
- 9.1 The Council's commitments to our communities to maximise social value, deliver inclusive growth, good quality housing, attractive green spaces and achieve net-zero carbon by 2050, are clearly set out in the Council plan and

can all be driven forward through the way in which the Council uses its assets for the benefit of the borough.

9.2 The Councils commitment to net zero carbon emissions includes adapting and managing our estate to net zero by 2030.

10.0 Implications for consideration – Climate change

10.1 There is a clear commitment in the climate change strategy and the asset management strategy to decarbonise the councils land and property estate by the 2030 target. In addition, there is a recognition that the council can use its assets to support the achievement of the wider 2050 target and contribute positively to support green growth opportunities across the borough.



Chesterfield Borough Council has committed to being a carbon neutral organisation by 2030 (5 years and 9 months away).

10.2 The climate impact assessment tool shows that there are positive climate benefits that will be achieved by the completion of the activities within the Delivery Plan. However, it also highlights that in order to achieve those benefits there will be negative impacts in terms of the waste materials that will be produced as buildings are altered to reduce carbon footprints, and also with the additional services the council will need to retain to complete that work.

10.3 A number of the key activities will require further decisions by the Council and as such a specific CCIA will be completed to inform these decisions at the appropriate time. The anticipated impact of these activities have not been included in the CCIA associated with the implications of this report.

11.0 Implications for consideration – Equality and diversity

11.1 A preliminary equalities impact assessment, EIA, was undertaken on the Asset Management Strategy that was approved by Council in July 2023. No disproportionate impact was anticipated and so a full EIA was not necessary at that stage; the same conclusion can be drawn for this delivery plan. However, when specific decisions being brought forward, for example related to specific buildings, these would be subject to an individual EIA as part of the decision-making process.

12.0 Implications for consideration – Risk management

12.1 The table below sets out a number of risks and the proposed mitigations.

Description of the Risk	Impact	Likelihood	Mitigating Action	Impact	Likelihood
Failure to meet statutory and legal requirements in relation to owner/ landlord responsibilities	H	M	Priority will be given to this area of work, with sufficient staff and financial resources to management and maintain land and property assets appropriately.	H	L
Delivery plan targets are not met	H	H	The plan has been developed in consultation with key officers and Members within the council and includes actions that are reasonable and achievable. However, this is a challenging programme of work, with a number of specific decisions on building works required to come back to Cabinet.	H	M
Sufficient progress is not made towards the decarbonisation of buildings to enable the 2030 target to be met	H	H	Significant focus on this target has been set out within the delivery plan, with a clear plan to make progress on six key assets over the 12 month period.	H	M

Insufficient financial resources are available to support delivery of planned maintenance and decarbonisation works.	H	H	The delivery plan includes resources to progress asset reviews and subsequent disposals to raise capital receipts; resources will also be allocated to develop bids for grant funding, particularly for decarbonisation works.	H	M
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Decision information

Key decision number	<i>All key decisions must be in the Forward Plan at least 28 days in advance. There are constitutional consequences if an item is not in the Forward Plan when it should have been. Contact Democratic Services if in doubt.</i>
Wards affected	All

Document information

Report author	
Christine Durrant, Executive Director	
Background documents	
These are unpublished works which have been relied on to a material extent when the report was prepared.	
<i>This must be made available to the public for up to 4 years.</i>	
Appendices to the report	
Appendix A	Asset Management Strategy Delivery Plan 2024/25