

## For publication

### Chesterfield Borough Council Asset Management Strategy

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|---------------------------|---|
| <b>Meeting:</b>           | Cabinet<br>Council  |
| <b>Date:</b>              | 18 July 2023<br>19 July 2023                                      |
| <b>Cabinet portfolio:</b> | Deputy leader and Cabinet Member for Finance and Asset Management |
| <b>Directorate:</b>       | Economic Growth   |
| <b>For publication</b>    |   |

#### 1.0 Purpose of the report

- 1.1 To seek Cabinet and Council approval for the adoption of the Councils Asset Management Strategy 2023 – 2027, to ensure the Council is managing its assets safely, effectively and efficiently and to enable the Council to make the best use of its land and property, to support the Councils aims and priorities, as set out in the Council Plan.

#### 2.0 Recommendations

That Cabinet recommends to Full Council:

- 2.1 To approve the adoption of the Chesterfield Borough Council Asset Management Strategy 2023 to 2027.
- 2.2 To note that future delivery plans, with any additional budget requirements to implement the strategy, will be brought to future Cabinet and Council meetings, as appropriate.
- 2.3 To give delegated authority to the Service Director – Economic Growth, in consultation with the Deputy Leader and Cabinet member for finance and asset management, to make minor amendments to the final version of the Asset Management Strategy prior to completion.

### **3.0 Reason for recommendations**

- 3.1 It is important for the council to have a long-term asset management strategy that sets out the vision, asset management policies and strategic objectives to guide the overall management of the councils 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 review of the Council's asset management strategy has been progressing for some time, particularly since the return of the property and technical services from the Arvato/ Kier contract in August 2020.
- 4.5 It has taken some time to develop the approach, largely due to the need to prioritise resources on supporting tenants through the pandemic, the focus on progressing the stock condition surveys and incorporating net zero carbon assessments, and a number of significant property related regeneration projects that continued to be delivered through the pandemic.

## Overview of Asset Management Strategy

4.6 The strategy 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 seek to capture the focus for land and property management over the next four years. The detail is set out in the documents in Appendix 1. Key elements 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 Strategic objectives, outputs and outcomes:

- **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, and established an on-going five year rolling programme
- 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.

4.9 The strategy highlights the significant resourcing challenges to progressing its delivery. This covers both the staff resource, and the significant revenue and capital asset investments that are likely to be required over the four-year period of the plan. This is set against the backdrop of an extremely challenging financial position for this Council, and all local authorities in the aftermath of the pandemic, the cost-of-living crisis and the pressures that inflation has brought.

- 4.10 Whilst it is more regular practise for the Council to approve costed strategies, to provide clarity on what outputs and outcomes can be delivered over the length of the strategy, this has not been possible at this time.
- 4.12 A delivery plan is in development, which will identify the resources needed to deliver the strategic objectives. This plan will be brought back to Cabinet and Council for approval in line with the constitution.
- 4.13 Key priorities that are being progressed at present, in line with the strategic objectives, include 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. The latter will seek to set out appropriate governance arrangements and define the activities to be delivered through that policy, which will then support a re-definition of the way in which land and property is managed across the council.

## **5.0 Alternative options**

- 5.1 The council could carry on without an overall asset management strategy, but this would not maximise the benefit of the land and property assets of the council to the borough, as there would be a risk of delivering a piece meal and silo' d approach to the treatment of assets.
- 5.2 The council could delay the adoption of the strategy until there is a full understanding of the delivery plan actions and the resource requirements. Whilst this would provide a more holistic approach, there is significant work to complete to crystallise some of the resource requirements, and it was felt it would be more productive to present a strategy that provides a clear direction of travel and provide a framework for the more detailed delivery plan.

## **6.0 Implications for consideration – Financial and value for money**

- 6.1 The Councils 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 It is critical that we are able to demonstrate, within the medium-term financial plan, that we can afford the estate that we have, and that we are maximising its potential in supporting the Council plan and the medium-term financial plan.

- 6.3 The revenue and capital funding requirements for keeping our buildings well maintained and fit for purpose are significant and must be factored into the council's costs when developing the budgets.
- 6.4 Many of the regeneration and growth programmes that are key to making Chesterfield a thriving borough, make use of the councils existing land and property assets, or have implications for the current estate.
- 6.5 The asset management policy included within the draft strategy provides a clear approach to the use of any capital receipts, setting out that the approach will be, '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'.

## **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 There are no HR implications directly related to this report, but the strategy does recognise that in order to achieve the outputs and outcomes changes will need to be made to the way in which the council delivers its asset management functions, which will lead to a future report that will set out the HR implications at that time.

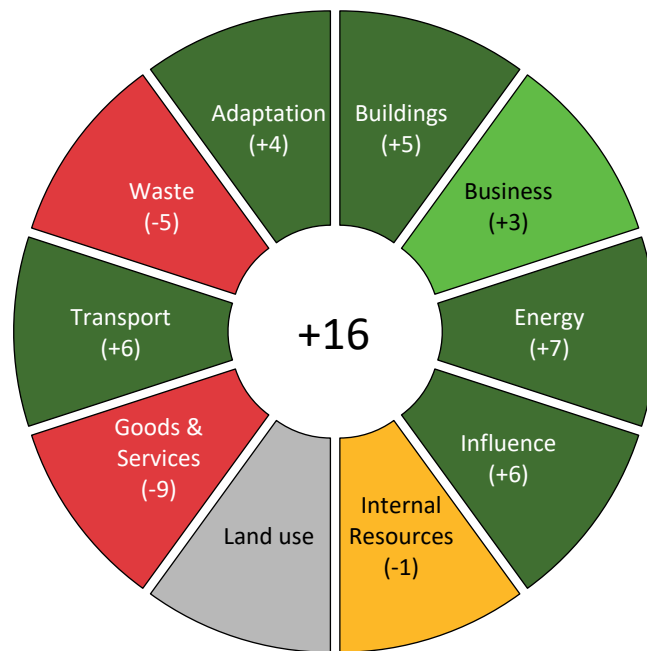
## **9.0 Implications for consideration – Council plan**

- 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.

## **10.0 Implications for consideration – Climate change**

- 10.1 There is a clear commitment in the climate change strategy and this draft asset management strategy to decarbonise the council's 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.

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Chesterfield Borough Council has committed to being a carbon neutral organisation by 2030 (6 years and 5 months away).

10.2 The climate impact assessment tool shows that there are positive climate benefits that will be achieved through the delivery of this asset management strategy. 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.

### 11.0 Implications for consideration – Equality and diversity

11.1 A preliminary equalities impact assessment, EIA, for the draft Asset Management Strategy has been completed and is shown in Appendix 2. At this stage it is not necessary to complete a full EIA, but once projects are progressed that seek to rationalise the estate, there will be a need to consider the equalities impacts of those proposals.

### 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 allocate resources to deliver the strategy | H      | M          | Work through the development of the medium term financial plan to identify revenue resources and | H      | L          |

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|  |   |   | progress the asset disposals programme at pace to achieve capital receipts that can support the changes that are needed         |   |   |
| Non-compliance with statutory legislative and health and safety requirements | H | M | Priority is given to these areas of work, but improvements are planned to provide a system of overall assurance for the Council | H | L |

### Decision information

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|----------------------------|--|
| <b>Key decision number</b> | <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> |
| <b>Wards affected</b>      | All  |

### Document information

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| <b>Report author</b>   |  |
| Christine Durrant, Executive Director  |  |
| <b>Background documents</b>  |  |
| 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>                                      |  |
| <b>Appendices to the report</b>  |  |
| Appendix 1   | Draft Chesterfield Borough Council Asset Management Strategy |
| Appendix 2   | Preliminary Equality Impact Assessment                       |
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