

Cheltenham Borough Council
Cabinet – 15 February 2022
Asset Management Strategy 2022/23 – 2026/27

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| Accountable member | Cllr Peter Jeffries – Cabinet Member for Finance & Assets |
| Accountable officer | Gemma Bell - Head of Property, Finance and Assets (Deputy Section 151 Officer) |
| Ward(s) affected | All |
| Key/Significant Decision | Yes |
| Executive summary | <p>The Council’s Asset Management Strategy outlines the principles and framework that will underpin decisions to make the best use of the assets.</p> <p>Our current Asset Management Strategy was approved in 2015. In the six years since, the net book value of our asset portfolio has increased from £293m to £490m. In line with that Plan and our commercial strategy, the Council and its partners have made significant progress in managing assets for the benefit of the borough. This is no more evident than in the acquisition and continued progress towards delivery of the Golden Valley Development.</p> <p>For many years we have demonstrated our ambition to be one of the leading Local Authorities for development, investment and asset management taking a proactive approach to driving the best from the resources available and in doing so contributing to our place based outcomes.</p> <p>Much has changed since 2015, not least the Councils setting of key priorities in the 2019-2023 Corporate Plan, the declaration of a climate emergency in 2019 and the increased focus on the social value our assets provide to our communities in the town. Using assets to improve the lives of residents of the town is arguably more important today than it was in 2015.</p> <p>This Asset Management Strategy forms part of a suite of documents that comprise the Councils investment and expenditure strategies, and governance and decision making arrangements. It will be underpinned by individual asset plans for each category of asset outlined in the strategy and subject to ongoing monitoring by Officers and Members through existing and new governance structures.</p> |
| Recommendations | <p>It is recommended that Cabinet:</p> <ol style="list-style-type: none"> 1. Recommend to Council the approval of the Asset Management Strategy included in Appendix 2; 2. Delegate to the Head of Property, Finance and Assets (Deputy s151 Officer), in consultation with the Cabinet Member for Finance and Assets and the Asset Management Working Group, responsibility for monitoring the implementation of the Strategy. |

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| Financial implications | <p>As detailed in the report and appendices.</p> <p>Contact Officer: Gemma Bell – Head of Property, Finance and Assets (Deputy Section 151 Officer)</p> <p>Email: gemma.bell@cheltenham.gov.uk</p> |
| Legal implications | <p>It is prudent to have a clear and robust Asset Management Strategy in place, firstly in order to steer the Council’s asset portfolio, and secondly for decision makers to have regard to such strategy when exercising decision making powers to ensure that decisions are focussed upon the Council’s aims and objectives.</p> <p>Reference to such Strategy may be made in the event that a decision by the Authority is challenged.</p> <p>Contact: One Legal, Legalservices@onelegal.org.uk, 01684 272691</p> |
| HR implications (including learning and organisational development) | <p>There are no HR implications.</p> <p>Contact officer: Julie McCarthy, HR Manager, julie.mccarthy@publicagroup.uk, 01242 264355</p> |
| Key risks | See Appendix 1. |
| Corporate and community plan Implications | <p>The asset challenge process outlined in Section five of the Strategy in Appendix 2 outlines how our portfolio will be assessed against the Council’s Corporate Priorities, including the priority for the Council and the borough to be carbon net zero by 2030.</p> |
| Environmental and climate change implications | <p>The strategic alignment and performance of each asset will be monitored through individual asset management plans for each category of asset, including a specific category for community assets. The community plan will be considered as part of this assessment.</p> <p>The monitoring of the performance of our assets will include non-financial indicators which include environmental and climate change factors. These are outlined in Stage 2 of the asset challenge process outlined in the strategy document.</p> |
| Property/Asset Implications | <p>As detailed in the report and appendices.</p> <p>Contact Officer: Gemma Bell – Head of Property, Finance and Assets (Deputy Section 151 Officer)</p> <p>Email: gemma.bell@cheltenham.gov.uk</p> |

1. Introduction

- 1.1.** The Council's Asset Management Strategy outlines the principles and framework that will underpin decisions to make the best use of the assets.
- 1.2.** Our current Asset Management Strategy was approved in 2015. Since that time, and in line with that Plan and our commercial strategy, the Council and its partners have made significant progress in managing assets for the benefit of the borough. This is no more evident than in the acquisition and continued progress towards delivery of the Golden Valley Development.
- 1.3.** For many years we have demonstrated our ambition to be one of the leading Local Authorities for development, investment and asset management taking a proactive approach to driving the best from the resources available and in doing so contributing to our place based outcomes.
- 1.4.** Much has changed since 2015, not least the Councils setting of key priorities in the 2019-2023 Corporate Plan, the declaration of a climate emergency in 2019 and the increased focus on the social value our assets provide to our communities in the town. Using assets to improve the lives of residents of the town is arguably more important today than it was in 2015.
- 1.5.** This Asset Management Strategy forms part of a suite of documents that comprise the Councils investment and expenditure strategies, and governance and decision making arrangements. It will be underpinned by individual asset plans for each category of asset outlined in the strategy and subject to ongoing monitoring by Officers and Members through existing and new governance structures.

2. Consultation and Feedback

- 2.1** In the six years since the previous Asset Management Strategy was approved, the net book value of our asset portfolio has increased from £293m to £490m. The market or fair value of our portfolio is significantly more than £490m as the majority of our operational assets are valued at existing use and our residential housing at social value for accounting purposes.
- 2.2** Since the introduction of our Commercial Strategy, investment property and potential development opportunities have added complexity to the management of our assets. This new strategy will provide a framework which can be used by Officers to make informed recommendations to Members and enable safe and transparent decisions to be made regarding our assets.
- 2.3** In developing this strategy, feedback and consultation has been sought from external advisors, from the Cabinet, from the Asset Management Working Group and from the Executive Leadership team. From these discussions it was made very clear that stakeholders want an agile framework that can be adapted as priorities change. This would allow the Council to react and adapt as the long term impacts of the pandemic and the effect on the local economy is better understood.
- 2.4** The implementation of the strategy also needed to clearly link from the key Corporate Priorities of the Council to the asset decisions being made and provide a "golden thread" through all the key strategies and published plans. In particular, it was requested that the strategy make very clear how the Council are using our assets to support sustainable and inclusive growth for all our communities.
- 2.5** This feedback from incorporated into the development of the Asset Challenge Process which is included in Section five of the strategy in Appendix 2. Stage one will allow the strategic fit of an asset to be assessed and then stage two will determine the both the extent of the financial and non-financial contribution the asset is making in relation to its strategic purpose.
- 2.6** These performance reviews will be used to populate more detailed asset management plans for each of the six categories of asset. From these plans, the overall performance of an asset category can be determined and assets which may present other opportunities for investment or alternative use can be identified and appropriately appraised.

- 2.7 In order to prioritise the asset challenge process for our portfolio, asset categories will be initially reviewed in tranches during 2022/23 and assets will be assessed in order of Net Book Value.

| Asset Category | Review Period |
|-----------------------|----------------------|
| Investment | By 31 March 2022 |
| Other | By 31 March 2022 |
| Operational | By 30 September 2022 |
| Community | By 30 September 2022 |

- 2.8 For the category of Surplus/Development assets, the challenge process will run concurrently with the above. We will continue to progress those assets already identified for development, assess the opportunities to redevelop assets/parts of assets that come to the fore through the asset challenge process and pursue opportunities for new asset acquisition that are strategically aligned to our Corporate Priorities.
- 2.9 Residential Housing will be considered in more detail in the Housing Investment Plan which will be presented separately for approval.

3. Monitoring and Governance

- 3.1 The Asset Management Working Group will provide oversight of the asset challenge process with relevant decisions referred on to Cabinet/Council.
- 3.2 A detailed asset management plan will be produced for each asset category which reports purpose and performance against the considerations set out in Section four of this document. This will also contain specific actions to monitor the assessment of new opportunities and improvements identified through each annual review.
- 3.3 It is proposed that an additional officer scrutiny panel is established to monitor the annual review of our assets and provide advice and oversight when additional opportunities are identified for an asset. This will include representatives from across the Council and be Chaired by the Head of Property, Finance and Assets.

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| Report author | Contact Officer: Gemma Bell – Head of Property, Finance and Assets (Deputy Section 151 Officer) Email: gemma.bell@cheltenham.gov.uk |
| Appendices | 1. Risk Assessment 2. Asset Management Strategy 2022/23 – 2026/27 |

| The risk | | | | Original risk score (impact x likelihood) | | | Managing risk | | | | | |
|---|--|------------------|---------------|---|----------------|-------|---|----------------------|-------------------------------------|---------------------|------------------------------|--|
| Risk ref. | Risk description | Risk Owner | Date raised | Impact 1-5 | Likelihood 1-6 | Score | Control | Action | Deadline | Responsible officer | Transferred to risk register | |
| 1 | Insufficient monitoring of the performance of our assets may result in resources being directed at activity not aligned to corporate priorities. | Head of Property | December 2021 | 3 | 3 | 9 | Asset Management Plans | See 2.6 – 2.9 above. | As part of strategy implementation. | Head of Property | Yes | |
| 2 | Not considering other options for the use of our assets may result in the Council not maximising the contribution to the general fund or capital financing available. | Head of Property | December 2021 | 3 | 2 | 6 | Asset Management Plans | See 2.6 – 2.9 above. | | Head of Property | Yes | |
| 3 | A lack of coherent planning on the use of assets may result in the Council missing opportunities to support place vision objectives and the economic recovery of the town post pandemic. | Head of Property | December 2021 | 3 | 3 | 9 | Asset Management Plans/Officer Scrutiny Panel | See 2.6 – 3.3 above. | | Head of Property | Yes | |
| <p>Explanatory notes</p> <p>Impact – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical)</p> <p>Likelihood – how likely is it that the risk will occur on a scale of 1-6 (1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)</p> <p>Control - Either: Reduce / Accept / Transfer to 3rd party / Close</p> | | | | | | | | | | | | |