

Leeds City Council
Asset Management Plan
2014 – 2017

Photo of Civic Hall and Millennium Square

The purpose of this Asset Management Plan is to set a framework for enabling achievement of Leeds' Best Council Plan outcomes, through making better use of public assets to support service improvement and best business programmes, maximising benefits of regeneration, housing and economic growth opportunities, and investing, where appropriate, to delivery city priorities and/or generate income. It sets out the Council's direction of travel for asset management over the next 3 years.

The Council is the largest owner of land and property in Leeds, with holdings extending to 9,700 hectares, representing 13% of the entire metropolitan area. This plan sets out the Council's approach to asset management to meet the following aims over this time frame:

- to enable achievement of strategic priorities and Best Council outcomes;
- to ensure that the operational property is as efficient as possible and supports the delivery of high quality services both now, and in the future;
- to support regeneration across the city, including delivery of new housing and economic growth;
- to minimise the number and impact of underused, empty and derelict Council owned buildings including listed and other traditional buildings;
- to reduce the running costs of the Council's buildings by £5 million;
- to increase the quality and size of the Council's investment portfolio, generating additional revenue to support the Council's finances;
- to promote the One Public Estate philosophy to work with public partners to achieve service and accommodation synergies; and
- to work with the Third and private sectors to better use assets to achieve city priorities.

Theses aims will be achieved by:

- strategic decision making on the use of assets, taking a holistic approach to maximise opportunities for regeneration, new housing and economic

growth;

- making strategic property or land acquisitions where there is a strong business case to do so in terms of value for money or delivery of city priorities;
- developing a strategic approach to ensure responsible stewardship and unlock the potential of historic buildings and heritage assets, particularly those at risk;
- supporting services across the Council to deliver transformational change programmes;
- identifying latent or under-developed income potential within the council's investment portfolio and release unproductive investment property;
- working with directorates to support their service plans and planning processes to ensure that asset implications are identified and considered at the earliest opportunity;
- collaboration with partners across all sectors, under the through the One Public Estate, to make better use of assets and deliver increased benefits to the City through a joined up approach;
- transfer of responsibility for assets, where appropriate, allowing locality assets to be managed at a local level, delivering local services; and
- implementing a programme of asset rationalisation based upon assessment of priorities, working with services and Members.

1. Introduction

'Leeds has an ambition to become the best city in the UK – fair, open and welcoming with an economy that is both prosperous and sustainable so all our communities are successful'

In this context as the largest owner of land and property in Leeds, with holdings extending to 9,700 hectares, representing 13% of the entire metropolitan area, the Council is well placed to make a significant contribution to this outcome through the strategic use and disposal of its assets.

The Council's asset base is a key resource which underpins the operational work of the Council, from direct service delivery through to back office functions. There is also a fundamental role for assets and land within the majority of Council projects and programmes which support the delivery of corporate plans and

priorities. This is true from Changing the Workplace, through to the Citizens@Leeds agenda, as well as economic growth, regeneration and affordable housing programmes.

Given unprecedented reductions in public sector funding, there is now more than ever a need to ensure effective, efficient and joined up use of public assets. Good asset management will underpin service transformation through 'fit for purpose' and efficiently used accommodation, which offer opportunities for co-location and integration of public services. As well as realising service improvements this will also result in savings being made on building running and maintenance costs. This Asset Management Plan starts by setting out the work that has been undertaken to make the Council's asset portfolio more efficient and supportive of strategic priority delivery, including achievement of revenue savings, reduced pressure on the Council's capital programme, rationalisation and dispose of surplus land and property. It then identifies the 10 key actions which need to be implemented to deliver the plan.

The plan does not include housing, schools buildings or highways infrastructure.

2. Context

The Council has been operating over the past few years in the context of significant reduction in resources.

Insert graph highlighting reduction in expenditure over past four years

In 2012/13 the annual revenue expenditure on assets (excluding schools and housing) was £41m, including a £5m revenue maintenance budget. This level of cost makes assets a significant area of expenditure for the Council. Since 2010 the Council has reduced spending on its operational assets by £6.2m. In addition to these revenue savings, efficiencies have also been achieved through the disposal of surplus assets, which in turn reduces the pressure on the Council's maintenance budget.

With the continued pressure to reduce budgets through making cost savings it is imperative that the Council makes more efficient use of its assets, to manage timely disposals of surplus land and property and adopt a strategic approach to ensure the use of assets achieves Council priorities, as well as supporting those of public partners.

The Council's asset portfolio covers approximately:

- 6,000 properties (excluding schools and housing);
- over 2,000 organisational units;
- approximately 350 operational properties, these being libraries, sports centres, offices, older people's homes, day centres and community centres; and
- circa 4,000 properties that are held within the Council's Investment Portfolio which generates an annual income of circa £7.8m per annum.

The Best Council Plan 2013-17

It is the ambition for Leeds to be the best city and Leeds City Council to be the best council in the UK – fair, open and welcoming with an economy that is both prosperous and sustainable so that all our communities are successful.

The Best Council Business Plan 2013-17 (May 2014 update) sets out the approach, outcomes and objectives to achieving this ambition:

Outcome:

- Achieve the savings and efficiencies required to continue to deliver frontline services.

Objectives:

- Supporting communities and tackling poverty – providing accessible and integrated services.
- Promoting sustainable and inclusive economic growth – maximising housing growth; and developing a low carbon, resilient energy infrastructure for the city.
- Building a child-friendly city – ensuring sufficiency of school places.
- Delivery of the better lives programme – joining up health and social care services.
- Dealing effectively with the city's waste – ensuring a safe, efficient and reliable waste collection service.
- Becoming a more efficient and enterprising Council – improving how we're organised and making the best use of our assets; and generating income for the Council.

3. Where are we now?

Asset rationalisation has been ongoing in the Council for many years contributing

to its Capital Receipts Programme which was established in the 1990s. Over the past 4 years, the rationalisation of the Council's property portfolio and more efficient use of accommodation, running costs have been reduced by £6.2m.

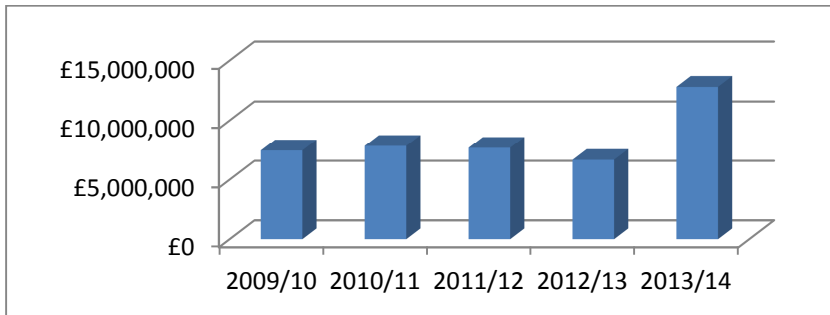
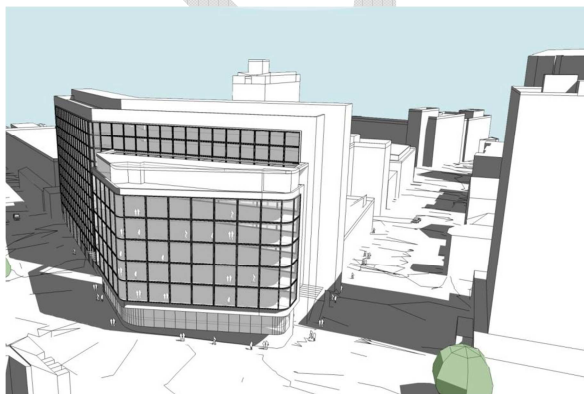


Fig 1. Capital Receipts achieved over the period 2009/14

The greatest challenge facing strategic asset management over the next 2 years is to support the delivery of the Budget Plus target of over £2.5m savings on the revenue cost of running the Council's property portfolio over and above what has already been achieved. To put this into context, the 2012/13 running costs for the Council's property portfolio was £39m, of which £5m represents 13%.

Leeds City Council currently holds c.6,000 property interests, of which circa 4,000 are leased out, e.g. Leeds Arena, the commercial investment portfolio, the small industrial units (SIUs) and the agricultural portfolio. However, there are some 350 (approximate) operational properties split between front facing service delivery to clients, such as leisure centres, libraries, community hubs, community centres and back of house office accommodation and depots used by Council staff.

A considerable amount of work has been undertaken to deliver LONG TERM savings through rationalisation of the Council's city centre office accommodation. This has already led to the reduction of city centre office accommodation reducing to 4 by 2017. Phase 1 of Changing the Workplace Programme will lead to the majority of Council staff occupying a refurbished and extended Merrion House by 2017.



New Merrion House

A programme of asset review, focusing initially on core operational buildings at a ward level, was undertaken throughout 2013/14. This has involved engagement with Members, services and area support teams. The outcome of this work has resulted in the identification of approximately £3m of savings on premises running costs which could be achieved through asset rationalisation, without affecting service delivery outcomes for the Leeds citizens. The remaining £1.5m will be more challenging to achieve as the larger asset revenue savings will be realised in 2017/18 and 2018/19 when the re-occupation of Merrion House will enable the rationalisation of significant office accommodation across the City, mainly from the reduced need for leased in property.

The retained estate needs to be fit for purpose and able to meet the requirements of the Council to deliver its Best Council priorities, for example, the investment made in the Grand Theatre, Town Hall, Library HQ and works proposed to Merrion House. Following the rationalisation programme the Council will be left with a leaner and more efficient asset portfolio and to drive further efficiencies over time, investment will be required, enabling the Council to respond flexibly to future changes in its priorities, the economic climate and shifts in service requirements.

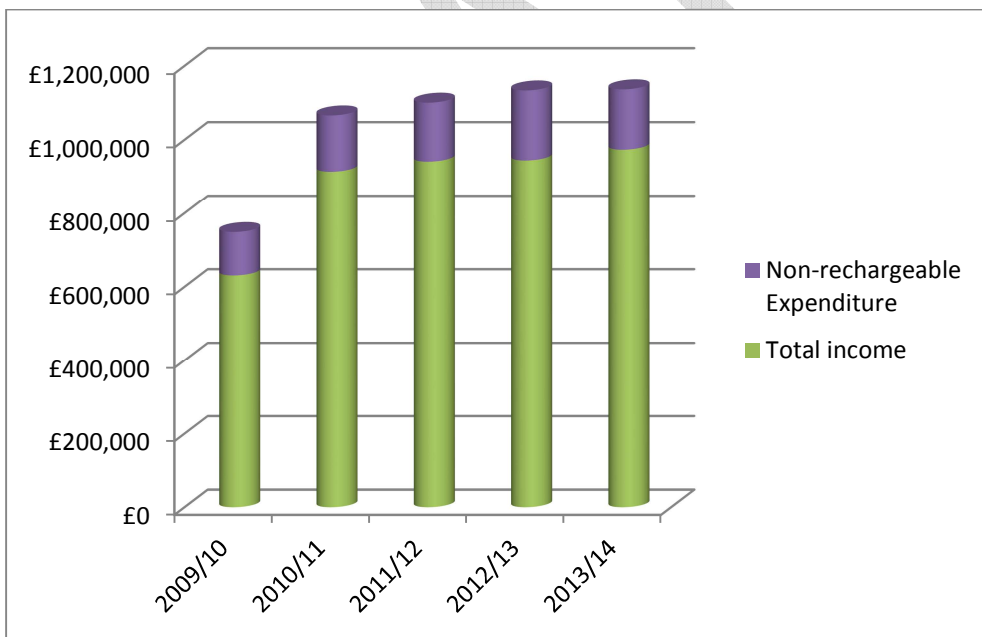


Fig 2. Income generated through Small Industrial Units

The current asset management challenges which face the Council include:

- identifying land to support economic and housing growth;
- future use of brownfield land and void properties;
- meeting Schools' Basic Need requirements through identification and

- possible purchase of suitable land for new provision;
- supporting Adult Social Care in its review of residential and day care provision, including delivery of alternative older people's housing through the third and private sectors;
 - identifying sites for renewable energy programmes to meet carbon emission and sustainability targets;
 - alignment of strategic projects and programmes with asset implications;
 - using the Council's land and property to generate new revenue;
 - strategic investment in land and property to stimulate regeneration and improve service delivery; and
 - proactively dealing with Council owned listed and other traditional buildings

In terms of delivering an effective and efficient asset management service, structural changes have been made to clearly separate the operational and strategic functions. The repair and maintenance of property has been transferred to Civic Enterprise Leeds (CEL), whilst the Strategic Asset Management function remains in City Development directorate within Asset Management & Regeneration.

4. Where do we want to be?

In line with the Best Council Plan there needs to be a change in managerial behaviour to the occupation of property, to encourage the most efficient use of an asset by a service for the better good of the Council as a whole. To achieve this change Asset Management will support the Council's Best Business Management programme, across all projects, to:

- **Simplifying the way we do things;**
- **Standardising what we do, where this makes sense; and**
- **Sharing across our resources.**

4.1 Good asset management

The Council currently has an operational asset portfolio that offers significant opportunities for:

- improving efficiency of use, through a more intense occupation of buildings;
- front facing services to share space in community hubs and co-locate with partners such as West Yorkshire Police;

- identifying accommodation solutions for the Integrated Health and Social Care programme with Leeds Community Health; and
- working with the third and private sectors to deliver some building based services, including the management of assets where appropriate.

To deliver an effective rationalisation programme, all operational assets will need to be reviewed with a view to retaining, improving or vacating.

4.2 The Corporate Landlord

To make better use of what we have, change is necessary, at the very forefront of this is the necessity for a new set of principles to be implemented by all services, which will guide property and land management going forward. Fundamental to these principles is the occupation of assets by way of a 'corporate landlord' approach, whereby buildings are not 'vested' and therefore do not 'belong' to a particular directorate or service.

Under this approach the Council is the corporate landlord, the Strategic Asset Management unit provides a strategic overview on the use and occupation of property, with the service occupiers being a tenant. Civic Enterprise Leeds will provide the facilities management, on behalf of the tenant service and ensure that properties are maintained to good and safe standards.

The aim of this approach is to be efficient in that it enables better:

- Support to wider organisational objectives and priorities;
- Use of assets and resources;
- Informing of strategic decision making; and
- Equity across all services.

It will be a function of Strategic Asset Management to continuously monitor space utilisation within buildings, as part of a wider responsibility to maintain up to date and consistent data across the Council's entire property and land portfolio.

The Corporate Landlord approach will also encompass and direct the work of the Property & Land Service, responsible for the practical delivery of all disposals, acquisitions, leases and licences.

To maintain revenue savings, the Council's default position will be not to agree to any lease renewals or to commit to acquiring any further leased-in property and to vacate any currently leased-in property wherever possible upon lease expiry, unless a robust business case is made as to why leased-in space is needed.

4.3 Supporting Regeneration, Economic & Housing Growth

The Council has a good track record of using its assets to support regeneration and economic growth, with a number of strategic disposals and acquisitions related to this over the last few years.

Photos of Leeds Arena, Victoria Gate/JLP, KPMG & Sovereign Square WYP new Div HQ

Examples include:

- The disposal of Union Street car park and the acquisition and disposal of Millgarth Police Station land to facilitate the major John Lewis Victoria Gate retail development;
- The disposal of the surface car park at Sovereign Street to create a new premier office location which will include KPMG's office development at 1, Sovereign Square, the new Sovereign Square public realm and the potential for two further office buildings;
- The acquisition of the former Leeds Metropolitan University Brunswick building, which along with a Council owned car park facilitated the development of the highly successful new Leeds Arena;
- 'Put Options' in the Aire Valley, where to stimulate construction of warehouse/employment buildings the council has committed to underwriting the acquisition of three new buildings from developers, to ensure that Leeds has the best opportunity to attract new businesses to the city by the availability of buildings ready to occupy;
- The Council Housing Growth Programme will deliver in excess of 1,000 new homes, across 14 sites, growing the Council's housing stock and providing vitally needed affordable housing. The first scheme, at Richmond Hill, is due to go on site in September 2014. In addition, a further 450 units of accommodation for older people is required to be delivered by 2020; and
- The Holt Park draft masterplan currently out to consultation, to put the heart back into Holt Park.

Where land and property is strategically located within a regeneration area, or within a setting that could be used to regenerate a locality, its use will be considered in the context of its regeneration potential, either in economic terms or to contribute towards the city's annual new homes target. This will be undertaken through the production of a detailed planning brief and consultation with public sector, housing and private partners to maximise the development potential of the land. Where necessary this will be achieved through the packaging of strategic sites and/or the retention of assets, to contribute to area regeneration. Delivery may be through open market disposal or one to one negotiation with specialist suppliers/developers, e.g. older people's extra care housing, supported living or

affordable housing.

The Council as the major land holder within the city will seek to continue and strengthen its use of strategically located land and property to support economic growth and prosperity of the city. This will apply across the city but will be particularly relevant in the Aire Valley Enterprise Zone and city centre.

5. How do we get there?

Through the following ten key areas of focus:

- **Asset review and rationalisation**
 - achievement of over £2.5m revenue savings by March 2017 and a further £3m+ following the completion of Merrion House refurbishment
- **Office accommodation**
 - a decrease in locality office accommodation of 10% (7 buildings) by March 2017
- **Localities and Citizens@Leeds**
 - identify accommodation solutions and support delivery of at least 10 community hubs by March 2016
- **Services and Directorates**
 - support service planning processes across all directorates, and produce a Council wide asset delivery plan for 2015/16
- **Council projects and programmes**
 - secure grant funding for refurbishment of Leeds Town Hall; and
 - identify and deliver accommodation solutions for the Best Admin Project by March 2016
- **Working with partners**
 - to establish a Public Estate Board by March 2015
 - identify and deliver accommodation solutions for the Integrated Health & Social Care Programme by September 2015
- **Make the Council's portfolio work better**
 - develop and gain approval of an investment strategy for the city by March 2015 (?)
- **Careful and planned disposal of property**
 - solutions for future use of surplus land or property are being progressed within 3 months of being declared surplus
- **Maintaining the retained estate**
 - Continuing to aim for a ratio of 70:30 on proactive v's reactive maintenance spend by March 2017
- **Information management**
 - to implement a holistic data capture system by March 2016

5.1 Asset review & rationalisation

Achievement of over £2.5m revenue savings by March 2017 and a further £3m+ following the completion of Merrion House refurbishment

It is important that the scale of the Council's property portfolio is proportionate to the resources available to maintain it in a fit state of repair. In order to respond to the changing operational property requirements of the Council, as staff numbers decrease and the New Ways of Working programme is introduced, an ongoing review and regular monitoring of the office accommodation portfolio will be required.

An assessment has been carried out of the period of requirement of operational buildings over the short, medium and long term, using the following criteria:

- Operational/service need;
- Backlog maintenance;
- Running costs;
- The nature of the building (e.g. heritage and listed buildings);
- Intensity of occupation; and
- Locality specific issues.

The outcome of the assessment will include closure, demolition, replacement, disposal, investment or transfer. It is important to ensure that the Council uses its asset base to support service delivery and that in rationalising its property the retained estate is fit for purpose in terms of service use, health & safety and the low carbon agenda. The review will need to take into account the impact on services and localities, and find ways to mitigate this whilst still reducing the number of assets the Council holds.

5.2 Office Accommodation

A decrease in locality office accommodation of 10% (7 buildings) by March 2017

The Council currently occupies 73 office buildings outside of the city centre. Over the short-term the major focus for making better use of Council assets, and potential for realising revenue savings, will be rationalising the non-city centre office accommodation (phase 2 of Changing the Workplace). A review of all property within this category is being undertaken to assess for each building:

- Existing service/occupancy levels;
- Net internal space;
- Maximum occupancy capacity;

- Backlog maintenance;
- Capital value/redevelopment opportunities;
- Regeneration/housing/economic growth potential; and
- Revenue generation opportunities.

This information, along with the geographical location requirement of services/teams, will be used to maximise the use of buildings, in-line with the approved principles of New Ways of Working.

A significant milestone will be the practical completion of the refurbishment of Merrion House anticipated late 2016 which will allow staff to relocate back into it over the course of 2017. The re-occupation of the building will enable the rationalisation of office accommodation in the city centre, delivering significant revenue savings. The release of the city centre properties for disposal will support city centre regeneration, including housing, commercial and retail opportunities. In addition to the £3m already identified, a further £3m+ savings will be generated mainly through the release of surplus offices outside the city centre.

5.3 Localities

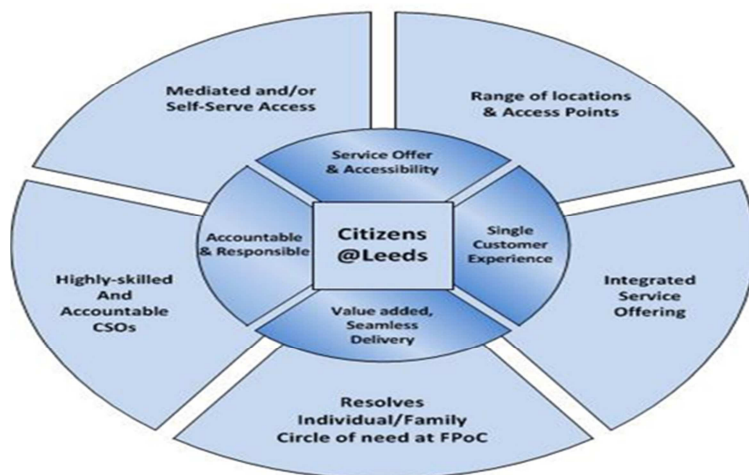
Identify accommodation solutions and support delivery of at least 10 community hubs by March 2016

All operational assets within each locality will be reviewed in partnership with Services, Members and locality support. Each review will be made in the context of local need and service demand, which will result in the development of area based asset management plans. The emphasis will be to rationalise and promote the most efficient use of space. One of the main influencing factors of how area based assets will look in the future will be delivery of the Citizens@Leeds approach to locally provided services. Through community hubs, the approach aims to:

- Provide accessible and integrated services;
- Help people out of financial hardship;
- Help people into work; and
- Be responsive to the needs of local communities.

Consolidation and integration of front facing services through community hubs will allow the most appropriate locality based property, in terms of demand and especially location, to be the focus of delivering service where they are most needed. Integration of this nature will facilitate the release and shift away from single service property. This will include sharing space with partner organisations including West Yorkshire Police and Leeds Community Health.

Citizens@Leeds – The Proposition



5.4 Services and Directorates

Support service planning processes across all directorates, and produce a Council wide asset delivery plan for 2015/16

Established relationships between directorates and asset management will be built upon to ensure that assets are being used in the best and most appropriate way to enable achievement of targeted service outcomes. Key service areas where assets play a particularly important role are:

- Older people's residential and intermediate care;
- Day care provision;
- Children's centres;
- School expansion;
- Leisure centres;
- Libraries and museums;
- Parks sports pavilions
- Community Hubs;
- Waste Management;

In order to achieve the above, the Strategic Asset Management Unit will work closely with services, to ensure that asset requirements are assessed as an integral part of the service planning process, whilst also ensuring the most efficient use of space. This will not only provide services with an increased level of assurance that service plans are deliverable, as they will be based upon considered and agreed asset requirements, but will enable the Strategic Asset Management Unit to maintain a forecast of asset demand over the short and medium terms. This process will also underpin more detailed work with some

service areas to review and implement change programmes where a priority, for example Waste Management requiring a solution for household waste and vehicle storage depots across the city. With the ever increasing number of new homes and emphasis on households sorting waste pressure has built up over recent years on the two waste depots in the city, with the need now for either a third depot or an expansion of the existing two. Asset Management will work with the Waste Management service to support the land and property element to meet this need.

5.5 Council Projects & Programmes

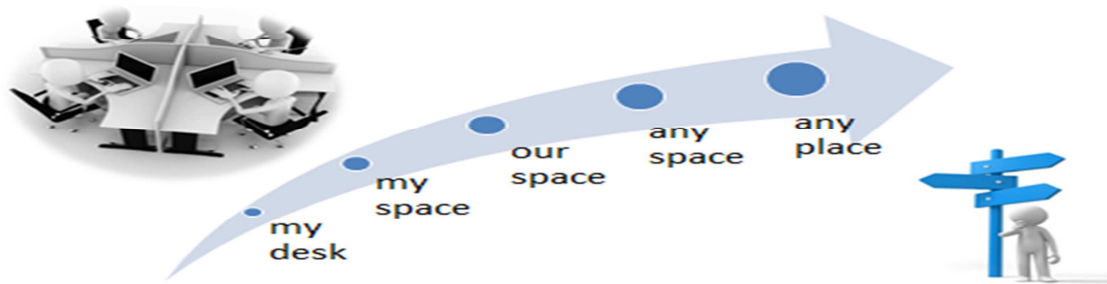
Secure grant funding for refurbishment of Leeds Town Hall; and

Identify and deliver accommodation solutions for the Best Admin Project by March 2016

There will be asset implications across a range of Council projects and programmes, which will require involvement from the Strategic Asset Management Unit, including but not exclusive to:

- Changing the Workplace – the Council’s programme for implementing new ways of working to enable maximum flexibility to its office based workforce and which requires approximately 30% less space;
- Community Hubs – the Council’s approach to delivering accessible and integrated customer services from a single building or cluster within localities;
- Integrated Health & Social Care – a joint programme for the integration of community based adult social care and health services from Leeds City Council and Leeds Community Health, which will require less buildings to be retained between the partners and also ensure that integrated teams work more effectively and efficiently;
- Best Council Admin Project – part of the Better Business Management programme, which will see administration and print functions across the Council brought together to be managed under a ‘hub’ arrangement; and
- District Heating - the Council plans to take advantage of the by-product of power generation from the new energy recovery facility to develop and operate an extensive district heating network, providing heat and hot water to municipal buildings in the city centre and around thirty Council multi-storey residential blocks on the edge of the City.

Smarter Working - Behaviours and Management



These asset solutions will have to be developed in the wider context of the whole asset review programme, as well as giving consideration to each and all projects and programme. On this basis the process for developing solutions will be complex, with numerous interdependencies and consequential impacts across the whole range of projects and programmes.

In addition to the above programmes, which will have an impact on use of operational buildings, the following will be priority areas of work for asset management:

- Basic Need Schools Provision;
- Housing Futures Strategy;
- Regeneration;
- Council Housing Growth Programme;
- Affordable Housing Programme; and
- Considering alternative and sustainable energy provision.

To deliver against these programmes will require the identification of viable land and building solutions, which may mean acquisition of such to enable delivery or alternatively, the assessment of strategic benefits against the loss of a capital receipt due to retention or a less than best market disposal. Given the land requirement which will be necessary to deliver against both programmes there will be a need to work in close partnership with both other public sector organisations, as well as private land owners to enable, where necessary, the bringing forward of deliverable solutions.

The Council will seek to use its portfolio to stimulate regeneration by maximising the leverage within our assets, in order to achieve a balanced and sustainable growth in the economy throughout the city.

5.6 Working with Partners

To establish a Public Estate Board by March 2015

Identify and deliver accommodation solutions for the Integrated Health & Social Care Programme by September 2015

There are already good examples of public and third sector partners working together to deliver improved services or regeneration in localities where there is an impact on assets, including:

- Community Asset Transfer of Bramley Baths;



- Holbeck Urban Village where the Council acquired the listed Italianate towers and Engine House from the Homes & Communities Agency (HCA) which allowed the HCA to bring forward the disposal of the Tower Works site and jointly to deliver regeneration of the area;



- Council social workers being based within the city's hospitals to support on-going social care needs and patient discharge arrangements;
- Disposal of a Council owned 8 acre site at Elland Road to West Yorkshire Police Authority for a new divisional headquarters, enabling the consolidation and disposal of Millgarth and Holbeck police stations;
- Acquisition by the Council of Millgarth police station site to guarantee securing of John Lewis as the anchor tenant of the new Victoria Gate development;



- Long lease/Community Asset Transfer of Tenants Hall to enable investment and expansion of community services and activities offered by South Leeds Health for All;
- Integration of police and Council staff to deliver the work programme of the Safer Leeds Partnership; and
- Transfer of the former Headingley Primary School to HEART a community organisation.

Whilst the above provides a picture of the range of cross public and third sector partnership working that has already been achieved in Leeds, there are also significant projects and programmes in development which will further enhance the joint use of assets to achieve efficiencies and maximise regeneration potential, including:

- One Public Estate, the Council was one of 12 authorities selected in 2013/14 to pilot a cross public sector joint approach to use of assets. The main objectives of the pilot are to identify synergies through joint use of assets to achieve delivery of regeneration and housing, and co-location and integration to enable more efficient use and rationalisation across the public estate. Leeds' involvement in the pilot has been so successful that the Council has been asked to extend involvement in year two to include Bradford City Council and public partners covering its metropolitan district.
- Integrated Health and Social Care, which will see 900 staff across the Council and Leeds Community Health working in 13 fully integrated neighbourhood teams. To enable estate solutions to be delivered a joint office accommodation strategy has been developed and agreed by both organisations, an element of which will address recharging for space occupation;
- Co-location with the Police, housing and police officers sharing space in

various buildings across the city. Not only will this allow closer working between the two organisations on neighbourhood issues, but will also promote an efficient use of both partners estate portfolios;

- Weetwood Multi Service Co-location, Leeds City Council, West Yorkshire Fire and Rescue Service (WYFRS) and West Yorkshire Police (WYP), have submitted a joint application to DCLG for capital funding to enable the redevelopment of Weetwood Police Station, a strategic site in the north of the city. If funding is secured the redeveloped site will be jointly occupied by staff from all 3 organisations. The outcome of the funding bid should be known by the end of September 2014, and if successful will enable the Council to come out of a leased in office in 2017, and allow WYFRS to release two fire stations and consolidate into one.
- Public Service Campus Opportunity, there is a significant NHS office accommodation requirement within Leeds city centre, with c.1,100 staff currently based within a cluster of leased in builds. Due to the cost of occupation there is a need to find alternative accommodation for these staff over the next 1-3 years. Discussions have begun with the Department of Health, and NHS Property Services to explore an opportunity for the Council to develop a significant city centre landholding to deliver a public service (DoH led) office accommodation campus of at least 150,000ft².

5.7 Making the Council's investment portfolio work better

Develop and gain approval of an investment strategy for the city by March 2015

The Council has some 3,911 commercial properties within its investment portfolio. There are ongoing reviews of the Small Industrial Units and pubs portfolios, with the remainder of the estate being strategically reassessed over the course of the next 12 months.

To ensure that there is a strategic and consistent approach taken to the management of the investment portfolio all commercial property is to be transferred to City Development, including those managed by Environments and Housing.

In light of the current budget pressures imposed upon the Council there is a need to improve the quality and scale of the investment portfolio to assist and support the Council's revenue budget. Key to achieving this will be the pro-active approach to the strategic management of our investment portfolio adopting the attitudes of a property company, driving efficiencies, ensuring every opportunity, whether it be physical or legal is exploited to maximise revenue and increase the quality and quantity of the portfolio.

In several of the Council's assets there is a latent potential to generate income,

which has not been identified, or has been under realised to date. The Council needs to explore how it can best use its land and property portfolio to support delivery of the city priorities and to generate investment income to boost Council revenue. This may be allowing third parties to redevelop council properties to create better investments or to acquire strategic property or adopting new business models in the case of properties which operate a fee generating service, or permitting the use of land, in exchange for a rental income, for the purpose of commercial advertising.

5.8 Disposal of land and property

Solutions for future use of surplus land or property are being progressed within 3 months of being declared surplus

It is essential to ensure, through careful and planned disposal management, that when land or property is declared surplus to Council requirements it does not become a derelict and eyesore site which stands vacant for prolonged periods of time. This is particularly important when the property is listed or of heritage value. It may be better to accept a reduced capital receipt to ensure that there is a successful and sustainable development outcome.

When decisions are taken to declare assets surplus the disposal consideration will be given at the very beginning of the process as to the potential risks that may lead to a delayed disposal or delivery of an alternative use for the asset. This consideration will include factors such as the property market, local impacts, heritage value, inherent site constraints and regeneration opportunities.

5.9 Maintaining the retained estate

Continue to aim for a ratio of 70:30 on proactive v's reactive maintenance spend by March 2017

The prioritisation of major maintenance work in order to reduce backlog maintenance, currently approximately £40m, though this figure is being revised, and improve the overall condition of the estate for service delivery is therefore a key priority moving forward. The survey programme will ensure we have appropriate and up to date information on the condition of buildings for decision making purposes. The aim is to have at least 90% of operational buildings in good or excellent condition, this is currently 84%, by 2017. And all urgent and essential works completed. The current capital available is £2.75m p. a. which includes extra budget of £6m over 5 years for heritage buildings. Another estimated £2.25m is required to under take a 70% ration of planned maintenance.

There is an ongoing programme of demolition of buildings which are no longer fit to be used and where there is no disposal potential, ensuring vacant buildings are not left to deteriorate and become eyesores in local communities.

The Council's revenue property maintenance budget is mainly used for responsive repairs as well as the legislative annual testing and inspection regime though this highlights remedial works required to be undertaken, informing the programme of planned maintenance with a view to reducing backlog maintenance along with the condition surveys. As the Council's asset portfolio reduces through the programme of strategic rationalisation some of the budget could be released towards the planned maintenance required to maintain the condition of the Council's holdings resulting in 'fit for purpose' assets.

5.10 Information management

To implement a holistic data capture system by March 2016

If the Council is to make best use of its asset portfolio it is important that the understanding of it is informed by accurate, comprehensive and current data. Underpinning achievement of this has to be an efficient and effective information management system, either through a sole database or an umbrella package that pulls all relevant data from the existing, often disparate software packages. The acquisition of infrastructure to ensure that the correct information is readily available upon which to base strategic decision making will be progressed under the period covered by this plan.

6 Key Performance Indicators

Knowing what we have and how we use it are essential tools in ensuring we have a full and proper understanding of our asset portfolio. To further enhance this knowledge and to provide a full range of information upon which to base future planning and decision making a range of key indicators will be used to assess performance on an annual basis, these are in addition to the specific targets outlined above under the ten areas of focus, include:

- Revenue running costs;
- Average cost of operating the office portfolio per FTE;
- Service/tenant satisfaction level (annual sample survey);
- m² of leased in space;
- m² of rationalised space;

- Carbon emission levels;
- Land sales to deliver housing growth;
- Land sales to facilitate economic growth;
- Number of Council owned listed buildings at risk;
- Grant received to restore or maintain parts of the public estate;
- Overall capital receipts; and
- Investment in the asset portfolio.
- Condition of the property portfolio

To assess what these KPI's means benchmarking will take place, where possible, against both the private sector and other public sector organisation.

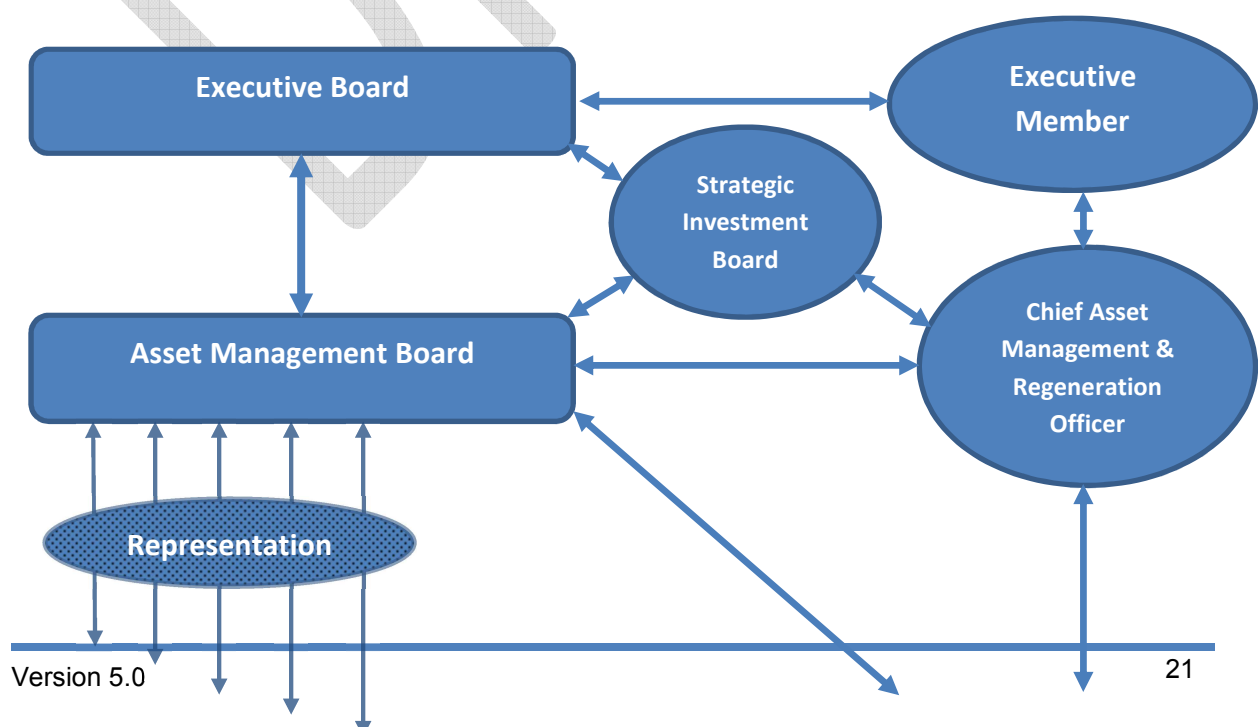
7 Decision making

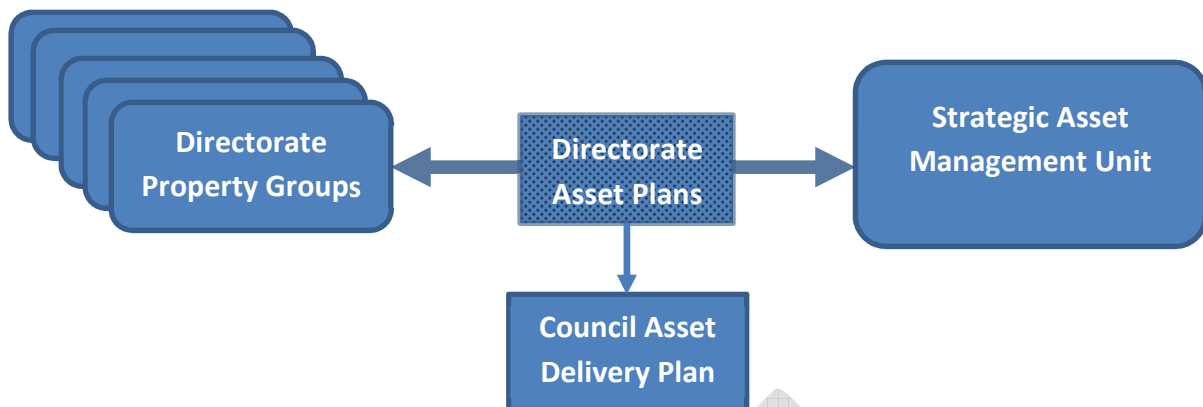
7.1 Financial Regulation

The Council's Financial Regulations, published in 2014, has a specific section in relation to Land & Buildings which seeks to *'ensure that there are effective controls in place in relation to all property matters, including acquisition, disposal, lease, licence or use of property so that the Council's portfolio is managed in an efficient, effective and secure manner.'*

7.2 Governance

The management and governance of the Corporate Landlord approach will look as follows:





This governance framework and decision making process will ensure that:

- Decisions about assets are taken in a corporate context;
- Appropriate options appraisals of asset related proposals are carried out which take a broader view where necessary;
- Meaningful and continuous engagement takes place between Strategic Asset Management, services and localities, facilitating stronger proposals which contribute to better service delivery and better places as well as better use of assets;
- Services and localities are supported to develop and deliver their service or area based plans with due consideration to asset implications; and
- There is a strong interface between asset management and capital investment decisions.

7.3 Asset Management Handbook

To support the delivery of the Asset Management Plan and in line with the Best Council Plan, services will require guidance in the management of property they use, in their role as tenants and their relationship with the Strategic Asset Management Unit. Which will enable property to be use to maximum efficiency for the benefit of the Council as a whole.

The Asset Management handbook will be an essential reference guide for all staff and managers who have a degree of workplace overview or management, as well as those officers who are involved in projects and programmes with asset implications, whether on existing property and/or land, or in terms of asset acquisition. It details the necessary decision making processes in relation to property and land, including:

- Governance of leasing in or out of space/property;

- Declaring space/property surplus to requirements; and
- Movement of staff into, out of or within property.

The handbook complements the Land & Building Financial Regulation toolkit and is intended to communicate the controls that are in place, which all operational property occupying services adhere to, to ensure the Council's operational property is managed in an efficient, effective, secure and strategic manner.

One of the aims of the handbook is to avoid buildings being left void or underutilised for prolonged periods. Linked to this the handbook also details the process for disposing of surplus assets where there is or maybe a community/third sector interest. In this circumstance there will be a 6 month consultation period prior to disposal during which time business cases for alternative use can be put forward. Following the expiry of this period, if no viable case has been received the asset will be progressed to disposal.

8.0 Conclusions

The key challenges of the Council's Asset Management Plan over the coming years will be to assess options and explore opportunities to deliver a more efficient and effective asset portfolio, through:

- Building on and embedding positive relationships between Strategic Asset Management and the respective Services/Directorates, to support service delivery and ensuring that requirements are best met, wherever possible, through available resources; whilst
- Undertaking a programme of rationalisation of operational properties to deliver £5 m of running cost savings, which includes maximising the use of buildings, implementing New Ways of Working as needed and managing space in accordance with the Asset Management Handbook;
- Investing sufficiently in the retained estate to provide efficient fit for purpose buildings which supports the provision of quality service delivery, enhances its value through the reduction of backlog maintenance and increases income potential;
- Disposing of land in a strategic manner to support, enable and facilitate economic growth, accelerate housing growth and/or regeneration and generate capital receipts;
- Working with public and Third Sector partners under the One Public Estate to identify and take up opportunities for adding value to services or regeneration projects, by sharing or pooling resources to achieve increased benefits to the City through better use of public assets

- Ensuring there is a strategic and consistent approach to the management of a consolidated investment portfolio.

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