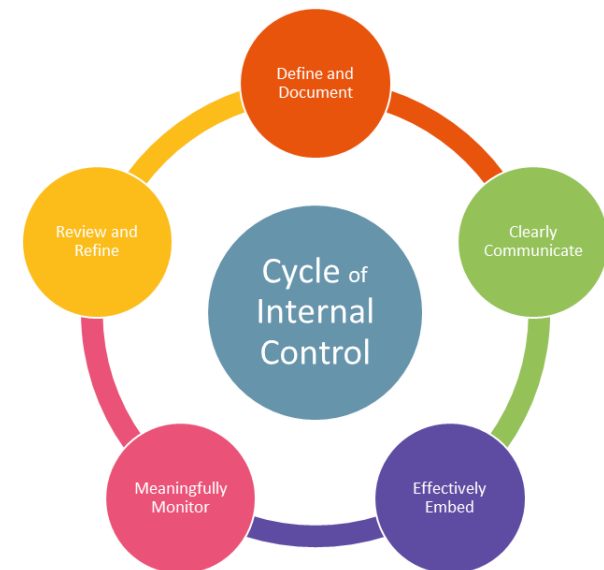


Introduction

1. Principle 6 of the Code of Corporate Governance provides, Developing Capacity, commits that we will continually review how we use our assets and information to achieve outcomes efficiently and effectively.
2. This statement of internal control provides assurance in respect of the Council's internal control arrangements for decision making relating to the Council's operational, let out and void real estate. This paper does not provide assurance in respect of the school estate, Housing Revenue Account property or the management of Highways Assets which all have their own governance and assurance approaches given different legislative and funding provisions.
3. The Council is the largest single property owner in the city with over 700 individual operational assets, including 16 Leisure Centres, 34 Libraries, 22 Community Hubs, 28 Depots and 9 Museums. This is in addition to c500 commercial properties, and 9,000 hectares of land.
4. The Councils Estate Management Strategy was approved by Executive Board in November 2021, setting 5 guiding principles around the strategic planning, management and maintenance of the estate. The document also sets out the high-level governance arrangements to provide assurance around estate decisions.
5. In 2020/21 a review of property management functions was undertaken. This found that beyond the teams within City Development and Resources who strategically plan and deliver investment into new and existing assets and manage and maintain them on a day to day basis, there were other teams elsewhere in the Council undertaking similar work but without the necessary support and assurance necessary. As a result of the review, these specialist functions have been consolidated into Asset Management, Facilities Management and the Sustainable Energy and Air Quality Teams to improve oversight and assurance of decision making around our estate.
6. This statement sets out the arrangements for the internal control around Estate Management over the reporting period from March 2022 to February 2023.
7. The statement includes opportunities that have been identified to improve these arrangements.



Define and Document

1. Policies and Strategies.

<ul style="list-style-type: none"> Estate Management Strategy 2021 - 2026 	<ul style="list-style-type: none"> The estate Management Strategy identifies 5 guiding principles: <ul style="list-style-type: none"> A modern fit for purpose estate A well managed and maintained estate Working with partners Maximising income from our portfolio Supporting the City's future The document also articulates 8 key outcomes against which success can be measured. <ul style="list-style-type: none"> Our estate is well utilised, and supports service provision to residents and communities across the city We have a clear 5 year vision for each of our buildings with associated maintenance plan We continue to reduce the number of properties in void management We have a strong investment portfolio, which is well managed and delivering a sustainable income stream We continue to dispose of surplus properties using the most appropriate method based on the property and market conditions We maximise joint working with partners to ensure that our estates across the public sector are complementary and where appropriate shared. We make strategic acquisitions to support future regeneration and change within the city Our estate is leveraged to support regeneration within our communities and the city centre, and supports the city in becoming carbon neutral.
<ul style="list-style-type: none"> Annual Capital Programme Executive Board Report 	<ul style="list-style-type: none"> The annual Capital Programme report to Executive Board provides additional details and the strategy for acquiring, divesting and holding property and the associated financial requirements. The paper also seeks Executive Board approval to the Capital Programme for the coming year which includes funding to undertake backlog and planned maintenance to our estate.

<ul style="list-style-type: none"> Climate Emergency Annual Report 	<ul style="list-style-type: none"> Executive Board receive an annual update about the Council’s actions to address the climate emergency. This sets out the investment made and planned to reduce the carbon footprint of the Council’s real estate.
<ul style="list-style-type: none"> Annual Capital Receipt Programme update 	<ul style="list-style-type: none"> Each February a report is taken to Executive Board to provide an update on the Council’s Capital Receipt Programme and to add new properties for disposal into the programme.

2. Roles and Responsibilities

3. The following diagram shows the split of responsibilities in relation to Estate Management:



<u>Officer Roles and Responsibilities</u>	
<ul style="list-style-type: none"> Director of City Development 	<ul style="list-style-type: none"> The Director for City Development has overall responsibility for the strategic planning of the Council's operational estate as well as acquisitions, disposals and the leasing in and out of property. There are specific delegations provided by Full Council to the Director of City Development to allow decisions to be taken about the estate and transactions to be entered into. The approved scheme of delegations provides further delegation to the Chief Asset Management and Regeneration Office, Head of Asset Management, Technical Services Lead within Land and Property, and Executive Manager within Land and Property.
<ul style="list-style-type: none"> Director of Resources 	<ul style="list-style-type: none"> The Director of Resources has responsibility for hard and soft Facilities Management responsibilities and has a number of delegations provided by Full Council to allow the management and maintenance of the estate. The approved scheme of delegations provides further delegations to the Chief Officer Civic Enterprise Leeds, Head of Leeds Building Services and Head of Passengers, Cleaning and FM.
<ul style="list-style-type: none"> Chief Asset Management and Regeneration Officer 	<ul style="list-style-type: none"> The Chief Asset Management and Regeneration Officer has full accountability for the strategic planning of the estate and ensuring that the estate meets service need. In addition the Chief Officer has responsibility for the Council's Capital Receipt Programme, let out estate (including the investment portfolio) and statutory valuation requirements, as well as the delivery of new investment into existing assets and new assets.
<ul style="list-style-type: none"> Chief Officer Civic Enterprise Leeds 	<ul style="list-style-type: none"> The Chief Officer Civic Enterprise Leeds is responsible for the Soft and Hard FM, for Civic Buildings. In addition the Chief Officer has responsibility for the delivery of cyclical and responsive maintenance of operational buildings.
<ul style="list-style-type: none"> Chief Officer Human Resources 	<ul style="list-style-type: none"> The Chief Officer HR is responsible for Health and Safety and Building Regulation compliance.
<ul style="list-style-type: none"> Chief Officer Sustainable Energy and Air Quality* <p>*Note that from 1st April this post will be retitled Chief Officer of the new Climate, Energy and Greenspaces service, and will take on responsibility for the existing Parks and Countryside Service, reporting to the Director for Communities Housing and Environment.</p>	<ul style="list-style-type: none"> In September 2022 Hard Facilities Management functions, which includes planned and backlog maintenance was transferred from Civic Enterprise Leeds to the Sustainable Energy and Air Quality service. The rationale for this move is to improve the alignment between the delivery of decarbonisation measures with backlog and planned maintenance and the provision of information. The Chief Officer is therefore responsible for planned investment into the Council's existing estate to ensure that the estate is as well maintained as can be afforded, meets statutory obligations and that investment is made to reduce the Council's carbon footprint generated from our buildings.

<u>Estate Management Governance</u>	<u>Responsibility</u>
<ul style="list-style-type: none"> Corporate Estate Management Board (CEMB) 	<ul style="list-style-type: none"> CEMB is a non-decision making board which meets monthly and provides oversight, alignment, advises and supports estate strategy and operational matters. Chaired by Chief Officer Asset Management and Regeneration and attended by Chief Officer Civic Enterprise Leeds and Chief Officer Sustainable Energy and Air Quality, with Chief Officer representation from each Directorate. Matters considered by CEMB are brought through Estate Management Working Group and Directorate Asset Management Boards (see below), or are matters escalated directly for discussion by attendees. The Board oversaw the preparation of the Estate Management Strategy. Regular updates are provided to the board about H&S and statutory compliance, responsive maintenance, planned maintenance and void properties. In addition the Board receives regular updates in relation to estate planning and optimisation activity. On a rotating monthly basis, each Directorate provides an update on any pertinent 'asks', and outlines any potential changes which will impact upon estate requirements and planning. The Board also provides the opportunity for directorates to escalate matters for resolution.
<ul style="list-style-type: none"> Estate Management Working Group (EMG) 	<ul style="list-style-type: none"> Estate Management Working Group is Chaired by the Head of Asset Management. The group meets monthly and includes Estate Leads from each Directorate. Each Directorate has dedicated support from an officer from the Asset Management Service. EMG's purpose is to discuss estate matters, to inform recommended courses of action and provides the place to join up, check and challenge proposals and 'asks' from directorates which have an estate impact. EMG reports to CEMB, with minutes from EMG shared for review.
<ul style="list-style-type: none"> Strategic Development Group (SDG) 	<ul style="list-style-type: none"> Strategic Development Group is chaired by the Technical Manager within Asset Management and attended by senior officers from Asset Management, Planning, Highways and Conservation, in addition to officers from other services areas as required for individual items. Meeting monthly, the main purpose is to review the development potential of land and buildings which may be declared surplus to inform future decision making as well as advising on any considerations required in bringing asset changes/ developments forward.

<ul style="list-style-type: none"> Directorate Asset Management Groups 	<ul style="list-style-type: none"> Each Directorate has a forum through which its services are brought together to support service changes and resulting estate requirements. This takes on different forms in different directorates with most directorates having a formal asset management group, chaired by a Chief Officer or senior estate lead. These groups prepare and maintain Asset Forward Plans which document requirements and future project activity. Each group is supported by an officer from the Strategic Asset Management team in City Development who works closely with the directorate to understand service delivery requirements and ensure that any estate changes are properly understood, scoped out and delivered. The role of the Strategic Asset Management Officer is to ensure join-up and consistency through working with colleagues in the team to ensure optimum use of the Council’s real estate. The Directorate Asset Management Groups provide a forum through which any estate issues can be escalated and are also attended by Facilities Management to assist in resolving any operational issues.
<ul style="list-style-type: none"> Estate Leadership Team 	<ul style="list-style-type: none"> Estate Leadership Team includes representatives from Asset Management, Facilities Management and Sustainable Energy and Air Quality. The purpose of the team is to bring together strategic planning and operational considerations including determining of planned and responsive maintenance prioritisation, service requests for improvement and investment into assets.
<ul style="list-style-type: none"> Programme & Project Boards 	<ul style="list-style-type: none"> Each major programme or project has its own Board to oversee delivery, manage risks, budget, quality and timeframes. Given that the strategic planning of our estate both draws on and informs service requirements, but also investment need, matters are regularly discussed at Best Council Team People and Culture and Best Council Team Strategic Investment.
<p><u>Corporate Governance:</u></p>	<p><u>Responsibility</u></p>
<ul style="list-style-type: none"> Best Council Teams (BCT) 	<ul style="list-style-type: none"> BCT People and Culture has overseen the Future Ways of Working Programme, one of the key outcomes of which being the optimisation and reduction of the estate and changes in the way particular buildings and spaces perform to support changing service needs. BCT Strategic Investment also considers wider estate investment asks including proposals for backlog maintenance investment and projects to enhance the estate to support service delivery.

<ul style="list-style-type: none"> Financial Performance Group (FPG) 	<ul style="list-style-type: none"> FPG reviews business cases for a wide range of investment asks and is responsible for considering whether and how particular projects can be supported and funded. Whilst many do not have an estate implication, some do. To support FPG's consideration, it is important that any projects which do have an estate implication are considered through the Estate Management Governance set out above and have the support of CEMB.
<p><u>Democratic Oversight:</u></p>	<p><u>Responsibility</u></p>
<ul style="list-style-type: none"> Executive Member 	<ul style="list-style-type: none"> The Executive Member for Resources oversees all activity relating to the Council's real estate and receives regular briefings via each Chief Officer. The Executive Member has overall responsibility for ensuring that the Council's real estate is effectively utilised and that investment is appropriately targeted. The Executive Member for Infrastructure & Climate Change is also regularly briefed in relation to measures to reduce the Council's Carbon Footprint including investment into its buildings.
<ul style="list-style-type: none"> Executive Board 	<ul style="list-style-type: none"> Executive Board is the principal decision making body of the Council. The Board considers annual reports in relation to the disposal of surplus properties, the response to the Climate emergency as well as specific investment proposals, Community Asset Transfers and estate optimisation. Executive Board considered and approved the Estate Management Strategy in November 2021.
<ul style="list-style-type: none"> Strategy and Resources Scrutiny Board 	<ul style="list-style-type: none"> Scrutiny Boards ensure appropriate review and oversight of estate activity. The Strategy and Resources Scrutiny Board has in recent years reviewed the Future Ways of Working Programme, including estate implications as well as the void management process.

Clearly Communicate

4. Through the governance arrangements set out in this paper, the principles of the Estate Management Strategy were informed and tested as the document was being prepared. This ensured good visibility of the emerging themes contained within the strategy, but also buy-in and support from all directorates as they had the opportunity to comment on and influence the direction of travel. In addition, when preparing the document, the Head of Asset Management attended Directorate Management Teams to consult on the document. Once approved, the principles of the strategy underpin the discussions at all levels of governance and estate management.
5. Within each directorate, the Chair of the Directorate Asset Management Group, takes responsibility for ensuring that officers within the wider directorate understands their role and the importance of using their Directorate Asset Management Group to discuss and agree any estate changes that are required to support service delivery or to escalate operational matters. This is well embedded in most directorates but there are some services who do not fully engage with their asset management groups. Asset Management are supporting the Chair of the Asset Management Groups in these circumstances to help to fully embed the governance arrangements.
6. To further ensure that the governance processes and the estate management strategy are understood, both the Insite pages of the Council's intranet site, as well as the public facing website have been amended and updated and the Estate Management Strategy is available for download on each. This includes details of the Facilities Management Helpdesk for the reporting of any operational and repair matters, as well as contact details for Strategic Asset Management for any strategic estate planning enquiries. Reflecting on the latest survey of internal control results (see paragraph 21), it may be beneficial to include relevant contact details for the chair of each Directorate Asset Management Group on the Intranet pages as well as making clear that any queries about ownership and the management responsibilities for particular land or buildings should be directed to Land Records within Asset Management in the first instance.

Effectively Embed

8. Given the engagement which took place across all Directorates and Directorate Management Teams as the Estate Management Strategy was being prepared, there is broad support for the principles contained within the document, and therefore decision making and 'asks' of the estate at a directorate level.
9. Key to the ongoing success is the continued and developing role of the Directorate Asset Management Groups as a means of defining a directorates 'ask' and for this to then be recognised and acted upon across the Estate Leadership Team. As the Estate Management Strategy sets out, a 'one size fits all approach' is not appropriate given the diverse range and nature of service delivery across the organisation. As such the embedding of Directorate Leads within Asset Management to work alongside each Directorate has been fundamental to ensure that there is a good understanding of requirements, ability to challenge 'asks' and opportunity to work through issues in a collaborative way to ensure service needs are appropriately mapped into property requirements.
10. The level of engagement and discussion between the Chair of Directorate Asset Management Groups and the Directorate Lead within the Strategic Asset Management Team has been reviewed and strengthened over the last 18 months, which has allowed a range of benefits to be realised including earlier visibility of service changes and resulting changes to estate requirements, as well as opportunities to better test, support and refine requirements to ensure that they represent value for money and are consistent with broader corporate requirements.
11. Whilst the Directorate Asset Management Groups have improved the coordination of 'asks', there continues to be a small and reducing number of examples of estate changes, space requirements, or projects emerging and being requested directly to either Asset Management or Facilities Management without the oversight of the group, and therefore without the wider visibility, and specialist support from within the Directorate, the Strategic Asset Management Team, Estate Leadership Team, EMG or CEMB. The requirement for everyone within directorates to engage with the governance arrangements is reiterated through management teams by the Chair of the Directorate Asset Management Groups and to ensure greater compliance, any direct requests made by services to Asset Management, Facilities Management or Sustainable Energy and Air Quality are directed back to the relevant Directorate Asset Management Group for discussion and support. This ensures that our scarce resources can be properly directed to support changes and investment which is recognised as a priority both corporately and at a directorate level.

Meaningfully Monitor

12. Corporate Estate Management Board (CEMB) receives regular reports about Health and Safety and Statutory Compliance, maintenance requirements/ planned investment, and strategic estate planning and optimisation of our retained estate. However, this reporting is a manual exercise and the amount and quality of data about our estate would benefit substantially from an improved digital and integrated solution. There are a wide range of IT systems in use to support individual work areas, as well as extensive use of spreadsheets. This presents limitations on allowing information to be readily shared between the services involved in planning, managing and maintaining the estate and therefore there is a risk of errors of accuracy and real time information into the data we hold. Discussions have been ongoing with colleagues in IDS over a number of years around the need for an improved integrated estate management system and it is anticipated that a solutions architect will be assigned to support the scope and specification for an improved estate management system and progress towards procurement. However, due to the complexity of bringing a new system forward it is not anticipated that this will be fully delivered for at least 2 years.
13. Despite the above challenge, there is a collective effort in the interim across Asset Management, Facilities Management and Sustainable Energy and Air Quality to make use of available systems including SharePoint to cleanse and bring together the data we hold to improve access, visibility, accuracy and therefore improve decision making.
14. The established governance arrangements provide the ability for estate matters raised within Directorates to be escalated, discussed and action agreed via CEMB. Equally risks can be recorded and mitigated with actions raised at CEMB and EMG recorded and tracked on action trackers for each meeting.

Review and Refine

Adequacy and Resilience of Internal Controls

15. The effectiveness of the governance arrangements, participation and approach are continually reviewed. Opportunities to strengthen assurance are routinely explored and it has been noted that input around estate matters from the Health and Safety Team could be more effective. Following the appointment of the new Head of Health, Safety and Wellbeing, there will be increased involvement from the Health and Safety team as part of the Estate Leadership Team which will provide greater support for Facilities Management in the day-to-day management of our estate. Equally, the Health and Safety Team will become embedded within both EMG and CEMB.
16. Additionally, as set out throughout this document, through collaborative working across the organisation, opportunities to further embed the governance arrangements are considered and implemented, learning from issues which arise.
17. It has been recognised in recent months that there are business cases being presented to Financial Performance Group which have an estate impact, but have not been progressed through the established estate governance arrangements. In order to address this, the Head of Capital Finance will make the Head of Asset Management and CEMB aware of business cases being put to Financial Performance Group, in advance of them being considered, to ensure that any estate matters are given the appropriate consideration and request that all FPG reports explicitly state the support of the relevant Chief Officer when covering property matters.
18. As organisational changes are made, it is important that these are appropriately communicated. This has been undertaken via CEMB and EMG, and presentations are made to Directorate Asset Management Groups. This has been particularly important as changes around Hard and Soft Facilities Management functions have come about. To improve understanding process flowcharts have been updated which will be shared with CEMB, EMG and Directorate Asset Groups.
19. As set out at the beginning of this paper, the management of Housing Revenue Account, Highways and School assets sits within Housing Leeds, Highways and Children's Services given the legislative and financial requirements associated with each area, which are different to the corporate asset management requirements. Recognising the potential for improved join up around all asset matters, there has been increasing levels of join working with Housing Leeds through the Housing Investment Strategy Team who are responsible for the reviewing of operational housing assets as well as Children's Services through the Assets and Access team. This is helping to bring about a more integrated and joined up approach to asset planning across functions and responding to enquiries raised.

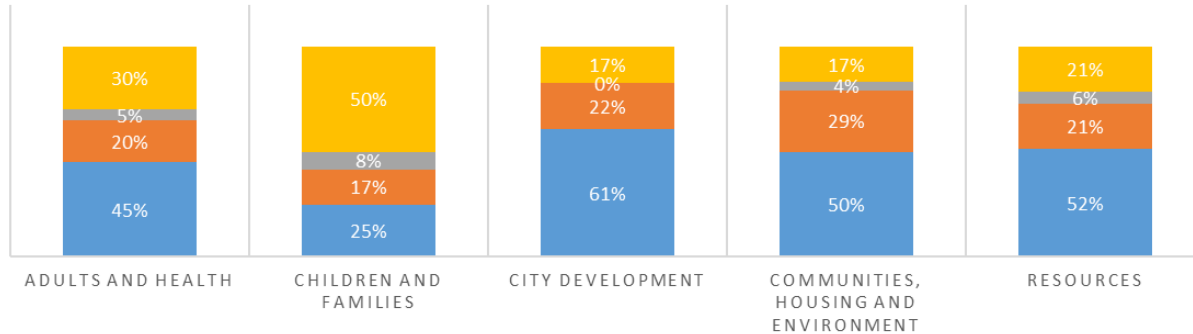
20. Through engagement with other authorities, primarily within the West Yorkshire One Public Estate Partnership, opportunities to share lessons learnt and best practice is taken up. This includes sharing approaches to optimise the use of the estate.

Survey of Internal Control

21. The survey of internal control asked operational managers to rate how well the council's internal control arrangements are embedded. The survey included questions about arrangements for governance around Asset Management and securing advice and guidance from the Chief Officer Asset Management and Regeneration. The below graph shows the results for the 2022/23 survey which had a response rate of approximately 88%. It must be remembered that unlike some other support services, some service areas may rarely have little changes to their estate requirements and therefore will have little need to fully understand the governance approach for the estate or how to get advice and guidance. This is why it is important that there is a clear, well established and visible Asset Management Group in each Directorate who can act as the first point of call for enquiries and direct service managers through the governance process or to the corporate teams for further information as appropriate.
22. On this basis, both graphs below show that with the exception of the Children's and Families Directorate, over 50% of respondents understand how to seek advice and guidance in relation to estate matters. The responses are slightly lower in relation to decisions relating to the use of the Council's Land and Buildings. This is not surprising given that historically, individual services have taken decisions around how they use property which is 'managed' by them, with this now being dealt with corporately through Asset Management. As set out at paragraph 6, the addition of the Directorate Asset Management Group Chairs contact details on the Intranet will help to ensure that 'asks' are further coordinated at a Directorate level.
23. These results demonstrate the need to further embed the governance arrangements through Directorate Asset Management Groups, as well as specific discussions with Directorate Senior Leadership Teams. Delivering the actions set out throughout this paper will further embed the arrangements and awareness of the way in which advice can be secured and decisions are made, and officers within the Asset Management Service will work closely with the chairs of the Directorate Asset Management Groups to further increase understanding.

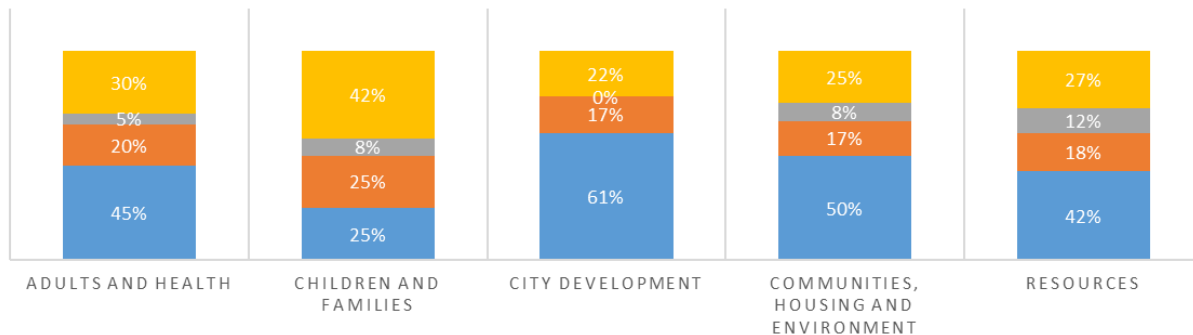
2023 SIC FEEDBACK ASSET MANAGEMENT: ADVICE AND GUIDANCE

Well Embedded % Fairly Embedded % Not Embedded % Don't Know %



2023 SIC FEEDBACK ASSET MANAGEMENT: DECISIONS RELATING TO THE USE OF COUNCIL'S LAND AND BUILDING

Well Embedded % Fairly Embedded % Not Embedded % Don't Know %



Statement of Assurance

24. Having undertaken the review of the system of internal control for Estate Management in this statement the Director of City Development and Director of Resources is satisfied that the arrangements are up to date and fit for purpose, that they are communicated and embedded and that they are routinely complied with.
25. The Chief Officer's for Asset Management and Regeneration, Civic Enterprise Leeds and SEAQ have identified the following opportunities for enhancement of the system of internal control for decision making and will implement these over the course of the 2023/24 municipal year.

Opportunities for improvement

Clearly Communicate	Ensure that changes around the delivery of hard and soft facilities management responsibilities are effectively communicated via Directorate Asset Management Groups
Effectively Embed	Support Directorate Asset Management Board Chairs to further embed the established governance arrangements within their directorates.
Meaningfully Monitor	Support colleagues within the Integrated Digital Service to progress the delivery of enhanced IT infrastructure to allow better planning and management of the Council's real estate
Review and Refine	Bring on board enhanced Health and Safety support to provide better assurance around day to day management of the estate; Ensure all proposals with an estate implication are reviewed and supported in advance of proposals being considered by Financial Performance Group; Review of processes to ensure that roles and responsibilities remain clear in light of organisational changes from April 2023.