

GROWTH, ENVIRONMENT AND RESOURCES SCRUTINY COMMITTEE	AGENDA ITEM No. 8
9 JANUARY 2019	PUBLIC REPORT

Report of:	Acting Corporate Director for Resources	
Cabinet Member(s) responsible:	Cabinet Member for Resources	
Contact Officer(s):	Peter Carpenter - Acting Corporate Director for Resources	01733 - 452520

COUNCIL ASSET STRATEGY

R E C O M M E N D A T I O N S	
FROM: Acting Corporate Director for Resource	Deadline date: n/a
<p>It is recommended that the Growth, Environment and Resources Scrutiny Committee:</p> <ol style="list-style-type: none"> Notes this report and provide comments on the Asset Acquisition and Asset Management Plan so that these can be incorporated in these plans which are approved at Audit Committee in February and then Full Council in March. 	

1. ORIGIN OF REPORT

- 1.1 The Acting Corporate Director of Resources is responsible for the update of these plans and their inclusion each year in the Medium Term Financial Strategy (MTFS).

2. PURPOSE AND REASON FOR REPORT

- 2.1 The Asset Acquisition Strategy and Asset Management plans set out how the Council ensures its assets are properly maintained and the rules by which the Council can purchase assets in the future.

These strategies are updated on a yearly basis as part of the Medium Term Financial Strategy (MTFS). This report gives the scrutiny committee the time to comment on the draft updates to be included in the 2019/20 MTFS papers.

- 2.2 This report is for the Growth, Environment and Resources Scrutiny Committee to consider under its Terms of Reference Part 3, Section 4 - Overview and Scrutiny Functions, paragraph No. 2.1 Functions determined by Council:

9. Strategic Financial Planning

- 2.3 This report sets out how the Council will maintain its existing assets and purchase new assets in order to fulfil service and corporate and service objectives.

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	YES	If yes, date for Cabinet meeting	Feb 2019
Date for relevant Council meeting	March 2019	Date for submission to Government Dept. <i>(Please specify which Government Dept.)</i>	N/a

4. BACKGROUND AND KEY ISSUES

4.1 The Asset Acquisition Strategy and Asset Management plans set out how the Council ensures its assets are properly maintained and the rules by which the Council can purchase assets in the future.

These strategies are updated on a yearly basis as part of the Medium Term Financial Strategy (MTFS). This report gives the scrutiny committee the time to comment on the draft updates to be included in the 2019/20 MTFS papers.

There have been significant changes in legislation in terms of how Councils can purchase assets following the significant resources that have been invested in Property by a number of Councils. The acquisition paper takes account of the latest government guidance.

4.2 Asset Management Plan (AMP)

Peterborough City Council has a continued commitment to creating vibrant local communities with a strong local economy and good provision of infrastructure, housing and employment. Buildings are important in creating a sense of place and the property assets which the council owns make a contribution to creating sustainable communities within Peterborough. This presents the Council with the challenge of reviewing its property portfolio to ensure that it is optimised in terms of its resources and so that it can contribute to community needs and the Council's budget. The AMP describes the Council's asset management policy and practice.

The AMP identifies the key strategic policy and resource influences affecting the Council and sets parameters for asset management over the medium term. The plan has a five year horizon with annual reporting on progress.

The AMP defines how the Council:

- Integrates property decisions with wider Council policy;
- Enhances the financial value from its property holdings;
- Maintains and improves its assets;
- Drives efficiencies within the portfolio;
- Supports the Council's aspirations as an environmental city;
- Listens and responds to its residents' evolving needs.

The Council owns a diverse property portfolio. These properties are:

- Operational – those supporting direct service provision;
- Investment – those producing a positive financial return;
- Surplus – property no longer used in service provision which are sublet or vacant;
- Strategic land or property with growth and regeneration potential.

This diverse property estate is spread throughout its administrative area. The bulk of the estate is operational property used for direct delivery of services for which the Council has a statutory or discretionary responsibility and is predominantly freehold. The broad dimensions of the portfolio are:

- The portfolio comprises 1,741 land and property assets;

- £3.8m rent generated per annum;
- Is worth £425.5m in terms of book value (this excludes the asset categories: infrastructure assets; vehicles, plant and equipment; asset under construction);
- Incurs running costs of £18.8m per annum;

The AMP includes within its appendices further detail on:

- Appendix A - Service Strategies and Property Portfolio Implications
- Appendix B – How the Council is consistency with 'Best Practice'
- Appendix C – Asset Management Policies and Partnerships
- Appendix D – A summary of the present Property Portfolio
- Appendix E - The process the Council would follow to let surplus Office Accommodation space.

4.3 Asset Investment Strategy

The Asset Investment Strategy is updated to take account of both:

- the changes to legislation around how and where Councils can invest funds in Property, and,
- ensuring there is a framework within which commercial investment decisions can be made quickly - as long as investment rules are adhered to.

The Strategy sets out the rationale of Property as an investment class including:

- Defining Property as an asset class;
- Setting out different approaches to property investments;
- Setting out the differences between Investment and Strategic decisions;
- Setting out the relationship between risk and return.

An overall context is given to this asset class including the national and local market outlooks.

The requirements of an effective property portfolio is then set out including:

- Operating principles and governance arrangements;
- Day to day management (including performance measures);
- Acquisition, Review & Disposal Criteria.

This framework gives the council the rules within which it can look to acquire property as part of commercial and operational requirements as well as the Governance arrangements required to ensure these decisions can be made quickly.

5. CONSULTATION

- 5.1 This paper is the first stage of an ongoing process for the MTFS. After being presented to this Scrutiny Committee for comment, the report will then go to Audit Committee for approval in February and then inclusion in the MTFS document pack for final approval in March 2019.

6. ANTICIPATED OUTCOMES OR IMPACT

- 6.1 That the Growth, Environment and Resources Scrutiny Committee have the opportunity to review and comment of the updated versions of the Asset Acquisition Strategy and Asset Management Plans before they are included in the MTFS paper pack in February 2019.

7. REASON FOR THE RECOMMENDATION

- 7.1 That the Asset Acquisition Strategy and Asset Management Plans have been reviewed by the appropriate Scrutiny Committee.

8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1 These strategies have to be updated on a yearly basis. This report is part of that update process.

9. IMPLICATIONS

Financial Implications

- 9.1 The financial implications from these plans feed into

- The five year capital programme
- The asset disposal programme
- The asset acquisition programme

All of these will form part of the 2019/20 MTFs and the present yearly Capital Programme spending limit.

Legal Implications

- 9.2 There is the requirement to publish these reports and run them through the full scrutiny process on a yearly basis.

Equalities Implications

- 9.3 The Council's property strategy includes equalities access and associated legislative requirements.

Rural Implications

- 9.4 The Asset Management plan includes the Council's rural estate.

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- 10.1 2018/19 Asset Management Plan
2018/19 Asset Acquisition Strategy

11. APPENDICES

- 11.1 2019/20 Asset Management Plan
2019/20 Asset Acquisition Strategy