

Audit Committee – 30 June 2023

Title of paper:	Together for Nottingham Theme Two – Asset Management	
Director(s)/ Corporate Director(s):	Sajeeda Rose, Corporate Director for City Growth and Development Nicki Jenkins, Director of Economic Development and Property	Wards affected: All
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Other colleagues who have provided input:		
Does this report contain any information that is exempt from publication? No		
Recommendation(s):		
1.	For the committee to take assurance in the governance and control measures in place to manage the risks identified, particularly in relation to pace within the programme.	

1. Reasons for recommendations

- 1.1 This paper sets out for Audit Committee Members the progress made on implementing Theme Two of the Together for Nottingham Plan and the associated asset rationalisation programme.

2. Background

- 2.1 The Together for Nottingham Plan, which sets out the Council's plan for recovery and improvement was refreshed in October 2022. That document contained a refreshed theme two, which described the Councils approach to ensuring that sufficient capital receipts are generated, using asset rationalisation to meet the current commitments within the capital programme, reduce levels of debt and fund the transformation programme.
- 2.2 In order to achieve this we needed to a) accelerate the sale of those currently declared surplus and on the existing asset rationalisation programme, b) increase number of assets for disposal onto the programme and c) provide assurance on the way in which we sell our assets.

Progress to Date – Capital Receipts

- 2.3 Following the establishment of a robust, risk adjusted forecast for capital receipts, which was based upon those assets that had already been identified for disposal and the timescale expected until completion, the total capital receipts achieved to date is £56.24mm, with £25.1m secured in 2022/23. The last financial year did see a reduction of the forecast in year due to delays in the sale of two high value assets following the economic shock experienced in the autumn.

Table 1 – Capital receipts achieved against forecast

Year	Forecast in April	Amount Secured
2020/21	£11.9m	£12.9m
2021/22	£7.9m	£17.8m
2022/23	£33.3m*	£25.1m
2023/24	£13.96m	£0.44m
Total		£56.24m

* Forecast at the end of the year £25.053m

- 2.4 The forecast for future years is detailed in Table 2 and includes the total pipeline forecast (less costs), and a forecast that is adjusted for risk, based upon the stage the asset currently sits at within the disposal process. It is the risk adjusted figure, which is used as the target and as a basis for the capital programme.

Table 2 – Capital receipts forecast

	Total Pipeline (less costs)	Risk Adjusted (less costs)
2022/23	-25.053	-22.402
2023/24	-28.453	-13.963
2024/25	-15.351	-7.357
2025/26	- 0.000	-8.283
Total	-68.857	-52.005

- 2.5 The total amount in the pipeline is currently £69m over the next three years. Due to the pace required, focus to date has been on the identification and delivery of assets that can be sold quickly to achieve an immediate capital receipt, rather than increasing the pipeline for future years.
- 2.6 In order to now develop the pipeline for future years, a number of actions are now being taken forward, these include the following:
- Ongoing work to review smaller income generating assets.
 - Review of High Value Assets commenced, initial review and recommendations expected in July.
 - Work underway to understand future operating models for services, confirm full asset list and identify surplus assets.
 - Review of office estate.

Progress to Date – Assets Action plan

- 2.6 The refreshed Together for Nottingham plan identified three core projects for delivery

under the assets theme,

1. Asset Disposal
2. Corporate Landlord
3. Community Assets

- 2.7 Detailed progress against which can be found in appendix 1. To date progress has been positive, however the overall plan is still rated as amber, which is due to the need to now develop a pipeline in line with the timescales of the MTFP.

Asset Disposal

- 2.8 The overall purpose of this project is to ensure there is a robust forecast of capital receipts to inform planning for the capital programme, ensuring the subsequent delivery of capital receipts and that appropriate assurance is in place throughout the decision making process.
- 2.9 Of the five remaining open actions identified within the plan, one has been closed and the remaining are all in progress and the project is therefore rated as amber.
- 2.10 As outlined above, over the last two years we have succeeded in delivering £56m capital receipts. Due to a delay in selling two of the high value assets due to complete in year, priority was given to maximising in year capital receipts and slowing down on the ongoing review of the portfolio. This has now recommenced with the focus both on the commercial and operational estate with a view to developing a longer-term pipeline of sales over the lifetime of the MTFP.

Corporate Landlord

- 2.11 The Corporate Landlord project recognised that an improved model for property management across the Council was needed to ensure that benefits were maximised and the Council continued to hold an estate that met its needs.
- 2.12 Of the four open actions, all have now been completed. The vision for Corporate Landlord has been agreed by CLT, the first phase of implementation completed by bringing together Property, Facilities Management and Building Services into one centralised function and further services, assets and resources for transfer identified. A detailed implementation plan for the transition is now in development.

Community Assets

- 2.14 The Council has a number of properties that are let to community groups for minimal rent, often where this is the case without formal agreements, which creates increased risk to the Council. This project aimed to change the approach to community asset leases to ensure values are maintained, community assets are fully utilised and community organisations are clear in terms of roles and responsibilities.
- 2.15 Of the three actions, all have now been completed, with the Community Asset Policy now approved and in implementation.

Risk Management

- 2.19 Delivery of the asset management theme, follows a traditional risk management

approach, with a risk register rated on severity, which is reviewed and updated on a monthly basis. The current risk log is attached in appendix 2.

2.20 There are a number of high rated risks identified, the mitigations for which are also incorporated into the theme action plan, which is also monitored on a monthly basis, reports are also taken into the Asset Rationalisation Board.

3. **Background papers other than published works or those disclosing exempt or confidential information**

3.1 None

4. **Published documents referred to in compiling this report**

4.1 Together for Nottingham Plan

