

Housing and City Development Scrutiny Committee

22 January 2024

Asset Rationalisation – Delivery and Future Strategy

Report of the Statutory Scrutiny Officer

1 Purpose

- 1.1 To scrutinise the delivery of the Council's Asset Management Programme both currently and moving forward. The Programme is intended to generate capital receipts, meet the current commitments within the Capital Programme and reduce the Council's level of borrowing by selling surplus property assets.

2 Action required

- 2.1 The Committee is asked to:

- 1) consider whether it wishes to make any comments or recommendations in relation to the delivery and future strategy elements of the Council's Asset Management Programme; and
- 2) identify any next steps in the further scrutiny of this issue.

3 Background information

- 3.1 This issue falls within the remit of the Portfolio Holder for Skills, Growth, Economic Development and Property.
- 3.2 The Council is a major owner of property assets from which services and Council Plan priorities are delivered. The Asset Management Programme represents a process for reorganising the Council's property to improve operating efficiencies and boost the bottom line, using strategic planning and analysis to determine the best use of property and to identify assets potentially surplus to requirement.
- 3.3 Assets owned by the Council are public resources, so the Council must demonstrate a clear benefit behind holding a given asset. The reasons for holding an asset should contribute to the delivery of the Council Plan and meet at least one of the following objectives:
- a) to deliver services directly to citizens (leisure centres, day centres, museums, etc.);
 - b) to support the delivery of services (administrative buildings, depots, etc.);
 - c) to generate a financial return to help fund service delivery (commercial properties, etc.); or
 - d) to meet the Council's wider economic or strategic objectives.

- 3.4 The ability to deliver a level of capital receipts has a direct impact on the Council's cashflow and borrowing requirements. Therefore, it is recognised that all Council property is a corporate resource even when occupied by a specific service, held for strategic purposes or used for income generation. When property assets become surplus there is a presumption for disposal unless there is a strong business case approved for alternative use. However, although the disposal of surplus assets is partly about achieving capital receipts, it also ensures that the Council considers efficiencies in terms of the assets that it uses to deliver best value.
- 3.5 The Committee considered a report on the policy and process elements in relation to the Asset Management Programme at its meeting on Monday 18 December 2023 and made the following recommendations:
- 1) that the formal framework for considering the balance of community benefit, wider service impact and best value when assessing the potential disposal of a property asset is completed as soon as possible, to inform and support effective decision-making;
 - 2) that clear management plans and effective risk assessments are in place for all void property assets, to reduce the costs incurred during the disposal process as much as possible; and
 - 3) that a clear, strategic vision for the development opportunities of surplus property assets is set out so that developers can be engaged with proactively to achieve the best possible returns, taking advantage of support from the Council's Regeneration team where appropriate.
- 3.6 In terms of the delivery element of the Asset Management Programme, it is intended to both accelerate the sale of those properties currently declared surplus (or in the pipeline) and increase the number of assets for disposal. A number of actions have been taken to address the challenges that can slow down the disposal process, and a full review has been undertaken of all of the assets within the property portfolio to identify those that no longer meet the Council's 'best value' requirements.
- 3.7 A report on the delivery of the Asset Management Programme, and the strategy for the future, is attached.

4 List of attached information

- 4.1 Report: Asset Rationalisation – Delivery and Future Strategy

5 Background papers, other than published works or those disclosing exempt or confidential information

- 5.1 None

6 Published documents referred to in compiling this report

- 6.1 Report to, and minutes of, the Housing and City Development Scrutiny Committee meeting held on [18 December 2023](#) (Asset Rationalisation – Policy and Process)

7 Wards affected

- 7.1 All

8 Contact information

- 8.1 Adrian Mann, Scrutiny and Audit Support Officer
adrian.mann@nottinghamcity.gov.uk