

Report to Overview and Scrutiny Committee

March 2019

Nottingham City Council: Corporate Asset Management Plan 2018 - 2020

1. Summary

This report provides an update on the Council's Corporate Asset Management Plan and the priorities for the forthcoming year.

2. Background

Nottingham City Council approved the Corporate Asset Management Plan (CAMP) at Executive Board on the 22 May 2018. The plan outlined the scale of the Council's land and property interests within the City and the approach taken to ensure that the best use of these assets is adopted in meeting the Council Plan objectives.

3. The Vision

The CAMP set out the Council's Asset Management Vision of "***well managed asset portfolios that support the Council Plan by providing high quality services and facilities and places to live, work and do business***". Underpinning the vision is the Council's commitment that

- Assets are held to support the needs of the Council
- The value of commercial assets are maximised for the benefit of Citizens, local business and the community
- Operational assets are suitable, sufficient and sustainable
- Assets are effectively managed and maintained, accessible and legally compliant

4. Governance

The CAMP outlined the Council's approach to asset management. This included the Strategic Asset Management Corporate Leadership Sub Group providing oversight on matters relating to the operational estate and the establishment of robust procedures and governance in respect to commercial investment acquisitions. During 2018/19, a Capital Strategy is being developed and this will provide a link to the CAMP and a supporting framework for capital decisions.

5. Portfolio Approach

The CAMP outlined the importance of understanding every aspect of our land and property assets to inform effective decision-making. To support and aid such decision-making the Council has adopted a Portfolio approach and agreed the following rationale for holding assets:

1. Assets required for operational use and service provision
2. Income generation
3. Strategic, regeneration and housing purposes

Outlined below is a list of the Property Portfolios and the relationship to the Council's vision.

VISON	Rational	Corporate Portfolio	Description	Focus
Well managed asset portfolios that support the Council's plan by providing high quality services and facilities and place to live, work and add business	Operational and Service Delivery	Corporate and Civic	Multi use operational office and JSC premises	Optimising and rationalising the operational estate: Ensuring Assets are Suitable, Sufficient and Sustainable
		Operational	Service delivery assets managed by Directorates e.g. Depots, Car Parks	
		Community	Assets held to provide benefit to the community through direct Council services e.g. Leisure Centres or non-commercial agreements to third parties e.g. Nottingham Contemporary	
		Education	Education Assets	
	Income Generation	Property Trading	Assets held for income generation	Driving value through disposals and reinvestment and effective estate management system (IPAMS Estates Rent)
		Bridge	Assets held by the Bridge Estate Trust for the purpose of income generation to fund works to the Bridges of Nottingham	
	Strategic, Regeneration and Housing	Strategic and Regeneration	Assets held to promote economic value to the City	Supporting strategic opportunities to maximise economic value to Citizens and the City
		Infrastructure	Assets include track, bridges and infrastructure	Management and Maintenance
		HRA	The Council's residential estate managed by NCH and includes retail units managed by SA&P	Management, maintenance and growth of the housing stock

6. Land and Property Information

The CAMP outlined the Council's Integrated Property Information Management approach. In line with this approach during 2018/19, the Council has been developing and streamlining its data to facilitate the proactive management of all land and property assets to inform strategic decisions making. This work has included the cleansing of land and property asset data and the introduction of a single property-referencing framework. Alongside this work, the Council has undertaken a comprehensive programme to categorise the Council's assets into the distinct corporate property portfolios. This exercise has included the development of "core data" information in respect to ownership and responsibility.

Alongside this work, a Condition Survey programme has been agreed for the operational portfolios. This programme will identify areas where budgetary pressures exist and to enable effective lifecycle planning and prioritisation of resource allocation.

Considerable work has provided a deeper understanding of the Council's asset base, but this work will continue during 2019/20 to draw together property related data including the set up and implementation of the new Oracle system.

In respect to the Council's commercial portfolios, the CAMP identified the requirement for an Estates Rent System. This is an essential requirement to drive value and maintain income from the Property Trading Account. During 2019/20, a major focus of activity will be to secure and implement a solution to support the Council to manage commercial property activity, including the release of poor performing assets, reinvestment and effective collection of rent and service charges.

7. Strategic Priorities

The CAMP outlined the asset management priorities to support the Council Plan and strategic priorities that include

- Regeneration and Development
- Schools and Education
- Housing
- Jobs, Growth and Transport
- Adult and Health integration
- Early intervention

During the course of 2018/19 asset management activity has focused on the above areas, which has led to significant new developments in the City, which includes the approval of the Broadmarsh projects.

The CAMP also referenced ambitions to promote partnerships, employment and the environment and during 2018-20, the Council has:

- Approved the development of a "Customer Hub" at Loxley House combining a citizen access point for Homelessness Services, Benefits (NRB) and DWP services.
- Developed capacity for start-up businesses at both Lenton and Glaisdale Business Parks through supporting established businesses with alternative accommodation in which to grow.
- Supporting the delivery of the City's Office Strategy to deliver Grade A accommodation to promote business inward investment and job opportunities in the City.
- Continued to implement energy projects that include solar, city charging points and numerous SALIX funded projects.

8. Operational Property Rationalisation and One Public Estate

The CAMP outlined the Council's commitment to ensure that its estate is suitable, sufficient and sustainable. This includes both optimising the estate as well as disposing of surplus property and land in order to further the strategic aspirations of the Council. During the course of 2018/19, the Council has:

- Facilitated the improved utilisation of the Eastcroft Depot site through an agreement with Rushcliffe Borough Council who will be sharing accommodation and facilities
- Provided CityCare Partnership temporary accommodation at Loxley House ground floor (on a short-term let) that maximises the use of the building. This has provided a rental income during the planning phase off the new Customer Hub.
- Facilitated the accommodation of a new service, Selective Licencing at Isabella Street to maximise the use of the premises whilst providing accommodation that is more suitable for the Youth Justice Service to operate at NGY premises.
- Secured approval to proceed with "Unlocking Loxley 2019" which will lead to the rationalisation of accommodation and facilitate the redevelopment of both Angel Row and the Housing Aid site. The project will introduce "Smarter Working" that provides the opportunity to optimise office accommodation and be potentially rolled out over the Council.
- Secured suitable Council premises at Woolsthorpe to accommodate Health and Social Care Teams retaining funds within the Council
- Facilitated the phased closure and leasing out of Glenbrook Management Centre thereby reducing liabilities and generating income.

During 2019/20, work will continue to:

- Ensure that "Locality Services" are located in suitable accommodation within the areas they serve as part of Work Place Planning and the learning from the Smarter Working Programme
- Support Directorates in reducing financial liabilities through the assessment and review of service delivery options where asset management is a critical factor

9. Commercial Operations

The CAMP recognised that a number of operational properties deliver commercial services, but outlined the intention that "where premises are held solely for commercial operations the service will be responsible for the full cost of the premises". Although financial targets have provided a constraint to shift to this model, this area will continue to be a priority during 2019/20

10. Trading Accounts

The Council's Property Trading and Bridge Portfolios both operate as trading entities with no recourse to the General Fund. Income generated by these portfolios support the ongoing maintenance and liabilities of the estate. The funds generated by the Bridge Estate are set aside to fund works to the Bridges of Nottingham.

11. Property Trading Account

The Property Trading Account is a major contributor to the SAM Big Ticket financial target and continues to generate income for the City. To facilitate the delivery of the additional income target, capital funding was ring fenced to support new commercial property investment acquisitions. In view of capital pressures, the Property Trading Account focus will be to maintain current levels of income through the effective management of the existing portfolio.

12. Housing Revenue Account

The Council during the course of 2018/19 has been working with Nottingham City Homes (NCH) on new working arrangements and Service Level Agreements (SLA's). The aim of this is to drive standards up in the following areas over the next 10 years and to support the aspirations of the Council and will continue to be a focus of Asset Management:

- Income to the Council
- Maintenance of housing stock
- General property maintenance
- Supply and availability of affordable housing for citizens

13. Standards and Performance

The CAMP included an approach to develop standards and measure performance. In 2018, the Council's Maintenance Strategy was agreed and work has commenced to understand the full liability of the Council in respect to maintenance. Alongside this activity, in sourcing of works and effective procurement has already reduced costs although budgetary pressures exist across the overall operational maintenance budget.

A priority for 2019/20 is to drive performance and reduction of costs through Service Level Agreements, agreed Schedule of Rates and Performance Standards in respect to property related activity.

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