



South and East Lincolnshire Councils Partnership Asset Management Strategy.

2023 – 2028.

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Strategic asset management can be defined as the activity of aligning property assets with the strategic aims and direction of the organisation and adding both financial and non-financial value to the organisation as a result.

Royal Institution of Chartered Surveyors; 2021

Overview

As sovereign Councils and as a Partnership, we recognise that effective use of our land and property assets form one of the essential ingredients for high quality service delivery and creating and ensuring value for our residents. Our aim is to manage a well-planned and well maintained property portfolio, ensuring that we can demonstrate value for money and, more importantly, that by using our assets well, secure wide value for our community.

Although taking account of previous plans, this Asset Strategy is purposefully drafted to be high level in that it sets the guiding principles of Asset Management for SELCP and only sets a focussed number of high level actions in order to shape and drive the detailed work necessary to manage and maintain our assets.

Whilst it supersedes each Council's highest level Asset Management Plan, it does not immediately supersede the various process and policy documents that sit below those Plans that exist across the SELCP as those documents may or indeed may not need amendment following a 'detailed review of the detail'; for example, South Holland District Council's 2020 Industrial Unit Lettings Policy remains fit for purpose and does not become defunct as a result of this Strategy.

The following sections set out guiding principles of the Strategy and the strategic approach that SELCP Councils will take in relation to its general fund assets throughout the life of this Strategy.

1 Introduction

- 1.1 This Strategy replaces the highest level General Fund Asset Management Plan or Strategy at each Council across the South and East Lincolnshire Councils Partnership (SELCP) and is adopted at sovereign Council level. The purpose of the Strategy is to provide the strategic framework within which each council will manage its general fund land and property assets.
- 1.2 The strategy will have a five year scope, with the five strategic priorities set out driving the monitoring, review and updating of the Strategy to ensure it remains relevant and fit for purpose throughout, and covers all of each Council's operational and non-operational general fund assets. Partnership councils each have a diverse asset base, including but not being limited to:
- Land and buildings that are used, in part or whole, to deliver services directly to the public; for example, the Municipal Buildings in Boston, Priory Road offices in Spalding and the many car parks, play parks and open spaces that each Council owns and manages within their respective areas.
 - Assets that support service delivery; for example, South Holland's West Marsh Road operations depot, Boston's St John's operations depot and East Lindsey's operations depots in Louth and Skegness.
 - Income generating assets; for example industrial units, commercial units and office accommodation, together with other land and property concessions offered and let to the market at commercial rates.
 - A range of Community Assets, for example country parks, public open spaces and other recreational areas.
- 1.3 More traditional views about asset management are no longer appropriate; today we have new and different challenges and our operating model continues to need to change and evolve; there are many drivers for change, including but not being limited to:
- **Sustainability and climate change** – is a key focus of the SELCP with decarbonising property assets requiring action to be taken in the short term in the context of long-term perspectives.
 - **Technology and data** – are critical facets of strategic asset management that should be a focus of alignment for SELCP.
 - **Constrained resources** – is a constant factor in local government.
 - **Operating models** – need to be adaptive and agile, just as we have demonstrated with the formation of SELCP.
 - **Collaboration** – our collaboration with partners continues to grow and provides opportunity not only to do things differently, but to do different things that add greater value to partner Councils and our communities.

- **Service transformation** – collaboration on asset management can be a trigger for the streamlining of service delivery; the Horncastle HUB is a good example of how East Lindsey District Council has transformed its entire operating model.
- **Place-making** – as sovereign Councils and as a Partnership, we have priorities that focus on meeting the needs of our communities and about the nature and pace of growth; strategic asset management can actively support both; for example, the acquisition and disposal of assets that drive, facilitate or support growth.
- **Adaptability** – COVID-19 has shown that public service delivery is not solely contingent on the asset platforms and operational arrangements that had previously been in place and has highlighted the importance of adaptability across the entire spectrum of asset management, from setting a strategy, such as the SELCP Workforce Strategy, to redefining spaces in workplaces.

1.4 Based on the drive for change, the guiding principles of this strategy are set out below.

The guiding principles of this strategy are to:

- Promote the efficient, effective and sustainable use of land and buildings and protect and optimise the value of all general fund Council assets to each Council and the communities they serve
- Generate efficiency gains, capital receipts and most importantly, maximise revenue income in order to 'self-fund' repairs and maintenance as far as possible and use any surpluses to support other council services
- Ensure that our assets are appropriately maintained and that all statutory land and property requirements are always met or exceeded
- Pursue innovative accommodation solutions that meet each council's current and future needs
- Reduce carbon emissions and improve environmental sustainability wherever a and whenever it is reasonably practicable to do so

2 SELCP Councils

2.1 Each SELCP Council is responsible for delivering a wide range of public services and each play a key role in community leadership with the priorities of each being set out within their respective Corporate Plans.

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- 2.2 In order to deliver services effectively and contribute towards each Council's Corporate Strategy, partner Councils need a clear framework for understanding the value and condition of their land and property assets and that each Council ensures that each secures the maximum value from their respective general fund asset portfolios.
- 2.3 Although the size and diversity of each Council's portfolio varies significantly, each Council faces pressures on its finances and needs to continually take a robust but realistic view about what they keep, what they dispose of, what they use and what they acquire; assets need to be considered **strategically**, considered in light of each Council's **priorities**, and considered in light of each Council's **resources**.
- 2.4 As at 31 March 2022, the audited value of each Council's general fund asset base was:
- **Boston Borough Council:** £39,352,654
 - **East Lindsey District Council:** £96,241,694
 - **South Holland District Council:** £23,910,300
- 2.5 In addition, the collective annual income from all income generating assets across the SELCP is approximately £10,000,000; that income is vital to each partner Council and subsidises other services; managing and maintaining those income generating assets is clearly critical to the financial security of each Council so proportionate investment into our general fund assets is essential to maintain or enhance the income each portfolio generates. Whether operational assets such as car parks, or investment assets such as industrial units, ongoing strategic investment will be required.
- 2.6 The value assets have to service delivery, the value they have to the financial position of each Council and more importantly, the value they provide, generate and derive for communities should therefore be the drivers behind all asset based decisions; in light of this, it is absolutely appropriate for SELCP Councils to develop the Royal Institution of Chartered Surveyors 2021 advice and to adopt the following strategic approach to its general fund assets.

Across the SELCP:

- assets should be retained that are of strategic importance or where there is a demonstrable need to support service delivery and they are fit for purpose

- assets may be retained or acquired to generate revenue or where they support the delivery of other objectives, e.g. growth, skills and environmental enhancement or protection
- assets may be used, disposed of or acquired to support collaboration with public sector partners, charitable and voluntary organisations and other stakeholders
- assets will be managed in full compliance with all relevant legislation; where energy performance significantly affects asset viability, disposal or alternative use will be considered alongside investment
- assets will be made as energy efficient as resources and innovation allow as SELCP is committed to its wider plans for adapting to climate change
- space will be optimised in support of service delivery through the continual refinement of flexible working practices
- the acquisition, disposal or transfer of assets may take place to deliver social value to the community where appropriate

3 Understanding our Property Assets

- 3.1 Without knowledge of a system, you can't act upon that system; that is true of a property portfolio. The knowledge needed to act on a system is diverse and requires representative input; as a result and in line with good practice, the first priority of this Strategy may sound operational, but is in fact highly strategic:

STRATEGIC PRIORITY 1:

By the end of Q1 of 2023/24, to have a set up a Strategic Asset Group at each partner Council; the standing group shall consist of the Portfolio Holder, the Asset Manager, a Finance representative and an Assistant Director to be a critical friend.

- 3.2 Based on the strategic approach to general fund asset management set out at section 2.6, the second priority of this strategy is:

STRATEGIC PRIORITY 2:

By the end of Q3 2023/24, to have undertaken a strategic assessment of each general fund asset held by each Partner Council in order to produce a single Partnership based classification of which assets should be retained and which should be considered for disposal or other. That classification will be developed for each Council's portfolio on the same basis, agreed by each Executive and will then drive individual business cases that propose the disposal, repurposing or community transfer of each asset that is not to be retained throughout the life of this Strategy.

4 Maintenance of our Property Assets

- 4.1 This Strategy seeks to align the approach to asset maintenance across the Partnership; asset maintenance should be condition and data led and each Council should target their resources (outside of meeting all legal requirements) where those resources will have the greatest value; that does not simply mean that resources are focused towards general fund assets on grounds of safety, urgency and risk but to do so strategically!
- 4.2 To do so strategically requires two principle things; 1 – a platform to record, measure and monitor that condition against, and 2 - a comprehensive understanding of asset condition. Given the difference across the Partnership in terms of both, the third strategic priority of this Strategy is:

STRATEGIC PRIORITY 3:

By the end of Q4 2023/24 to have a single property management system common to each SELCP Council where all property information is held seamlessly and accessible to all Partner colleagues.

- 4.3 Condition and data led investment into each Council's general fund assets will continue to be critical going forward with a key annual exercise being the preparation of planned maintenance programmes. As part of 'business as usual', each Council will update its planned maintenance programme annually and use the annual budget setting process to present any case for additional resources as appropriate for both capital and revenue, having first followed the necessary steps for any capital ask.

6 Efficiency in Asset Management and Value for Money

- 6.1 SELCP Councils have a diverse range assets that in revenue terms across the three Councils account for approximately £1,500,000 spend per annum and capital expenditure that can run into £millions in a busy year. Whilst the procurement of all goods and services is always compliant with each Council's constitutional requirements, there is significant scope for partner Council's to review their staffing models, contracting and procurement arrangements and their constitutional arrangements for property as an executive function. As a consequence, the following strategic priorities have been set:

STRATEGIC PRIORITY 4:

By the end of Q3 2023/24, to have a single Asset Team structure in place across the SELCP that increases resilience and ensures that all necessary and appropriate skills are available to the three partner Councils.

STRATEGIC PRIORITY 5:

By the end of Q4 2024/25, to have procured one or more responsive maintenance contractors across the SELCP to ensure consistency in cost, quality and service.

7 Compliance

- 7.1 Arguably it is not necessary to set out in a Strategy that you will comply with 'all prevailing legal requirements', but as public sector organisations it is not possible to overstate each Councils commitment towards compliance; each Council will therefore seek to ensure full, lawful Health and Safety compliance in relation but not limited to: Asbestos compliance, Legionella compliance, Fire Safety compliance, Gas Safety compliance, Accessibility compliance, Electrical Safety compliance and Energy Performance compliance.

8 Asset Disposal and Acquisition

- 8.1 The decision to dispose of any land asset, whether by way of a long lease or freehold disposals; or to acquire any land asset, shall only be effected in accordance with each Council's constitution. Assets can be declared surplus and/or disposed of for a number of reasons, congruent with the principles set out at section 2.6, including but not being limited to when:

- they make no contribution to the delivery of services
- their retention is not economically viable
- they afford no strategic or value opportunity, or when;
- an alternative has been identified which would be more cost effective.

Equally, assets can be acquired, where, for example,

- they contribute towards service delivery
- they support growth or any strategic, community, environmental or social value outcome
- they can generate income, or,

- where they release an asset for disposal
- 8.2 When making a decision about an asset disposal or acquisition which falls outside of the adopted Scheme of Delegation to Members or Officers, the respective Council's Executive will receive an appropriate report, make any decision necessary and fit, referring the matter to Full Council where required.

9 Monitoring and Review.

- 9.1 This Strategy will be monitored annually by way of report to the respective body within each partner Council. Each review will assess relevant progress against the Strategy's Strategic Priorities and will inform whether and how the Strategy is updated to ensure it remains live and relevant throughout.