

# **Appendix 1 – Introduction to the Asset Management Policy and Strategy 2017 - 2025**

## **Foreword**

The Council commissioned a Property and Asset Management Health Check in June 2016 and a draft report on the findings including recommendations for improvements was approved by Cabinet in February 2017. The review found that there were no risks in terms of health and safety related to the Council's management of its assets, however, made key recommendations around a new strategic approach to the management and development of our assets.

Following the approval of the policy and strategy, the Asset Management Board will oversee the production of an Asset Management Plan for the Council which will include an action plan scheduling specific activities to optimise the use of our assets.

The CIPFA Health Check report in November 2016 focused on Asset Management and recommended, amongst other things, that the Corporate Landlord Model be adopted, that a Strategic Asset Management function be installed to support strategic asset management and regeneration ambitions and that a comprehensive property review be undertaken. The development of a Corporate Strategic Asset Management Plan was also strongly recommended. This Policy and Strategy form two thirds of that Plan, with the final part, the Action Plan due to follow shortly.

The Policy and Strategy will ensure the Council adopts a corporate approach to the management of assets and that they are managed and utilised to the benefit of the Borough and all who live and work within it. It is a "live" document which will be reviewed, at least, annually.

## **Executive Summary**

The Council commissioned a review of Asset Management which it reported in November 2016.

Rotherham Metropolitan Borough Council provides services to a growing population of 260,000 people in an area covering approximately 110 square miles. The Borough benefits from a wide range of environments - urban, suburban and rural – providing our residents with a varied region in which to live. 70% of this is open countryside, providing opportunities to enrich the lives of an increasingly diverse population.

The Council owns or occupies a portfolio which includes a wide range of assets, all of which require individual consideration in terms of their management. This Policy and Strategy document is intended to govern how those assets are managed to best effect to not only capitalise on their benefit to the Borough, its communities and residents but also to maximise efficiency and effectiveness going forward.

Strategic asset management is crucial in ensuring that assets are managed in accordance with a pre-determined, well thought through plan but with a flexibility and adaptability that allows that plan to change should that be the right thing for the Borough. The Asset Management Policy and Asset Management Strategy have been developed to deliver a cohesive and considered approach and to inform the development of a comprehensive and timely Asset Management Action Plan to ensure effective delivery of identified short, medium and long term priorities. The three documents together will form the Council's Asset Management Plan for the period from 2017 to 2025.

Proactive implementation of Strategic Asset Management provides the opportunity to:

- Make best use of publicly owned assets across Rotherham.
- Encourage shared use of property resources.
- Minimise cost of occupation and management of land and buildings.

## **Introduction**

The Council has developed a new Vision together with four Corporate Strategic Priorities providing direction and focus for the transformation of the Borough as well as the services the Council provides. The Corporate Plan for 2016/17 sets out a clear framework for progress in all areas, including regeneration and the environment.

Rotherham Council's land and property asset portfolio is one of the key enablers to growth and regeneration and will play an important role in the delivery of the Vision and the Priorities. The corporate estate comprises 232 non-operational assets with an estimated market value of in excess of £37m. In addition to this, the operational estate consists of 248 operational land and property assets at an estimated value of £154m. This Strategy will facilitate the review of these assets and also a range of other miscellaneous assets throughout the Borough, enabling opportunities to be realised, income to be generated and capital receipts to be generated to support the provision of services for our residents.

It is imperative that in the current environment of budget constraints together with increased transparency and scrutiny that all resources at the Council's disposal are employed as efficiently and effectively as possible. This Policy and Strategy and the subsequent Action Plan will ensure this is the case, providing assurance to all that the asset base is being used to best effect at every opportunity.

## **Context**

### **1. Purpose**

The Corporate Plan for 2016/17 established the Vision and Corporate Priorities which will take Rotherham into the future. The Plan includes details of how each Directorate will contribute towards delivery of the Vision and Priorities, a firm commitment to working in partnership with others and the expected staff values and behaviours for those working in a modern and efficient Council. There are plans for delivering each Priority together with performance measures so that progress can be effectively monitored.

The purpose of this Policy and Strategy and subsequent Action Plan, which will be known collectively as the Asset Management Plan, is to ensure that the Council's land and property assets contribute pro-actively to the delivery of the Vision and the Priorities so that effective Asset Management is recognised as an enabler of progress and growth. There will be a focus on income generation, minimisation of outgoings, of surplus assets being used to support housing and economic growth and also on service delivery and customer care. The Policy, Strategy and Action Plan will also inform investment decisions, where assets are purchased to either support regeneration or to increase income generation.

In essence, effective Strategic Asset Management will ensure that the asset portfolio is consistently aligned with corporate priorities, provides value for money with management of the portfolio in accordance with industry standards, benchmarked against comparable peers and with a view to the long term. This strategic approach to management and investment of the corporate portfolio will ensure that the asset base remains fit for purpose for years to come.

### **2. Vision and priorities**

Following consultation with residents during the Summer of 2015, a new Vision for the Borough was defined, which is:

*“Rotherham is our home, where we come together as a community, where we seek to draw on our proud history to build a future we can all share. We value decency and dignity and seek to build a town where opportunity is extended to everyone, where people can grow, flourish and prosper, and where no one is left behind.*

*To achieve this as a Council we must work in a modern efficient way, to deliver sustainable services in partnership with our local neighbourhoods, looking outwards, yet focused relentlessly on the needs of our residents.”*

To deliver this Vision for the Borough the Council has set out four priorities:

1. Every child making the best start in life.
2. Every adult secure, responsible and empowered.
3. A strong community in a clean, safe environment.
4. Extending opportunity, prosperity and planning for the future.

Underpinning this is the need for Rotherham to be a modern, efficient Council, thereby enabling delivery of the Vision. A modern, efficient Council will provide value for money, customer-focused services, make best use of the resource available to it, be outward looking and work effectively with partners.

This Policy and Strategy help the Council to deliver that vision and the four priorities in a number of ways – some direct and tangible, others less so but still crucially important to eventual success.

As the owner of such a significant number of assets within the Borough, the Council is in perhaps a unique position to influence the positive development of communities and business and make a real difference through its assets.

Well managed assets create opportunities to grow, flourish and prosper.

They encourage businesses to start or to expand, creating jobs and wealth which largely remains within the Borough as residents are increasingly less likely to travel elsewhere to shop, work and spend their leisure time. Through those assets regeneration can be encouraged, strategic acquisitions can make things happen, leading to innovation and creativity in the way those assets are used now and in the future.

They allow families to live in homes rather than simply houses, creating stability and sustainability and a respect for the neighbourhoods in which they live.

They encourage learning and development, providing the skills, knowledge and experience to remain, and fully participate in, the highly skilled economy of the future.

### **3. External Influences**

#### **3.1 Financial Context**

For some years now, central government has required local authorities and partner organisations to make substantial savings in both revenue and capital spend. This has affected Rotherham in much the same way as other Councils.

This requires the Council to make significant savings over the coming years, meaning that the focus on efficiency and value for money the Council holds even more important.

The effective, strategic management of the Council's assets will enable revenue savings to be made through rationalisation, growth to be achieved through new initiatives and innovative thinking in partnership with others and capital receipts to be generated to support the Council's ambitions for the Borough.

But efficiencies should not be made at the expense of the provision of quality services, nor should rationalisation be undertaken in a way which leaves the Council with an unfit for purpose portfolio, unable to meet its Vision and priorities.

Value for Money is key and will form an integral part of the decision-making processes governed by this Policy and Strategy and which inform asset management in Rotherham for the future.

### **3.2 Social Context**

Rotherham is ranked as the 52<sup>nd</sup> most deprived district in England, mainly as a result of poor health, worklessness and low educational levels. In addition, evidence is that whilst deprivation is decreasing in some areas, it is increasing.

While large scale job losses affected the Borough in the last economic downturn, there are many positive initiatives underway, including the continued growth of the flagship Advanced Manufacturing Park at Waverley, set to create 3,500 new jobs plus deliver 4,000 homes and the formation of a new community.

Positive Strategic Asset Management by the Borough will be used in varied ways to deliver regeneration and growth in the places they are needed the most and where they will deliver the maximum beneficial impact.

This Policy and Strategy will lead to the creation of additional sustainable employment, opportunities for growth and entrepreneurship, the regeneration of the town centre and other key areas of the Borough and the creative use of assets to deliver outcomes which improve the lives of those who live and work here.

### **3.3 Planning Policy**

The Government has implemented many changes in recent years designed to speed up the planning system. The overall aim has been the simplification of the system so Councils have the freedom to make decisions in the best interests of their area. A key tenet of the changes is a belief that Councils and communities should be central to a system that achieves socially, environmentally and economically sustainable development.

The latest iteration is the Neighbourhood Planning Bill which aims to speed up processes even further through strengthening but simplifying the popular neighbourhood planning process, similarly removing some of the complexities from the compulsory purchase process and also ensuring planning conditions are only used when strictly necessary.

When the Bill becomes law this will affect Rotherham as Local Planning Authority resulting in changes in practices. However, it will also affect the Strategic Asset Management function, requiring increased consideration of the views of communities and a need for additional active consultation on proposals. Changes to compulsory purchase may enable regeneration but the reduction of the imposition of conditions will make the need for covenants in disposals to be very well considered and fully enforceable to ensure assets are developed in the way intended. This will be facilitated through this refreshed approach to Asset Management.

### **3.4 Transparency Agenda**

The Government's Transparency Agenda requires all Local Authorities to annually publish details of their property portfolio online to enable residents, and any other interested party, to have access to how assets are being used in terms of service delivery and also to facilitate economic development. This Policy, Strategy and Action Plan will underpin this required publication, providing confirmation of an ongoing review of all assets and that they are indeed being used to their best effect.

### **4. Internal influences**

#### **4.1 Transformational Change**

Rotherham has undergone a significantly challenging process of change and transformation since the appointment of Government Commissioners in February 2015, resulting in many significant changes in culture, processes and key personnel.

The CIPFA Health Check report (November 2016) highlighted the need for a clearer strategic direction for Asset Management and that there were significant opportunities for improvement in the way the service is provided to the Council as whole. This has led to the introduction of the Corporate Landlord Model and a commitment to manage properties in a holistic way, one which supports the delivery of the Council's Vision and its corporate objectives and with the intention that a number of key asset management focused objectives be delivered. This Policy and Strategy will enable that delivery, ensuring that the Asset Management service re-focuses its attention to include not only management of property to deliver optimum Value for Money but also excellent external and internal customer service.

#### **4.2 Introduction of Corporate Landlord**

The adoption of the Corporate Landlord Model from 1 April 2017 has effected a transfer of the majority of the Council's assets, to the Asset Management service.

This is designed to enable the Council to utilise its assets to deliver better, more efficient services to communities:

- To unlock the value of assets, seek efficiencies through joint arrangements with public sector partners and maximise private sector investment.
- To support the delivery of the Council's Corporate Plan.
- To integrate thinking about property with financial, regeneration and other considerations.

Under a Corporate landlord approach the ownership of an asset and the responsibility for its management; maintenance and funding are transferred from service department to the Corporate Landlord. The respective roles and responsibilities will be outlined and clarified under a Service Level Agreement (SLA).

This change is being facilitated by the development of Service Asset Management Plans (SAMPs), produced by each distinct service area and setting out what the property they own and use currently and also their aspirations for the future. The

information gathered will be collated and interrogated by the Strategic Asset Management team within the Asset Management service so that an overall picture of the asset base and the needs of the various services can be ascertained. This will then be assessed, aligned with this Strategy and a fully informed Asset Management Action Plan developed.

### **4.3 Performance Management**

Performance Management involves the adoption of a systematic approach to help improve performance through measurement and review.

This will be implemented to ensure the successful delivery of the Asset Management Policy, Strategy and Action Plan (the Asset Management Plan) through a series of key performance indicators (KPIs) reported via a balanced scorecard. Asset Management KPIs will be focused on key outcomes, they will be manageable and realistic and they will be relevant to stakeholders. The scorecard will contain indicators relating to the critical success factors in the Plan, threading through to ensure effective contribution to delivery of the four corporate priorities and the Vision for the Borough. They will measure elements which make a positive difference to the Borough and those which demonstrate efficiency and effectiveness.

Following review and challenge, results will be analysed and acted upon with the intention of driving exemplar performance.

### **4.4 Benchmarking**

Benchmarking involves the continuous search for better ways of working with the intention of delivering superior performance.

This practice will be incorporated into the performance management process so that results can be compared against similar organisations and in order that any learning can be incorporated into ways of working. This will serve to inform future target setting whilst also encouraging an innovative and creative approach and a competitive spirit. The intention will be to drive peer-compared excellence in all practices with a view to achieving upper quartile performance in respect of key indicators by 2020.

## **Asset Management Policy**

Rotherham Metropolitan Borough Council recognises the inherent value in the effective and efficient direction and utilisation of land and property assets in sustaining the provision of services in the Borough and enabling the delivery of the Vision and four priorities. The alignment of asset management with organisational priorities and objectives is key to ensuring that decisions are made in the correct context and having regard to all relevant factors.

The following five policy objectives for Property Asset Management have been designed to enable decision-making in respect of assets which supports the Council's Vision and four priorities.

**Asset Management Objective 1: Enabling delivery of the Council's services and priorities.**

**Asset Management Objective 2: Supporting Economic Growth, Housing Growth and Town Centre Regeneration.**

**Asset Management Objective 3: Maximising the opportunities that are available through the adoption of 'one public estate'.**

**Asset Management Objective 4: Developing growth income from commercial/non-operational activities.**

**Asset Management Objective 5: Maximising the range of benefits through the commissioning of property projects and property services.**

The following existing and approved documents are relevant to the Asset Management Policy and should be referred to when appropriate:

- The Corporate Plan 2017-2018.
- Sheffield City Region (SCR) and The Combined Authority, especially through the Joint Asset Board (JAB)
- One Public Estate (OPE) Programme
- South Yorkshire and Bassetlaw NHS Strategic Transformation Plan
- Rotherham Together Partnership
- Housing & Economic Growth Plan
- Children's and Adult Services Improvement Plans
- The need to grow revenue income to support the Medium Term Financial Strategy
- The need for revenue savings and capital receipts to support the Medium Term Financial Strategy
- Health check of the Council's own Asset Management practices.
- Asset Management Improvement Plan



## **Asset Management Strategy**

The Asset Management Strategy identifies how the policy will be delivered and implemented. The Strategy sets the strategic direction and key outcomes to be delivered, which will be detailed in the Asset Management Action Plan, along with relevant timescales.

### **1. Asset Management Objective 1: Enabling delivery of the Council's services and priorities**

#### **1.1. Expected Outputs:**

- **Enabling delivery of the Council's Medium Term Financial strategy (MTFS), the Capital Strategy, the Corporate Plan, Service plans, improvement and transformation plans.**  
In seeking to ensure best value for money is achieved from property assets, effective asset management will naturally enable savings to be made, growth to be achieved and the Borough to be transformed through regeneration. This Strategy will be integrated with the delivery of the above Strategies and Plans to ensure that joined up, consistent thinking and actions deliver optimum solutions.
- **The delivery of schools basic need.**  
A key focus of this Strategy is to encourage a Borough with a vibrant, attractive offer in terms of housing, employment opportunities and lifestyle. Such an increase in population will lead to a corresponding increase in school places and the level of basic need funding received together with associated maintenance funding, thereby improving the estate and the attractiveness of the Borough even further.
- **A rationalised efficient estate provided at lowest possible cost.**  
The implementation of the SAMPs process to identify the requirements of each discrete service area will enable future plans for the portfolio in terms of investment and rationalisation to be formulated in a structured and coherent way, ensuring that linkages are made to reduce costs and maximise efficiency across the estate.
- **An effective estate suitable for modern ways of working.**  
The operational portfolio will be reviewed following receipt and overall assessment of the SAMPs by the Strategic Asset Management function. It is intended this will lead to a rationalisation review, providing a portfolio which reflects Rotherham's position as a modern, efficient Council. The effectiveness of WorkSmart will simultaneously be assessed and a view taken regarding roll out to other properties within the rationalised operational estate.
- **An estate with an effective preventative condition maintenance plan.**  
Following a comprehensive programme of condition surveys, a revised preventative maintenance programme will be devised taking into account component life cycles and building life expectancy, ensuring assets are maintained in a way which maximises their capital value and preserves their use for the longest time possible.

- **A resilient estate.**  
In an ever-changing political, economic and social world it will become increasingly important to ensure the estate owned and occupied by the Council after rationalisation is able to withstand external pressures. Each asset will be assessed to determine whether continued use of ownership is appropriate and, if not, the most beneficial disposal approach. Assets retained will be those which are considered to be of use or to have investment return potential in the short, medium or long term. They will be adaptable, flexible, fit for purpose and financially viable.

## 1.2. Actions to Deliver Objective:

- **Implement a Corporate Landlord approach across the estate.**  
The use of the Corporate Landlord Model was recommended by CIPFA in its “Property Function Health Check” approved at Cabinet on the 13<sup>th</sup> February 2017. The Model was implemented across the estate from 1<sup>st</sup> April 2017 and is expected to introduce an increasingly co-ordinated approach to asset management throughout the Council’s portfolio. This Strategy will embed that process further through provision of an explanation of the future of asset management at Rotherham, encouraging discussion and communication between Directorates.
- **Rationalise and minimise the cost of the estate.**  
The implementation of this Strategy to enable considered decision-making in accordance with the Principles set out in the Asset Management Policy will provide a framework for the rationalisation of the estate, leading to a reduction in costs.
- **Use of modern agile and flexible working principles to make best use of the estate (WorkSmart).**  
The review of the operational estate will allow investment in new ways of working and WorkSmart practices to be focused upon buildings which have been determined to be retained in at least the medium to long term. Decisions regarding investment will be made according to the Corporate Landlord model, thereby reducing waste and the making of short-term spending decisions which fail to take account of the bigger picture.
- **Developing and operating an increasingly energy efficient and environmentally low impact estate.**  
The comprehensive property review will include an assessment of the energy efficiency and/or environmental impact of all assets. Decisions regarding the future of assets will be made having regard to the forthcoming Environment and Energy Policy.
- **Implement a Planned Preventative Maintenance (PPM) Plan across the estate.**  
The implementation of PPM across the portfolio will allow workstreams to be planned, assisting in resource planning, and financial requirements to be assessed in the medium to long term.

## 2. Asset Management Objective 2: Supporting Economic Growth, Housing Growth and Town Centre Regeneration:

## 2.1. Expected Outputs:

- **Provision of sites and developments that deliver economic growth, employment, housing growth and town centre regeneration.**  
The comprehensive property review and ongoing review of the asset base will likely enable sites and properties to be released, which can be used for economic growth, employment, housing growth and town centre regeneration. Sites may be of use in Council-driven initiatives, or the decision may be taken to dispose of the site on the open market or with the Council retaining an interest to ensure regeneration and growth are indeed driven through the release of those sites.

## 2.2. Actions to Deliver Objective:

- **Proactive release of public sector sites for development.**  
Central Government believes that public sector bodies are holding land which could, and should, be released for development by others. This Strategy provides for the comprehensive review of all sites with a view to actively identifying sites which can be developed by our partners.
- **Development of Council owned sites.**  
Where sites are considered viable for development by the Council directly then these will be retained and, following a valid business case and subject to availability of funding, will be developed in accordance with the most appropriate outcomes for that locality.
- **Targeted Council development of sites to stimulate the market/address market failure.**  
The review of all assets will identify those sites available for development which are in areas most in need of Council intervention.
- **Investment in developments with a financial viability gap when that investment enables/achieves Housing, Economic growth and regeneration.**  
The sites identified through the review will not all be viable from a financial point of view. Assessment of the sites released through the process of comprehensive review will allow any viability gaps to be quantified and options which will permit progression to be considered.
- **Strategic acquisition of sites for development.**  
The comprehensive review may also show where there are gaps in ownership in areas where Council intervention could make a real difference. The SAMPs will similarly inform of Directorate requirements where acquisition may be appropriate and justified. Once such gaps have been identified the Asset Management service will work with other areas and potential local and sub-regional partners within the Council, using more detailed provided briefs, to acquire sites to meet needs, subject to funds being available.

## 3. Asset Management Objective 3: Maximising the opportunities that are available through the adoption of 'one public estate'.

### 3.1. Expected Outputs:

- **Co-location & joint rationalisation to achieve;**
  - **Revenue savings and generation.**
  - **Capital receipts.**
  - **Release of development sites.**
  - **Better integrated public services.**

The Council is already actively working with a range of partners to deliver the benefits of “one public estate” and this is expected to increase further through the implementation of this Strategy. The identification of not only the assets held by each partner but also the intelligent formulation of co-location options which benefit all partners in terms of customer service as well as rationalisation will be enabled further by the adoption of the Corporate Landlord Model.

### **3.2. Actions to Deliver Objective:**

- **Active participation with Sheffield City Region – Joint Asset Board and One Public Estate Programme.**
- **Active Participation in the South Yorkshire and Bassetlaw NHS Strategic Transformation Plan.**
- **Active participation in Rotherham Together Partnership - Local Estates Forum and Integrated Working Programme.**

Continued active participation in the above partnerships will deliver co-location and rationalisation opportunities for all concerned, resulting in benefits for Rotherham Borough and also for the wider region.

## **4. Asset Management Objective 4: Developing growth income from commercial/non-operational activities.**

### **4.1. Expected Outputs:**

- **To maximise income generated through the Council’s Commercial estate, property investment and Asset Management Service external trading activity, to support the Council’s revenue position.**

The further commercialisation of Council services, where this is possible, will present a significant opportunity to generate additional revenue to support the overall budget. The Comprehensive Asset Review will lead to the rationalisation of the commercial and overall estate and may lead to opportunities to maximise return being identified. In addition, the Asset Management service has a number of elements which are marketable and that with some resource applied together with investment, may generate a valuable revenue stream in the future.

### **4.2. Actions to Deliver Objective:**

- **Investing in property to deliver revenue income.**

Condition surveys will confirm the investment required to meet ownership and Landlord obligations and also the investment needed to maximise capital value going forward. This will be used to drive investment decisions not only through the Planned Maintenance Programme but also in terms of the ongoing capital improvement programme.

- **Developing and growing the non-operational estate to improve its yield and surplus.**

Opportunities will be explored in order to potentially fund the acquisition of non-operational assets which will produce a good return and sustain the portfolio in future years.

- **Combining income development and managed risk appetite to enable economic growth and housing development where the commercial market is too risk adverse to deliver.**

The identification of both housing and economic growth sites will deliver additional revenue or capital income, or both, depending on the nature of the opportunity and will also regenerate areas which are difficult to reach through market-led interventions. Receipt of New Homes Bonus, additional business rates income and the creation of new jobs will further benefit the Borough.

- **Investment/ development in the existing estate.**

This will be informed via the comprehensive property review and the condition surveys being undertaken, with the investment needs of retained assets being included in either the planned maintenance or capital improvement programmes. Development sites will be either developed by the Council, in partnership or released to the market where the capital receipt receivable is significant. This will be enhanced wherever possible by the prior obtaining of planning permission to maximise value.

- **Purchasing commercial and housing developments.**

The purchase of commercial developments through Rotherham Investment and Development Office (RIDO) and housing developments in conjunction with the Housing Service will be dependent upon the developments proving to be commercially viable and with a positive return. Such return can be purely financial or may be formed in part by a calculated Social Return on Investment.

- **Developing new commercial assets.**

This will also be facilitated through RIDO with advice provided by Asset Management to facilitate the development of opportunities in areas where such Council intervention will have the most positive impact.

- **External trading of the Council's Professional Asset Management Services.**

The Council's Asset Management service includes a number of areas of professional provision which may be marketable to third parties. The potential options available will be assessed and progressed once the existing estate has been reviewed explored to its full potential.

## **5. Asset Management Objective 5: Maximising the range of benefits through the commissioning of property projects and property services.**

### **5.1. Expected Outputs:**

- **The Council is a significant commissioner for the supply of property, construction, consultancy and energy services and the effective management of this process will:**
  - **Ensure cost effective construction and energy services are provided to the Council.**
  - **Maximise the benefits of collaboration and partnership in commissioning property services in the public sector.**
  - **Support inward investment in SME business in Rotherham, Sheffield City Region and the wider Yorkshire and East Midlands region.**
  - **Promote training, development and retention of a skilled labour market in the region.**
  - **Add social value through the delivery of projects and services which enhance the communities they serve.**

#### **5.2. Action to Deliver Objective:**

- **Work across the public sector to jointly procure and commission. Continue to develop the YORHub frameworks.**
- **Develop a Rotherham Construction Partnership (RCP) framework of SME specialist contractors.**