

Strategic Asset Management Framework and Commercial Property Asset Management Strategy

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Portfolio: Finance and Resources

Ward(s) Affected: All

Purpose of the Report:

The Council holds a diverse portfolio of property assets. These are a key resource in the delivery of the Council's priorities and have significant value, but also cost money to use and maintain. The proposed Strategic Asset Management Framework and Commercial Property Asset Management Plan updates the previous Asset Management and Commercial Asset Management Plans adopted in 2017. The Strategic Asset Management Plan provides the basis under which the Council will manage, dispose and acquire property assets.

Recommendations:

Cabinet agrees to recommend to Council:

1. The adoption of the Strategic Asset Management Framework.
2. The adoption of the Commercial Property Asset Management Strategy.

1 Summary

- 1.1 The Council holds a significant number of property assets worth circa £48 million (as at the 31 March 2023). This paper proposes the adoption of a Strategic Asset Management Framework to provide a basis on which to manage those assets going forward, which will replace the Asset Management and Commercial Asset Management Plans previously adopted in 2017.
- 1.2 The Strategic Asset Management Framework adheres to the latest guidance on strategic asset management issued by the Royal Institution of Chartered Surveyors (RICS) and the Chartered Institute of Public Finance and Accountancy (CIPFA).
- 1.3 The Asset Management Framework comprises of three elements:
 - An Asset Management Policy
 - A Strategic Asset Management Strategy
 - An Asset Management Working Action Plan
- 1.4 The framework provides the link between the Council's property portfolio and the delivery of its corporate objectives. It outlines why we hold property assets, how they align to the Council's vision and objectives and what actions need to be taken to ensure those property assets are performing effectively and efficiently.
- 1.5 The accompanying Commercial Property Asset Management Strategy focuses specifically on a subset of the Council's property portfolio and the management of those going forward. Members should note that this does not include the management of the residential property owned by the Council's wholly owned company Big Sky Property Management Ltd as that is the responsibility of the company, it should be borne in mind when looking at the overall balance of the commercial property portfolio.

2 Background

- 2.1 The Council owns a diverse property portfolio that has been acquired over time and are held for a variety of purposes. It can be divided into three asset types as described below:
 - Operational - held primarily to support (directly or indirectly) the delivery of council services.
 - Community Assets - held by the council in perpetuity to support recreational, cultural & social well-being of the area.
 - Investment (Commercial) Assets - held primarily to contribute to economic growth but also for the purposes of generating rental income and / or for capital growth generating rental income and / or for capital growth.

- 2.2 Over the past few years South Norfolk has increased its asset base with the delivery of two further business centres: Trumpeter House and Roxburgh House, Ella May Barnes at Norwich Research Park, temporary accommodation units and the jointly owned Horizon Centre.
- 2.3 In addition to the property owned by the Council, a number of homes are being purchased with the aid of the Local Authority Housing Fund (LAHF) funding, to house Afghan refugees, which will be held by Big Sky. These assets will be outside of the Strategic Asset Management Framework.

3 Current Position & Recommendations

- 3.1 With the growth in property assets it is proposed that Council adopts the Strategic Asset Management Framework in line with CIPFA and RICS best practice, to assist the Council in managing its property assets going forwards.
- 3.2 Appendix A contains a draft Strategic Asset Management Framework for Cabinet to consider. Section 2.1 within the document outlines six principles by which the Council will manage its land and property assets.
- 3.3 The Working Action Plan in section 4 pulls together the property related activities in the Council's Delivery Plan and the Capital Programme. This Working Action Plan will be a living document and will therefore change as the Council approves future delivery plans and budgets.
- 3.4 A revised Commercial Property Asset Management Strategy is also proposed in Appendix B to provide the basis for managing the Council's commercial property asset portfolio.

4 Other Options

- 4.1 Cabinet could decide not to adopt the Strategic Asset Management Framework and/or the Commercial Property Asset Management Strategy but this would not be in accordance with best practice and may mean that the Council does not optimise the use of its property assets or maintain them as efficiently and cost effectively as it could.

5 Issues and risks

- 5.1 **Resource Implications** – Both the proposed Strategic Asset Management Framework and Commercial Property Asset Management Strategy include a programme of condition surveys. The results of these surveys may have budgetary implications if they show a requirement to invest in individual properties to either improve or maintain them at their current standard. The revenue budgets for 2024/25 include the running costs of the current property assets and the capital budget for the next five years from 2024/25 includes a capital maintenance programme for some property assets.
- 5.2 **Legal Implications** – None
- 5.3 **Equality Implications** – None

5.4 **Environmental Impact** – The proposed documents consider the Council’s Environmental Strategy and Delivery Plan.

5.5 **Crime and Disorder** – None

6 Conclusion

6.1 The current Asset Management and Commercial Asset Management Plans were adopted in 2017, since then there have been some significant additions to the Council’s land and property portfolios and the context in which the Council operates has changed. It is therefore good practice to update and adopt the Strategic Asset Management Framework and Commercial Property Asset Management Strategy. These documents will outline how the Council manages its property assets going forward to ensure they are performing effectively and efficiently.

7 Recommendations

Cabinet agrees to recommend to Council:

7.1 The adoption of the Strategic Asset Management Framework.

7.2 The adoption of the Commercial Property Asset Management Strategy.

Background papers

None