



ASSET MANAGEMENT STRATEGY

Approved by The Cabinet
10 January 2011

1. Introduction

- 1.1 The layout and presentation of the Asset Management Strategy is different to the last strategy in 2006. It sets more challenges to the Council in the light of a radically different local government management and financial model.
- 1.2 The Comprehensive Spending Review announced on 20 October 2010 and the Council's financial settlement dramatically reduces the level of financial support to local authorities. A reduction of 7.1% each year for four years, with the potential for front loading these savings, places huge financial pressures on councils across the country.
- 1.3 It is against this background that the Council's assets must achieve optimum value for money and return on investment. It is also important that they help develop 'place shaping' for both the local community and visitors alike.
- 1.4 Recognising the changing landscape in Government, the current financial pressures and the ambitions of the 'Big Society' and community empowerment, several key research documents have been reviewed in drafting this Asset Management Strategy.

These include:

- Room for Improvement 'Strategic Asset Management in Local Government', Audit Commission, 2009.
- 'Making Assets Work' – The Quirk review of community management and ownership of public assets, 2009.
- Local Authority Asset Management Best Practice, RICS, 2009.
- Local Growth – realising every place's potential, HM Government, 2010.

- 1.5 Key statements from the publications include:

"If all councils had chosen and been able to practise disposal receipts over investment in the estate, they could have spent £3-billion less capital since 200, and £150-million less revenue since 2003".

"Property valuations in councils' accounts cannot support strategic decisions".

The recession is an opportunity for councils to prepare plans for using the property they own more effectively and efficiently".

[Room for Improvement 'Strategic Asset Management, Audit Commission 2009]

- 1.6 Recommendations from the Audit Commission include:

- review property holdings and reduce them, where possible, by identifying and disposing of surplus or under utilised property;
- reconfigure services and administration so that they occupy less space;
- consider tenure other than ownership – such as lease, rent or lease back where better value will be achieved;
- make better use of the support available from Local Partnerships (formerly 4Ps), Beacon councils, and the private sector in developing asset strategies.

1.7 In addition to the audit commission work The Quirk Review considers transferring assets to the local community In the publication 'Making Assets Work' contains three firm conclusions:

- Any sale or transfer of public assets to community ownership and management needs to realise social or community benefits without risking wider public interest concerns and without community purposes becoming overly burdened with asset management.
- the benefits of community management and ownership of public assets can outweigh the risks and often the opportunity costs in appropriate circumstances.
- risks can be minimised and managed – there is plenty of experience to draw on. The secret is all parties working together. This needs political will, managerial imagination and a more business focussed approach from the public and community sectors.

2. **How should the Council address the management of its assets?**

2.1 In April this year The Cabinet established a Strategic Asset Group. This included the Leader, Deputy Leader, Portfolio Holder for Resources, Strategic Director and Head of Resources. The work of this group aimed to reinforce and underpin the Council's transformation programme, focusing on the Council's assets and resources.

2.2 The current economic climate, the Government's ambition of developing the 'Big Society', and the proposed localism bill all lead us towards reinforcing the effective and efficient use of the Council's assets.

Thus, it is important that this asset strategy:

- **challenges the current thinking and methodology of management of assets**
- **maximises income potential from sale and from more effective use of assets**
- **sets a framework where consideration is given to transferring relevant assets to local Town and Parish councils**
- **and/or draws up plans, to charge for usage of car parks outside Stratford upon Avon in discussion with Town and Parish councils**
- **sets a path on how these outcomes can be achieved**
- **seeks best practice advice from industry experts**
- **capitalises on opportunities offered through the planning system, particularly in relation to Section 106 and community infrastructure levy.**

2.3 To maximise the potential of the Council's assets there is a need to review how these are managed. Listed below, with some examples, is the current category of assets.

Operational Assets – These include:

Elizabeth House - The Council's headquarters were redeveloped in 2004. Since that time through staff reductions and rental space not being taken up or vacated, significant space is now empty. Given the age and layout of the building, energy usage is high.

Avenue Farm Depot – a large site in a redeveloped area of Stratford-upon-Avon currently leased to the waste and recycling contractor and several other bodies as a depot.

Winton House – This building was formerly occupied by Warwickshire County Council, Stratford Town Management Partnership and Stratford Town Council. Only registrar services are now offered from this building.

Leisure Centres – Stratford Leisure & Visitor Centre is over 35 years old. Space usage is not maximised, energy usage is the highest in the Council, and building maintenance costs are high.

Public Conveniences – are expensive to maintain. The Council needs to be confident that they are still required to meet the needs of the local community who may now be served by other provision. Public conveniences were built when 24 hour, 7 day a week shopping was not in existence. There are now opportunities to engage with retailers and pubs for public convenience usage.

Car Parks – have been in situ for several years. Windsor Street car park is in need of significant repair and development. Car parks could offer strategic development opportunities. Those outside the town of Stratford-upon-Avon are a direct cost liability to the Council, with no income being received from car park charges.

Area Offices – The Grange in Southam is a large listed building which is underused. Discussions are advanced in relation to developing a joint 'one stop shop' in the town centre. This would leave the building unoccupied and thus a financial liability to the Council.

Non-operational Assets

- 2.4 This includes land formerly accommodating Stratford Town Football Club and Precision Antenna in Masons Road, as well as the former Tourist Information Centre at Bridgefoot.
- 2.5 Several retail properties are owned by the council (mostly in Stratford upon Avon). Several commercial properties are owned by the Council and are leased on a long term basis (Town Square falls into this category owned jointly with Stratford Town Trust). A full list of assets is appended.
- 2.6 Several parcels of land retained following the housing stock transfer are included in this category. These parcels of land do not offer any strategic advantage to the Council. Consideration should be given to disposal and/or offering to the market for development e.g. for affordable housing.

Community Assets

- 2.7 These are buildings and land which benefit and are used by the local community. Both parks and open spaces, and closed church yards fall into this category. There is limited opportunity for the Council to develop or consider alternative usage for these areas of land.

3. Financial Implications

- 3.1 There are significant costs associated with the ownership and maintenance of the Council's assets. Earlier this year, a Condition Survey was carried out to all assets. This resulted in financial provision being made in the medium-term financial strategy with 50% revenue and 50% capital funding.
- 3.2 This results in a significant financial burden on the Council for assets which in several instances are not maximising their full financial potential. Full details of the Condition Survey are attached at Appendix 1.

- 3.3 In developing the medium term financial strategy (MTF), the Council is having to consider how it will manage its business with 28% less Government funding over a four year period. Reductions in cost and/or increases in income from the Council's assets must be identified and built into the MTF.
- 3.4 This indicates that between years 2013 and 2019 maintenance and repair costs are likely to be in the order of £9 million and by 2029 £21 million.
- 3.5 Given the current local government financial framework and the Council's budgetary position, it is crucial that the Council's assets are an integral part of both the medium and long term financial strategy.
- 3.6 Local partnerships recommend that external advisors will be required to develop a joint venture model. They suggest that costs are likely to be in the order of between £750,000 and £1 million. However it is normal practice for these costs to be recovered from the overall project.
- 3.7 A typical model would require the Council to contribute land to the joint venture and a developer would contribute funding. It is likely that there will be little financial return for the first five years, but then income should be received by the Council.
- 3.8 This potential picture needs to be compared against the costs suggested in the conditions surveys, when if the status quo is maintained, up to £21 million expenditure is likely to be incurred by 2029.

4. Current Position

- 4.1 The Strategic Asset Group are recommending a high level vision with the following aims:
 - development of a leisure centre to replace the existing Stratford Leisure & Visitor Centre, near to the existing facility
 - development of office accommodation for the Council in keeping with the size of the organisation.

In both instances ensuring that optimum energy usage and carbon reduction facilities are integral to the design and construction.

- 4.2 In developing this vision it is predicated on an ambition of achieving these outcomes through redevelopment in partnership with the private sector and with minimal financial input from the Council.
- 4.3 Following contact with Local Partnerships (an organisation linked to the Local Government Association who have national specialists advising on land and property management), they agreed to provide consultancy support at no cost to the Council.
- 4.4 They carried out on-site research and interviews with key staff, councillors and stakeholders and have provided recommendations and options as to how the Council can maximise the potential of its assets.
- 4.5 They state in their report (Appendix 2) "the review team find Stratford upon Avon District an attractive area with many assets and positive aspects including: an historic and attractive town centre packed with heritage and numerous development sites. The council is in a strong position to pursue a joint venture (JV) approach and has the following key strengths:
 - strong development sites with clear interest and demand from developers and potential partners;

- strong financial position within the authority to support the development of a JV approach, if a JV is prioritised as a key council programme; and
 - strong coherent view from officers and members as to the need to act to maximise the benefit from council assets, development opportunities and to enhance the town”.
- 4.6 For this vision to be realised it will need the support of all councillors to drive it forward. It will need strong leadership and determination as it is likely that there will be resistance from some stakeholders and sections of the local community. Should it be accepted, a robust consultation strategy will need to be developed.

5. The Way Forward

5.1 In paragraph 2.2 of the Strategy several outcomes were identified. How these can be achieved is set out below.

5.2 Challenge to the current thinking and methodology of the management of assets.

5.2.1 The way the Council manages its assets is historical and has not strategically influenced its Corporate or financial strategy.

5.2.2 Through the proactive management of its assets the Council has the ability to positively influence customer and working environments. It can be a major catalyst to ‘place shaping’ in towns and villages within Stratford on Avon District.

5.2.3 In these times of austerity, it is vitally important that the Council maximises the financial return on its assets and ensures that there is a strategic link to both its medium and long term financial strategy.

5.3 The Council should consider devolving relevant assets to Town and Parish councils. They are closest to the local community and have the ability to levy precepts that deal with the needs of the local area. It also transfers decision making to those closest to the assets in question and is in line with the Government’s agenda to devolve decision making to the local community and the ‘Big Society’ ideology.

5.3.1 For those assets which are retained either as strategic development sites, or commercial assets providing income to the council, it is important that both maximum efficiency and financial return is obtained.

Recommendation

- 1) The Council should commence discussions and negotiations to devolve relevant assets to the local community.**
- 2) For those which the council wishes to retain financial implications of each site should be identified.**
- 3) Specific sites should be identified and prioritised as potential for incorporating into a joint venture.**
- 4) Assets that offer no operational or strategic importance, and are a maintenance cost burden to the Council, should be identified and offered for sale.**

5.4 Local Partnerships have provided recommendations and options on how the Council should maximise the use of its assets. This will result in maximum potential from the Council’s asset portfolio.

- 5.5 Their report is extremely positive and suggests that the Council should pursue a form of joint venture. Should the Council support this course of action there are some areas of work and actions that need to be addressed.
- 5.6 Local Partnerships state that the authority does not have the corporate capacity to pursue this approach. There will be an ongoing need for a dedicated skilled project sponsor at a senior officer level to drive forward the programme in a coherent and consistent manner, and a dedicated skilled team to deliver the project.
- 5.7 The set up costs are normally recovered as part of the overall programme.
- 5.8 Linked to this is the need to commission a robust car, bus and coach parking needs analysis and options review to consolidate this activity into a small number of key perimeter town centre locations.
- 5.9 They state that the Council should assemble in a single summary document its new asset vision and strategy, its car parking vision and strategy, its transportation vision and strategy and its housing strategy, encompassing the town and broader District area.

Recommendation

- 1) Use the findings from the Local Partnerships report as a basis for progressing a joint venture procurement exercise.**
- 2) There is a need to identify an officer to progress the work and invite expressions of interest for procuring the work.**
- 3) In partnership with the County Council identify relevant car parking and transportation information, and include this in the strategy.**

- 5.10 There needs to be closer liaison and dialogue between planning staff and local community leaders to identify aspirations of the local community through their Parish Plans, and the opportunity for delivering outcomes in accordance with the Local Plan.

Recommendation

- 1) Use the community leadership team to network and liaise with Parish and Town Councils and the local community. Ensure that dialogue takes place with planning policy staff and feedback is given.**
- 2) Capitalise on the opportunities offered through the planning system, particularly through Section 106 and community infrastructure levy agreements.**

6. Conclusion

- 6.1 It is essential that the Council's assets contribute strategically to both the medium and longer term financial strategy. It is imperative that in these times of austerity the Council "sweats its assets" i.e. achieves the maximum return both in terms of place shaping and financial return.

- 6.2 This Asset Management Strategy sets a challenge to manage assets in a more strategic way, aligned to both the Corporate Strategy and the Council's financial strategy.
- 6.3 Should the strategy be adopted to underpin it, a comprehensive action plan will be developed which will build on the options recommended from Local Partnerships.

Appendices

List of the Council's Assets

Condition Survey

Local Partnerships Joint Venture Options Review report

References

Room for Improvement 'Strategic Asset Management in Local Government', Audit Commission, 2009.

'Making Assets Work' – The Quirk review of community management and ownership of public assets, 2009.

Local Authority Asset Management Best Practice, RICS 2009.

Local Growth – realising every place's potential, HM Government, 2010.

Local Partnerships Joint Venture Options Review – Local Partnerships, November 2010.

Appendix 1

STRATFORD ON AVON DISTRICT COUNCIL

Asset Repair & Maintenance: Estimated Costs for years 2010-2029 taken from Condition Surveys

23/11/09

revB

Surveys carried out between September 2008 and October 2009

ASSET CATEGORY	YEAR 1 2009-2010	YEAR 2 2011	YEAR 3 2012	YEARS 4-10 2013-2019	YEARS 11-20 2020-2029	TOTAL
OFFICES						
Elizabeth House	£557,880	£104,501	£130,616	£2,768,819	£942,246	£4,504,062
Southam Grange	£106,930	£86,550	£47,041	£271,595	£327,848	£839,964
Alcester Globe House	£31,001	£18,946	£23,127	£199,526	£173,846	£446,446
LEISURE CENTRES						
Stratford	£414,155	£90,084	£68,762	£1,666,659	£1,496,383	£3,736,043
Shipston	£69,741	£25,339	£20,000	£286,991	£597,838	£999,909
Southam	£126,800	£43,242	£22,794	£548,081	£608,192	£1,349,109
Studley	£119,197	£35,177	£30,979	£536,594	£523,400	£1,245,347
PUBLIC CONVENIENCES (12nr)	£90,625	£71,014	£75,654	£514,351	£383,887	£1,135,531
SURFACE CAR PARKS (22nr)	£65,250	£253,750	£87,000	£1,347,050	£1,384,750	£3,137,800
MULTI-STOREY CAR PARKS						
Bridgefoot	£72,805	£54,172	£54,172	£472,222	£1,025,440	£1,678,811
Windsor Street	£78,191	£127,600	£40,600	£398,242	£948,880	£1,593,513
GRAND TOTAL	£1,732,575	£910,375	£600,745	£9,010,130	£8,412,710	£20,666,535

IMPORTANT NOTES:

- 1 An uplift of 45% has been applied to the estimated costs to cover contractor's prelims, overheads, profit, decanting, moving equipment, professional and statutory fees, access arrangements.
- 2 Figures are estimated at today's prices and exclude VAT and inflation.
- 3 Figures for years 2009 and 2010 have been combined.
- 4 Figures exclude reactive one-off emergency works.
- 5 The above figures refer only to the stated asset categories, all other assets are excluded.