

SCRUTINY COMMISSION

25 January 2022

Report Title	Scrutiny Review into Asset Rationalisation and Use
Report Author	Jonathan Waterworth Assistant Director Assets & Environment
Executive Member	Cllr Graham Lawman Executive Member for Highways, Travel & Assets

List of Appendices

Appendix A – Scrutiny Review – Planning & Scoping Document

Appendix B – RICS Public Sector Property Asset Management Guidelines

1. Purpose of Report

- 1.1. To provide the Scrutiny Commission with an initial scoping document to set the terms of a scrutiny review into Asset Rationalisation and Use.

2. Executive Summary

- 2.1 This report introduces the scoping document and associated background reading to inform the scoping session for the Asset Rationalisation and Use Scrutiny Review
- 2.2 The content of the scoping document has been completed with reference to the current position the Council is at with developing its corporate priorities and service strategies, which will inform the Council's Asset Strategy and management plan.
- 2.3 The scoping document at Appendix A identifies a number of topic areas for the Scrutiny Commission to consider as part of this review.

3. Recommendations

- 3.1 It is recommended that the Scrutiny Commission:
- a) Considers the draft Asset Rationalisation and Use scoping paper and advises officers of proposed amendments and additions to the scope of the scrutiny review following discussion
 - b) Proposes a non-executive elected member to act as the political lead for this scrutiny review

- c) Approves that Jonathan Waterworth, Assistant Director Assets & Environment is appointed as the officer lead for this scrutiny review
- d) Identifies the range of techniques it would intend to use in order to undertake this review
- e) Considers the high-level timeline it intends to adhere to for completion of this review, noting the constraints within the report.
- f) Identifies any desired outcomes it would intend to deliver as part of this review
- g) Identifies any groups or individuals that it would want to be engaged or co-opted on to the review

3.2 The reasons for the recommendations are summarised as follows:

- a) To instigate the Scrutiny Commission's agreed workplan topic for Asset Rationalisation and Use.
- b) To inform and develop the scope of the scrutiny review, ensuring clear outcomes

4. Report Background

4.1 The Scrutiny Commission Workplan identified several topic areas for the Commission to undertake in depth reviews. These will be dealt with through a combination of specific evidence gathering meetings that will be arranged as and when required, and other activities, such as visits and will be considered in a Panel/Task and Finish environment. A scoping exercise would be undertaken with scrutiny members prior to commencement of the review with clear objectives identified.

4.2 The Workplan identifies Asset Rationalisation and Use as such a topic for review, with the following notes:

- To understand the Council's assets and ensure they are being utilised appropriately.
- Develop methodologies around the use and cost of assets against the value those assets bring to the community.
- Understand how cost efficient the Council's buildings are.
- To provide recommendations on the commercial use of our assets and opportunities.
- To understand whether buildings should be rationalised.

5. Issues and Choices

5.1 North Northamptonshire Council's estate has formed over many years and comprises each of the legacy council's asset ownership, now amalgamated to form one large portfolio. This new portfolio has brought together previously separate asset classes, such as schools and care homes, with those held by the former borough and district councils operational and investment portfolios.

5.2 The next steps are to develop the Council's Asset Strategy, to bring the data together and produce strategies, policies and processes to align the portfolio to the Corporate Plan.

5.3 The Royal Institution of Chartered Surveyors (RICS) define strategic asset management as:

“Asset management is a key part of business planning which connects, at a strategic level, decisions about an organisation’s business needs, the deployment of its assets and its future investment needs.”

5.4 Therefore, the alignment of the portfolio requires an understanding of the corporate priorities, the service plans and strategies, and an agreed governance framework to review assets against these priorities. The Council’s Corporate Plan has now been adopted, with directorate service plans being finalised. From this information the Council’s Asset Strategy and Management Plan will be developed. Further detail on the approach to Public Sector Asset Management can be found in Appendix B RICS Public Sector Property Asset Management Guidelines.

5.5 Since vesting day there has been much effort by the Asset & Environment service to consolidate a centralised property database to form the foundation of North Northants asset strategy.

5.6 The database categorises assets according to their existing use, which determines how the asset is valued, and guides decision makers on the different laws, policies and processes that must be followed if the Council considers a change of use and or a disposal. The database will also contain sub sections for each property, information to include condition, tenure, energy performance, and costs. A redacted version of the asset register is available on the Council’s website.

5.7 Based on the Scrutiny Workplan areas identified, the below list of topics has been compiled, reflecting the stage the council is at in developing its Asset Strategy and key challenges and opportunities. The depth and range of estate considerations is vast, however a selection of key topic areas that could be focussed on as part of a Task & Finish group include:

1. Develop knowledge of the composition of the Council's estate, why the property is held and the approach to developing future management approaches.
2. To develop knowledge of the routes to rationalising an estate – disposal, regeneration, refurbishment for internal use, or development for commercial use, divestment (Community Assets Transfer Policy), partner opportunities, Future ways of work Strategy.
3. To consider the priority of the Council's asset review process (e.g. operational estate) and factors to consider when making a suitability assessment.
4. To understand the Minimum Energy Efficiency Standards Regulations and how they apply to the council’s estate and the implications of future Energy efficiency targets, which will form the part of the Council’s Carbon Management Plan.

5. To raise awareness of key risks associated with the Council's commercial estate and provide reassurance on the management and monitoring thereof.
- 5.8 The Scrutiny Commission may wish to prioritise, vary or add to the above topics. Work continues to be undertaken to assess the extent and quality of condition data and Energy performance data held by the sovereign councils, along with development of the quality of the Asset Register data held. This will constrain the depth of any review into understanding future maintenance liability.
- 5.9 Preparatory work for undertaking the above topic areas, is considerable, and will need to be cognisant of the restructure of the management of the Asset Management, Facilities Management and Capital Project team, due to commence at the end of January and anticipated to be complete in May/June 2022.

6. Implications (including financial implications)

6.1 Resources and Financial

- 6.1.1 It is anticipated that there will be resource implications from establishing the scrutiny review. Once the scope of the review has been finalised resource will be identified to support the review, which may include both Officer time and/or financial resource.
- 6.1.2 The outcome of the review may produce strategies and recommendations which have resource implications. The need for financial and/or other resources will be addressed in future reports as the review progresses.

6.2 Legal

- 6.2.1 There are no legal implications arising from the proposals of this report.

6.3 Risk

- 6.3.1 There are no significant risks arising from the proposed recommendations in this report.

6.4 Consultation

- 6.4.1 Consideration for methods of engagement and consultation will be developed as part of the scoping session and will form part of the scrutiny review.

6.5 Consideration by Executive Advisory Panel

- 6.5.1 Not applicable at this stage although outcomes of the review will be shared with the relevant Executive Advisory Panel(s).

6.6 Consideration by Scrutiny

- 6.6.1 Not applicable

6.7 Climate Impact

6.7.1 There is no direct climate impact of the scrutiny review. However, the Council's estate represents an opportunity to support the Council's Carbon reduction action plan to reduce the carbon footprint and it is anticipated that the outcomes of this scrutiny review will have a positive impact for this wider piece of work.

6.8 Community Impact

6.8.1 Any community impact would be considered as part of the scrutiny review.

7. Background Papers

7.1 Land and Building Asset Register:
<https://www.northnorthants.gov.uk/your-council/land-and-building-assets>