



Finance Committee – Appendix to ITEM 10

Date: TUESDAY, 8 DECEMBER 2020

Time: 1.45 pm

Venue: VIRTUAL MEETING

10. **CORPORATE PROPERTY ASSET MANAGEMENT STRATEGY 2020-25**
Appendix (Presentation to CASC – September 2020)

John Barradell
Town Clerk and Chief Executive

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Corporate Property Asset Management Strategy Review

Informal meeting of Corporate Asset Sub Committee

September 2020

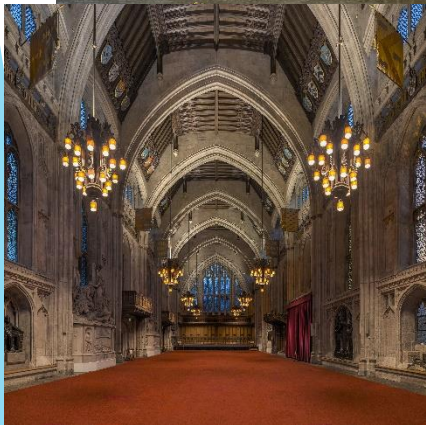
Summary

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Background - Scope and Existing Strategy
(excludes housing)

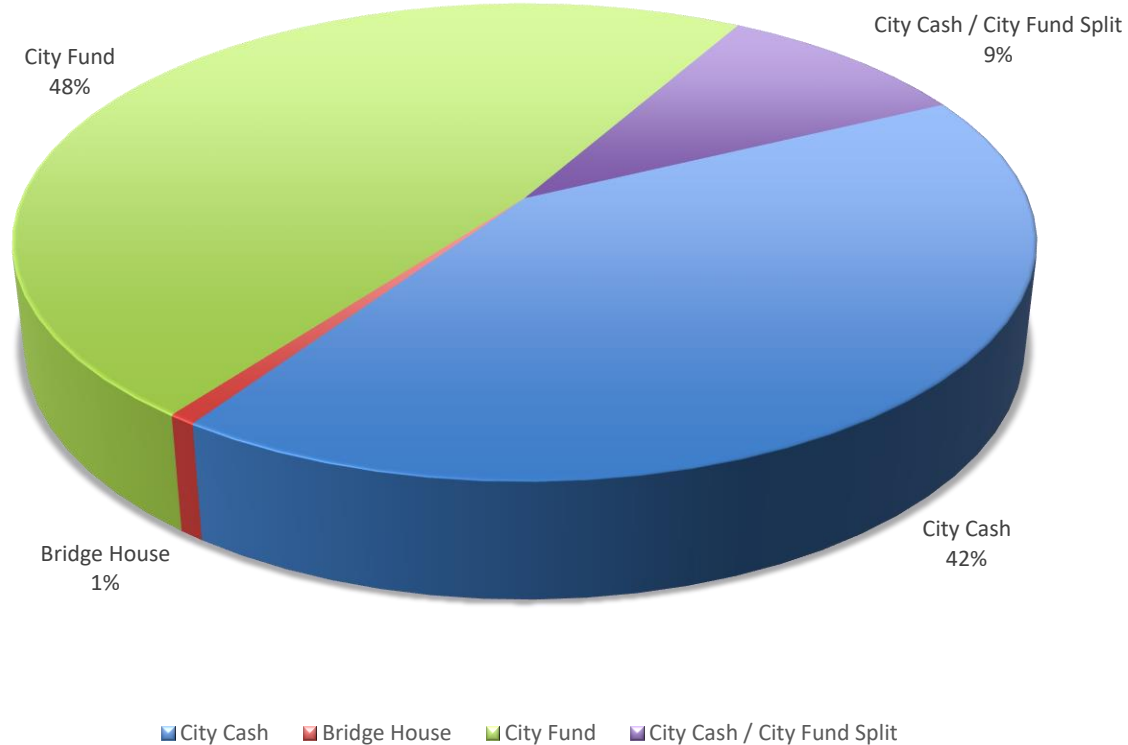
Options and drivers of change- Climate
Action Strategy, Fundamental Review,
Governance Review, Target Operating
Model, Corporate Plan outcomes

Member questions and input - towards a
new revised Strategy for 2020-25



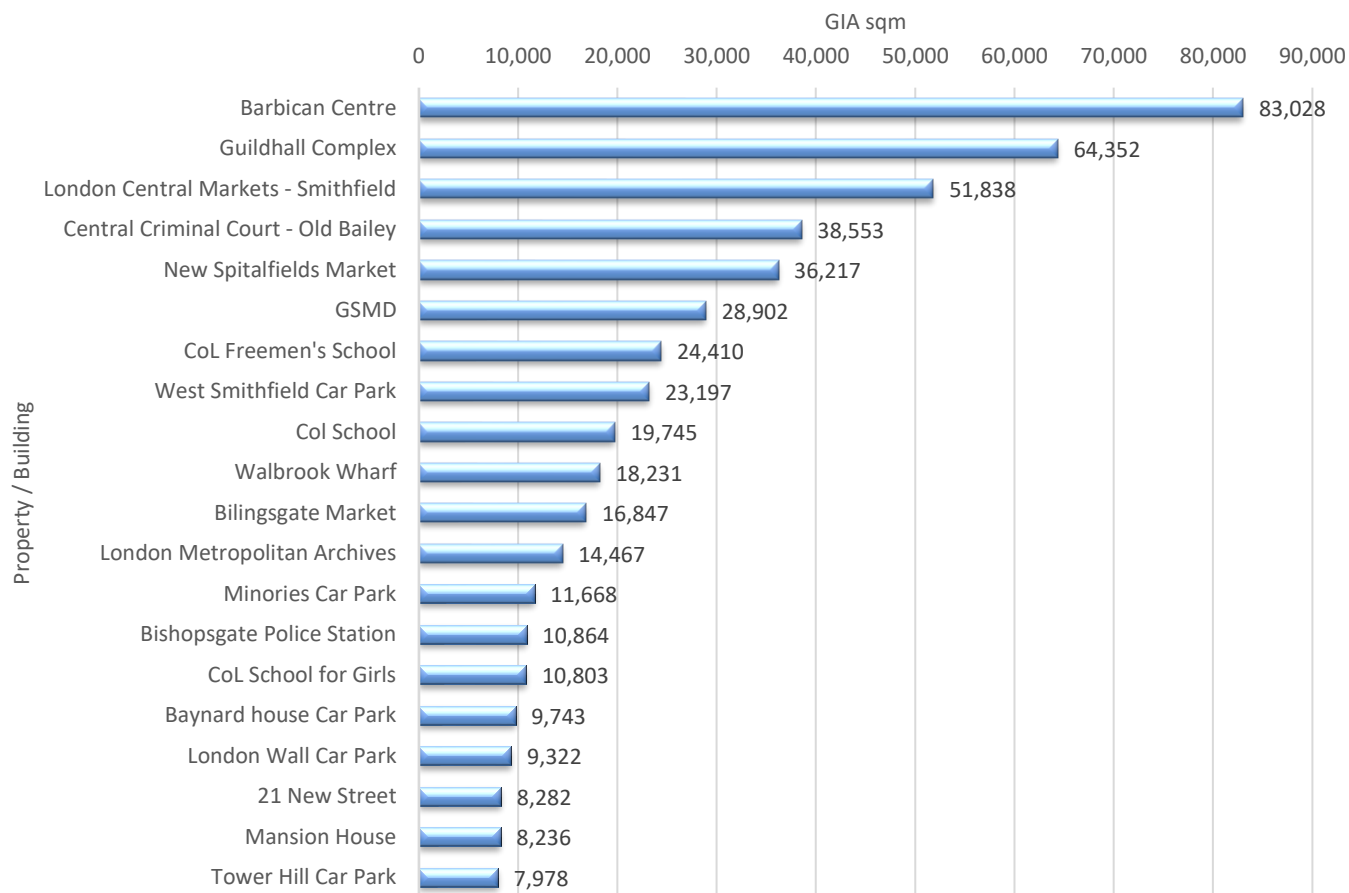
Operational & Commercial Element % GIA by Fund

(excludes social & private housing estates)

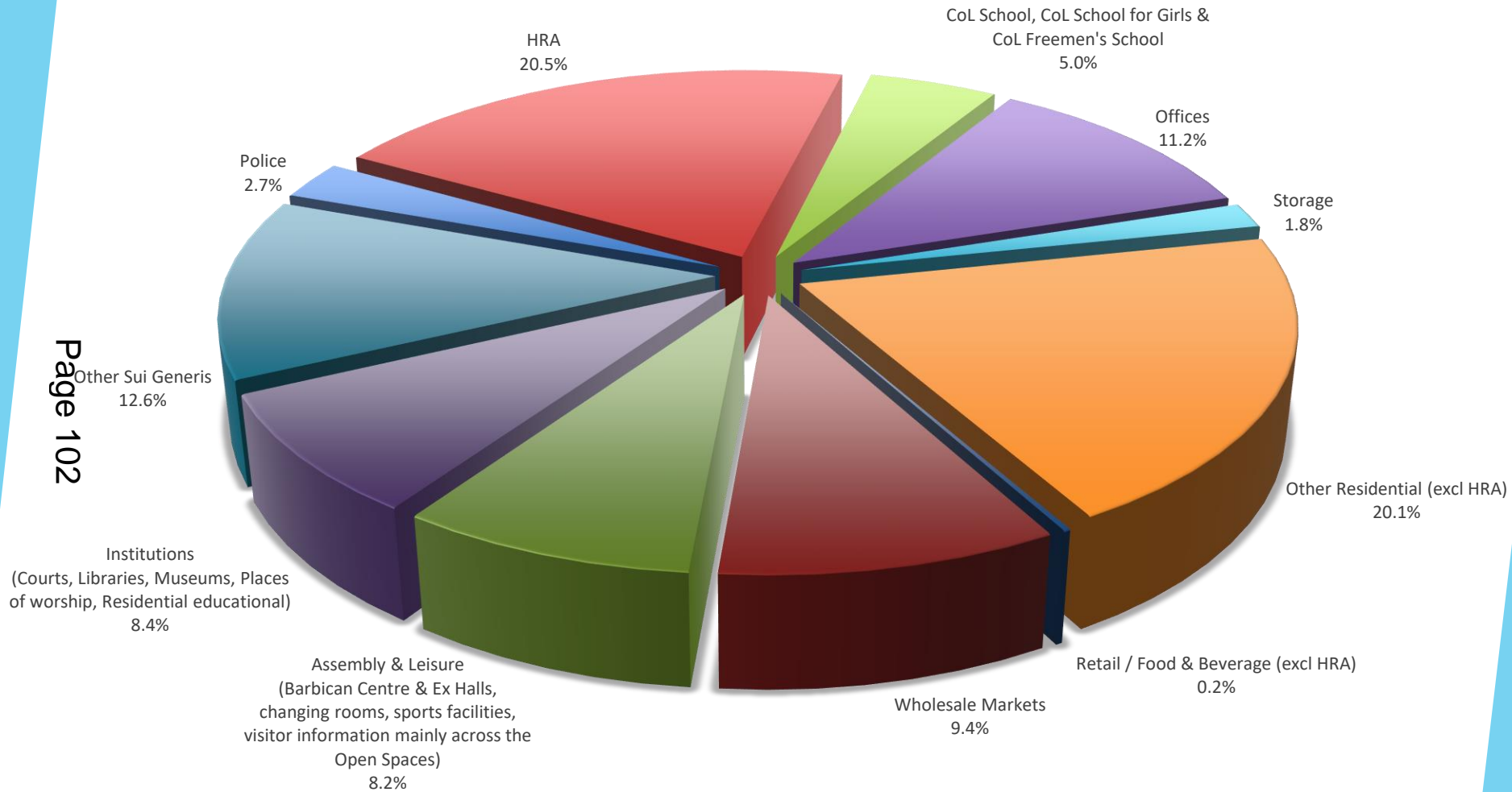


Total Operational & Commercial Element 590,178 sqm (440 Buildings across 73 properties) - City Fund 283,225sqm, City Cash 245,954sqm, Bridge House 4,451sqm, City Fund / City Cash Split 56,549sqm (Guildhall West Wing & Central Criminal Court)

Top 20 Operational Buildings by Area (GIA sqm)

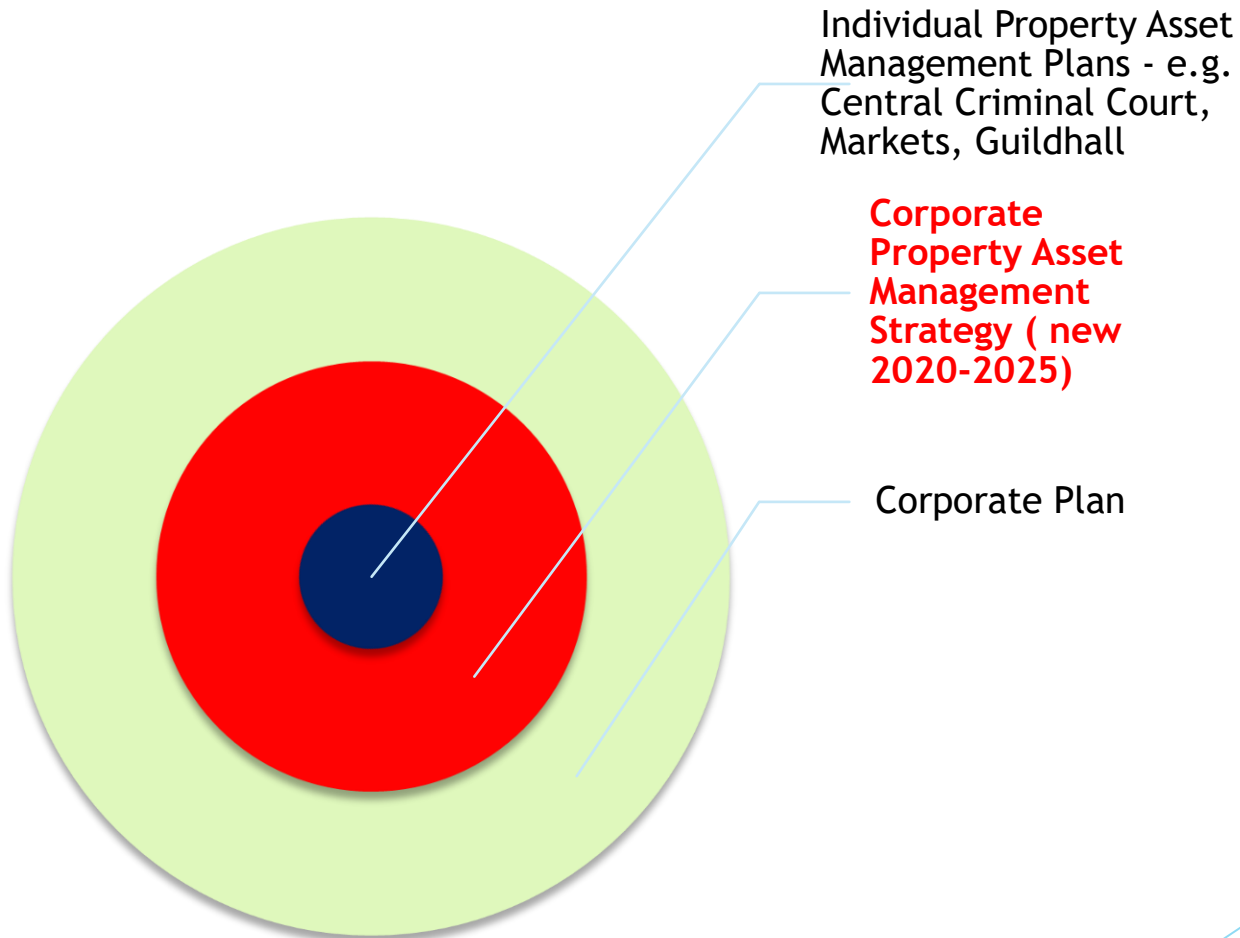


Operational Property Portfolio % GIA by Building Use



Positioning

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Existing Strategy Themes



Existing Corporate Property Asset Management Strategy

1. Operational assets remain in a good, safe and statutory compliant condition
2. Operational assets are fit for purpose and meet service delivery needs
3. Capital and revenue projects are affordable, sustainable, prudent and directed to the highest corporate priorities
4. Annual revenue expenditure is efficiently managed to ensure value for money and reduce operational asset running costs wherever possible
5. Opportunities to create added value from the operational property asset base, either capital or revenue, will be pursued through the Asset Management Plan process.

Existing Corporate Property Asset Management Strategy continued

6. The City overall, in accordance with the Carbon Descent Plan 2015 (CDP-15) achieves a 9% energy reduction by 2018

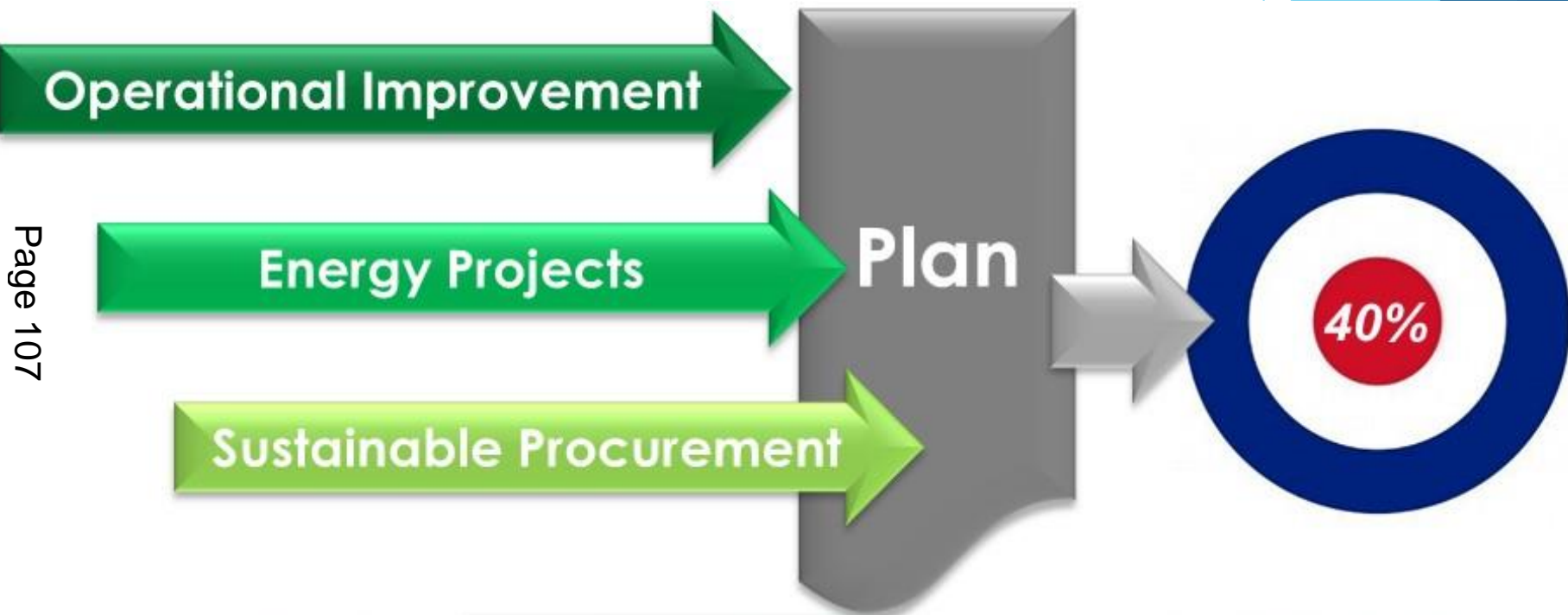
7. To remove assets the Heritage at Risk Register wherever possible provided only that it is cost effective to do so

8. Align asset management activity with Service Committee's business plans to deliver asset related corporate and business objectives

9. To provide corporate oversight on the extent and value of third party agreements within the operational portfolio, seeking to ensure they managed in accordance with best practice at all times

10. To seek to improve the efficiency and sustainability of operational assets in accordance with corporate objectives and statutory requirements

Carbon Descent Plan

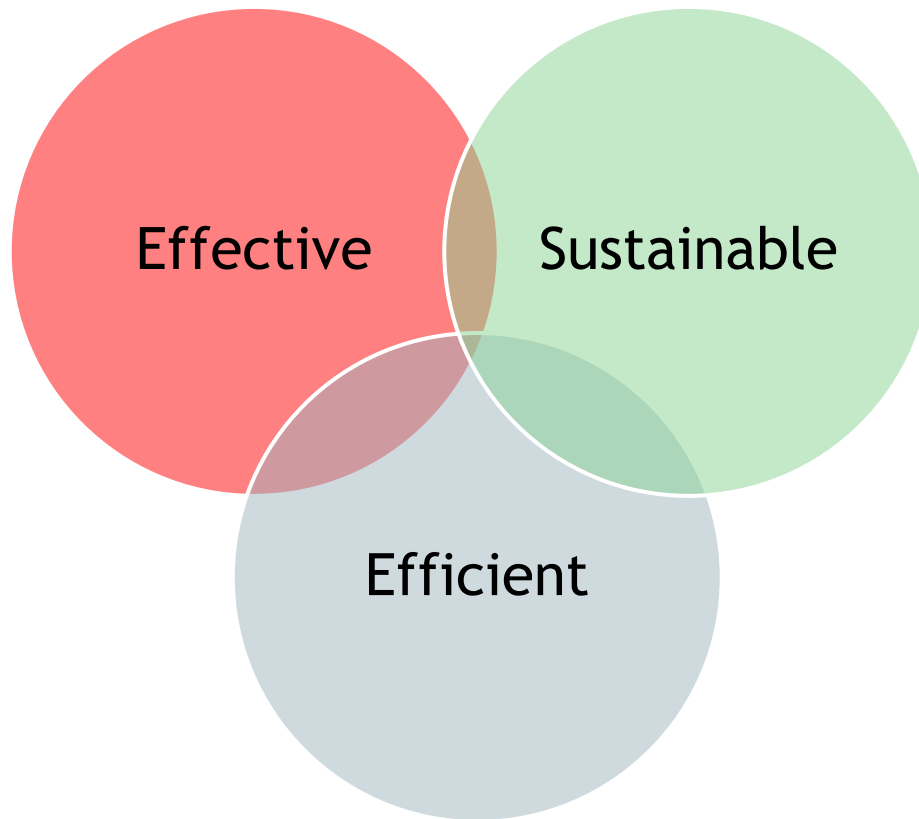


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Data

Comms

Revised Strategy Opportunities



Revised Strategy - Options

Efficient

- More risk based approach to maintenance 'moulding portfolio' to available budget
- Asset Challenge all operational assets to ensure fit for purpose and required
- More proactive approach to maximising third party income for leased out property

Effective

- Embed the Asset Management (Service Based Review) recommendations
- Drive the Digital Agenda benefiting from emerging technology- 'smart building technology and flexible working post Covid-19
- Support Corporate Plan Outcomes

Sustainable

- Support the proposed Climate Action Strategy; to support the achievement of net zero carbon emissions, to build resilience and to champion sustainable growth
- achieve 40% energy savings by 2025/26
- Optimise the sustainability performance of the existing property portfolio
- Achieve BREEAM of excellent on all new buildings

Options

- ▶ Invest in maintenance to bring all assets up to good (including heritage) or rationalise portfolio to shape to budget?



1. Operational assets remain in a good, safe and statutory compliant condition

Option - Operational assets remain safe and statutory compliant, with a 'risk based' approach to CWP that aligns with the Medium-Term Financial Strategy? This could be achieved by 'moulding operational portfolio' to suit available budget.

Options

- ▶ Asset Challenge all assets - retain, invest or release ?



2. Operational assets are fit for purpose and meet service delivery needs

Option - Operational assets are fit for purpose and meet future service delivery needs as evidenced by a routine 'Asset Challenge' process?

Other options could include Asset Challenge on only 'core assets' (to be determined) or where there is an impact from the 'new normal' and demand for space?

Options

- ▶ Climate Change and resilience?

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10. The City overall, in accordance with the Carbon Descent Plan 2015 (CDP-15) achieves a 9% energy reduction by 2018

Option - Support the Climate Mitigation Strategy and emerging Climate Action Plan to reduce carbon emissions and achieve a 40% energy savings between 2008/09 and 2025/26 plus optimising the sustainability performance of the existing property portfolio and achieve BREEAM of excellent on all new buildings

Options (new)

- ▶ Invest in Corporate Asset Management?



Develop and embed the Asset Management Service Based Review recommendations

Option - requires additional resources (subject to a separate report to CAsC) and changes to committee terms of references and schemes of delegation both currently on hold pending outcome of Target Operating Model and Fundamental Review.

Options (new)

- ▶ Invest in Digital Agenda?



To drive the Digital Agenda across the operational estate and benefit from emerging technology-enabled workflow processes, business analytic opportunities and systems integration including 'smart building technology and flexible working post Covid-19

Implication - What does this mean in practice? requires separate initiative (not currently funded) to explore potential benefit from emerging technology-enabled workflow processes, business analytic opportunities and systems integration including 'smart building technology across the operational estate.

Aligning the new strategy

Corporate Plan
2018-23

- Support three pillars of economy, environment and society
- Link into the Corporate Strategy and Performance Team, Corporate Performance Framework, Digital Skills Strategy, Sport and Physical Activity Strategy etc

Climate Action
Strategy

- Support to Climate Action Strategy to reduce the City's carbon emissions, ensure we are resilient to climate change and lead others to make similar changes
- Support to Energy Projects and £700k 2020/21 savings pipeline
- Support to the Sustainable Buildings Strategy and potential £3.5m energy efficiency programme

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Fundamental
Review

- new Asset Management Core Processes, Operating Agreements and Reporting post AM SBR
- Income and capital receipt generation - pipeline of capital and revenue Asset Management opportunities post in 'new normal'

Governance
Review

- Proposed revisions to committee ToR, Standing Orders and Scheme of Delegations to support Asset Management recommendations post AM SBR
- Link into Target Operating Model



Officer and Member
Discussion September
2020



Member Decision and
Approval November
2020



Communication and
implementation



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