

Name of meeting: Overview & Scrutiny Management Committee
Date: 24th October 2023

Title of report: Corporate Property Strategy - October 2023

Purpose of report:

This report has been requested by the Overview and Scrutiny Management Committee to provide a summary update of the approach to property asset management and the use of good practice in developing and bring forward the Council’s Corporate Property Strategy.

Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	Key Decision – No All wards but not a direct significant effect.
Key Decision - Is it in the <u>Council’s Forward Plan (key decisions and private reports)?</u>	N/A
The Decision - Is it eligible for call in by Scrutiny?	N/A
Date signed off by <u>Strategic Director</u> & name	David Shepherd – Strategic Director for Growth and Regeneration 09/10/23
Is it also signed off by the Service Director for Finance?	N/A
Is it also signed off by the Service Director for Legal Governance and Commissioning?	N/A
Cabinet member http://www.kirklees.gov.uk/you-kmc/kmc-howcouncilworks/cabinet/cabinet.asp	Cllr Graham Turner – Finance & Regeneration

Electoral wards affected: All Wards

Ward councillors consulted: No

Public or private: Public

Has GDPR been considered? There is no personal data within the report.

1. Summary

- 1.1 After people, property is often an organisation's second most valuable resource. As with strategic workforce development and planning, it is critical that property assets are strategically aligned, developed, and managed to maximise performance and to enable the delivery of corporate outcomes.
- 1.2 When responding to change, property is the slowest of all corporate resources. Tactical and annual incremental short-term adjustments will not result in fit for purpose accommodation. Therefore, a structured and programmed approach to the long-term management of land and property is required.
- 1.3 This paper provides a summery update to the initial response to reviewing, designing, and implementing a new Corporate Property Strategy (CPS) across Kirklees Council's land and property portfolio.
- 1.4 A fresh approach has been agreed and is in the process of being developed and brought forward for 2024/25.
- 1.5 Kirklees Council holds a significant portfolio of land and property assets. It is not only good practice to have an agreed CPS in place, but a CPS baselines the current position, identifies key interfaces and policy requirements, and provides the mechanism to drive forward strategic change using property as a key enabler.
- 1.6 Due to the council's financial pressures and demand on property assets to generate revenue savings and capital receipts, certain outputs of the CPS are already being put in place, such as the Asset Review and Core Estate approaches to understanding, reviewing, rationalising, optimising and disposing of Council property assets.

2. Approach

- 2.1 The recognised RICS professional standard¹ 'Strategic Public Sector Property Asset Management', has been used as the core text to support the definition of the agreed approach to develop and bring forward the CPS. The standard contextualises property asset management alongside more generic asset management standards such as PAS 55, ISO 55000, and IMM, providing clear sight and specific guidance for strategic property asset management in the public sector.
- 2.2 Additional good practice from CIPFA, the IAM, and IWFM will also be introduced to enable interpretation across professional disciplines and to promote the development and implementation of effective policies and procedures.
- 2.3 For the avoidance of doubt, land and property asset management is the only focus of this CPS. Wider asset management activity (e.g., Highways, IT, & Transport) should be classed as interdependent and considered as such when developing and bringing forward operational delivery plans and change management activity.
- 2.4 In alignment with good practice an initial broad health check or maturity assessment was undertaken within the Council's Asset Strategy team to help assess and baseline the current position across key themes of property asset management.

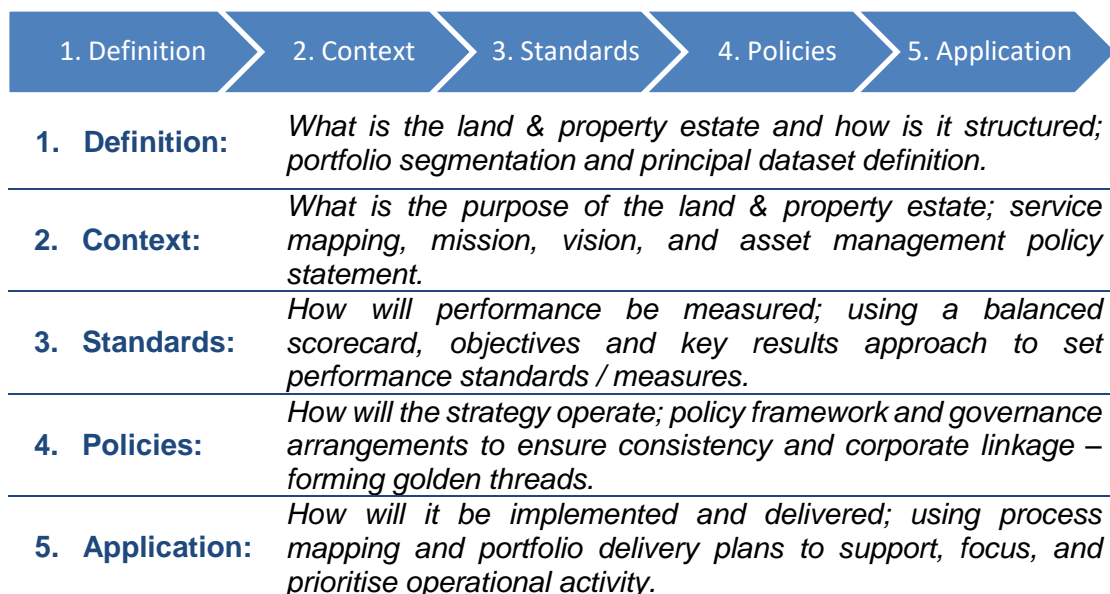
¹ [strategic-public-sector-property-asset-mgt_oct2022.pdf \(rics.org\)](#)

2.5 An initial strategic SWOT analysis has been used to evaluate the findings of the maturity assessment, identifying the following required areas of focus and outputs for bringing forward the CPS:

- a) Develop and reinforce a centralised and corporate approach to strategic asset management.
- b) Define and support the need for an overarching asset led change programme – linked to the MTFS and budget setting process.
- c) Use existing good practice to help prioritise activity, capacity, and resources.
- d) Realign activity, roles, and responsibilities through the existing corporate landlord approach.
- e) Ensure business cases / plans for rationalisation and reactive work identify the longer-term effect and impact to help inform decision making.
- f) Key-in primary stakeholders to ensure alignment of service planning and policy arrangements.
- g) Ensure early engagement with primary stakeholders to manage expectations and increase buy-in.
- h) Ensure roles and responsibilities are clear and reflective of service planning and policy arrangements.

2.6 Using the strategic SWOT and recognised good practice, the following diagram presents the key stages and narrative for the approach to bringing the CPS forward:

Figure 1 - CPS Process



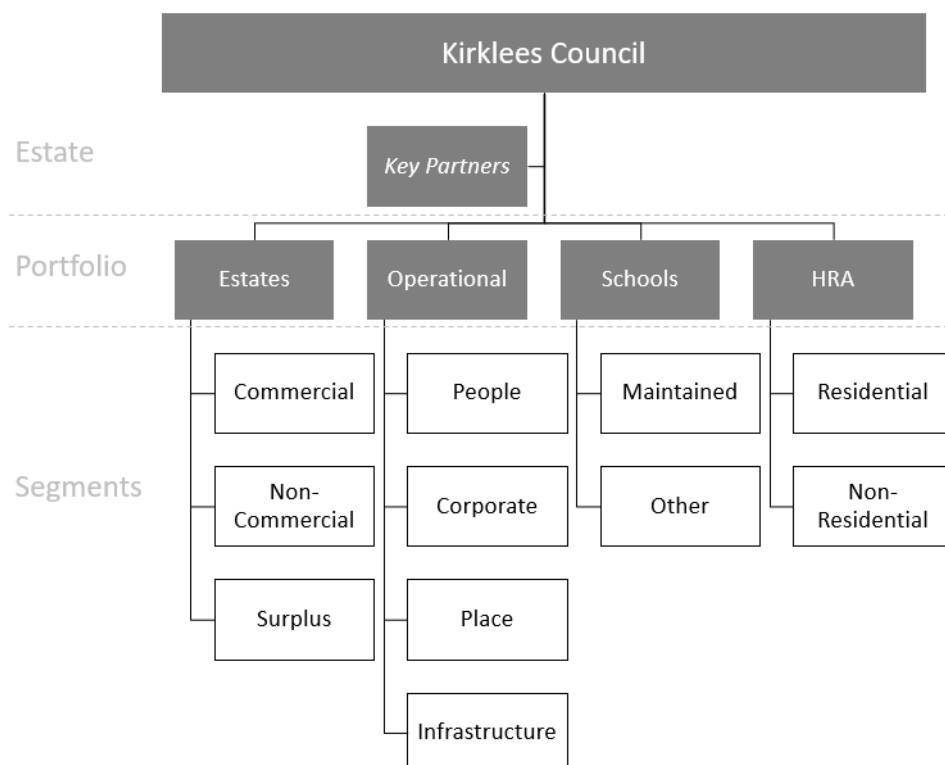
2.7 The CPS is proposed to have a 5-year duration, with annual portfolio-led asset delivery plans used to measure and stimulate progress and performance. Some of these will already exist and will need to be aligned with this overarching strategy, and some operational activity may need to continue in parallel with alternative arrangements in place (e.g., HRA).

- 2.8 In addition to performance management, it is anticipated that an objective corporate asset-led change programme will need to be established to ensure a continued consistent and aligned approach to optimising the estate.
- 2.9 Existing governance arrangements and reporting lines are being reviewed, ensuring that primary stakeholders are identified to represent the context and need for the Council's land and property estate.

Progress

- 2.10 The ongoing focus on the further rationalisation, optimisation, mothball, and disposal of Council property interests, in alignment with service change and budget setting activity, has presented an opportunity to align with best practice approaches, such as the adopted core estate approach.
- 2.11 The Core Estate will identify those assets which are required to facilitate the Council's statutory functions, corporate and political priorities, and to safeguard legal, cultural, and heritage obligations.
- 2.12 To determine the Core Estate, a clear overall understanding of definition and context is required, following the stages of bringing forward the CPS.
- 2.13 The categorisation and review of the operational portfolio will continue to be under review to understand the forward investment priorities of the retained Core Estate, and to further identify opportunities for rationalisation and optimisation of the estate.
- 2.14 As part of this review, the Council's estate has now been aligned into portfolios and segments as illustrated below:

Figure 2 - Kirklees Council's Estate



- 2.15 Progress has also been made to give clearer definition to the standards and policies directly influencing the Council's estate. In association with property disposals, a summary of Assets of Community Value, and Community Asset Transfer is being developed, to provide clarity and understanding of this separate statutory process and form of disposal, as follows.
- 2.16 The Localism Act 2011 introduced the Community Right to Bid, which provides the legal powers to enable local community groups to nominate buildings or land for listing as Assets of Community Value (ACV). It is the local authority's responsibility to hold a register of confirmed nominated assets of community value, and nominated assets can be owned publicly or privately.
- 2.17 For a nomination to be successful the nominee must demonstrate that the asset currently or in the recent past furthered the social interests or social wellbeing of the local community, and it is realistic to think that this use can continue.
- 2.18 Disposal of assets registered as an ACV is governed by legislation. An owner must inform the Council of an intention to dispose of the asset, which triggers an interim moratorium period of six weeks during which eligible groups can notify the Council if they wish to be considered as a potential bidder for the asset. If an eligible group indicates they would like to be considered as a potential bidder, a full moratorium period of six months is then triggered. This is designed to give eligible groups opportunity to negotiate with the asset owner.
- 2.19 The Council's current Community Asset Transfer Policy was approved by Cabinet in September 2020 and can be found on the Council's website. Community Asset Transfer (CAT) is a form of disposal involving the transfer of land or buildings from the Council to a community or eligible organisation at 'less than best consideration' – that is at less than its full market value – to further local social, economic, and/or environmental objectives.
- 2.20 A CAT can be brought forward either due to:
- (i) an asset initially being identified and advertised as an eligible asset,
 - (ii) or, a strong initial expression of interest is received from an eligible organisation prompting an asset to be considered as an eligible asset.
- 2.21 It is an internal Council service decision whether an asset is identified as an eligible asset. Community Asset Transfer will not be considered where:
- (i) The asset is required for service delivery or Council strategic objectives,
 - (ii) disposal would generate a capital receipt required to support the Councils Capital Programme,
 - (iii) or, there is no clearly defined community need or an asset transfer would compromise existing community assets.
- 2.22 Should a business plan for a CAT be considered as viable, the CAT is then reported to and determined by Cabinet. From start to finish a CAT can take 12-36+ months dependent on the complexity and scale of the asset, and capacity of the applicant.

3. Implications for the Council

- 3.1 The CPS continues to be at a formative stage with policies, procedures, and processes being aligned to ensure robust governance and decision making with respect to the Council's estate, and effective standards are being defined to allow performance and progress to be managed.
- 3.2 An Integrated Impact Assessment will be carried out as the CPS is brought forward for consideration and approval.

4. Consultees and their opinions

- 4.1 Once fully developed, the Council's Corporate Property Strategy will be brought forward through the usual governance process for approval at Cabinet.

5. Next steps and timelines

- 5.1 It is anticipated that the CPS will be brought forward for consideration and approval in 2024.

6. Officer recommendations and reasons

- 6.1 It is recommended that the approach to forming and developing the Council's Corporate Property strategy, using recognised professional standards and good practice is endorsed.

7. Cabinet Portfolio Holder's recommendations

- 7.1 The current assets of the council need to be reduced to reflect the current financial conditions the council finds itself in due to the underfunding of local government, across the country.
- 7.2 As the council shrinks in size coupled with hybrid working it is clear that we need to reduce the number of buildings the council operates from. The development of a core of buildings will not only reduce costs and gain some much need capital receipts, it will make the council's operations more efficient in the future.
- 7.3 By releasing surplus buildings on to the market, we would hope to see these buildings repurposed and help support the local economy, by their development.

8. Contact officer

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9. Background Papers and History of Decisions

N/A

10. Service Director responsible

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