



## **CORPORATE ASSET MANAGEMENT STRATEGY**

**2012 – 2015**

November 2011

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## **1.0 INTRODUCTION AND OVERVIEW**

### **1.1 Overview of Asset Management Strategy**

- 1.1.1 Strategic Asset Management is the activity that seeks to align the Council's asset base with its key corporate priorities, goals, and objectives. It endeavours to ensure that the corporate property base of this organisation is optimally structured in the best overall interest of the Council. The purpose of this document is to provide a strategy basis for decision making regarding this Council's corporate land and property assets, to achieve the best and most cost effective utilisation of those Assets, whether through working alone or in active collaboration with other partners. The extent of the Council's corporate property that is subject to this strategy is defined in section 4 below. This strategy does not relate to Housing Revenue Account housing ("council housing") owned by the Council.
- 1.1.2 This strategy is intended to set out the key policy directions and objectives during the period 2012 to 2015, how they relate to the corporate goals of the Council, the governance arrangements for achieving these objectives, the way that performance will be measured and the specific outcomes sought in respect of particular types of property assets.

**1.1.3 The key directions and objectives of this Strategy may be summarised as follows:**

- To use property in a strategic way and to adopt a flexible property response to organisational and cultural changes within the Council.
- To reduce the operational property holdings of the Council to maximise utilisation of space, manage down maintenance liabilities and limit related overheads.
- To generate capital receipts from property disposals to support corporate objectives and to selectively re-invest in (1) a core group of operational assets that should be fit for purpose, energy efficient and well designed and (2) the acquisition of additional good quality investment property in Northampton to generate revenue income
- Work effectively with public sector and voluntary sector partners to maximise the use of existing public sector property assets in Northampton
- To use Council owned property to help facilitate or enable key regeneration projects to be delivered, including the successful implementation of Northampton Waterside Enterprise Zone
- To use Council owned property to help bring forward additional housing development in the Town, including at key sites such as Dallington Grange

**The key desired outcomes for the Town and its people from pursuing this strategy will be:**

- The delivery of high quality public services to local people from suitably located buildings, in good condition, aligned with key priorities.

- To make Northampton a more attractive commercial and retail centre and improve the overall economic well being of the Town
  - To support planned growth in housing and employment opportunities within the Town
  - To empower and engage communities within their physical environment and facilitate structured affordable community initiatives that meet corporate priorities
  - To cut energy consumption and costs and to help to reduce the Council's carbon footprint
  - To reduce overall property related costs of public service delivery in the Town and thereby release money to spend on direct services to the public
- 1.1.4 This strategy is to cover for the period from January 2012 to March 2015. It is recognised that the Council has undergone significant change management within the last 3 years. This process will continue, with further change in how, and with whom, it delivers certain services. It is therefore important that there should be annual reviews of this Strategy, reflecting actual changes and emerging issues..
- 1.1.5 This strategy provides a platform for structured and rigorous forward thinking. It should enable consistency of approach for future decision-making both by those concerned specifically with making land and property decisions and by those taking other decisions which have a bearing on the use of the Council's assets.
- ## **1.2 The Council's corporate approach and priorities**
- 1.2.1 The Borough of Northampton covers an area of 8,080 hectares with a population in excess of 200,000, making it the largest district council in the country. Northampton has been traditional market town with a history of shoe making, but there is now a wide diversity across all sectors of employment. The town has increased in population significantly during the last 45 years, and is now due to expand further as part of a sustainable growth agenda.
- 1.2.2 The Council has endorsed a Corporate Plan for the period from 2011-2014, which will be subject to review in 2012. This Strategy aligns with the key themes of that Corporate Plan. It takes account of the major opportunities and challenges faced by the Council, in terms of promoting local employment growth, supporting infrastructure improvement, reducing adverse environmental impacts and actively engaging with Northampton's diverse communities and neighbourhoods. Many of these issues will require effective working with the public, private, and voluntary sectors.
- 1.2.3 The Council has previously set itself a target to become one of the best Councils, in terms of the delivery of public service, by 2013. The optimum use of its property base in helping deliver change management, revenue expenditure savings, revenue income growth and in generating additional capital receipts is an essential component of the Council achieving this aim.

## **1.3 National & Local Factors**

### **Key National Factors and Drivers for change and innovation**

- 1.3.1 Macro economic circumstances will govern the financial environment during the period of this Strategy. The Coalition Government's three years programme of reductions in public expenditure that commenced in 2011/12 will continue to have a negative impact upon demand in the general economy. Wider international financial impacts linked to sovereign and bank debt will continue to have significant impacts on the prospects for growth and stability in the UK economy. Revenue and capital resources to address maintenance and improvement requirements will consequently remain sharply constrained. Reduced demand in the economy will mean that opportunities to increase overall revenue income from investment property or from letting parts of operational property will be limited. Similarly, demand for freehold property is likely to remain subdued. The limited availability of credit to finance property acquisition is likely to continue for the period of this Strategy, adversely affecting prices that can be obtained from disposals.
- 1.3.2 A key national policy approach is set out in the Localism Act, likely to be implemented from April 2012. This will bring forward a number of initiatives to promote local communities engagement and empowerment in public and private sector property decisions. It also supports approaches to service delivery that, in part, build upon the previous government's community asset transfer agenda. This is likely to lead, incrementally, to the further transfer of property control to, and in some cases ownership by, local community organisations.
- 1.3.3 A further key development at national level during the period of this Strategy will flow from the proposed National Planning Policy Framework –presently the subject of consultation. If adopted in a similar form to current published proposals, this would create a presumption in favour of sustainable development. It is envisaged by the Government that this will assist with its central objective of promoting growth in the economy and reducing delay in the planning system. This Framework may assist in bringing forward positive development of Council assets. However, it could also potentially cause conflict with other Council objectives to promote the concentration of certain forms of development in the Town centre.
- 1.3.4 The promotion of shared services between public agencies is identified by the Government as being a methodology for reducing 'back office' costs whilst limiting reductions in public facing services. The use of shared premises with partners and the consequential scope to reduce overall public sector property costs is another important driver of policy that will be relevant during this period.

### **Key Local Factors and Drivers for change and innovation**

- 1.3.5 Key projects of this Council that will impact upon its property priorities and decisions during the life of this strategy include the following:
- Regeneration proposals and agreements relating to the redevelopment and renaissance of the Town Centre. Most significantly this involves working in partnership with a key private sector partner, delivering the Council's responsibilities under a comprehensive Development Agreement. This will in turn help to bring forward hundreds of millions of pounds of private investment in a major re-modelling and expansion of retail and other commercial activity in the heart of the town centre

- Implementation of the Northampton Waterside Enterprise Zone in combination with a variety of partners, particularly the South East Midlands Local Enterprise Partnership (SEMLEP) and local private and public sector land owners. This status, gained in 2011, will lead to the adoption of Local Development Orders in 2012 to create a simplified planning process as well as important business rate saving incentives for organisations located within the boundaries of the zone. This represents the most significant local opportunity to create substantial new employment opportunities by encouraging major inward investment over a period of years.
  - Restoration of the Delapre Abbey complex, recognised as the primary heritage asset owned by this Council. Following success in 2011 in obtaining Heritage Lottery Funding (HLF) Phase 1 grant funding, work will be undertaken with a range of voluntary sector partners to bring forward a robust Phase 2 bid in 2013. If successful, this will provide substantive funding to undertake a major multi-million pound programme of works and secure a sustainable future for the Abbey.
- 1.3.6 The Corporate Asset Management Strategy of the Council is consistent with Medium Term Financial Strategy (MTFS) of the Council and with the adopted Capital Strategy of this Council. The intense pressures upon revenue budgets throughout the authority mean that the ability of the Council to support prudential borrowing, to fund any capital projects, remains very limited. This is likely to continue until 2015. The linkage to and facilitation of prioritised capital expenditure, by the release and sale of Council Assets, is essential to support both necessary re-investment in retained assets and to fund other corporate priority projects. A corporate property disposal programme will continue into 2012/13 and beyond. The Council's large landholding at Dallington Grange offers particular scope for generating significant phased capital receipts, commencing within the life of this Strategy.
- 1.3.7 The Council has completed the outsourcing of certain services in 2011. This process has led to a reduction in direct property costs and a reduced operational property base. This reduction has also been supported by a consolidation of staff from other locations into the Guildhall as the Council's primary office base, significantly improving space utilisation and reducing costs per workstation. The continuing drive to reduce property holding costs and to protect and enhance services through delivering them in different ways will remain a key feature through this Strategy period.
- 1.3.8 The Administration elected in May 2011 has identified the need to reduce operating costs and actively explore opportunities for joint working and for developing shared services. This policy direction, consistent with the national approach, will further seek to increase operational property use and increase the scope for contributions from partners.
- 1.3.9 The implementation of the Council's Carbon Management Strategy has led to active and successful attempts to reduce energy consumption and the carbon footprint of the Council since 2008. The Council's largest source of emissions is from its property. In 2011/12 and going forward the financial impact of the Carbon Reduction Commitment ('carbon tax') emphasises the need for energy costs and CO<sub>2</sub> emissions impacts to be an integral factor in making a range of property decisions.

## **2.0 ORGANISATIONAL STRUCTURE & GOVERNANCE**

- 2.1 The Asset Management Section is part of the Regeneration & Development Service within the Planning & Regeneration Directorate.
- 2.2 The Cabinet is the executive decision-making body within the Council responsible for the majority of key decisions made by the Authority.
- 2.3 The Council's Cabinet has a Portfolio holder with responsibility for Assets. This is included with the Regeneration and Enterprise portfolio. Property decisions which are not (constitutionally) regarded as 'key' decisions are usually taken by the Portfolio holder. Where necessary and appropriate those decisions may be taken by formal delegated decision. Both Cabinet and Portfolio holder delegated decisions are subject to constitutional 'call-in' rights.
- 2.4 The Corporate Asset Manager is the designated corporate property officer within the Council, with responsibility for directing strategic asset management activities. This officer has constitutional authority to take certain decisions relating to the Council's property assets, including the grant of leases of up to 21 years and the disposal of low value land (in consultation with the Director of Planning and Regeneration).
- 2.5 A Corporate Asset Board (CAB), provides a forum for robust challenge and analysis of significant property proposals – whether regarding property management, investment or disposal decisions. It provides a dedicated body that examines matters affecting the Council's property holdings. The CAB provides considered recommendations to Cabinet. The standing CAB membership includes the Portfolio holders for Regeneration & Enterprise and for Finance as well as the Directors of Finance & Support, Regeneration & Enterprise and Housing. The CAB has clear terms of reference, but no specific authority beyond the delegated powers of its individual members.

## **3.0 WORK UNDERTAKEN BY ASSET MANAGEMENT FUNCTION**

- 3.1 The work of the Asset Management function supports the achievement of a wide range of property related outcomes, aligned with the corporate objectives of the organisation. The work of the function may be briefly summarised as:
  - Developing, implementing and monitoring the Council's Asset Management Strategy and supporting initiatives to improve collaborative working and use of public property with other partners.
  - Ensure property records, land ownership, lease records, asset register, maintenance records and other appropriate data are maintained to a high standard.
  - Provide professional valuation expertise and estate management advice on all aspects of property issues, related to a wide spectrum of property held for a diverse range of purposes.
  - Ensure the efficient management and maximisation of net returns from the Council's Property Investment Portfolio to help support the Council's revenue budget

- To provide professional support to Regeneration, Housing and other colleagues, regarding major development and change management projects involving land and property owned by the Council
- Ensure ongoing structured property reviews of the Council's asset holdings, identifying scope for and managing a disposal programme to maximise capital receipts
- Ensure that planned and responsive maintenance is managed effectively within resource constraints, particularly to ensure robust compliance with statutory and regulatory requirements

#### **4.0 SCOPE OF CORPORATE PROPERTY**

- 4.1 A summary of land and property held on the Council's asset register is shown in Appendix 1.
- 4.2 This strategy encompasses all land and buildings owned or occupied by this Council or for which this Council has legal liabilities, save for the following exceptions:
- Council housing held within the Housing Revenue Account
  - Parks, Cemeteries and Open spaces (but maintenance responsibilities for structures, walls and paths within the same is within the scope of this strategy). The future use of these specific properties is subject to a separate "Parks and Open Spaces Strategy", adopted by the Council in November 2009.
- 4.3 The range of uses of property within the scope of this strategy includes:
- Operational property - offices, depots, changing rooms and leisure centres, museums and art galleries, community centres, bus station, multi-storey and surface car parks, bus station and public conveniences.
  - Investment property (tenanted non-residential property) – shops, workshops, offices, leisure property, agricultural and garden land, a regional theatre complex and miscellaneous property.
  - Non-operational property and non-investment property held to support wider corporate objectives – land and buildings in strategic locations and heritage property.
  - Property which is not owned by this Council but for which the Council has statutory maintenance responsibilities - e.g. some disused church graveyards.

#### **5.0 PROPERTY ASSET CATEGORISATION**

The Council has resolved that all corporate property owned by the Council must be objectively judged to fit within one or more of the following five categories. If it does not, then *prima facie*, the presumption is that it should be disposed of at the most opportune time to maximise value for the Council (taking into account holding costs).

## 5.1 Operational Property

- To deliver direct administrative services with or without public/ voluntary or private sector partners - facilitate face-to-face interaction with customers/ citizens e.g. One Stop Shop.
- To deliver direct services through specialised property - e.g. changing rooms; car parks; cemetery chapels; public conveniences.
- To accommodate public sector/ partner staff who deliver back office functions e.g. customer contact centre, finance and ICT staff.
- To provide rest and co-ordination facilities for public sector/ partner staff delivering physical services e.g. property maintenance staff
- To store records e.g. paper records needed to be kept for legal reasons
- To store plant and equipment used in delivery of services

## 5.2 Investment Property

- Investment property from which rental income is derived e.g. shops and industrial units. Rationale for holding is that it produces a good net investment return relative to capital value, compared with that of other investment classes (e.g. stocks and shares, holding money on deposit) and judged against a corporately agreed acceptable level of return.

## 5.3 Property to support Regeneration and Enterprise initiatives

- Land and buildings in strategic locations to facilitate future land assembly and support regeneration and growth agenda – e.g. town centre development schemes; neighbourhood re-vitalisation, employment land and brown field initiatives.

## 5.4 Property to support housing initiatives

- For direct Council house building
- For building of affordable homes by appropriate providers
- Facilitate conversion of existing NBC non-housing property to residential use to bring forward additional affordable housing
- Support wider housing proposals and associated neighbourhood improvement
- Support private sector housing growth and land assembly requirements
- For other specialist housing initiatives e.g. supported housing schemes

## 5.5 Property to support well being in Northampton

- Promoting sport and recreation e.g. parks and changing facilities
- Promoting healthy living e.g. allotments
- Promoting community cohesion e.g. some shops in marginalised communities
- To protect important heritage buildings in the Town, where public ownership is judged the most effective means of achieving this.

## 5.6 Tenanted Non-Residential Property (TNRP)

It will be noted from the above (5.2) that the Council holds property for non-operational purposes with the intention of generating rental income. This Tenanted Non-Residential Property has its historical origins in a number of objectives. These have included, in addition to generating revenue income, providing community

facilities such as neighbourhood shops and ‘starter’ units for small businesses to promote economic development.

There may be an exceptional case made for the retention of poorly performing investment property, where it is objectively held – following rigorous challenge – that there is a ‘regeneration’ (5.3 above) rationale or ‘well being’ rationale (5.5 above) for retention. However, the over-riding purpose for holding any investment property is to provide an independent, stable and appreciating source of income for the Council that is objectively judged to be an adequately performing asset.

The historic approach to letting of property in previous years has, in common with other local authorities, been sometimes paternalistic in nature with the Council accepting higher levels of risk and liabilities as landlord than would be the norm in the private commercial letting market. The current approach is characterised by a re-balancing of risk and reward between landlord and tenant, whilst recognising the responsibilities of the Council to act appropriately and to honour its contractual and statutory obligations. Customer surveys are undertaken of business tenants on an annual basis, to identify their perspective on the service offered.

Investment property will continue to be challenged periodically to ensure that it continues to meet minimum rates of return agreed with the Director of Finance & Support in consultation with the Corporate Asset Board. Whilst investment properties continue to do this, the general principle is that the Council will not to sell property from within this portfolio to either sitting tenants or to third parties.

It is noted that the scope for increases in rents payable by commercial tenants of the Council during the Strategy period will be limited, with variations between locations and sectors. Macro and regional economic issues will continue to influence the level of demand for property. In some cases there may be challenges in maintaining existing income levels.

## **6.0 PROPERTY REVIEW**

6.1 A continuing systematic review of the Council’s property holdings will be undertaken, led by the Asset Management function, through the period of this Strategy. This applies to both operational and non-operational property, and includes the need for ad-hoc property reviews as well (whether arising as a result of service delivery changes, investment tenant insolvency or community approaches). This process will be driven by an overarching need to:

- Only retain property that fits into one of the five stated categories set out at 5.1 – 5.5 above - following effective challenge of representations made for retention by service functions:
- Consider whether services can be delivered in a more cost effective way, without adverse impact on customer experience, whether from other property (either owned by this Council or any potential partner organisation) or by an alternative means
- Ensure that any investment property (tenanted non-residential property) recommended to be retained either meets or exceeds the required minimum corporate rate of return or will do so within an acceptable timescale

- Actively identify opportunities to reduce the Council's overall maintenance backlog by disposal of properties in poor condition or with limited life expectancy or where there is the likelihood of major repair/ renewal expenditure within short-medium term
- Identify scope for generating capital receipts in the near or medium term from re-development opportunities and establish income generation possibilities vs. holding costs until opportunity to maximise receipt arises
- Reduce carbon emissions of the Council by disposing of property that has low energy efficiency ratings and /or where improvements in energy efficiency are difficult or expensive to achieve
- Consider scope for community asset transfer as a possible alternative disposal route, where likely capital receipt would be low or where community asset transfer/ management could deliver substantial additional local benefits
- Assess whether any possible changes to property ownership/provision are likely to adversely impact on any particular section of the community

6.2 Such property reviews form an integral part of identifying potential disposal receipts to support the Capital Strategy of the Council. As part of an already well established and integrated capital accounting group involving Asset Management staff and Finance staff, an established disposal programme and capital receipt forecasting process inform effective financial planning.

6.3 The CAB, subject to Cabinet approval, will provide the forum that will resolve any disputes concerning whether property should be retained or sold, prior to it making its own final recommendations (dependent on value) to either Cabinet or to the Portfolio holder with responsibility for Assets. In addition to the CAB considering disposal proposals, Ward Councillor and community engagement (with known identified groups having a legitimate interest in the property or service concerned) will be undertaken.

## **7.0 PARTNERSHIP & COMMUNITY WORKING**

### **7.1 Collaborative working with Public , Private and Voluntary sector partners**

- 7.1.1 The Council recognises that strategic asset management, the delivery of key regeneration and capital projects and the generation of continuing efficiency savings requires, as a pre-requisite, close and effective relationships with a significant number of major partners in the Town and the wider area. The Council is committed to building upon existing achievements with partners to ensure effective delivery of this strategy up to 2015
- 7.1.2 The Council will continue to work closely with Northamptonshire County Council to identify ways in which the shared use of property resources can help reduce overall costs and support other strategic objectives. A key goal of this co-operation is to concentrate public sector employment, wherever possible, within the Northampton town centre. The Council will also continue to collaborate with the County Council's property advisors to also identify opportunities for common disposal and development strategies relating to adjacent and contiguous land holdings within the Borough Council's boundary – to maximise value for the public sector.

- 7.1.3 The Council continues to work effectively with the West Northamptonshire Development Corporation (WNDC), whilst recognising its changing role and limited remaining life, to drive forward regeneration and growth schemes focussed on Northampton. The Council will collaborate to help WNDC deliver key projects that focus on property whether not owned wholly by the Council, but which are mutually recognised as vital to the Town's development.
- 7.1.4 Northampton Waterside Enterprise Zone is a key means by which the Council intends to promote economic and employment growth in Northampton. The Council will use its landholdings and collaborate with other public sector landholders with the EZ boundary to support forms of development. In particular, the Council will work closely with the Homes & Communities Agency (HCA) regarding respective landholdings to promote commercial and industrial inward investment.
- 7.1.5 The delivery of the Enterprise Zone is in close partnership with the South East Midlands Local Enterprise Partnership (SEMLEP). This Partnership created in 2011 provides the key co-ordination point for work across the sub-region, bringing together a number of local authorities and private businesses to promote economic growth and sustainable job creation. SEMLEP will, as the Enterprise Zone matures, provide an important source of funding opportunities for future infrastructure projects, since SEMLEP will be the recipient of business rates paid relating to property within the zone.
- 7.1.6 The Council will continue to work closely with the two existing Business Improvement Districts ("BID"s) that already exist in Northampton and with any others that may be created. Led by the private sector, the Brackmills BID and the Northampton Town Centre BID have already been successful in supporting positive developments within their respective boundaries.
- 7.1.7 The Council will continue to work closely with the University of Northampton in bringing forward developments within the Town centre, particularly with its need to facilitate construction of additional purpose built student accommodation. Similarly it will support University proposals that promote innovation, enterprise and cultural development in the Town.
- 7.1.8 The Council will seek to deepen existing relations with other public sector bodies in the Town, including Northamptonshire Police, the Town's Colleges, NHS Trusts/ commissioning organisations and the Northamptonshire Fire & Rescue Service. Co-ordination of accommodation needs will be pursued, wherever this is practical and of mutual benefit.
- 7.1.9 The Northampton Theatres Trust Limited is both a tenant of the Council and a key cultural partner in Northampton. The Council will continue to work with the Trust to support improvements in the cultural offer in the Town, where affordable. This will have a particular focus in the important St John's quarter, consistent with a Masterplan for the locality developed and agreed with other partner authorities and agencies.

## **7.2 Community Management of property assets**

- 7.2.1 Assets are used for many different social, community, and public purposes. There is the opportunity for the sale or transfer of public assets to community ownership and management, which can realise social or community benefits without risking wider public interest concerns. This has been recognised in the "localism" agenda,

- 7.2.2 The Council recognises that the benefits of such community management and/or ownership of Assets can outweigh the risks, and thus opportunity costs, in appropriate circumstances. It also recognises the financial tension this may cause, where there may be scope to generate capital receipts at higher levels than is usually possible under community asset transfer proposals.
- 7.2.3 The Council adopted, in 2007, clear criteria governing the approach the Cabinet of the Council should adopt in considering the sale or letting of property at below full market value. The Council has therefore already acknowledged, in policy terms, that there may be valid circumstances where it should transfer control of property assets to local organisations.
- 7.2.4 The Council has already embarked upon a programme of transfer of community centres to community organisations, under 30 years leases. These leases, subject to safeguards for the Council and the local communities in the areas they serve, are at below full market value or at nominal rents. The Council will, where there is a robust case and suitable restrictions to achieve the relevant objectives, also consider the transfer of a freehold or the grant of a 125 year lease of a community centre to a public body or to another community sector organisation.
- 7.2.5 The Council will continue to share some property risks through retaining specific repairing obligations for those community centres operating under a 30 year lease. These agreements will help to promote community development, local innovation and increased usage of local centres. Whilst the model being used is specific to community centre properties, the Council may adopt similar models in response to approaches from community groups. Each case will be considered on its merits and the commercial value of the property concerned will be a relevant factor.

## **8.0 OFFICE ACCOMMODATION STRATEGY**

- 8.1 Consistent with the Council's goals of managing assets to provide better value for money and to be transformational in its service delivery, a rationalisation of the Council's office accommodation was completed in 2011, with the closure and sale of Cliftonville House, Bedford Road.
- 8.2 The Council has and will continue to make more effective use of the office accommodation it occupies in the short, medium and long term by:
- Supporting, where possible and suitable, greater collaborative working with other public sector partners and minimising the overall requirement for the occupation of office premises by the public sector in Northampton.
  - Increasing density of occupation of office accommodation overall by generally eliminating of use of cellular offices; reduction of existing space allowances per employee and by reducing the overall % desk to employee ratio (to more accurately reflect existing and projected desk occupancy rates and patterns of working in different services).
  - Adopting modular approaches to the provision of accommodation, furniture and IT/telephony provision, allowing future changes to occupation arrangements by different staff/functions without the need (wherever possible) to make physical alterations to buildings or to move furniture, IT or other equipment.

• Reducing the physical storage of filing within specific work areas, in tandem with enhanced cost effective and practical corporate archiving arrangements.

• Improving the working environment for staff and the customer experience of buildings providing services to the public.

• Supporting cultural changes in ways of working e.g. greater use of “hot desks”, mobile working and home working and promotion of a greater cross-functional boundary “Team Northampton” approach to space utilisation.

• Improving the overall standard of condition, maintenance and facilities management provided to the Council’s office accommodation by concentrating existing limited revenue resources on a reduced overall provision (i.e. number of buildings and overall floor space occupied)

• Improving energy efficiency and reducing the total overall carbon emissions from the Council’s office accommodation in line with corporate carbon management objectives. It is also an objective of this strategy, by reducing the number of separate office locations, to reduce the need for business travel between office sites by vehicles.

• Support the Council’s Economic and Regeneration strategies by focussing staff re-location strategies around Town Centre office use

8.3 The Council will, consistent with the strategy set out at 7 above, continue to actively collaborate with Northamptonshire County Council, Northamptonshire Police, Northampton NHS and other public agencies to reduce further its office accommodation cost overheads where the effect is to support achievement of the objectives set out at 8.2 above.

## **9.0 MAINTENANCE STRATEGY**

9.1 The Asset Management function of the Council has responsibility for the maintenance and repair of all non-HRA housing assets of the Council, together with responsibilities for aspects of certain church owned property. With the exception of grounds maintenance issues and leisure equipment, this responsibility includes the maintenance of paths, walls and structures in parks and open spaces. The range of operational property includes the main administrative offices, car parks, museums, community centres, cemeteries and chapels, public conveniences, depots, bus station, changing room facilities and some non-HRA housing property. The Council also has substantial contractual responsibilities for repairs and maintenance issues in relation to investment property owned by the Council and let to third parties. Notwithstanding the transfer to Trust status in 2011 of leisure centre facilities under leases, there remain certain retained maintenance responsibilities for the Council to undertake. Similarly, with the grant of leases to community centres, there are continuing liabilities for the Council, which are now contractually set out with relevant community groups.

9.2 The Asset Management function acts as a corporate landlord in respect of operational and surplus assets under the direct control of individual services. It works with service functions to address individual building requirements and holds a centralised revenue budget in respect of repair and maintenance works. The Asset Management function has the role of ultimately allocating resources between

individual properties, based upon a professional assessment of relative statutory, regulatory and service driven priorities. There are presently no specific direct re-charges of costs of works to individual services.

- 9.3 The Regeneration service works with individual services to prepare and submit capital bids for schemes involving improvements and other valid capital works to existing property. There is close working with the Capital team in the Finance function to ensure that the content of capital schemes do comply with relevant statutory accounting requirements and relevant CIPFA guidance. The prioritisation of bids reflects also renewal and improvement work identified through the completion of conditions surveys, by property type, carried out on a rolling basis as resources permit.
- 9.4 The essential categorisation of works undertaken to property is (a) planned and responsive maintenance (revenue and capital) and (b) renewal & improvement works (predominantly capital projects).
- 9.5 The planned and responsive maintenance may be further characterised as follows:
- Planned Maintenance - (condition based) is used to comply with statutory requirements and for building fabric, structural components and renewal of time expired plant. The aim is to prevent major failure and reduce total maintenance costs over time. Undertaken as a result of an asset's condition and driven by a condition assessment or inspection process. This generally applies to all building structures, fabric, mechanical, electrical services and site infrastructure.
  - Term Maintenance - (Preventative, Cyclical, Servicing or Time Based) is used to comply with statutory or manufacturers requirements and for building services. Undertaken at predetermined time intervals as required by statutory or operational reliability considerations. This may be applied to building structures, fabric, services and site infrastructure but is used predominately for the maintenance of mechanical, electrical services and water systems.
  - Responsive Maintenance - (Corrective, Day-to-Day) is unplanned maintenance used for asset components experiencing breakdown, failure or subject to vandalism.
  - Backlog Maintenance - is maintenance, which has been deferred on a planned or unplanned basis usually due to lack of funds. Backlog maintenance is re-evaluated regularly in terms of priority and considered for inclusion in the Maintenance Backlog Capital Programme as part of the maintenance planning process (where the works can be legitimately classed as capital works).
- 9.6 The safety of staff and customers using corporate property is a primary consideration. The range of legislation related to safe occupation of property is significant and expanding. It includes, amongst others, the following key areas:

- Fire Risk Management
- Water Hygiene
- Electricity at Work
- Asbestos Management
- Lift & Hoist safety
- Gas testing

Consequently, the level of revenue expenditure required on compliance with such issues will continue to remain a priority and it will continue to represent a significant element of planned maintenance expenditure during the period of this strategy.

9.7 The Council recognises and will support the objective of actively manage down the overall level of backlog maintenance. This will, amongst other benefits, ensure that its property is fit for purpose and that property condition does not present a barrier to the effective delivery of services. The Council will therefore undertake a three-strand approach to meet these objectives:

- The Council will focus capital investment and revenue expenditure on properties that have been identified as being a long-term part of the Council's holdings (whether directly under the Council's control or let to other organisations delivering services to the public. In the context of investment property, the Council will meet existing contractual liabilities, but will seek to reduce future liabilities through commercial negotiation with tenants (where opportunities arise).
- The Council will not invest limited resources on properties that are not considered essential to the future delivery of services. In instances where there is not a proven case for the retention of property – consistent with the categorisation at 5 above, that property will be disposed of at the most appropriate time. In this way the overall revenue and capital liabilities of the Council will be reduced. Decisions about the future methodology of delivery of services, for instance through use of partner organisation's buildings, will also take account of existing property condition and costs. In making decisions about whether individual investment properties should be retained, the costs of average maintenance liabilities and likely future major costs are taken account of in assessing whether target rates of return are met. The revenue savings from not meeting ongoing repair costs of properties that are disposed of will release revenue resource, to permit more extensive ('discretionary') planned maintenance expenditure on retained 'core' assets.
- Capital receipts released from the disposal of corporate property will be used, in part, to re-invest in renewals and improvements to property considered as 'core' to the delivery of services and /or where capital values will be materially enhanced by such investment. Subject to the ultimate decision of cabinet, a proportion of the receipts arising from asset disposals will generally be applied in this way. This will over, the period of this strategy, reduce overall liabilities and increase the rate at which the remaining capital maintenance backlog is reduced.

## **10.0 CAPITAL STRATEGY**

- 10.1 The Asset Management function continues to work closely with finance colleagues to ensure alignment between the current Capital Strategy of the Council and the priorities set out in this asset management strategy. There is an established and effective Capital Accounting User Group that meets regularly, to ensure that this close co-ordination continues.
- 10.2 It is recognised that the capacity of the Council to support, in revenue terms, prudential borrowing will remain extremely restricted. It is similarly acknowledged that a number of core assets do require capital investment to enhance service

delivery, maintain capital values, reduce risks of functional obsolescence and extend useful life.

- 10.3 Virtually all new investment is likely to be funded from disposal receipts. The Council recognises that in rationalising its property holdings there is a need to prioritise a proportion of capital receipts received to re-invest in the Council's asset base. The Capital Strategy of the Council and specifically the consideration of specific annual capital bids will have regard to this position.
- 10.4 It has been noted above that the general policy of the Council will be not to dispose of investment property where it meets agreed rates of return. However, there may be exceptional circumstances where the capital value generated from a sale may, if applied wholly to corporate debt reduction, create greater ongoing revenue savings for the Council than the net revenue income from retaining the property (taking into account realistic prospects of future rental growth). A financial model will be established to test whether this test may be met in certain specific circumstances.
- 10.5 Consistent with the Council's approach to collaborative working, set out above at 7.1, an alternative source of capital investment in existing Council owned property is that brought by partners in co-location initiatives. Previous examples of this include attracting Police and Home Office funding for partnership projects, situated in Council owned property. The Council will continue to seek third party funding, where such opportunities exist, whilst acknowledging the scope for this is significantly reduced in the foreseeable future. Similarly, the Council will consider making investments in other partner's property, but only where this would generate greater financial and operational benefit for this Council.
- 10.6 There is a recognition that through the period of this strategy, significant capital projects are likely to continue to be smaller in number than historically. In particular the creation of new facilities, where there would be consequential new revenue liabilities for the Council, are generally unlikely to be supported. The focus of most capital investments in respect of property assets will be on improving existing buildings. Those capital schemes involving new property construction will only be supported where there are either supporting reductions in existing revenue liabilities or new incomes to offset any new liabilities and where this is deemed the optimum strategic or operational solution.

## **11.0 CARBON MANAGEMENT, SUSTAINABILITY & ENERGY USE**

- 11.1 Buildings are associated with pollution, water use and the depletion of finite resources. Their environmental impact can be viewed in terms of all stages of their life cycle from the choice of site location, to construction method, use, management and eventual demolition. In particular, the levels of energy consumption and resultant carbon emissions during use are a key element of the Council's overall carbon footprint.
- 11.2 The goals of the Council in relation to property assets are therefore that the Council should only seek to acquire, procure or hold buildings which:
  - Are well designed and where environmental impacts and costs in use, over its life cycle, are properly taken into account in making initial investment decisions
  - Either has or is capable of achieving good environmental/ energy performance, especially being low carbon. Retention and disposal decisions

regarding existing property will have regard to energy and utility costs and the scope for cost effective improvement in energy efficiency

- Are appropriate in terms of location – i.e. sited for maximum accessibility by all forms of transport but particularly by rail, bus and cycle.

- 11.3 The Council adopted in 2008 a Carbon Management Strategy and has worked with the Carbon Trust and colleagues from Northamptonshire County Council to identify ways in which it can reduce its energy use. This strategy is led by the Public Protection function of the Council, with two elements of key support from the Regeneration service. The first relates to providing internal co-ordination around data related to utility consumption and costs, working in liaison with any external organisations employed to validate and provide services to the Council. The second is in identifying and project managing physical schemes to reduce carbon emissions from the Council's property assets.
- 11.4 The Council has successfully obtained and committed significant additional external match loan funding from the Salix Fund, supported by the Carbon Trust. It has already used this combined funding to complete a number of projects to improve insulation, install energy efficiency lighting, purchase more efficient plant and machinery and upgrade energy management systems. The service will continue to work with colleagues in Public Protection, with County Council colleagues and staff in individual services to identify further projects to improve the energy performance of its buildings.
- 11.5 The Council is an organisation incorporated within the statutory Carbon Reduction Commitment (CRC) regime. By adopting early actions, including by achieving Carbon Trust Standard certification and through a programme of installation of automated "smart" meters, the Council has achieved a ranking very close to the top quartile of all organisations within the first published league table for the CRC. Through pursuing additional energy saving projects it is intended to improve the position further and so reduce the level of payments for which the Council is liable (related to the level of carbon emissions) under the statutory scheme.

## **12.0 PERFORMANCE MEASUREMENT FRAMEWORK**

- 12.1 The Council has adopted a number of indicators to measure the effectiveness of its delivery and management of key elements of implementing this strategy. These are related to the following:
- 12.2 The overall condition of its property portfolio (monitored six monthly) and the extent of compliance with key statutory regulations in relation to its operational property portfolio (quarterly).
- 12.3 The extent to which property where the Council provides a "service" is accessible to the disabled (six monthly).
- 12.4 The momentum of progress of the property disposal programme (monthly).
- 12.5 The level of forecast investment property rental income against target (monthly), the level of business tenant arrears (more than two months in arrears as a proportion of the total sums demanded in previous 12 months) (measured monthly) and the performance of the various sub-groups of property within the investment property against the target rate of return set (monthly).

- 12.6 Progress of the wider Regeneration service in delivering key regeneration and capital projects is similarly monitored through the Council's performance framework.

## Appendix 1

### Property Portfolio of Northampton Borough Council as at 31 March 2011 Analysis of Fixed Assets by Category –

31/03/2010		31/03/2011
Number	Operational Assets	Number
12,194	<b>Council Dwellings</b>	12,175
	<b>Other Land and Buildings</b>	
27	Council Houses not used as dwellings	27
91	Shared Ownership Properties	90
3,002	Council Garages	3,002
16	Other Housing Properties	16
68	Operational Shops	68
0	Other Garages	0
1	Guildhall	1
62.88ha	Allotments	62.88ha
5	Sports & Leisure Centres	5
26	Community Centres	26
2	Museums, Art Galleries	2
1	Open Markets	1
13	Public Conveniences	13
5	Multi-Storey Pay & Display Car Parks	5
3	Local Area Offices	3
4	Central Administrative Offices	3
1	Gypsy Site	1
1	Bus Station	1
19	Surface Pay & Display Car Parks	19
1	Depots	1
13	Sub-Depots	13
73	<b>Infrastructure</b>	73
171	<b>Vehicles, Plant, Furniture and Equipment</b>	223
	<b>Community Assets</b>	
887.45ha	Parks and Open Spaces	887.45ha
4	Historical Buildings	4
34	Monuments/Memorials/Exhibitions	34
6	Pavilions	6
8	Cemeteries	8
1	Civic/Mayoral Regalia	1
	<b>Non-operational Assets</b>	
290	Commercial Property (Units)	290
65.97ha	Agricultural Land	65.97ha
1	Golf Course	1
1	Theatres	1
1	Indoor Market/Arts Venue	1