



Asset Management Strategy

Updated – 07/01/25

Next review due on 07/01/26

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1. Introduction

This Strategy sets out the vision and aspirations for the effective management of the Council's corporate asset portfolio and the role it plays in supporting and shaping the Council's agenda for the 2030 vision.

Aside from its staff the Council's next biggest resource is its land and property therefore it is vital that this resource is managed and used effectively and efficiently to ensure that the Council derives maximum benefit from its assets in support of its strategic aims and priorities.

The continued pressure on Local Authority finances makes it more critical that the Council has a robust strategic approach to ensure the correct decisions are taken regarding its property asset base. In moving forward there will need to be an increased emphasis on challenging and justifying why assets are being retained, whilst looking at other alternative options for asset use and service delivery to maintain front line services within the stringent budgetary framework which Local Authorities are required to operate within.

The Asset Management Strategy (the Strategy) will provide a framework for the planning, prioritisation, management and funding of the Council's asset base.

The Plan supports and informs the Council's Medium-Term Financial Plan (MTFP).

2. Aims of the Strategy

The key aims of the Asset Management strategy are to;

- Enhance the opportunities for communities to access the Council's services in either our own or partner buildings;
- Maximise the use of space within buildings by enabling better and innovative ways of working;
- Ensure that buildings meet all Health and Safety requirements and other legislative standards;
- Provide a clear context within which the Council's property assets can be managed to ensure that all asset based investment is targeted towards meeting the Council's priorities and/or legislative requirements;
- Maximise the use of revenue resources by establishing effective arrangements for the management of Council assets and expenditure including focused benchmarking and performance analysis to achieve Value for Money (increase granularity of reporting down to m2 rate of assets to inform robust decisions);
- Establish a corporate approach to the management and release of capital from the Council's existing asset base.

3. Types of Assets

The use and management of the Authority's assets can play a fundamental role in delivery of corporate and local priorities, as well as shape and influence the quality of life and place for local people and businesses. The property asset base divides into two key categories;

- **Operational Properties** — Owned or leased buildings that are required to enable the delivery of services. These are typically the main administrative buildings, but also encompass specialised facilities such as Schools and Care homes.
- **Non-operational Properties** — Also known as the investment portfolio, these assets are held because they generate an income return or present an opportunity for capital gain through redevelopment. Traditionally, the portfolio was a legacy of previous and often longstanding land ownerships that have come together with the merger of the composite authorities that now make up Sefton Council and are not typical of most commercial investment portfolios that are a consequence of conscious decisions to invest and hold property as an investment asset. The portfolio includes properties subject to restrictive covenants.

There are a small number of assets where there is a cross over between both categories.

4. Approach to the Strategy

It is critical that the assets the Council retains are fit for purpose, provide value for money and meet/support both business and community needs. Decisions to invest and improve the asset base are made on the same robust and transparent basis.

The Council will adopt a formal Corporate Landlord Approach to drive a planned process to review and challenge the use and retention of assets, providing a transparent framework for investment and disinvestment decisions in the asset base.

The Council will also endeavour, through its programme of capital investment, to maintain its assets to a standard such that they remain fit for purpose, enabling continuity of service delivery to meet corporate priorities. In particular, it will carry out regular surveys of its stock of buildings and structures to ascertain their state of repair and any remedial works which may be necessary.

In addition, the Plan will be influenced by the results of any service reviews which have been carried out by the Council, either as part of the budget preparation, one-off exercises or in support of the Sefton 2030 Vision. Where these reviews identify areas of service which are to be restructured or discontinued, this may give rise to surplus assets. Each asset in the potential list of disposals will have different characteristics and the approach to evaluating whether disposal remains the best option and then identifying the objectives to be achieved for each will vary. A full appraisal will therefore be required with Member engagement to understand and agree what these objectives are that will in turn allow the Council to understand and then maximise its financial return. In addition to a potential capital receipt, other benefits will naturally be borne out of a disposal, one being a reduced revenue burden.

An ongoing review of the Council's accommodation provision will continually look at opportunities to rationalise occupation and release surplus accommodation from the Council's buildings.

This will include identifying opportunities for shared use of Council facilities to enable the efficient provision of key services as well as potential co-locations with other public and private sector partners via the 'One Public Estate' agenda.

The Council's approach to the retention of assets is based around the ability to clearly demonstrate that they;

- Support and meet the Corporate objectives of the Council;
- Contribute to the effective delivery of business provision (i.e. the condition and performance of the asset does not impede service delivery);
- Provide a strategic landholding in key locations in the borough;
- Provide value for money (in respect of their current or future investment, capital value, revenue generation and/or ability to influence regeneration).

Where assets do not satisfy the above criteria consideration will be given to the asset either being better utilised to free up accommodation elsewhere or disposed of.

The disposal process, including the rationale for using a particular method of disposal is set out in the Asset Disposal Policy.

5. Governance

The Council's governance arrangements are established and set out in the Council's Constitution and Financial Procedure Rules. Responsibility for the Asset Management Strategy rests with the Council.

6. Key Challenges

In developing a rolling plan, the Council will need to have a flexible approach to take account and accommodate a variety of factors and challenges which will impact on the future of the asset base. In summary these include:-

National level

The ongoing pressures on Local Government funding has placed increased pressure on how the Council uses and manages its assets in support of service delivery.

In addition, there is the impact of key Legislation. These include:

- **The Localism Act 2011**
- **Disposal and Appropriation of School Land — Changes in Legislation (Education Act 2011 and new Schedule 1 to the Academies Act 2010)**

Corporate Level

Asset and Property Maximisation

The Council will consider the property/assets opportunities arising from all projects within its Transformation programme and its service planning. It will look to maximise opportunities to improve operational efficiency, reduce revenue costs and maximise the capital and income potential.

This will inform asset related decisions, and maximise capital receipt/revenue saving opportunities arising from;

- The reduction in physical space requirements as a result of service re-design;
- The reduction in space made possible by the adoption of 'new ways of working' with improved ICT systems and infrastructure; and
- The need to do something very different to maximize our assets.

Property is part of the infrastructure that helps to support the delivery of transformational change. It enables the organisation to provide a wider contribution to the overall aspirations of the Council's Regeneration ambitions.

Agile Working

Sefton has begun to adopt an agile working and place based working collaterally. It enables the Council to work more closely with customers and other public-sector partner organisations with the added benefit of maximising asset use within a reduced building footprint across the portfolio.

In the medium-term, and after significant engagement with partners, the opportunities to co-locate services will become essential in-order to create lean and efficient services for residents and businesses.

Property as Assets for Reform

Property and assets underpin the continual reform of public services. They are a catalyst for change and provide opportunities for cashable savings and efficiencies to be made.

The Council's built assets also enable development opportunities and help create jobs in the Borough, significantly contributing towards cultural change, reform and delivery of the "Local Plan" growth drivers.

In this context Sefton's longer term ambitions will be to sponsor and lead significant economic growth. As parcels of land are identified for investment by the private and third sector, this will provide either equity or capital to the Council in addition to improving the long term financial base given the business rates or Council tax potential.

Reducing the Level of Maintenance Backlog

The objective of the Strategy is that property assets should make a positive contribution either to direct service delivery or to other social and economic objectives of the Council.

In-order to ensure consistency when prioritising levels of expenditure to tackle backlog maintenance relating to individual assets, a prioritisation method has been established. This firstly ensures Health and Safety and wind/watertight requirements are met. The desire is to maintain Council operational property portfolio to a 'satisfactory' condition ensuring that limited funding is expended in buildings with the greatest need.

Condition Surveys are to be carried out on a 5-yearly cycle with interim monitoring/updates. The method adopted will assist in categorising individual assets as follows;

- A. Good – Performing well and operating efficiently.
- B. Satisfactory – Performing adequately but showing minor deterioration.
- C. Poor – Showing major defects and/or not operating adequately.
- D. Bad – Economic life expired and/or risk of failure.

The Council is to aspire to a 'B' rating and above. Assets either meeting or exceeding this level will be considered to meet the service delivery standard. These ratings will also help to inform options appraisals linked to the overall asset strategy.

A programme of condition surveys has identified significant backlog maintenance and future capital allocations will support the completion of the most pressing works.

Where financially possible, the Council will look to allocate resource to a PPM regime in order to arrest further decline and premature failure in our retained assets. The aim should be to achieve a 70/30 split (planned/reactive) as opposed to current approach which is largely reactive.

The Council will continue to fund essential backlog maintenance and day to day maintenance where it resolves a health and safety hazard or could remove an impediment to the delivery of front line services.

It should be noted that resources are in place in-order to ensure that all operational and non-operational buildings comply with Statutory requirements.

7. Investment Priorities

Ongoing Review and Maintenance

An ongoing review of both the operational and non-operational property portfolios will be undertaken to identify;

- The level of required maintenance (as assessed from the condition surveys);
- Including works needed in respect of Statutory requirements, for instance, accessibility, asbestos, Legionella, environmental sustainability, etc;
- Areas of proposed capital investment, including enhancement, replacement and shared use of facilities and provision of accommodation focused on the Council's core freehold buildings;
- Financial and opportunity savings realised through rationalisation and the level of anticipated receipts which could be relied upon (given the current and projected market conditions);
- the level of resources secured and/or potentially available to support future investment.
- Energy efficiencies through both day to day management and invest to save opportunities.

A financial lifecycle summary of the capital funding requirement between current and future asset needs will be produced and then updated on a periodic basis.

Asset Review

An Asset Review has commenced within the Council. This has initially focussed on 200 assets (2018) and a rolling review will continue each year. Assets will be evaluated and categorised in to one of the areas below;

- Inform the development and subsequent delivery of an Investment Strategy;
- Understand the commercial value of those assets in variable scenarios;
- Define options for future consideration which might be;
 - *Assets held for operational purposes*
 - *Assets held for heritage reasons or other designated reasons*
 - *Assets held to be developed or re-purposed*
 - *Asset to be disposed of to create a capital receipt*

A review of all income generating assets not currently within the existing 'property budget / investment portfolio' structure will be conducted to ensure all incomes are captured and recorded, potentially moving under the Strategic Investment approach for consideration.

Delivery of Key Strategic Priorities

Building upon the momentum generated in previous years in regenerating key areas within the Borough, the Council is committed to use its asset base to deliver its strategic priorities. As part of that process, it will seek to align funding opportunities to those initiatives, including the allocation of specific land sites and land receipts to support its transformation programme and service planning.

New Investment in Assets

In addition to the current asset portfolio, strategic acquisitions and development will also be considered where it aligns with the Council's core purpose.

In terms of new capital bids for investment in property assets (current or proposed acquisitions), these will be submitted in accordance with the Council's governance process.

8. Funding Options

If the Council is to continue to invest in its property asset base it will need to consider alternative and innovative solutions to supplement more traditional funding sources as part of its resourcing strategy. All appropriate options will be explored as part of the individual Business Case:

9. Key Strategy and Policy Documents

This Strategy acts as an overarching document that sets the framework in which the Council's key, property asset-based strategies, policies and procedures are developed, operated and reviewed.

The disposal process, including the rationale for using a particular method of disposal is set out in the Asset Disposal Policy.

10. Review

The Strategy will be reviewed annually, adapting to the review of the Council's strategic objectives, changes in policy, professional practice and changes in the economy and property markets. It does not need to be redrafted annually if the existing documentation remains current.

The Strategy will be read in conjunction with the Asset Management Delivery Plan. This will be an evolving document issued to Council Members through both informal and formal forums.

11. Summary

This Asset Management Strategy demonstrates and sets the framework which enables the Council to build a long-term asset management programme to ensure the efficient and effective use of assets to support the achievement of the Council's corporate priorities. This will help shape the future of Sefton and support the Communities as set out in the Corporate Plan.