

East Herts Council Report

Executive

Date: 14th February 2023

Report by: Councillor Geoffrey Williamson, Deputy Leader & Executive Member for Financial Sustainability

Report title: Strategic Asset Management Plan 2023- 2028

Ward(s) affected: All

Summary

The report contains the council's Draft Strategic Asset Management Plan 2023 - 2028

RECOMMENDATIONS FOR EXECUTIVE:

(a) To recommend to Council to approve the Strategic Asset Management Plan 2023-2028

1.0 Proposal(s)

- 1.1 This report proposes that the Executive recommend the approval of the Strategic Asset Management Plan (SAMP) to Council
- 1.2 CIPFA (Chartered Institute of Public Finance and Accountability) guidance advises councils to agree a SAMP as part of their budget strategy, to ensure regular review of their need for property both operationally or strategically.

2.0 Background

- 2.1 The SAMP sits alongside the Capital Strategy to shape the future capital programme within the Medium Term Financial Plan. Having a SAMP is considered essential for proper financial and asset management.
- 2.2 By its very nature, property is expensive to procure, manage and maintain, and is also inflexible in terms of responding to changing service needs, so it is important that its management is at the heart of the council's corporate

forward planning process. Only in this way can we maximise use and efficiency of our property portfolio to support and facilitate modern and changing ways of working and hence make a long term, positive contribution to successful and economical service delivery.

2.3 The SAMP exists to ensure that the council's property assets contribute pro-actively to the delivery of the corporate plan. Through the Capital Strategy and the SAMP the council will ensure that the asset portfolio is:

- 2.3.1 consistently aligned with corporate priorities;
- 2.3.2 providing value for money;
- 2.3.3 managed in accordance with industry standards;
- 2.3.4 benchmarked against comparable peers; and
- 2.3.5 aligned with the Medium Term Financial Plan, the Capital Strategy and the Capital Programme.

2.4 This strategic approach assists the formation of the capital programme which will need to carefully balance limited resources with:

- 2.4.1 legislative driven changes e.g. waste and recycling;
- 2.4.2 health and safety of the public and staff e.g. replacing lighting, replacing fire alarm systems including smoke and heat detectors, resurfacing car parks, replacing play equipment;
- 2.4.3 adaption to climate change of the council's assets, e.g. cooling and shading of office and depot facilities, flood protection measures for assets at risk of fluvial and flash surface flooding;
- 2.4.4 reaching net zero by 2030 through decarbonisation of operations such as: electric vehicle charging infrastructure for environmental enforcement officer and waste, recycling and street cleansing operations; energy efficiency measures in operational buildings;
- 2.4.5 Information Communication Technology Investment in: digital infrastructure as part of the Transforming East Herts Programme; the rolling ICT Programme for renewal of business systems; and annual laptop and

mobile device replacement cycle

- 2.5 A key unknown for the SAMP is whether the council remains at Wallfields or moves elsewhere. A decision to leave would require the focus of the SAMP to be on maximising the capital receipt for Wallfields and identifying and managing the move to the new premises. Conversely a decision to remain at Wallfields would shift the emphasis of the SAMP to consolidating council staff to a smaller office footprint and finding a tenant for the vacated areas. Some upgrading of the vacated areas is required for leaseholder occupation.

3.0 Reason(s)

- 3.1 The SAMP exists to ensure that the council's property assets contribute pro-actively to the delivery of the corporate plan. Through the Capital Strategy and the SAMP the council will ensure that the asset portfolio:
 - 3.1.1 is consistently aligned with corporate priorities;
 - 3.1.2 provides value for money;
 - 3.1.3 is managed in accordance with industry standards;
 - 3.1.4 is benchmarked against comparable peers; and
 - 3.1.5 is aligned with the Medium Term Financial Plan, the Capital Strategy and the Capital Programme.
- 3.2 This strategic approach to management and investment of the corporate portfolio will ensure that the asset base remains fit for purpose for years to come.
- 3.3 CIPFA Guidance recommends that an SAMP is essential in order to demonstrate proper financial and asset management. Given the significant budget challenges ahead and the changes under the Transforming East Herts Programme, it is essential for the council to approve a SAMG so that appropriate assets are held as required for delivery of corporate plan priorities.

4.0 Options

- 4.1 Update the SAMP as recommended in this report.

- 4.2 Change the SAMP to have a shorter time horizon – NOT RECOMMENDED as it would not cover the same period as the Medium Term Financial Plan (MTFP) and could result in increased savings requirements compared to planning with the five year SAMP alongside the five year MTFP
- 4.3 Do not produce a SAMP – NOT RECOMMENDED – as without a SAMP the council’s assets will not be properly aligned with Corporate Plan Priorities and are likely to become a financial burden and a brake on delivery of priorities and performance improvement. The lack of a SAMP also raises the question would the external auditor’s value for money assessment be qualified because a CIPFA recommended plan for asset management was not in place.

5.0 Risks

- 5.1 Risks are assessed for every asset and will be recorded against each asset on the Uniform/IDOX system.

6.0 Implications/Consultations

- 6.1 None

Community Safety

Building and refurbishment schemes design out crime and safety issues and public realm works in particular are required to ensure that the community feel safe.

Data Protection

All investment in IT systems is required to check where data is held and that systems comply with data protection legislation. The IDOX system was not fully implemented and there is an urgent requirement to complete the Estates Module implementation to cover all the council’s property assets.

Equalities

All capital schemes meet the necessary legislation and are subject to access audits. Design also considers dementia friendly design elements, privacy and data protection.

Environmental Sustainability

The council has established a carbon assessment tool that it is beginning to apply to existing capital projects. In the future, a carbon assessment of proposed capital projects will be included within the overall business case so as to inform decision-making. To date, individual schemes have sustainability features designed into them and may include, for example: meeting BREEAM ratings for buildings and refurbishments; flood resilience and sustainable underground drainage systems; opportunities for renewable energy generation; and carbon reduction such as replacement of the council's internal combustion engine vehicles with battery electric vehicles.

Financial

The SAMP ensures that capital and revenue resource are targeted on assets that deliver corporate priorities. Without the SAMP the council may hold assets it does not need which reduces revenue and capital resources available for assets that do deliver corporate priorities. Assets no longer required should be disposed of to realise capital receipts which can be used to replace loan financing which in turn will reduce future costs of meeting interest and Minimum Revenue Provision payments.

Health and Safety

All contractors are required to have compliant health and safety policies. Where a health and safety issue requires capital expenditure it will be fast tracked to deal with the issue.

Human Resources

None

Human Rights

None

Legal

A SAMP alongside the Capital Strategy is a requirement of the Prudential Code which the council is required to follow under the Local Government Act 2003.

Specific Wards

None

7.0 Background papers, appendices and other relevant material

7.1 Appendix A – East Herts District Council Strategic Asset Management Plan 2023/24 to 2027/28

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