

Confident, Capable Council Scrutiny Panel

Minutes - 23 January 2019

Attendance

Members of the Confident, Capable Council Scrutiny Panel

Cllr Alan Bolshaw
Cllr Jacqueline Sweetman
Cllr Caroline Siarkiewicz
Cllr Paula Brookfield (Chair)
Cllr Dr Michael Hardacre
Cllr Ian Brookfield
Cllr Peter O'Neill
Cllr Jane Stevenson (Vice-Chair)

Employees

Julia Nock	Head of Assets
Alison Shannon	Chief Accountant

Part 1 – items open to the press and public

Item No. *Title*

1 **Apologies**

Apologies were received from the following Councillors:

Cllr Milkinderpal Jaspal
Cllr Payal Bedi-Chada
Cllr Udey Singh
Cllr Susan Roberts

2 **Declarations of interest**

There were no declarations of interest recorded.

3 **Strategic Asset Management Strategy**

Julia Nock, Head of Assets, introduced the report and commented the information was intended to give assurance to the panel about the effective management of the Council's property portfolio. The Head of Assets advised the panel that the Council property portfolio covers 1900 land and building assets and is managed by the Corporate Landlord Team.

The Head of Assets advised the panel that the Council's Strategic Asset Plan 2018-23 was approved by Cabinet in October 2018. The plan is separated into three parts. The Head of Assets briefed the panel on each part of the overall plan. The panel were referred to a copy of Strategic Asset Plan attached as Appendix 1.

The Head of Assets explained the disposal strategy and the importance of the capital receipts in supporting the Council's Medium-Term Financial Plan. The panel were advised that there is a targeted asset rationalisation programme, which includes where appropriate the disposal of surplus assets. The Head of Assets advised that the service was on target to achieve its of target for 2018-19 and a programme of disposals had been identified for 2019-20.

The Head of Assets gave further examples of the work done to manage the property portfolio and the process by which decisions are made about which assets are disposed, this will include consideration of the running and maintenance costs and location. All proposals relating to the disposal of assets are reported to the Council's Corporate Landlord Board for a decision.

The Head of Assets advised the panel of work done with external partners to effectively manage assets across Wolverhampton to maximise their potential.

The Head of Assets advised that to support this work a Public Sector Asset Management Board had been established, with representatives from key public sector partners. The overall aim of the Board will be to provide a process to work collaboratively with partners from the health, police and other agencies to jointly rationalise and manage land and property assets.

The Board will also provide representatives to consider opportunities to reduce premises costs and make assets work better for communities and customers, for example, adopting a 'campus' type arrangement involving the sharing of buildings. In addition, work is being done to map assets held across the city and share this information with partners. The information will be used to look at opportunities for bringing assets together to make them more financially attractive to developers and deliver efficiency savings.

The first meeting of the group was held on 30 January 2019 where the terms of reference and governance arrangements were discussed. The Head of Assets briefed the panel on a range of initiatives intended to support the disposal programme for 2020-21.

Alison Shannon, Chief Accountant, advised the panel that regular updates take place between finance and members of the corporate landlord team to review progress towards the financial target for the disposable programme. The information is included the Capital Programme Report which is reported to Cabinet on a quarterly basis.

The panel queried the confidence in the assumptions on the use of expected capital receipts from the sale of properties and whether they were sufficient to meet the requirements of the capital projects, in particular the Civic Halls. The Chief Accountant advised the panel of the current assumptions on the use of capital receipts in the capital programme was updated on a regular basis and in total exceeded the amount assumed for the Civic Halls.

The panel while welcoming the policy of disposing of assets, queried the impact of the current disposal asset policy in creating a lot of empty properties, with no demand (flooding the market).

The Head of Assets commented that the Council is currently exceeding its target for disposals of assets and there is demand for land and property, particularly at auctions. The Head of Assets advised that the policy is not aimed at increasing the number of empty properties.

The Council has taken a phased approach to the disposal of assets and there is a commitment to remove public blight by demolishing properties where appropriate or consider land swaps to make the whole package more attractive to potential buyers looking for larger sites to develop. The panel were advised that each asset has its own disposal plan.

The panel queried the figures reported in the Asset Management Strategy document that the Council owned 123 education sites and youth centres. The Head of Assets advised that in reference to education sites that land upon which schools have been developed was agreed on the basis of a 125-year lease. The land is still owned by the Council and is therefore included in the asset register. The Head of Assets advised that this will be made clearer in future reports to separate land and property ownership.

The panel queried the reported figure of £65 million for maintenance and statutory liabilities with an annual spend of £8 million. The Head of Assets advised that the figure of £65 million has been estimated over a 10-year period of future maintenance needs, which will be done on rolling programme of work.

The panel discussed the details in the Action Management Action Plan and were given a detailed update on current progress by the Head of Assets. The Head of Assets gave details of the support given to leaseholders to find suitable alternative location, when a decision has been taken to dispose of a property.

The panel queried the criteria used to determine the RAG risk rating for assets listed in the office rationalisation programme. The Head of Assets advised the panel of the issues considered when reviewing the risk rating and gave examples of why those properties rated as red are the most challenging to the Council. The Head of Assets advised the panel of the work being done to either dispose of such assets or to undertake work needed to maintain its condition and value.

The panel queried the future liabilities for assets which are sold and possible legal challenge to undertake any required remedial works. The Head of Assets advised that the Council is required to undertake due diligence for each site and is bound to share this information when disposing of an asset or building

The Head of Assets advised the panel that I10 office building spaces are fully occupied by tenants and a recent tenant has agreed a 10-year lease extension. A couple of the retail/commercial units on the ground floor of the building are vacant but work is being done to promote them as they are an important part of improving the commercial offer.

The Head of Assets advised the panel of work being done with development of plans for I9. In addition, work is being done to appoint a specialist company to manage the commercial property portfolio for a payment of an administration fee. The Head of Assets advised that the purchase of shopping centres is not on the agenda for the panel.

The panel queried if there were any 'red lines' in respect of assets that the Council would not consider purchasing. The Head of Assets advised the panel that a full financial viability business case would be undertaken to determine if the proposal on a potential purchase was timely and appropriate. A report would be presented to Cabinet (Resources) Panel, which would include an assessment of the risks.

The Head of Assets commented on the lessons learnt during the design of I10 that would be applied in the development of similar projects. The panel discussed the importance of sharing buildings to make the best use properties and supported the idea of testing models such as the campus model; where different users are located on the same site.

The Head of Assets commented on the work with partners to look at opportunities to reduce premises costs and to make assets work better for communities and customers. Examples include the current feasibilities on the creation of a Health and Social Care Hub solution and a Public Sector Hub. The newly formed Public Sector Asset Management Board has submitted a bid to One Public Estate Round 7 of £200,000 to explore campus type arrangements across public sector partners. The outcome will be known in February 2019.

The Head of Assets advised that GIS mapping work had been done to collect information as part of efforts to take a whole city public sector planning approach. The panel were advised about discussions with the Wolverhampton CCG and GP practices and the work being done to build good working relationships.

The panel discussed the relationship between the strategy and the work of the City Commission and the need to avoid duplication. The Head of Assets advised the panel that discussions are at an early stage and agreed to update the panel on the work of the relevant workstreams.

The Head of Assets advised the panel that the strategy would be reviewed and checked against the Council Corporate Plan. The panel discussed the risks with the asset disposal programme and the implications for the strategy. Alison Shannon, Chief Accountant, advised the panel that the level of capital receipts was reviewed on a regular and updated on a regular basis. The Chief Accountant also advised that the disposal of assets also generated revenue efficiencies.

The panel thanked the Head of Assets and Chief Accountant for their presentation and wanted to record their appreciation for the work done to prepare the Strategic Asset Plan.

Resolved:

1. The Head of Assets to present an outturn report on 2019-2020 Disposal Programme to Confident, Capable Council Scrutiny Panel Meeting on 12 June 2019.
2. To recommend an update report of progress against key actions detailed in Strategic Asset Plan 2018 (Asset Management Strategic Plan) is submitted to Confident, Capable Council Scrutiny Panel Meeting on 4 September 2019.

3. The Head of Assets agreed to give a clear distinction between land and property ownership when giving an overview of the Council's property estate by asset type in the reported presented to Confident, Capable Council Scrutiny Panel Meeting on 4 September 2019.
4. The Head of Assets advised the panel in a future report to Confident, Capable Council Scrutiny Panel Meeting on 4 September 2019. The report to include details of the progress made by the different workstreams detailed in the Strategic Asset Plan 2018-23.

4 **Supporting Evidence**

The panel agreed to note the supporting evidence.