

_Slough Borough Council

Report To:	Cabinet
Date:	18 September 2023
Subject:	Estate Strategy Update
Lead Member:	Councillor Chahal, Deputy Leader of the Council – Financial Oversight, Council Assets, Procurement and Revenue & Benefits
Chief Officer:	Pat Hayes, Executive Director Property & Housing
Contact Officer:	Mark Halligan - Assistant Director (Property)
Ward(s):	Central
Key Decision:	<u>YES</u>
Exempt:	No, with the exception of Appendix 1 which is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972
Decision Subject To Call In:	<u>YES</u>
Appendices:	Appendix 1 – CONFIDENTIAL - Estate Strategy Baseline Review

1. Summary and Recommendations

1.1 This report sets out the current position in developing a Phase I Estate Strategy, the purpose of which is to enable decisions to be made about the future use and management of the Council's operational property portfolio, within the General Fund.

Recommendations:

1.2 Cabinet is recommended to:

- a) Approve the guiding principles set out below and in the appendix, to inform the proposed future Estate Strategy.
- b) Note that a report will be brought back to Cabinet in December 2023 with a recommended strategy document.

Reason

- 1.3 The Council's financial position means that it has to be clear about the future use of its assets as a number of these need to be disposed of to stabilise its budget and meet the requirements of the Capitalisation Direction agreed with DLUHC.
- 1.4 Best practice in local authority property asset management, includes having an Estate Strategy, which drives decision making on the management of the property portfolio. This will provide greater assurance that assets are safe, comply with statutory requirements and provide opportunities to enable high quality and value for money services to be delivered. A future strategy will ensure there are systems in place for record keeping and processes and procedures for strong governance and evidence based decision-making.
- 1.5 Having clear guiding principles to steer the completion of this strategy will enable Members to provide early input to this document.

Commissioner Review

- An operational Estate Strategy is required to provide a clear vision, key principles and core objectives that will result in the improved strategic management of the buildings needed to deliver public sector services, improve financial planning and making difficult decisions under the Best Value Duty over the medium to long term.
- The commissioners welcome the commencement of the development of the Estate Strategy and are content with this report.

2. Report

Introduction

- 2.1 Members are aware the Council received a formal direction from DLUHC made under s.15(5) and (6) of the Local Government Act 1999, including a direction that prescribed functions are to be exercised by Commissioners; and the appointment of Commissioners from 1 December 2021.
- 2.2 A key component of the Directions is the need for the Council to demonstrate it is able to achieve financial sustainability.
- 2.3 An initial review of the council's assets has been undertaken so that decisions are able to be made on their future. This review focused on the 'Development' and 'Investment' assets within the property portfolio, which formed the starting point for the Asset Disposal Programme. A subsequent Estate Strategy is now being developed that focuses on the 'Operational' assets within the property portfolio. This Strategy is a critical part of the Council's financial and service planning, contributing to savings in the medium term, as well as ensuring the cost of assets is understood and that they are used to support effective service delivery. The Strategy should ensure that assets that are retained by the

Council are properly managed and meet regulatory standards. Record keeping and data is a key part of governance and decision-making and the Strategy will underpin how decisions are made. This will include future decisions on whether assets are surplus to Council requirements, whether there is an alternative use and whether they should be disposed of. All decisions on disposal will be made in accordance with the Asset Disposal Strategy.

3 Options considered

3.1 The following options have been considered:

- Option 1 – attempt to manage the property portfolio without an Estate Strategy. The keys risks with this option is that poor decisions are made and opportunities are missed. This would lead to decisions about property assets being made in a non-strategic, reactive and uncoordinated manner. It would limit opportunities for efficiencies as well as expose the Council to risks and increased costs. **This is not recommended.**
- Option 2 – develop an Estate Strategy to enable the Council to drive the greatest level of benefit from the property portfolio and associated property service. Financial benefits will be a key objective, but not the only objective. The overall aim is to maximise the contribution that Property can make in delivering the Corporate Plan. Unlocking social value, by ‘enabling residents and communities’ is likely to be another key objective. **This is the RECOMMENDED option**

3.2 Any final decision on the disposal of individual assets needs to be subject to due diligence.

Background

3.3 The Council has not had a comprehensive Estates Strategy for some time. This is despite the Council holding a significant number of property assets and investing in land and buildings. Following the s.114 report and Department for Levelling Up, Housing and Communities (DLUHC) direction, the focus has been on disposing of surplus assets to raise capital. With good progress having been made in delivering the first phase of the Asset Disposal Programme and robust arrangements in place for completing it, there now needs to be a focus on developing an effective asset management strategy, by adopting a comprehensive Estates Strategy. The proposed Estate Strategy is a key enabler for delivery of Council services and for medium term financial health. The Strategy should focus on ensuring the Council’s property estate is safe, sustainable, provides social value, cost effective and that use of property assets are regularly reviewed taking account of robust data, records and value for money.

3.4 The development of the Phase I Estate Strategy started with the identification and analysis of key operational property assets. These are the assets that comprise the Operational Portfolio, which are the properties that have been held for operational reasons (e.g. to deliver Council services from) as opposed to the

assets that are held for 'Development/Regeneration' or those that are held for 'Investment' reasons (i.e. to generate a revenue return). The appendix sets out outline details for the Operational portfolio that have been identified through the initial Discovery element of the work.

- 3.5 The emerging Corporate Plan, together with other key documents and emerging documents (e.g. Digital Strategy, Customer Access Strategy) have been reviewed to begin to establish the impact that these will have on the Council's requirement for property in the future.
- 3.6 The activities and timescales associated with completing the development of the Phase I Estate Strategy are set out in the appendix. The following Guiding Principles (or Operational Estate Objectives) are proposed to inform the future Estates Strategy:
- IN OPTIMUM LOCATIONS. Planned to support the needs of our children, young people, residents and communities - and staff delivering services who must be active and present in core locations.
 - RIGHT-SIZED. Without impacting service delivery, the estate is to be 'right-sized' (consolidated) to 'centres of excellence' (where possible to do so) and unlock revenue savings and maximise capital and revenue income in support of the £400m savings target.
 - MULTI-FUNCTIONAL. Where possible, the estate is to optimise the breadth and depth of activities undertaken to enable a move away from a one dimensional use of an asset. Value for money colocation and co-production with Partners will be enabled– and the estate will support us to strengthen partnerships.
 - COMMUNITY FOCUSSED. The community/social value that can be derived from assets should be optimised. There should not be an automatic 'open market disposal' approach. A Community Asset Transfer approach should be considered on a case-by-case basis, informed by a proposed Community Asset Transfer Policy (to be developed).
 - FUTURE PROOFED. Fit for purpose buildings with flexibility so the Council can adapt services to meet future resident needs.
 - INVESTED IN. Where it is proven value for money and financially sustainable to do so (via a robust business case).
 - LEVERAGED. Whether surplus to requirements, or in operational use, our assets will support the delivery of regeneration priorities.
 - SUPPORTING NET ZERO. Estate must be deployed, adapted or delivered to meet the Council's support to a carbon zero Slough.
 - STRATEGICALLY MANAGED. To create a more efficient asset management model that enables the above objectives and drives further benefits from the Operational Estate portfolio whilst mitigating liabilities.

4 Implications of the Recommendation

Financial implications

- 4.1 There are no immediate financial implications arising from this report, however the implementation of an Estate Strategy will support the improvement of financial management best practice and an effective system of internal financial control, as such it is seen as a positive development.
- 4.2 The implementation of an effective Estate Strategy will complement the data held within Slough Borough Council's asset register, which in turn supports the effective and appropriate recognition of the value of assets within the Statement of Accounts. Finance officers are actively working with Housing, Property & Planning colleagues to validate the financial aspects of the Estate Strategy, which will be reflected within the final version.
- 4.3 The funding and budgetary implications arising from the strategy, both in the short-term and on an on-going basis will be reflected as part of any report that recommends a strategy and its implementation.

Legal implications

- 4.4 Whilst there is no statutory requirement to have an Estates Strategy, many other public and private sector bodies have such a strategy to inform decision-making and service delivery. The use and location of property assets has a direct impact on residents and service users and as such the quality of service delivery. The Council has a best value duty which requires it to continuously improve its services and this includes how its property assets support service delivery. The introduction of digital technology has changed the way some services are accessed and how staff deliver services, which requires an ongoing review to ensure that any property holdings remain fit for purpose.
- 4.5 DLUHC has consulted on draft best value guidance and the emerging guidance refers to the best value principle around use of resources. This requires that fixed assets are managed efficiently and effectively. It also confirms an indicator of possible failure is an underinvestment in back-office services and a high dependency on high-risk commercial income for service delivery and balancing budgets. In relation to service delivery, the emerging guidance refers to well-functioning authorities taking an innovative approach when considering how services will be designed and delivered in the future and evidence of failure as opportunities for efficiency savings and improvements not being assessed in any meaningful way. Understanding the cost and value of physical assets and keeping their use under constant review to ensure they remain efficient and best placed to support service delivery is a key part of compliance with the best value duty.
- 4.6 The Council has regulatory responsibilities in relation to its property assets, including health and safety duties. An Estates Strategy should assist the Council

to ensure its property assets are safe, suitable, support service delivery and are sustainable.

4.7 When making decisions, the Council must ensure these are supported by evidence and relevant information. The Council has had issues in the past with record keeping and the quality of its data. In order to make informed decisions, the Council must have good quality information on the cost of maintaining buildings, future maintenance programmes and any statutory or other legal restrictions on the use of property assets. As a local authority, the Council is not in the same position as a private sector property owner. It holds many of its property assets for specific purposes and must follow proper due diligence and processes before making decisions to change its use or dispose of it.

Risk management implications

4.8 The table below sets the key risks

Risk	Summary	Mitigations
Financial	To summarise 4.1	
Legal	To summarise 4.2	.
Reputational	The Council has been criticised for the manner in which decisions to acquire and dispose of assets has been taken	A more comprehensive and transparent approach to future decisions

Environmental Implications

4.9 There are no direct environmental implications as a result of the recommendations contained in this report.

Equality implications

4.10 The Council has a duty contained in section 149 of the Equality Act to have due regard to the need to:

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The protected characteristics are:

- age
- disability;

- gender reassignment;
- pregnancy and maternity;
- race;
- religion or belief;
- sex;
- sexual orientation.

The broad purpose of this duty is to integrate considerations of equality into day-to-day business and to keep them under review in decision making, the design of policies and the delivery of services.

Procurement implications

- 4.11 One of the Directions includes specific reference to the procurement and contract management function. Any element of this project that requires procurement will be subject to our usual procedures.

Workforce implications

- 4.12 The key implication for the workforce is the extent to which decisions on the future use of assets impact on their place of work. A separate report is submitted to Cabinet on the future of Observatory House and whether this is retained as the council's headquarters. A consultation with staff is planned to agree the principles and refresh approach to hybrid working.

Property implications

- 4.13 The Estate Strategy is key to establishing the future of the council's operational estate.

5 Background Papers