



Corporate Asset Management Plan 2022 – 2026

ANNUAL PERFORMANCE AND STRATEGY UPDATE REPORT

2022 - 2023



CONTENTS

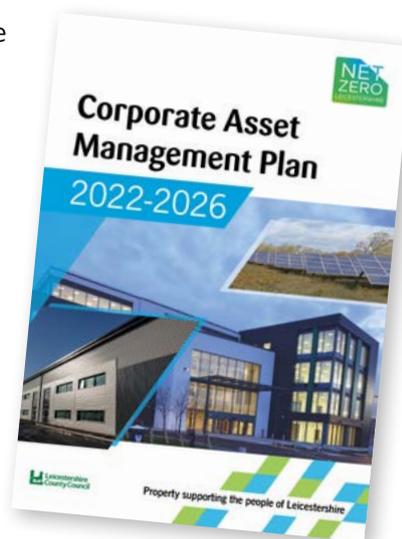
1 Introduction	3
2 Core Data	4
2.1 The Portfolio	4
2.2 Capital Programme	5
2.3 Maintenance	7
3 Project Delivery	8
3.1 Overview	8
3.1.1 Capital Programme Delivery	8
3.1.2 Reviews	9
3.1.3 Property Management	11
3.1.4 Development of New Initiatives	12
3.2 Key Actions 2022 – 2023	12
4 Performance measured against Key Indicators	15
4.1 CIPFA Performance Indicators	15
4.1.1 Condition and Required Maintenance	15
4.1.2 Environmental	17
4.1.3 Sufficiency, Capacity and Utilisation	18
4.1.4 Project Time and Cost Predictability	18
4.2 Local Performance Indicators	19
4.2.1 Capital Receipts	19
4.2.2 Asset Challenge	19
4.3 Investing in Leicestershire Programme Performance Indicators	20
5 Action Plan 2023 - 2027	21
5.1 Capital Programme Project Delivery	21
5.2 Reviews and Development of Future Strategies	23
5.3 Annual Property Management Programme	25
5.4 Key Actions 2023 – 2024	26
APPENDIX A	27
Asset Challenge 2022-23 Outcomes Report	27
APPENDIX B	34
Revised Acquisitions, Disposals and Appropriations Procedures	34

1 INTRODUCTION

Leicestershire has a long reputation of being one of the best performing authorities in the country providing quality services to the public. Key to this continued success is a high performing, fit-for-purpose, property portfolio capable of supporting those services now and in the future. The Corporate Asset Management Plan 2022 – 2026 (CAMP) set out how this will continue to be achieved through both the maintenance and improvement of the County Council’s building stock and the delivery of a range of new programmes and projects that will meet future challenges and the growing demands on the Council’s resources. Being closely aligned with the Strategic Plan 2022 – 2026 over the four-year period it seeks to make a major contribution to the delivery of the five Strategic Outcomes.

As important as having the right policies and strategies in place to deliver effective economically viable property solutions that meet those wider strategic objectives, is the need to monitor that delivery and measure its effectiveness. Accordingly, the CAMP put in place a set of realistic, but challenging, key performance indicators which, if achieved, will drive forward improvement year-on-year.

This, the first, Annual Performance and Strategy Update Report details the achievements of the 2022 - 2023 year, identifying areas of improvement and providing the necessary background information to support future reviews of strategy. In addition, it provides an overview of the portfolio and the future changes in its development following the adoption of the Medium Term Financial Strategy 2023 - 2027 and in particular the revised Capital Programme.



2 CORE DATA

This section of the report provides data on the number, type and value of the Council's property assets as of 31st March 2023 aligned to the Council's Balance Sheet which is published as part of the Annual Statement of Accounts. It also sets out information on the Council's capital investment programme from 2026 - 2027 with particular reference to property related projects and programmes and the current maintenance backlog across the portfolio.

2.1 The Portfolio

As at 1st April 2023, the Council's Land and Buildings portfolio comprised a total of 731 freehold and leasehold property assets with a combined value of £469 million, as summarised in the following Table

Corporate Asset Management Plan 2022 - 2026				
Schedule of Assets				
Asset Category	Number of Freehold and Leasehold Assets Held	Asset Value £m	Asset % (by number)	Asset % (by value)
Primary School	223	£131	31	28
Secondary School	41	£2	6	0
Special School	14	£27	2	6
C&FS/Other	41	£15	6	3
A & C	27	£21	4	4
Offices (Including County Hall)	16	£40	2	9
Libraries Museums/Records	51	£20	7	4
Investing in Leicestershire Programme	152	£158	21	34
Depot	8	£5	1	1
Waste HWRS	14	£11	2	2
Park and Ride	1	£0	0	0
Travellers Sites	2	£2	0	0
Country Parks	25	£5	3	1
Outdoor Residential Centre (Beaumanor)	1	£3	0	1
Managed Assets and land in Advance	82	£15	11	3
Surplus Property & Assets Held for Sale	33	£14	5	3
Total	731	£469	100	100

The overall asset value of £469 million for 2023 represents a fall of £183 million compared to the previous year (£652m). Following guidance from, and in agreement with, the external auditor the value of those schools let on 125-year leases to academies was reassessed to reflect the fact that the County Council would receive only nominal income (or benefit from the property) over that period without the benefit of any reviews. Accordingly, the value of each was reduced to £1. As a result of the schools' revaluation the £158 million of direct property assets held by the Investing in Leicestershire Programme (ILP) now represents the largest share measured by value at 34%.

The overall number of operational assets increased as a result of additional purchases especially relating to the Social Care Investment Programme (SCIP) and road schemes, the development of new assets and a review of the data held on the property asset management system prompted by work on asset challenge.

Whilst the proportion of assets held for each service varies little from previous years, with schools contributing 45% of the overall asset number, there has been a fall of 10% in the number of non-operational assets due to sales and appropriations, as detailed in Appendix A.

2.2 Capital Programme

The MTFS funded capital programme totals £509m over the four years to 2026 - 2027, which represents a reduction of £6m from £515m of funding allocated in the MTFS 2022 – 2026. The programme is funded by a combination of Government grants, capital receipts, external contributions, revenue balances and earmarked reserves.

The overall approach to developing the capital programme forms part of the capital strategy and has been based on the following key principles:

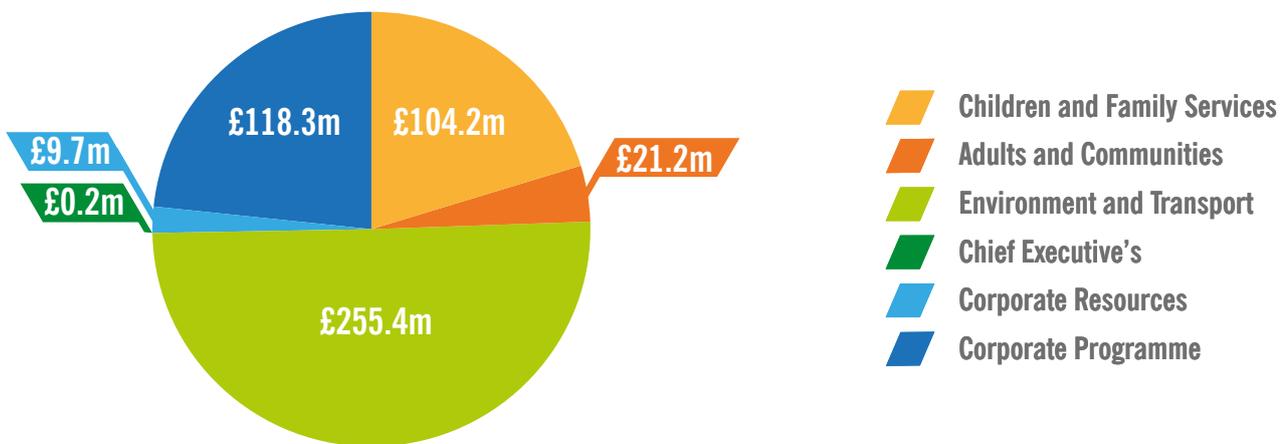
- To invest in priority areas of growth, including roads, infrastructure, economic growth;
- To invest in projects that generate a positive revenue return (spend to save);
- To invest in ways which support delivery of essential services;
- Passport Government capital grants received for key priorities for highways and education to those departments.
- Maximise the achievement of capital receipts.
- Maximise other sources of income such as bids to the LLEP, section 106 housing developer contributions and other external funding agencies.
- No investment in capital schemes primarily for financial return, where borrowing is required anywhere within the capital programme (in line with the prudential code).
- In exceptional circumstances limited prudential borrowing will be considered where needed to fund essential investment in service delivery.

The proposed capital spend on projects either delivered or supported by Strategic and Operational Property Services, over the four year period to 2027 is £351.3 million which represents 69% of the overall capital programme of which projects to the value of £204.4 million will be delivered directly through Property Services.

The figures below show illustrate the overall programme to 2027 and the proportion of projects supported by Property Services.

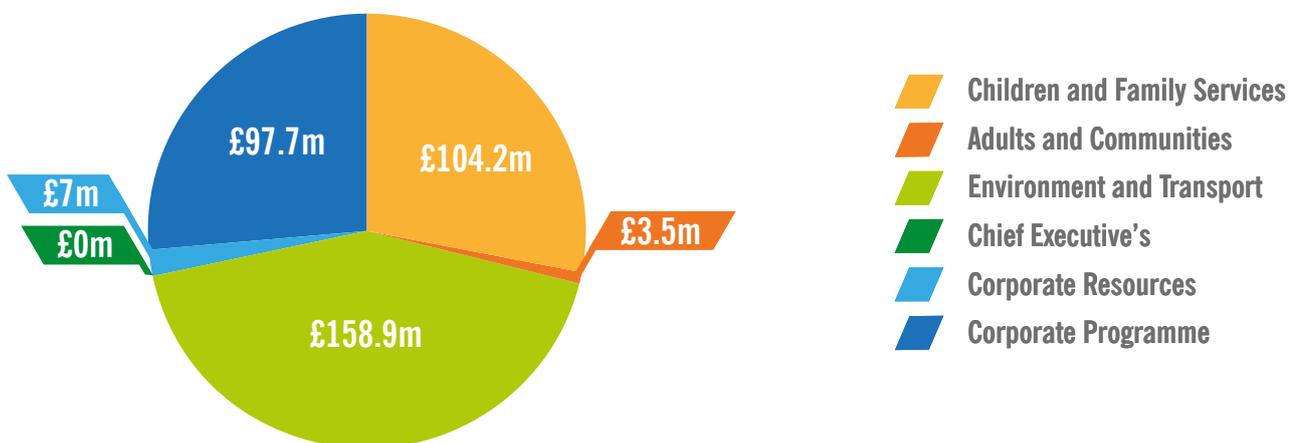
Overall Programme

Total 2023 - 2027 £509m



Projects with property element

Total 2023 - 2027 £351.3m



2.3 Maintenance

The Central Maintenance Fund, which supports the routine maintenance of the operational portfolio, stands at £2.59m for 2023 - 2024 (supplemented by capital funding for major refurbishment schemes) an increase of £300k on 2022 - 2023. This is set against estimated future liabilities in respect of essential maintenance, repair and improvements required to meet health and safety and regulatory compliance totalling £50.6 million split over three categories of priority, for those properties within the portfolio where the County Council has a maintenance liability which excludes academy schools; academies being responsible for repairs and maintenance under the terms of the 125-year lease.

Approximately 4% of the total (£1.3m) is in the most urgent category (priority 1) which requires issues to be addressed within 12 months otherwise there may be an impact on service delivery, or a building may close for a period of time. The majority of the remaining repairs are attributable to those ongoing repairs and maintenance issues that need to be programmed and undertaken in forthcoming years; the use of the central maintenance funding being targeted through the planned maintenance programme to prioritise the most urgent repairs and those preventative repairs that deliver the greatest long term value thereby ensuring that all operational properties continue to support service delivery.

Note: The maintenance and repair of the ILLP portfolio is not included in above as it is paid for out of the fund's revenue budget, notwithstanding that the majority of ILLP properties are let on full repairing terms or the equivalent thereof.



3 PROJECT DELIVERY

3.1 Overview

3.1.1 Capital Programme Delivery

The MTFS 2022 – 2026 approved by the Council in February 2022 allocated funding of £515m to support the Capital Programme for the 4 years to 2026 of which £129 million related to expenditure to made in 2022 - 2023 with £91m (71%) having a property related input. The Action Plan appended to the CAMP identified 53 Capital Programme projects with property related input that was required to support them over the MTFS period. Of the projects detailed, 27 were either due to be completed during the 2022 - 2023, had a phase of works due for completion in 2022 - 2023 or actively developed to facilitate delivery in future years with the balance scheduled for further development or completion in future years.

Projects due for completion in 2022 - 2023



In summary, a total of 21 projects (72%) were successfully completed in the year including;

- Foxbridge Primary School, Castle Donington
- The provision of land to support SEND securing funding for a new school at Farley Way, Quorn
- Acquisition of 4 Multi-functional Properties to support Children’s SCIP including the securing of match funding.
- Redevelopment of the Kibworth RHWS
- Achieving entry onto the land required for the Melton Mowbray Distributor Road (N & E Sections)

Two projects (7%) that were not completed on target, namely the Quorn Solar Farm and the Drive Through Restaurants at Leaders Farm, Lutterworth falling behind schedule due to a combination of lengthy planning delays and technical and procurement issues. Both projects now have planning permission and are being progressed. Of the 4 projects that failed to be completed only the Score + project was cancelled, due to external funding being withdrawn, and the remaining 3 projects relating to future developments remain ongoing into 2023 - 2024.

Projects due for completion in future years

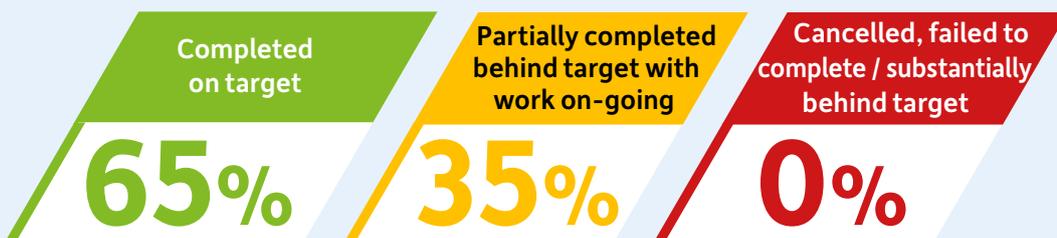


Except in circumstances where schemes have been reviewed or delayed by a subsequent strategy review undertaken by the service in response to changing needs or market demands, for example the two SCIP projects, delivery is generally running to timetable. However, a small number, particularly those within the ILLP portfolio, are behind their original delivery targets as a result of lengthy delays in either achieving planning permission, in the case of Lutterworth East where the planning permission was subject to Judicial Review, delays in the local plan system in respect of the M69 J2/Stoney Stanton strategic development site or in the case of Airfield Farm, Market Harborough the need to redesign the scheme to meet changing market demands and conditions before submitting a new planning application.

3.1.2 Reviews

Further, the Action Plan detailed a programme of 23 property reviews and strategy updates that were due to be undertaken in 2022 - 2023, including the preparation and adoption of a new Corporate Asset Management Plan, either as a one-off review or on an annual rolling basis.

2022 - 2023 Review programme



Of the total; 15 were completed or are progressing in-line with the original programme. The remaining eight projects are behind target, however, all have been partially completed with work ongoing and will be completed within a timescale that does not impact service outcomes. The delays to these projects have resulted from a combination of resourcing and procurement issues combined with the need for services to review future service delivery to take account of changing demand and economic circumstances.

Of the completed projects the following are of note:

3.1.2.1 Corporate Asset Management Plan

Before 2022 the CAMP had not been refreshed for a number of years contrary to the Chartered Institute of Public Finance and Accountancy (CIPFA) guidance. The last review pre-dated the development of the Strategic Plan and was therefore reviewed on an annual basis to reflect the new MTFs and any strategic policies or initiatives developed during the previous 12 months. With the introduction of the Strategic Plan in 2018 and, in particular, the adoption of the updated Strategic Plan 2022 - 2026 the opportunity was taken to align the CAMP with its strategic aims and objectives embodied in the five strategic outcomes. Accordingly, the CAMP 2022 - 2026 was developed in a way that ensured the management of the Council's property assets, in addition to meeting the requirements of CIPFA guidance, fully reflected the wider aims and objectives of the Strategic Plan for the period to 2026.

A copy of the CAMP 2022 - 2026 which was adopted by Cabinet on 23rd September 2022 can be found at

<https://politics.leics.gov.uk/documents/s171212/Appendix%20-%20CAMP%202022-26.pdf>

3.1.2.2 Asset Management Processes and Procedures

The CAMP made a commitment to review the Governance and in particular the processes and procedures previously adopted in relation to management of the County Council's property assets.

The review has been undertaken in parallel with work on the Asset Challenge. New procedures, together with supporting documentation, have been developed for Acquisitions and Appropriations reflecting the more effective approach adopted for the investment portfolio in 2015 and ensuring that all proposals are fully business case tested and funded in advance of purchase or transfer. The Disposals Procedure remains largely unaltered from its previous form subject to additional requirements being added to the supporting documentation.

The adoption of the revised procedures and the updating of the supporting documentation will ensure that all transactions are undertaken in a timely manner, all property records held on PAMS are accurate and up to date and all property costs are met by the appropriate service or minimised in the event of them being met centrally.

The three processes are detailed in Appendix A hereto and will guide all future property transactions for the period to 2026.

3.1.2.3 IILP Strategy

As part of the Medium Term Financial Strategy, and in response to changes to Treasury Guidance in relation to prudential borrowing, a revised strategy for the investment portfolio, including the establishment of the Investing in Leicestershire Programme, was developed and subsequently approved by County Council, as part of the MTFS.

The revised strategy 2023 - 2027 aims to deliver the Council's five strategic outcomes, is aligned with the MTFS timetable and reflects the aspiration of the current Capital Programme to invest in assets that will secure a long-term economic and social benefit. It is designed to provide a framework that is flexible enough for the Council to participate in the property market whilst ensuring governance processes are in place, full assessments are made, and risks are minimised.

A copy of the full strategy can be found at <https://politics.leics.gov.uk/documents/s174974/Appendix%20H%20%20Investing%20in%20Leicestershire%20Programme.pdf>

3.1.3 Property Management

In addition, Strategic and Operational Property Services are responsible for undertaking the ongoing equally vital “business as usual” functions included in the Annual Property Management Programme. The programme comprises the following 9 elements:

- Capital acquisitions and disposals programme
- Future development sites programme
- Asset and insurance valuations programme
- Central maintenance fund repair programme
- Condition and regulatory compliance surveys programme
- Ongoing management of property portfolio including IILP direct property assets
- Freedom of information requests
- Management of traded services
- Maintenance of property information and financial property management and reporting systems

Ongoing Annual Management Programme

Completed

78%

2022-23 workstream ongoing

22%

Programmes were developed for all 9 workstreams at the start of the year and implemented on an ongoing basis. Seven of the 9 programmes were completed satisfactorily within the year. However, the disposals programme has overrun due to completions being delayed into 2023 - 2024 and the programmed maintenance and updating of the property information system has been re-evaluated as a result of work on asset challenge with the required modifications being carried forward into this year's programme.

3.1.4 Development of New Initiatives

Following the publication of the CAMP, in addition to the projects detailed in the Action Plan and in response to changes in Central Government Policy and guidance, changing service needs that require a strategic change in direction and the significant impact of inflation on budgets and the wider economy additional work has been undertaken in respect of the following new initiative:

Delivery of the Children's Hubs where property services, in collaboration with the service, ensured that the property assets earmarked to deliver the service were fit for purpose and met service needs within the review period.

3.2 Key Actions 2022 – 2023

Whilst the Action Plan outlined the extent of property related services to be delivered by Strategic and Operational Property Services in 2022 - 2023 and future years from the overall programme the CAMP identified the ten Key Actions listed below with a summary of the outcomes delivered or the current status of the project achieved in collaboration with colleagues across the council.

- **Meet the capital receipts target**

All the properties within the disposals programme were successfully marketed. However, as it was necessary to re-market a development site at Barton Road, Barlestone the completion of that sale was delayed into 2023 - 2024 resulting in the original target not being achieved within the year.

- **Maximise revenue income and potential cost savings**

In the management of the IILP direct property portfolio and all corporately managed assets 3 rent reviews, 9 lease renewals and 19 new lettings were completed ensuring that potential income is maximised. The drive towards maximising income is further supported by the portfolios low rate of voids, currently 3% which is substantially below the national benchmark of 10.6%. In addition, the ongoing implementation of the Ways of Working Programme identified further under-utilised premises and office space which, by rationalising the portfolio, continues to generate significant savings and additional rental income.

- **Deliver the schools capital programme**

The schools capital programme for 2022 - 2023 as detailed in the Action Plan was delivered in full with the ongoing projects in the school places delivery programme remaining on target to meet planned school opening dates.

- **Progress the SEND programme**

The academy lease for the new Bowmans School in Shepshed has now been negotiated and completed with the project progressing to the construction phase under the control of the Department for Education. In addition, Department for Education funding has been secured for a 90 place SEND school to be built on County Council owned land at Farley Way, Quorn as part of a proposed mixed-use development. Procurement of an academy partner will be progressed during the current year with a view to the school opening in 2026.

- **Continue the delivery of the SCIP programme**

The business cases for both Children's and Adult SCIP were reviewed during the year. With the benefit of match funding secured to purchase and adapt suitable properties the Children's SCIP remained viable with all programmed work completed within the year. However, the delivery of Adult SCIP remains in obeyance whilst further feasibility work continues; the work examining all potential delivery options including private sector provision utilising sites currently within the County Council's ownership. In addition, surplus properties previously thought suitable for supporting the programme are being marketed in a way that both maximises receipts but encourages the delivery of extra care or supported living.

- **Deliver the Energy Strategy and continue to support Net Zero Carbon targets.**

Further significant progress was made in the delivery of the programme of projects funded by the £3.6m of grant funding allocated from the Public Sector Decarbonisation Scheme. Having installed additional solar arrays and completed the transition to LED lighting at County Hall in the previous year the programme was substantially completed in 2022 – 2023; the works including the extension of the district heating system across the whole of the County Hall campus together with improved bio-mass storage and the installation of solar arrays at Embankment House, Nottingham. In addition, work continued to ensure that minimum energy standards are met across the whole estate which, coupled with stricter monitoring of temperature levels within buildings with the appropriate downward adjustment of thermostats, resulted in further positive contributions towards the achievement of net zero.

- **Develop a 'Decarbonisation Plan' for the County Council's buildings**

The survey work required to inform the Decarbonisation Plan was paused enabling external funding to be secured to support the work. The programme of surveys which include all County Council occupied buildings heated by gas is now being progressed with a target completion date of 31st March 2024. Thereafter, a full decarbonisation plan will be developed and programmed in a manner that prioritises the maximisation of carbon reduction across the portfolio.

- **Complete the Central Maintenance Fund Works programme**

A full programme of planned and reactive maintenance was completed at a cost of £2.68m. Whilst this represents a 5.1% overspend it is set against the background of construction costs rising at above the rate of inflation which peaked at 11.1% in October 2022.

- **Deliver the CAIF Developments funded by the capital programme**

The capital programme allocated funding to support the delivery of 7 projects on sites within the IILP (formerly CAIF) portfolio including 3 development projects, the promotion of 2 residential led mixed-use strategic development areas and 2 minor capital works programmes to upgrade premises within the industrial and rural portfolios. The Quorn Solar Farm and the Drive Through Restaurants at Leaders Farm, Lutterworth were initially programmed for completion in 2022 – 2023. Both fell behind schedule due to a combination of lengthy planning delays, technical and procurement issues. Both projects now have planning permission and are being progressed. Substantial delays in achieving planning permission also impacted the Lutterworth East project where the planning permission was subject to Judicial Review, delays in the local plan system slowed the promotion of the M69 J2/ Stoney Stanton strategic development site and in the case of Airfield Farm, Market Harborough the need to redesign the scheme to meet changing market demands and conditions before submitting a new planning application. However, both minor works programmes were completed on target.

- **Undertake a review of governance procedures and processes**

In parallel with the undertaking of the planned programme of asset challenge, a review of the governance procedures and processes was undertaken identifying specific areas of improvement that would ensure a robust structure responsive to both the needs of services and the management of risk was developed. This work has been concluded and, working in co-operation with the Transformation Unit, the draft procedures for the Acquisition, Disposal and Appropriation of property assets set out in Appendix B developed and subsequently approved by the Corporate Property Steering Group.



4 PERFORMANCE MEASURED AGAINST KEY INDICATORS

The CAMP recognised that as important as having the right policies and strategies in place to deliver effective economically viable property solutions, is the need to monitor that delivery and measure its effectiveness.

As part of the CAMP proposals a set of realistic, but challenging, key performance indicators which, if achieved, will drive forward improvement year-on-year were put in place. These KPIs fall into three main categories:-

- Those recognised by CIPFA which look beyond the County Council's internally set targets and, instead, are capable of monitoring performance against suitable comparators.
- Those internal KPIs with a particular focus on the needs of the County Council
- Those applicable to the IILP portfolio which has a robust set of KPIs which provides a direct comparison with the wider investment market.

Overall, 67% of all performance indicators were achieved in 2022 - 2023, a further 4% were not achieved but either showed an improvement on the previous year or failed as a result of mitigating circumstances with the balance of 29% failing to be achieved; the results being used to identify areas of improvement and provide the necessary background information to support future reviews of strategy.

In respect of the three separate categories of KPI the individual outcomes were as follows:

4.1 CIPFA Performance Indicators

4.1.1 Condition and Required Maintenance

In the 2022 - 2023 year; 4 of the 6 performance targets were achieved as illustrated in the table below. Of particular note was the sharp real terms fall in both the level of required maintenance (19.9%) and annual maintenance spend (7.7%), which includes both the operational and IILP portfolios with a lesser reduction (3.8%) in the real cost of maintenance per m². Whilst, failing to reduce the real terms level of urgent repairs per m² which showed a slight increase (1.5%) as a result of utilising maintenance resources effectively the overall condition of the portfolio improved. In addition, significant progress was made in meeting the 70% target for planned maintenance rising by 23% year on year to 58% compared to 42% reactive. Overall, the condition of the portfolio continues to improve with the proportion of poor and badly performing properties continuing to fall; the ongoing asset challenge process identifying those that are capable of improvement to better meet service needs and those that should be declared surplus and sold with the targeted planned maintenance programme addressing any repair issues.

Property Performance Indicator and Description	Performance		Target
	2021-22	2022-23	
1 A The % of gross internal floor area (GIA) in condition categories A to D A: Good – Performing as intended and operating efficiently B: Satisfactory – Performing as intended but showing minor deterioration C: Poor – Showing major defects and/or not operating as intended D: Bad – Life expired and/or serious risk of imminent failure	4%	4%	Seek to increase the proportion of properties in categories A or B (Good or Satisfactory) year on year. Achieved: The proportion of properties with categories A & B rose from 48% to 52%
1 B Required maintenance expressed as a % in priority levels 1 to 3 and as a cost per sqm (£m2 GIA) P1 – 0-1yr - Urgent work required to prevent the immediate closure of premises and/or address H&S or regulatory issues P2 – 1-2yrs - Essential work to prevent serious deterioration of the fabric or services and/or address a medium risk to H&S or breach or legislation P3 – 3-5yrs – Desirable work to prevent deterioration of fabric or services and or address low risk H&S or regulatory issues	£1.83 (£2.01)	£2.04	The level of priority 1 urgent repairs should fall in real terms year on year to ensure that services are maintained Failed: In real terms the level of Category 1 repairs per sqm GIA rose by 1.5%
1C Total cost of required maintenance	£55.8m (£61.4m)	£50.6m	The level of required maintenance should fall in real terms year on year Achieved: In real terms the total cost of required maintenance fell by 19.9%
1 D i Total annual maintenance spend (including expenditure incurred in respect of operational properties with the ILLP portfolio)	£3.07m (£3.38m)	£3.12m	The total annual maintenance expenditure for operational property should not exceed 2021/2022 levels in real terms. Achieved: In real terms the total expenditure fell by 7.7%
1 D ii Total annual maintenance spend per m2	£4.73 (£5.21)	£5.00	Annual maintenance expenditure per m2 should fall in real terms year on year Achieved: In real terms expenditure per sqm fell by 3.8%
1 D iii Ratio of spend on planned and responsive maintenance	35%	58%	Planned maintenance should be a minimum of 70% of the annual spend Failed: but showed significant improvement

Note: All real terms calculations based on March 2023 CPI inflation figure of 10.1%
 Figures shown in brackets are cost plus inflation

4.1.2 Environmental

Inflation within the energy markets over the year and the re-procurement of energy contracts have resulted in unit cost increases to the County Council of 72% for natural gas and 65% for electricity. Against this background, whilst clearly failing to reduce total net energy expenditure the rise of 46% (32% in real terms) is well below the level of market increases and is reflected in reductions in both total consumption (7.6%), where the level of on-site renewable energy generation made a significant contribution, and CO2 emissions (10.6%); the latter reflecting the additional reduction in carbon emission resulting from the ongoing transition away from gas. The data currently available does not enable accurate comparisons to be drawn on a m2 of GIA basis (the preferred CIPFA measure of performance), however, a new data set is currently being developed to facilitate reporting at this level in future years.

Water usage based on billing details was also much reduced, although much of the billing during the Covid pandemic was based on estimated readings and therefore it is recognised that part of the reduction could be due to a post covid correction.

Property Performance Indicator and Description	Performance		Target
	2021-2022	2022-2023	
Total Annual energy spend (gas electricity oil etc) £ net of income generated from selling energy to the grid	£1.44m	£2.10m	Reduce net annual expenditure on energy in real terms year on year Failed: Expenditure rose 32% in real terms
2A Annual energy costs and consumption	18.2m Kwh	16.8m Kwh	Energy used (Kwh) should reduce year on year to achieve a minimum 30% reduction in annual energy consumption from Council buildings by 2030. Achieved: A fall of 7.6% pa would facilitate a minimum 30% reduction by 2030
2B Water costs and consumption	186,451m3	73,664m3	Water used should reduce year on year Achieved
2 C Annual CO2 emissions	3,491 tonnes	3,120 tonnes	Reduce corporate property CO2 emissions year on year to contribute to the achievement of zero carbon emissions from Council operations by 2030. Achieved

Note: All real terms calculations based on March 2023 CPI inflation figure of 10.1%

4.1.3 Sufficiency, Capacity and Utilisation

The way in which office space is being utilised is changing and the working week profile is now considerably different to when the last government data was published. The government benchmark was 8.8 sqm per FTE based on its portfolio compared to 8.8 per sqm being achieved and 7.24 per sqm per workstation where our Ways of Working approach has been completed. With office space being re-designed to incorporate collaborative, project and other dedicated space types coupled with the continued increase in home working for at least part of the week the emphasis has moved from fixed workstations to cost. Accordingly, this year Indicator 3A has been assessed against the last published data available and is reported below. Post-COVID no reliable data is available in respect of Indicator 3B. CIPFA are currently considering appropriate alternatives but until such time as that data becomes available it is proposed to measure performance in future years against progress in attaining the Ways of Working target model.

Property Performance Indicator and Description	Performance 2022 - 2023	Target
3A Average office floor space (sqm) per FTE staff member	8.8	Maintain at a level below central government benchmark of 8.9 msq/per FTE
3B Average office floor space per workstation	7.24	Maintain at a level below central government benchmark No available benchmark data

4.1.4 Project Time and Cost Predictability

With the exception of one contract where the contractor went into administration part way through the contract all major construction contracts required to support County Council services were completed on time. However, the delayed delivery of two IILP developments, detailed earlier in the report, meant that overall 78.6% of schemes were delivered within the origin project programme period, below the target 90% level.

Of the schemes actually completed within the 2022 - 2023 year, including those where the project programme overran from earlier years, 90.9% were completed within the contract budget

Property Performance Indicator and Description	Performance 2022-23	Target
4A Project Time Predictability	78.6%	A minimum of 90% of projects due to be completed in 2022 - 2023 to be completed within original project programme period
4B Project cost predictability	90.9%	A minimum of 90% of projects completed in 2022 - 2023 to be completed within original contract price

4.2 Local Performance Indicators

4.2.1 Capital Receipts

The initial capital receipts target for the 2022 - 2023 year was £8.219m comprising £6.469m general receipts and £1.750 earmarked receipts and set on the basis that none of the properties within the provisional disposals programme would be retained to support services. As the disposals process was progressed 3 properties were identified as potentially being suitable to support the SCIP and SEND programmes. To take account of this and with the agreement of the Director of Corporate Resources and CPSG the target was reduced to £4.869m (£4.369m general receipts, £0.500m earmarked). Within the year all the properties were successfully marketed, albeit that one development site had to be re-offered. Consequently, capital receipts of £1.346m were achieved from completed disposals; the outstanding balance from the delayed completion of the development site being carried forward into 2023 - 2024 would have ensured the target was met.

Property Performance Indicator and Description	Performance 2022 - 2023	Target
5A Capital Receipts	£1.346m	To achieve the agreed Capital Receipts target for the year (£4.869m)

4.2.2 Asset Challenge

During the year the Asset Challenge of all Operational properties within Blaby District and Oadby and Wigston Borough were completed together with all Non-operational property assets across the whole County. Details of the outcomes are contained in the Report attached as Appendix B.

Property Performance Indicator and Description	Performance 2022 - 2023	Target
5B Asset Challenge	Blaby District Oadby & Wigston Borough plus Non-Operational Property	To undertake the Asset Challenge in respect of a minimum of two Districts or Boroughs in each year. Achieved

4.3 Investing in Leicestershire Programme Performance Indicators

Full details of the performance of the IILP portfolio are provided in the Investing in Leicestershire Programme Annual Report 2022 – 2023. That performance measured against the portfolio's KPIs is detailed in the table below which indicates a further year of sound performance with 67% of targets being achieved. The current suite of IILP KPI's is currently under review, as part of a wider review of the portfolio and its management, ensuring that they remain fit for purpose and reflect benchmarks within the wider market.

Property Performance Indicator and Description	Performance 2022 - 2023	Target	
6A i Rate of Return	6.8%	Meet Investment Strategy target Rate of Return	> 6 %
6A ii Rate of Return	6.8%	Meet with average market return on capital over the whole portfolio	> minus 14.9%
6B Income return	2.6% (3.6% excluding development sector)	Meet with average market net income return target	> 4.8%
6C Capital growth	4.2%	Meet with average market yearly capital growth target	> minus 18.8%
6D Net Rental Income	£4.6m	Increase net rental income from managed property year on year.	2021-22 £2.3m
6E Voids	3.0%	Meet average market level of voids by area	< 10.6%
6F Debt	18.9%	Meet 90 day debt target	< 10% of gross income
6G Revenue Surplus	£5.8m	Increase revenue surplus over the whole portfolio (including diversified investments) year on year	2021-22 £6.2m
6H Management costs	5.1%	Meet management cost target	< 15%

5 ACTION PLAN 2023 - 2027

In response to the changing economic conditions and available resources detailed in the MTFS coupled with the ever changing demands on services the Action Plan 2023 – 2027 has been developed.

The major programmes and projects detailed in Table to Section 5.1 below will be funded by the Capital Programme, supported by any available grant funding, developed as part of the MTFS which seeks to balance the resources available against the need to achieve improved service provision. The successful delivery of those capital programmes and projects remains a major focus of the CAMP Action Plans for the period 2022 to 2026. Together with the review of existing projects and the development of new programmes and strategies set out in Section 5.2 and the “business as usual” operations listed in Section 5.3 the Action Plan identifies the work necessary to meet the aspirations of the Strategic Plan.

5.1 Capital Programme Project Delivery

PROGRAMME	PROJECT	DELIVERY PROGRAMME				
		Previous Years	2023 - 2024	2024 - 2025	2025 - 2026	2026 - 2027
CHILDREN AND FAMILY SERVICES						
School Place Programme	Overall Programme					
	Primary School Normandy Way, Hinckley					
	Rothley Primary School Extension					
SEND Programme	SEMH Special School - Free School					
	Expansion of Special Schools					
Childrens SCIP	Childrens Residential Homes					
Capital Maintenance Programme						
Schools Devolved Formula Capital						
Schools Access and Security						
Section 106 Schools Infrastructure	South East Coalville New Primary Schools					
	Primary School Airfield Farm, Market Harborough					
Future Developments Programme						
ADULTS AND COMMUNITIES						
SCIP	Additional Accomodation Schemes (Supported Living)					
	Extra Care - Holliers and Snibston					

PROGRAMME	PROJECT	DELIVERY PROGRAMME				
		Previous Years	2023- 2024	2024- 2025	2025- 2026	2026- 2027
ENVIRONMENT AND TRANSPORT						
Major Schemes	Melton Mowbray Distributor Road - North and East Sections					
	A511/A50 MRN					
	Zouch Bridge					
	Melton Mowbray Distributor Road - Southern Section					
	Melton Depot - Replacement					
Environment and Waste	Waste Transfer Site Development					
	Recycling Household Waste Sites - General Improvements					
	Recycling Household Waste Sites - Lighting					
	Recycling Household Waste Sites - S.106 funded schemes					
CORPORATE RESOURCES						
Transformation Unit - Ways of Working	Workplace Strategy - Office Infrastructure					
	Workplace Strategy - End User Device					
	Workplace Strategy - Property Costs, Dilapidations and Refurbishments					
Property Services	County Hall Lift Replacement Scheme					
	Library Replacement Windows					
Country Parks	Bosworth Country Park - Re-surface Car Park					
Tree Planting						
Climate Change - Environmental Improvements	Electric Vehicle Car Charge Points					
	Energy Initiatives					
	LCC Public Sector Decarbonisation Scheme					
CORPORATE						
Investing in Leicestershire Programme	Airfield Business Park - Phase 3 & 4					
	Quorn Solar Farm					
	M69 Junction 2 - SDA					
	Lutterworth Leaders Farm Drive Through Restaurants					
	East of Lutterworth SDA (Planning & Preparatory Work)					
	County Farms Estate - General Improvements					
	Industrial Properties Estate - General Improvements					
	Asset Acquisitions / New Investments					

5.2 Reviews and Development of Future Strategies

SERVICE	REVIEW / STRATEGY	DESCRIPTION				
			2023 - 2024	2024 - 2025	2025 - 2026	2026 - 2027
Corporate	Corporate Asset Management Plan	Prepare Annual Performance and Strategy Update Report and review Action Plan to align with MTFS and obtain Cabinet approval to any proposed modifications. Undertake full review of CAMP in 2026 - 2027.				
	Asset Challenge Programme	Review of all publicly owned property assets within each District or Borough Council Area to ensure the retention of good performing assets and the improvement replacement or disposal of those which fail to meet agreed performance targets (2 local authority areas to be completed annually)				
	Review of the Vacant Properties Strategy	Develop a protocol for the effective management of vacant properties which makes best use of resources, minimises the period from vacation to disposal or re-use and delivers cost savings to the Council				
	Review of Property Holdings in Market Harborough	Complete the review of the property portfolio in Market Harborough with a view to its rationalisation and the adoption of Ways of Working principles necessary to achieve savings				
Adults and Communities	SCIP Business Case Review	Complete the review of the SCIP Business Case to ensure the programme when delivered meets the needs of the community and provides value for money				
	Libraries and Museums Enhancement Programme	Develop a programme for the utilisation of Section 106 monies to enhance the customer experience across the Libraries and Museums portfolios				
	Records Office and Heritage and Learning Collections Hub	Complete the review of the Business Case and bring forward proposals including a delivery programme for the development of an ACL hub on the County Hall campus ensuring the scheme provides value for money				
Chief Executives	Coroners and Registrars Service	Review the portfolio of properties supporting the Coroners and Registrars Services.				
Childrens and Family Service	Forward Planning of the Future Years School Places Delivery Programme	Working with partners and engaging with the Local Plan process to ensure that the future School Places Delivery Programme reflects the need for places based on future population and housing growth across the County				

SERVICE		REVIEW / STRATEGY	DESCRIPTION	2023-2024	2024-2025	2025-2026	2026-2027
Corporate Resources	IILP Investment Strategy Review	Annual review of the IILP Investment Strategy to ensure that the management of the portfolio and investment decisions reflect current market conditions and reflect wider Council objectives					
	IILP Portfolio Review	Annual Review of individual assets within the IILP Portfolio against performance targets to ensure the retention of good performing assets and the identification of underperforming asset with a view to their improvement or disposal					
	EV Charge Points Delivery Plan	Working with partners, using dedicated resources, initiate the roll out of a programme to deliver EV Charge Points to all County Council sites together with private residences and workplaces across the county					
	Renewable Energy Feasibility Study	Initiate a feasibility study to assess the potential to generate renewable energy on sites in County Council ownership and bring forward detailed proposals for the the delivery of the most commercially attractive options with fully costed business cases					
	Corporate Buildings Decarbonisation Plan	Undertake a full energy assessment of all corporate buildings together with an assessment of the potential for securing grant funding and bring forward a programme of measures that maximises the potential to achieve the decarbonisation of the operational and investment portfolios					
	Tree Planting Scheme Delivery Strategy	Continue, in conjunction with partners, the rollout the Tree Planting Scheme and undertake a review of the Council's land holdings to identify sites suitable for tree planting that could make a positive contribution to the delivery programme in future years					
	Future Years Ways of Working Programme	Work with partners and provide support in the delivery of the ongoing Ways of Working Programme across the authority					
	Further Development of the Project Management Office	Further develop the functionality of the Project Management Office to provide additional ongoing support in the procurement and delivery of all capital and major revenue projects ensuring that value for money is achieved, risk is managed positively and projects are delivered on time and on budget.					
	Review of property asset management data system (PAMS)	Review specification of existing K2 property PAMS system and future market opportunities for the procurement of a replacement system at the termination of the current contract in Sept 2024					
Environment and Transport	Forward Planning for Major Schemes Programme	Providing property advice in respect of all future Major Schemes necessary to support the preparation of scheme budgets and compulsory purchase process					
	Highways Depot Review	Review of the Highways Depot Portfolio to ensure that it continues to meet the needs of the community and provides value for money					
	HRWS Review	Review of the HRWS Portfolio to ensure that it continues to meet the needs of the community and provides value for money					
	Fleet Transition Feasibility Study	Support the delivery of the Fleet Transition Feasibility Study to ensure the delivery of service improvements maximises both carbon reduction and value for money through a co-ordinated approach across the Council					

5.3 Annual Property Management Programme

Programme	Description
Capital acquisitions and disposals programme	Annually prepare and deliver acquisitions and disposals programmes necessary to ensure the delivery of effective services and support the Council's Capital Programme respectively
Future development sites programme	Identify through the asset challenge and annual review of the CAIF Portfolio potential future development sites and promote them through the planning system to achieve local plan allocations or planning consent to achieve best value from future disposals or development by the CAIF
Asset and insurance valuations programme	Undertake the revaluation of a proportion of the overall portfolio each financial year in order to meet statutory compliance
Central maintenance fund repair programme	Prepare and implement a comprehensive repairs and maintenance programme which maximises planned maintenance but provides for some reactive /emergency maintenance to be undertaken, as required
Condition and regulatory compliance surveys programme	Re-survey a proportion of the overall portfolio each financial year in order to meet statutory compliance and inform future years Central Maintenance programme
Ongoing management of property portfolio including ILLP direct property assets	Day to day management of the Council's overall property portfolio including, as appropriate, facilities management, maintenance and repair, re-lettings, lease renewals, rent reviews, compensation claims and dilapidations and management of day to day property enquiries.
Freedom of information requests	Provide support and information, as required, to respond to requests for information in accordance with the provisions of the Freedom of Information Act
Management of traded services	Undertake the management and ongoing performance review of all property related traded services
Maintenance of property information and financial property management and reporting systems	Maintain accurate up to date property and property related financial information and data providing the reports necessary to support the ongoing management of all property assets and the assessment of performance of individual assets measured against targets in the development of future strategies.



5.4 Key Actions 2023 – 2024

Against the background of the next four years programme detailed in the Action Plan, the following list contains the key deliverables to be achieved in the 2023 - 2024 financial year.

- Meet the capital receipts target
- Maximise revenue income and potential cost savings
- Deliver the schools capital programme
- Progress the ACL project
- Support the review and ongoing delivery of the SCIP programme
- Continue to deliver initiatives that support the Energy Strategy and Net Zero Carbon targets.
- Complete the development of the Decarbonisation Plan and programme its implementation
- Review the management and letting processes and procedures of the IILP rural portfolio
- Complete the Central Maintenance Fund Works programme
- Further develop the property asset management system (PAMS) to support asset challenge

It is recognised that a significant proportion of the key actions mirror those that were adopted in respect of the 2022 – 2023 year. All remain of the highest priority in order for the portfolio to achieve the improvements necessary to deliver the Strategic Plan's five Strategic Outcomes.



APPENDIX A

Corporate asset management plan 2022 -2026 Annual performance and strategy update report Asset management - processes and procedures

Background

1. The Corporate Asset Management Plan (CAMP) 2022 - 2026 was approved by the Cabinet in September 2022. This promotes the rationalisation of the Council's property assets, reducing property running costs, generating new property income streams, ensuring cost effective procurement of property and property services, and creating capital receipts to support capital programme or other beneficial investment proposals. The CAMP included a commitment to review asset management processes and procedures.
2. The acquisition and disposal procedures were last reviewed in 2011. No formal process has been put in place in respect of appropriations since all property assets became held and managed corporately in 2008.
3. The current property asset management system (PAMS) - 'K2' replaced the earlier PMIS system in January 2016 and, subject to minor outstanding upgrades, now holds all the information required to manage the portfolio and undertake the asset challenge process.
4. In parallel with the asset challenge the opportunity was taken to review the acquisitions and disposals procedures, develop an appropriations procedure and identify necessary improvements to the administrative functions required to support the property information system. The revised procedures were considered and approved by the Corporate Property Steering Group in May this year.

Proposals

5. The following sections detail, separately, the revised procedures to be followed in respect of acquisitions, disposals and appropriations. However, to deliver effective asset management a clear audit trail which shows when the terms of a transaction have been agreed, instructions issued to action the transaction, and when the matter is completed is a first essential. Accordingly, the completion and authorisation of delegated powers certificates and completion statements are a priority and accordingly, the standard forms are being updated to include all relevant data, cost codes etc necessary to establish and maintain full accurate records on K2 in accordance with the approved recommendations.
6. Wherever possible a common approach has been adopted for all assets across the portfolio, including those held by the Investing in Leicestershire Programme (IILP).

Acquisitions

7. An effective and time critical acquisitions process was adopted by the Corporate Asset Investment Fund as part of the investment strategy approved in 2017. This approach now forms part of the current IILP Strategy agreed by Council as part of the Medium Term Financial Strategy 2023 - 2027. A table setting out the procedure, amended to meet the needs of service departments, is set out below.

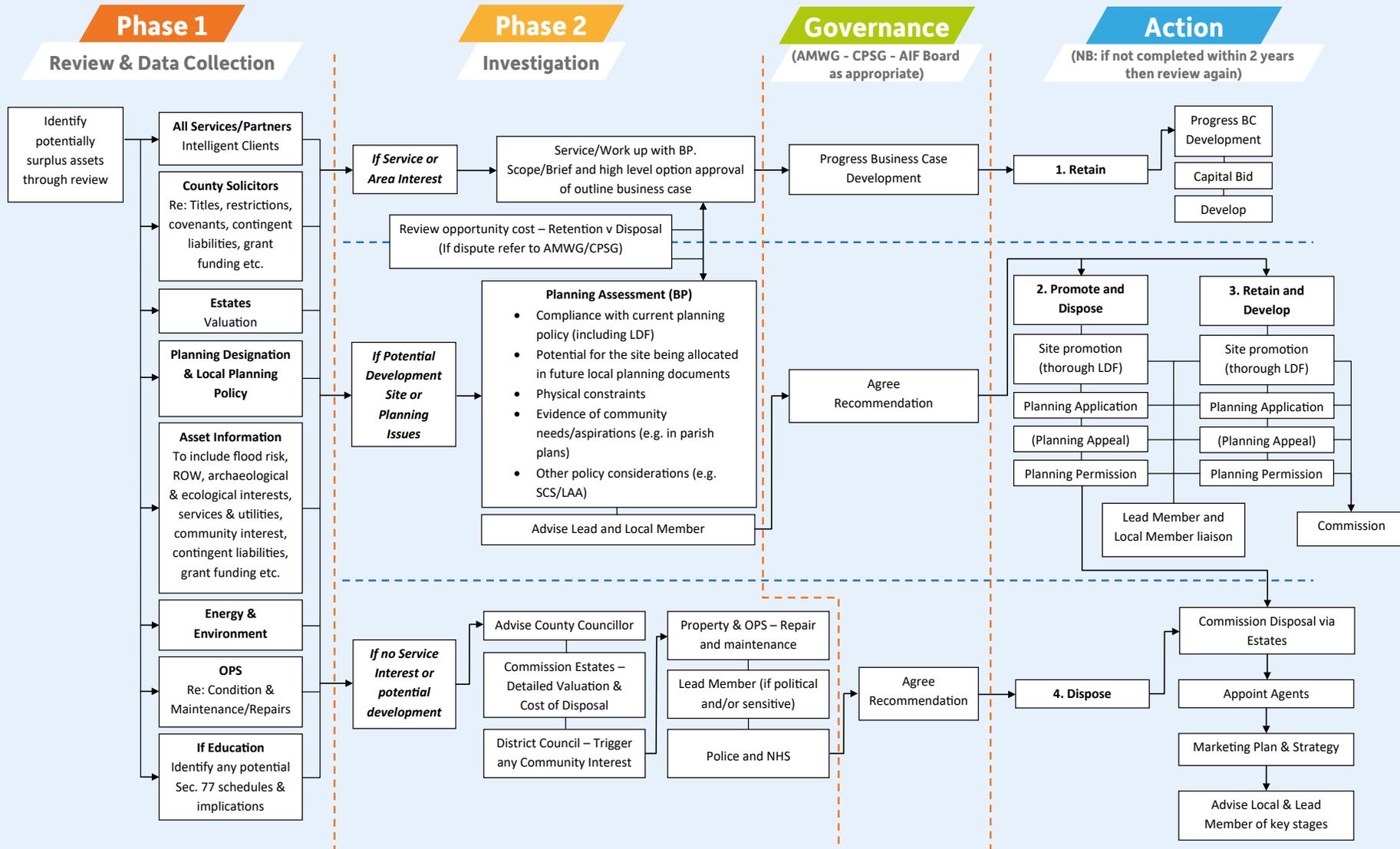
Category	Pre-conditions	Stage 1 Initial Assessment	Stage 2 Financial Appraisal and Business Case	Stage 3 Approval
Service Property	<ol style="list-style-type: none"> 1. Identified Service requirement 2. Funding approved as part of MTFS 3. Outline Business Case agreed 4. No suitable property capable of meeting need within portfolio 	<ol style="list-style-type: none"> 1. Strategic Fit 2. Potential to deliver wider strategic objectives 3. High Level Business Case 4. Planning Overview 5. Legal Considerations 6. Site Inspection 7. Valuation <p>Additional IILP information</p> <ol style="list-style-type: none"> 8. Investment profile 9. Tenancy terms 10. Risk profile - Preliminary Report to Head of Service and/ or Director of Corporate Resources <p>Recommendation and seek approval to proceed (or dismiss)</p>	<ol style="list-style-type: none"> 1. Finalise Heads of Terms. 2. Detailed business case to establish full service / financial / budgetary implications of acquisition / operation at the proposed purchase price 3. Assessment of wider benefits to the County Council. 4. Detailed planning/ development appraisal in respect of proposed use and future development potential. 5. Title check. 6. Buildings survey. Additional IILP information 7. Financial check of tenants 8. Advice of independent investment advisor 	<ol style="list-style-type: none"> 1. Business Case to be approved by Head of Service /Service Delivery board & Director of Corporate Resources prior to seeking approval 2. Detailed Report prepared for consideration of CPSG (or Head of Service/ Lead Member for urgent decisions). 3. Acquisition approved using delegated powers or Cabinet decision <p>Note - any conflict of decision in consideration of business case to be referred to CPSG and or Cabinet</p>
Investing in Leicestershire Programme Investments	Funding approved as part of MTFS			<ol style="list-style-type: none"> 1. Business Case to be approved by Director of Corporate Resources prior to seeking approval 2. Detailed Report prepared for consideration of IILP Board 3. Acquisition approved using delegated powers or Cabinet decision

8. The main additional requirements over and above that of the basic IILP model is that:
 - the service has a fully funded business case tested requirement in advance of Strategic Property Services being instructed to source a suitable property; and,
 - the requirement cannot be met from within the existing portfolio.
9. The other procedural difference is that in cases requiring a timely decision the Head of Service in consultation with the appropriate Lead Member should agree an acquisition and where possible the purchase progressed under the delegated powers of the Director of Corporate Resources in advance of being reported to the Corporate Property Steering Group or Cabinet.
10. The Delegated Powers Certificate (DPC) required to instruct the County Solicitor will provide the following information, for use by Finance and Strategic Property Information Team in addition to the terms of the acquisition:-
 - Any change in the valuation of the asset resulting from its future operational use.
 - Insurance and rating valuations
 - An assessment of condition based on the pre-purchase survey
 - A full set of cost codes for the payment of property related costs
 - Transfer utilities/services to corporate contract.
 - Instructions relating to maintaining the property in a safe secure state in the period between completion and occupation.



Disposals

11. The current disposals procedure set out below was seen as being fit for purpose.



12. However, the following minor amendments were made to the existing procedure:-

- Where a service expresses an interest in acquiring an otherwise surplus asset that expression of interest should be supported by a business case setting out how the property would meet a strategic requirement, that the proposal was viable and that no suitable property existed within the services portfolio capable of meeting that requirement. Further, the business case should be provided within 6 months of the service submitting the initial expression of interest, for consideration by CPSG.
- Local Members should be briefed at each stage in the process with sensitive issues referred to Lead Member or Cabinet, as appropriate
- Insurers will be notified when a property first becomes vacant and at the point it has remained vacant for 3 months.

13. The DPC will include the following additional information:-

- Where only part of an asset is disposed of revised asset, rating and insurance valuations should be provided for the retained portion of the property.
- All rights reserved for the benefit of the retained land and any rights granted.

Appropriations

14. Appropriations arise either as a result of a service declaring a property surplus to its requirements and becoming subject to the disposals procedure or following an evaluation as part of the asset challenge.
15. The acquiring service will need to provide an identical fully funded business case to that required for acquisitions. Thereafter, the proposal will be considered by CPSG for approval in accordance with the procedure set out below

Category	Pre-conditions	Stage 1 Initial Assessment	Stage 2 Financial Appraisal and Business Case	Stage 3 Approval
Service Property	<ol style="list-style-type: none"> 1. Identified Service requirement 2. Funding approved as part of MTFS 3. Outline Business Case agreed 4. Suitable property capable of meeting need identified via Asset Challenge or Declared Surplus by another Service Department 	<ol style="list-style-type: none"> 1. Strategic Fit 2. Potential to deliver wider strategic objectives 3. High Level Business Case 4. Planning Overview 5. Legal Considerations 6. Site Inspection 7. Valuation <p>Additional IILP information</p>	<ol style="list-style-type: none"> 1. Detailed business case to establish full service / financial /budgetary implications of acquisition / operation to include opportunity cost of retention 2. Assessment of wider benefits to the County Council. 3. Detailed planning/ development appraisal in respect of proposed use and future development potential. 4. Title check. 5. Buildings survey <p>Additional IILP information</p>	<ol style="list-style-type: none"> 1. Business Case to be approved by Head of Service and Director of Corporate Resources prior to seeking approval 2. Detailed Report prepared for CPSG consideration and approval
Investing in Leicestershire Programme Investments	<ol style="list-style-type: none"> 1. Funding approved as part of MTFS 2. Suitable property capable of meeting need identified via Asset Challenge or Declared Surplus by Service Department 	<ol style="list-style-type: none"> 8. Investment profile 9. Tenancy terms 10. Risk profile - Preliminary Report to Head of Service and/ or Director of Corporate Resources Recommendation and seek approval to proceed (or dismiss) 	<ol style="list-style-type: none"> 6. Financial check of tenants 	<ol style="list-style-type: none"> 1. Business Case to be approved by Director of Corporate Resources prior to seeking approval 2. Detailed Report prepared for IILP Board consideration and support 3. Appropriation approved by CPSG

16. A bespoke DPC is being developed in respect of appropriations which would include the following key information:-

- Plans and clarity over boundaries and other responsibilities
- Up to date asset, rating and insurance valuations.
- Details of existing cost codes used in respect of the relinquishing service's running costs and the cost codes of the acquiring service to be used in respect of future transactions.
- An up-to-date assessment of condition/maintenance backlog.

Consultations

17. Service Departments, Members and other stakeholders were consulted in advance of the revised procedures being approved. Future consultations in respect of all transaction will be conducted in accordance with the agreed procedures.

Conclusion

18. The adoption of the revised processes and procedures will enable all property transactions to be undertaken in an efficient and timely manner ensuring that effective transparent governance is maintained throughout. Further, the agreed improvements to the administrative systems will facilitate the maintenance of accurate and up to date property information vital to effective asset management, the maximisation of potential savings and the achievement of value for money.

APPENDIX B

CORPORATE ASSET MANAGEMENT PLAN 2022 - 2026 ANNUAL PERFORMANCE AND STRATEGY UPDATE REPORT ASSET CHALLENGE 2022 – 2023

1. The Corporate Asset Management Plan (CAMP) 2022 - 2026 was approved by the Cabinet in September 2022. This promotes the rationalisation of the Council's property assets, reducing property running costs, generating new property income streams, ensuring cost effective procurement of property and property services, and creating capital receipts to support capital programme or other beneficial investment proposals. Specifically, it contains a requirement to undertake an asset challenge in respect of the assets held in a minimum of two districts/boroughs each year.
2. The Asset Challenge 2022 - 2023 considered the assets held in Blaby District and Oadby and Wigston Borough. In addition, this year it considered all non-operational assets held across the county.
3. The asset challenge followed the process detailed in the CAMP considering the following:
 - the strategic purpose for which the property is held;
 - the opportunities and risks presented by its continued ownership;
 - the current performance of the property in terms of suitability and value for money;
 - the potential future options in respect of improved service delivery and better utilisation of the asset, including any latent development potential
4. The outcome of this assessment was then used to support evidence based conclusions regarding the retention, re-use or disposal of the property. Following consultation with the current service user, or reference to the Corporate Property Steering Group (CPSG) in circumstances where a dispute arises, the outcome is confirmed and implemented.
5. At the end of the process those freehold properties considered to be potentially surplus to requirements become subject to the disposals process; will be declared surplus by CPSG and sold. The leases of any surplus leasehold property will be surrendered to the landlord.
6. The initial assessment of all properties subject to asset challenge in 2022 - 2023 were completed in March 2023. The outcomes and recommendations are detailed in the following sections.

Blaby District.

7. Excluding non-operational properties that have been considered on a countywide basis in the 2022 - 2023 asset challenge, on 1st April 2022 there were a total of 97 properties within Blaby District of which 83 were owned freehold and 2 held on long leases; the remaining 12 properties categorised as assets 'Not Held' being properties (or in some cases a single room) occupied by a County Council service on the basis of an insecure licence or hiring agreement.
8. The table below shows the breakdown of the 97 properties between asset categories and provides a summary of the asset challenge outcomes.

BLABY DISTRICT					
Category	Retain	Retain / Improve	Further Review	Re-use	Dispose / Surrender
Primary Schools	23	4			
Secondary Schools	2	1			
Special Schools	1				
Other Education	3				
Libraries	8	1			
A&C Other	1				1
Depots	1				
Highway Assets	4				
Offices	2				
IILP Assets- Farms	28				
IILP Assets - Industrial	1		1		
RHWS Sites	1				
Transport Fleet Base	1				
Travellers Sites	1				
Assets not Held	11				1
TOTAL 97	88	6	1		2

9. In respect of the 34 Childrens and Families Service properties there are a total of 31 schools of which 23 (74%) are academies. Further, 2 of the other education assets are former premises officer's accommodation which although potentially surplus cannot be released due to their position within school grounds.



10. The other major portfolio holder within Blaby District is ILLP with 28 County Farms Assets and 2 commercial properties. In addition to fulfilling their primary function 15 have been identified as possibly having some long-term development potential and are being promoted through the local plan process. These include Boundary Farm, Sapcote which is being promoted as part of the M69 J2/Stoney Stanton SDA and land at Hall Farm, Blaby where in addition to a housing development biodiversity net gains can also be achieved. The one site requiring further ongoing reviews is the leasehold Narborough Oaks Industrial Estate where returns are permanently constrained by the terms of the County Council's long lease which has 6 years to run.

11. Other points to note are as follows:

- The Romulus Court Office property will be retained until an alternative data and resilience centre can be secured.
- All the Highways Assets are within the extents of public highway and have no value.
- The two potentially surplus properties are both leasehold and, since completing the asset challenge the leases have been surrendered.

Oadby and Wigston Borough

12. On 1st April 2022, excluding non-operational properties there were a total of 37 properties within Oadby and Wigston Borough of which 32 were owned freehold; the remaining 5 properties being assets not held.

13. The table below shows the breakdown of the 37 properties between asset categories and provides a summary of the asset challenge outcomes.

OADBY & WIGSTON BOROUGH					
Category	Retain	Retain / Improve	Further Review	Re-use	Dispose / Surrender
Primary Schools	11	3			
Secondary Schools	5	3			
Special Schools	2				
Museums	1				
Libraries	3				
A & C Other	1				
Highway Assets	1				
Offices	1				
RHWS Sites		1			
Assets not Held	4				1
TOTAL 37	29	7			1

14. The major portfolio holder within the borough is the Childrens and Families Service with a total of 24 schools (65%). Of these 21 (87%) are academies. Of the schools requiring improvement 3 already have fully funded improvement programme in place.

15. In relation to the remaining properties:

- The County Records Office is to be retained pending the completion of the Archive Collections and Learning Hub (ACL) project on the County Hall campus.
- The potentially surplus “asset not held” where the County Council enjoyed nomination rights has already been sold with the proceeds accruing to the County Council.

Non-Operational Properties

16. At the start of the 2022 - 2023 year there were a total of 103 freehold non-operational properties detailed on the asset register and 7 assets not held.

17. The table below shows the breakdown of the 110 properties between asset categories and provides a summary of the asset challenge outcomes.

NON-OPERATIONAL ASSETS					
Category	Retain	Retain / Improve	Further Review	Re-use	Dispose / Surrender
Land in Advance	26		7		13
Managed Assets	17	1	1		9
A & C Non-operational	7				
Surplus Property	2		1		13
Assets Held for Sale			2		9
Land Reclamation					2
TOTAL 110	52	1	11		46

18. The following provides a brief resume of the outcomes:

- **Land in Advance** – Value £9m - The 46 assets within the Land in Advance category include 42 (91%) that are areas of land that have been purchased to deliver highways infrastructure. Whilst some were of high value when initially purchased for new highway improvement schemes, for example the land acquired for the M1 J24/A453 improvements originally valued at in excess of £7m, the majority of the 26 assets that are to be retained are small areas of land left over from completed schemes, situated outside the designated extents of public highway, providing sites for supporting infrastructure such as attenuation basins, drainage channels, cable ducting and other allied uses. However, it should be noted that regardless of the initial acquisition cost once incorporated within the public highway the asset is of little or no value.
- The 7 Land in Advance sites that are subject to further review include a plot of land at Camelford Road, Hugglescote where future development potential is being assessed and 6 that may need to be retained to support highway infrastructure. The remaining sites are potentially surplus and will become subject to the disposal procedure.

- **Managed Assets** – Value £6m - The Managed Assets category is almost entirely comprised of properties that either no longer support the original purpose for which they were purchased or formed part of a larger purchase not required to support a service but have been leased out, some on long term leases, and provide rental income and a financial return on the original investment. Where there are no interdependencies with an adjoining service held property or legal constraints to the contrary, consideration has been given to the investment potential of these assets and to this end 6 have been appropriated to the IILP portfolio with CPSG approval.
- Nine properties have been identified as surplus to requirements including the Judge's Lodgings, Castle House where the sale is being progressed and a residential property in Braunstone which has been sold.
- **A & C Non-operational** – The 7 assets in this category are all Assets Not Held, being occupied on the basis of insecure licences, often on a long-term basis in properties (or single rooms) owned by the public or voluntary sector enabling Adults and Communities to deliver services to the community in locations accessible to clients. The use of all these assets, will be retained until such time as suitable space becomes available in an appropriately located County Council property.
- **Surplus Property** – Value £3m - At the start of 2022 - 2023 there were 16 surplus assets on the register. Following the asset challenge, in the short term, it was proposed to retain the former Billesdon Highways Depot to realise future development potential and land acquired in connection with the A511 improvements to assess its potential for achieving biodiversity net gains necessary to support other projects in the area. In addition, a further review was proposed in relation to the potential re-use of Birkett House to support the SEND or SCIP programmes. The status of the other 13 properties remains unchanged.
- **Assets Held for Sale** – Value £11m - Of the 11 assets held for sale 9 have either been marketed already or remain available for disposal. However, the former primary school at Holliers Walk, Hinckley and the second tranche of potential development land at the former Snibston Discovery Park are subject to further review having been identified as potentially suitable to support the SCIP extra care programme.
- **Land Reclamation Sites** – The two assets within this category both relate to the Ashby Canal project and is currently being transferred to the canal association.



Potential Disposals

19. A total of 49 assets, including the bulk of those previously declared surplus to requirements, have been identified as remaining or being potentially surplus to requirements, as detailed in the table below. Only 14 represent viable marketing opportunities, being a disposal where the potential sale value exceeds the costs associated with that sale; 7 having already been successfully marketed. 21 of the remaining 35 assets are saleable but would only be attractive to a single special purchaser, normally a neighbouring owner. The final 12 freehold properties whilst available for sale are of nominal/no value. In addition, there are 5 properties held on a lease/licence that would be surrendered.

Challenge Area	Total Surplus	Market Opportunity	One Potential Purchaser	No Value	Surrender Lease
Blaby District	2				2
Oadby & Wigston Borough	1				1
Non-operational Properties	46	13	19	12	2
Total	49	13	19	12	5

20. With the exception of those assets of nominal or no value all potentially surplus assets that have not already been declared surplus are being progressed through the disposals procedure and where no viable alternative service user is identified they be declared surplus to requirements and will be disposed of at best value, subject to the sale representing a viable marketing opportunity.
21. Subject to the sale representing a viable marketing opportunity, the disposal of those properties already declared surplus (not identified as suitable for retention by asset challenge) that have yet to be marketed, is currently being progressed.
22. Further, in circumstances where a sole special purchaser has been identified the asset is to be offered to that purchaser at an appropriate early date. However, the realisation of capital receipts will be dependent upon the potential purchaser's willingness and ability to proceed.

Capital receipts

23. At such time as all the sales have been completed, the sale proceeds realised from the 7 assets already successfully marketed will amount to £18.4million.
24. The total value of the 7 other potentially viable marketing opportunities, as detailed on the asset register, either being marketed or yet to be marketed amounts to the sum of £5million. In respect of these properties detailed valuations and estimates of costs are being obtained in advance of marketing to ensure a viable surplus can be achieved.
25. Additional capital receipts would also accrue from any sales to single special purchasers.
26. In respect of those properties yet to be formally declared surplus a detailed assessment of the potential capital receipts, revenue and cost implications will be provided as an integral part of the report presented to CPSG.

Revenue Savings and Cost Avoidance

27. The revenue resource implications in respect of sales of freehold properties and surrenders of leased properties has resulted in property operating cost savings and cost avoidance resulting from repairs and maintenance and other commitments not required, as detailed in the table below

Property operating costs	£48,500
Cost Avoided	£230,000
Total savings	£278,500

Notes: The above cost savings are based on the last recorded full year's data and condition survey

Tenants are responsible for running costs in respect of let properties

Service Department Consultation

28. Service Departments are being consulted in accordance with the agreed asset challenge and disposal procedures.

Asset Challenge 2023 - 2024

29. Asset challenge in 2023 – 2024 will review properties in Charnwood Borough and North West Leicestershire District





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