Leicestershire County Council

CABINET – 8TH SEPTEMBER 2026

CORPORATE ASSET MANAGEMENT PLAN 2022-26 ANNUAL PERFORMANCE AND STRATEGY UPDATE REPORT 2025-2026

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

PART A

Purpose of the Report

1. The purpose of this report is to set out the performance achieved against the Council's Corporate Asset Management Plan in 2025-26 for the Cabinet's consideration. This report also It summarises changes in the Council's property portfolio and asset management strategy, and identifies the property work programme and updated Action Plan.

Recommendation

2. It is recommended that:

   a) The Corporate Asset Management Plan 2022–26 Annual Performance and Strategy update report 2025–26 be noted;

   b) The implementation of the updated Action Plan be supported.

Reasons for Recommendations

3. To enable the Cabinet to consider performance against the Corporate Asset Management Plan 2022–26 during 2025–26, note the changes in the Council's property portfolio and asset management priorities, and support the continued implementation of the updated Action Plan.

Timetable for Decisions (including Scrutiny)

4. A report will be considered by the Scrutiny Commission at its meeting on 2 September 2026 and the Commission's comments will be reported to the Cabinet.

Policy Framework and Previous Decisions

5. The Council's Strategic Plan 2022–26, approved by the County Council on 18 May 2022, provides the strategic planning framework for the Council and sets

out five strategic outcomes: Clean and Green, Improved Opportunities, Great Communities, Safe and Well, and Strong Economy, Transport and Infrastructure.

6. The Corporate Asset Management Plan (CAMP) 2022–26, together with the Medium Term Financial Strategy, supports the County Council's corporate and service priorities and is closely aligned with the Strategic Plan. The CAMP requires an annual performance and strategy update report to be presented to the Scrutiny Commission and the Cabinet.

7. The Medium Term Financial Strategy (MTFS) 2026 - 30 was approved by the County Council on 18 February 2026. This includes the allocation of resources to fund the Capital Programme up to 2029/30.

Resource Implications

8. There are no resources implications arising from the recommendations in this report.

9. The County Council's financial position has been challenging for a number of years due to over a decade of austerity combined with significant growth in spending pressures, particularly from social care and special education needs. This was exacerbated by the impact of the Covid-19 pandemic and significant increases in inflation, to levels not seen for many decades. The MTFS for 2026-30 projects a revenue gap of £18m in the first year that (subject to changes from later information such as the final Local Government Finance Settlement) will need to be balanced by the use of earmarked reserves. There is then a gap of £36m in year two potentially rising to £85m in year four. To have a realistic chance of closing the gap the County Council will need to quickly identify additional savings or source additional income that allow 2027/28 to be balanced without the use of reserves, which the Efficiency Review will support.

10. The four-year capital programme totals £501m. This includes investment for services, road and school infrastructure arising from housing growth in Leicestershire, the Investing in Leicestershire Programme, social care accommodation and general improvements to key assets.

11. The updated CAMP Action Plan highlights how the financial resources that have been allocated to the Council's corporate property resources in the capital programme and MTFS programmes/budgets will be utilised. Delivery of individual projects detailed in the Action Plan will be considered against a clear business case methodology.

12. In order to deliver the CAMP Action Plan, in full, it is necessary for both Strategic and Operational Property Services to be fully resourced. However, at the present time there are a significant number of vacancies across the service and whilst recruitment of additional staff is being prioritised the buoyancy of the market and the limited supply of suitably qualified people are constraining the process.

Circulation under the Local Issues Alert Procedure

13. None.

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PART B

Background

14. The County Council's property portfolio is a significant corporate resource. It supports essential service delivery, enables investment in communities, contributes to the Council's financial resilience and provides the physical platform from which services can respond to changing need.

15. This report reviews delivery during 2025–26 and looks ahead to the priorities beyond. It brings together performance data, progress against key indicators, delivery of capital projects, maintenance activity, asset challenge outcomes and the forward programme of work. The report recognises that effective asset management is about ensuring the right assets are held for the right reasons and that surplus or under-performing assets are actively challenged.

16. The CAMP will also need to evolve in response to Local Government Reorganisation as future asset ownership, responsibilities and portfolio strategy become clearer. The existing focus on estate efficiency, service alignment and corporate challenge provides a sound basis for that future work.

The Portfolio

17. As of 31 March 2026, the Council's portfolio comprised a total of 710 freehold and leasehold property assets with a combined value of £521 million. The properties range from the County Hall campus, locality offices, schools, depots, libraries, farms, offices and industrial units together with land acquired to support the roadbuilding and schools' programmes.

18. The portfolio is split into two main categories: the Corporate Landlord estate and the Investing in Leicestershire Programme (IILP) portfolio. The Corporate Landlord estate is primarily held to support the delivery of Council services, including schools, offices, depots, libraries, community facilities and other operational property. These assets are managed to ensure they are fit for purpose, safe, compliant, affordable and aligned with service need. By contrast, the Investing in Leicestershire Programme portfolio is held mainly as an investment portfolio, with assets managed primarily to generate revenue income, support capital growth and contribute to the Council's wider financial resilience. The IILP annual performance is the subject of a separate report on the agenda for this Cabinet meeting.

19. The overall number of property assets reduced by 6 from 716 in 2025 as a result of the number of disposals and leases surrendered exceeding that of additional purchases and the development of new assets.

20. The total value of the Council's property portfolio increased by £2m, from £519m in 2025 to £521m in 2026. This reflects an uplift in the value of the corporate estate, partly offset by a reduction in the IILP portfolio following the exclusion of "hope value" from rural estate valuations. Despite this reduction, the IILP remains the largest single element of the portfolio, valued at £227m and accounting for

4% of total asset value. The 2026 valuation is provisional, subject to external audit review, and has been prepared by external consultants in accordance with nationally accepted valuation guidance.

21. The number and value of non-operational assets continued to reduce in 2025 – 26, from 104 assets valued at £21m to 100 assets valued at £15m. This reflects completed disposals, infrastructure delivery and revaluation. The current £15m valuation is split between Land in Advance (£3m), Managed Assets (£6m), Surplus Properties (£2m) and Land Held for Sale (£4m).

22. The MTFS 2026–30 allocates £501m to support delivery of the capital programme over the four-year period. Of this total, projects valued at £156m, representing 31% of the programme, have a property input. In 2026–27, property-related projects represent 49% of the overall programme, with a value of £66m.

Maintenance

23. During 2025–26, the Central Maintenance Fund supported routine maintenance of the operational corporate property portfolio. Revenue expenditure totalled £3.3m, supported by an additional £1.0m of capital expenditure on condition improvement works. The programme continued to prioritise planned maintenance where possible while retaining sufficient flexibility to respond to urgent health and safety, statutory compliance and operational requirements.

24. The estimated future liabilities for essential maintenance, repair and improvements required to meet health and safety and regulatory compliance requirements increased by £2.7m during 2025–26 to £53.8m across the Council’s property portfolio. Of this, £1.8m, or 3.3%, falls within the most urgent priority 1 category and requires issues to be addressed within 12 months.

Performance in 2025–26

25. The CAMP Action Plan is structured around three areas: delivery of capital programme projects, reviews and strategy updates required to support service delivery and improvement, and the ongoing annual property management programme.

Capital Programme Projects

26. The updated Action Plan detailed 34 capital programme projects with property-related input. Of the 25 projects due for completion during 2025–26, or with a phase due for completion in that year, 15 were completed on schedule, representing 60%. The remaining projects were primarily affected by changed economic conditions, revised service requirements and planning delays. These schemes remain live, are being actively managed with services and are expected to remain within approved budgets.
    - The expansion of Hastings High School
    - The expansion of Birchwood School, Melton Mowbray
    - The extension of Iveshead Secondary School

- Phases 3 and 4 of the Airfield Farm Business Park.

27. Of the ongoing projects due for completion in future years, 71% are currently on or ahead of schedule.

Reviews and Strategy Updates

28. A programme of 14 property reviews and strategy updates, necessary to support service improvement were detailed in the Action Plan and due to be undertaken in 2025-2026. Of these 8 (57%) including the review of SEND provision in South Leicestershire resulting in the proposed new school at Husbands Bosworth, the review of the IILP rural estate to support the Rural Estate Strategy, the Asset Challenge Programme the Review of Operational and Strategic Property Services and the further development of the Programme Management Office together with the annual reviews of, school place requirements, the CAMP and IILP Strategy were completed in the year.

29. Work on the remaining 6 including the reviews of the Secondary Education Inclusion Partnerships, the Property Asset Management Systems, the further development of the Programme Management Office, the Biodiversity Net Gain Delivery Strategy, the Fleet Transition Feasibility Study, the further review of IILP portfolio assets and work in relation to the forward planning of infrastructure schemes remain ongoing and due for completion within a timescale that does not impact service outcomes.

Annual Property Management Programme

30. The annual property management programme covers the core “business as usual” activity required to manage the estate effectively. This includes disposals, development sites, asset and insurance valuations, maintenance planning, condition and compliance surveys, management of let property, Freedom of Information support, traded services, energy compliance and property data management.

31. Most annual property management activity was progressed or completed satisfactorily during the year. Further work is required to develop and improve the property asset management system so that it continues to support asset challenge, portfolio management, performance reporting and future Local Government Reorganisation transition requirements.

Performance Indicators

32. The CAMP established a set of key performance indicators to monitor delivery and drive improvement. These cover CIPFA-approved indicators relating to condition, maintenance, sufficiency and environmental performance; local indicators such as capital receipts; and IILP indicators which compare portfolio performance against market benchmarks.

33. Overall, 13 of the 25 performance indicators assessed across the three categories in 2025–26, 52% were achieved, compared with 67% in 2024–25.

One further indicator showed significant improvement and 11 indicators were not achieved. The reduction in overall performance was largely attributable to 6 of the IILP portfolio KPIs not being achieved, reflecting constrained capital growth as detailed in the IILP Annual Performance Report 2025–26.

34. By contrast, the Corporate Landlord portfolio showed positive movement, with improved overall condition, a reduction in urgent maintenance and repairs in real terms, and further improvement in the proportion of planned maintenance, although, as a result of continued high construction cost inflation, the overall maintenance backlog and the annual cost of maintenance exceeded target levels with 3 indicators failing to be achieved.

35. Environmental performance was positive overall. Total energy usage reduced by 11%, contributing to lower energy expenditure and reduced carbon emissions. When combined with reductions in unit cost, this resulted in a 29% real-terms reduction in energy expenditure. Achieving ongoing reductions in water usage was the only environmental indicator not to be achieved in 2025-26.

36. The local indicators were also positive, with the internal targets relating to capital receipts, delivery of capital projects within budget and completion of the asset challenge programme all met and whilst the internal target for office space utilisation was met the central government benchmark failed to be achieved.

37. Taken together, the performance indicators show a mixed but useful picture of asset performance in 2025–26. The Council continued to perform well in areas directly linked to operational delivery, including capital receipts, capital project cost predictability, asset challenge and several environmental measures. The condition of the corporate estate also improved, with a higher proportion of assets rated good or satisfactory and a reduction in urgent maintenance requirements in real terms. However, the results also highlight continuing pressure from construction inflation, statutory compliance requirements, water usage, and the performance of parts of the IILP portfolio in a more constrained market. The indicators will therefore be used to inform future prioritisation of maintenance investment, asset challenge activity, portfolio strategy and the refresh of KPIs for the next CAMP period.

Asset Challenge

38. The Asset Challenge for 2025–26 was completed in accordance with the CAMP requirement to review assets in at least two district or borough areas each year. The review considered assets in Blaby District and Melton Borough, including non-operational assets previously reviewed in 2022–23. The outcomes have been used to inform recommendations on whether assets should be retained, improved, subject to further review, re-used, disposed of or surrendered.

39. In Blaby District, 103 assets were reviewed. Most are recommended for retention, with a number requiring further review, principally in relation to the rural estate and school sustainability considerations. Eight assets are identified

for disposal or surrender, although only some represent viable marketing opportunities.

40. In Melton Borough, 73 assets were reviewed. The majority are recommended for retention, with further reviews mainly linked to primary school sustainability issues and the future management of the rural estate. Six assets are recommended for disposal or surrender, including development land at Sysonby Farm.

Action Plan

41. The Action Plan is reviewed and refreshed annually in response to changing economic conditions, available resources and service demand. The Action Plan has been developed with service departments and reflects the property work required to support the 2026–27 to 2029–30 capital programme, future service and portfolio strategies, Local Government Reorganisation preparations and ongoing management of the Council's property portfolio.

42. The Action Plan is structured around three areas: capital programme project delivery; reviews and development of future property strategies; and the ongoing annual property management programme. Key priorities include supporting school place planning and SEND provision, progressing major infrastructure and depot schemes, reviewing the rural estate and Investing in Leicestershire Programme strategy, improving property data and systems, supporting Local Government Reorganisation transition activity, delivering the Central Maintenance Fund programme and continuing energy and climate-related initiatives.

Equality Implications

43. There are no direct equality implications arising from this report. Any equality implications relating to individual projects and strategies detailed within the CAMP will be considered in detail as part of their individual governance process.

Human Rights Implications

41. There are no human rights implications arising from this report.

Environmental Implications

42. The CAMP 2022–26 seeks to maximise the potential of the Council's assets to contribute to the environmental improvements contained within the Strategic Plan's Clean and Green strategic outcome. The Annual Report highlights progress on energy use, expenditure and carbon reduction, and identifies areas where further improvement is required.

Appendix

Corporate Asset Management Action Plan 2026 - 2027

Background Papers

Report to the County Council on 18th May 2022 – Strategic Plan (2022 – 26)
https://politics.leics.gov.uk/ieListDocuments.aspx?CId=134&MId=6482&Ver=4

Report to the County Council on 18 February 2026 – Medium Term Financial Strategy 2026/27–2029/30
https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=134&MId=7391&Ver=4

Report to the Scrutiny Commission – 8 September 2025 – CAMP 2022–26 Annual Performance and Strategy Update Report 2024–25
https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=137&MId=7445&Ver=4

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