

Corporate Asset Management Plan 2022 - 2025
Cheshire East Council

DRAFT

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Part 1: Asset Management Strategy

1. Introduction

The Council's Asset Management Strategy sets out the vision, core values and objectives that form the context for the preparation of the Corporate Asset Management Plan.

The Council has adopted a Corporate Landlord model for the management and ownership of its land and property assets. This means that the responsibility for management and maintenance of assets is transferred from service directorates to the Corporate Landlord, which is a centralised function. The practical way that this is delivered is by a number of services working together, in detail, to deliver this positive outcome for the Council, its residents and customers. Land and Property have a corporate nature to them. They have value and are also used to deliver our services.

This strategy and the associated corporate asset management plan, builds on the work of the Council's previous asset management strategy, set in 2015. It references where appropriate the plans, policies, strategies, procedures and protocols that have been developed by the Council to ensure sound asset management and obtains its direction from the Council's Corporate plan for 2021-2024 and the products it delivers are set out in part two, section nine of this document.

The Council finds itself in unprecedented and uncertain times. Although the Council has successfully dealt with the organisational challenge of the pandemic, both enabling itself to continue to operate and also using all its resources, including its land and property to support residents and businesses in Cheshire East through the pandemic, it now faces additional challenges. As global economies seek to recover, the cost of Energy, construction cost inflation and other economic issues have directly impacted the Council as a landowner and also affected the Council's customers, its partners and businesses in the Borough. Further unwanted and unwelcome instability has been introduced on the global stage early in 2022, amplifying these effects. The full implications of the transition away from the EU, particularly for the farming sector, needs to be understood.

These factors have generated economic uncertainty for many and have the potential to impact areas of deprivation within the borough disproportionately. The Council also understands the significant impact that Climate change will bring and sees the urgent need to change the approach to management of carbon and has a plan in place to deal with its own carbon emissions by 2025. The Council, through the challenge of the Pandemic, understands that there is a once in a generation opportunity to work in different ways to improve delivery of services, outcomes for our residents and our improve our customer experience. Due to these factors it is appropriate the plan period of the Council's Asset Management Strategy is from 2022 to 2025.

Despite the complexity that the Council faces, as an owner of land and property, it is in a good position to deal with the issues it faces and the actions set out in part two, section nine will deliver the outcomes required for the estate.

2. Vision

The purpose of the vision of the estate is to set its strategic direction, satisfy the Council's aspirations for the future and provides a strong link to the fundamental purpose behind the Council holding assets.

*Deliver a fit for purpose, efficient estate that meets the needs of our residents, services, partners and our organisation's delivery that is centred on the Council's aims of **Open, Fair and Green** and enables the Council to deliver its priorities, of being an open and enabling organisation, which empowers and cares about people whilst delivering a thriving and sustainable place.*

The core values of the Asset Management Strategy and its objectives flow from this vision.

3. Core Values and priorities

The Council Corporate Plan for the period of 2021 to 2024, sets out its aims and priorities for the plan period. The Council's aims are to be open, fair and green and its priorities are an open and enabling organisation, a Council which empowers and cares about people and thriving and sustainable place. The development of the Asset Management Strategy captures these aims and priorities as the core values of the Strategy and its alignment to the current corporate plan. Further information on the corporate plan can be found at the link below.

https://www.cheshireeast.gov.uk/council_and_democracy/your_council/council_finance_and_governance/corporate-plan.aspx

The Council in delivering an asset management strategy is transparent and open about the activities that it is undertaking relating to land and sets out the projects, strategies, procedures and protocols that are relevant to the plan. These activities are part of the Council's solution to address inequalities, promote fairness, opportunity and support vulnerable residents whilst also addressing the other factors that the Council has to deliver whilst dealing with property. The crosscutting themes of the environment, the climate emergency and the Council's ambitions relating to sustainable development are also a significant factor to the way the Council deals with its property. It is clear from the plan that the Council's estate is key to the delivery of the Council's ambition for Cheshire East.

The Council priorities are being an open and enabling organisation, which empowers and cares about people and delivers a thriving and sustainable place. These also bring and additional focus to the Asset Management Strategy.

Therefore, the way that the Council chooses to use the assets is aligned to its corporate plan, its aim and objectives and is underpinned by legislation and government guidance relating to land and property transactions and use.

4. Objectives

Despite the challenging situation that the Council has found itself in whilst it responded to the pandemic, its awareness of the Climate Emergency and more generally the property and economic related uncertainty, risks and challenges it faces into the future, the Council is well placed to deal with these. The basic themes of asset management remain generally unchanged although additional emphasis may be placed on certain areas. Fundamentally the Council as a land and property owner uses its assets to deliver services to its customers. Good examples of the range of activity that this would cover are meeting the demand for school places, supporting Council as a corporate parent, delivery of Economic Development or release of assets to support the Capital Strategy. Ultimately the Council needs to make sensible policy related decisions about its land and property.

There are a significant number of factors that will affect how the Council's Estate will operate into the future. These range from the hopefully short-term implications of the Pandemic, Brexit and the adjustments needed to reflect a future economic situation as a consequence of these. Then more strategically, a potential shift in the way the Council delivers its services and the Council's response to climate change is potentially longer-term factors, that will require a modal shift by the Council in the way it does its business to achieve its plans and finally the normal economic pressures and challenges that the Council faces to achieve a balanced MTFS.

It is important to consider what way the objectives of an Estates Strategy will interact with each other. This is due to the competing nature of the various demands on the Estate. The objectives need to work in balance, recognising that there are statutory obligations and other factors on the Council that will from time to time influence the weight that these objectives have in arriving at a conclusion about a particular property related matter.

Finally, in setting objectives, there is a need to allow sufficient flexibility that will allow the Corporate Asset Strategy to be able to with any unforeseen eventualities or increase the emphasis on specific objectives. Therefore, the design of the objectives and the way that these will interact with each other will allow for this flexibility in the strategy.

4.1 Dealing with the impact of Climate Change

This captures the Council's Corporate aim of GREEN and cross cuts the Council's three priorities. In 2019 the Council set itself the target of being Carbon Neutral by 2025. The immediate effect that the Council wishes to have is to mitigate its own impact, but it also wishes to influence those in its supply chain and more widely Cheshire East. This is a challenging and demanding target, which has implications for the Council's property portfolio and therefore must be an objective for the asset management plan strategy. It includes revising the way energy for the council's buildings is generated and used, using the Council's land for generation of carbon efficient power and planting projects. Further to this the Council has also sought to take a lead in delivering a carbon neutral Borough by 2045, thereby placing itself in a leadership role, with a need to demonstrate leadership in this area.

Putting aside the issue of climate change, the general idea of managing any estate in a sustainable way makes perfect sense, particularly for organisations, like the Council, that are long-term custodians of public assets. In addition, reducing our reliance on international energy sources (in particular Gas) will make the Council more resilient and less sensitive to global and national threats and similarly switching to green electricity, which tends to be UK based also improves the resilience of the Council. More broadly the Council will need to evolve its thinking about how it uses the land in its custodianship to be more reflective of the Council's Carbon Action plan and embed this in its future plans, policies and strategies.

Given the specific deadline set by the Council to achieve Carbon Neutrality by 2025 and its longer term ambitions by 2045, and the compelling reason of climate emergency sitting behind this objective, this is strategically the most important objective to the Council in the delivery of its services through its asset portfolio.

4.2 Delivery of services to the Community and Customers of the Council

At its centre the Council is an organisation that delivers services to the community it serves. Local Authorities will mainly hold assets to enable the delivery of public services: perhaps the most obvious asset examples would be public buildings, highways, schools and parks. The Council has a statutory obligation to deliver some of the services it provides, and this may have implications for land and property assets in the control of the Council. Adequate forward planning by services is required to ensure that service needs are mapped out and correct and timely conclusions about property transactions can be made.

The Council recognises the complexities of the borough and though the Joint Strategic Needs Assessment it understands the challenges faced in each of its communities with noticeably differing outcomes and areas of deprivation within the Borough. The introduction of Integrated Care Partnerships in 2022 offers an opportunity to align the Council's services to the eight care community areas.

This objective responds to the Council's Corporate aim of FAIR, however given that land and property assets are used to deliver the Council's services it touches on all the other priorities as well.

The Council continues to face an economic challenge of responding to an increased demand for its services, in a challenging economic climate and as a result, the Council has been working hard to simplify its estate and also look for opportunities for the Community, where appropriate, to engage in the delivery of services through its assets.

A new factor in this specific objective area has been the pandemic which is unprecedented in recent times. It has radically shaken up the way the Country and every business, including the Council, works and has been a significant disruptor in the way that the Council operates. In the main this has accelerated thinking related to ways of working accelerating pre-existing, obvious, trends. This factor has also accelerated new ways of accessing goods and services. The full impact of this acceleration is not yet fully understood but it is clear that land and property may have a different role to play in the delivery of future services alongside other solutions and therefore this should be a principle of the asset management plan.

The Council's Digital Strategy, 2022 to 2024, considers the implications of this for our residents and customers. Whilst digital undoubtedly creates opportunities, it also brings challenges. Supporting those who are unable or choose not able to use digital channels is an important factor for the Council's physical footprint. The Council needs to address inequalities for those

in our most disadvantaged communities and those communities where individuals and businesses have poor connectivity.

Finally, whilst considering these important elements, there is also a recognition that the resources of the Council are finite, the Council's estate needs to be efficient and retention of assets that are underused presents financial challenges to the Council.

4.3 Compliant Estate with appropriate governance systems

As an owner of land and property the Council has obligations towards its property and those that use it. These obligations can be statutory, and the Council must comply with certain regulations. In addition to this the Council also has to comply with its own governance arrangements, flowing from the constitution and its statutory obligations from holding public assets.

The Council has good systems in place to achieve this, but it must remain vigilant to maintain and improve the standards it has set and also seek out opportunities to improve its performance in this area, minimising risk for the Council.

As the Council continues to face a challenging economic environment, where funding of capital and revenue is challenging and care is needed to focus the Council's resources carefully, care needs to be exercised to ensure that these activities are completed and therefore this objective must be part of the plan. Capital Receipts do enable the delivery of the Council's MTFS and in particular, the Capital Programme. It reduces the need to borrow in order to deliver the schemes within the Capital Programme, which have been recognised corporately as been important to the Council as part of its delivery of its vision, core values and priorities.

The Council also has extra statutory obligations imposed on it as an owner of property in the public sector. Since the previous Asset management Plan, the Council has developed its property governance systems reviewing its governance arrangements relating to land transactions and developed robust processes to allow transparent and compliant decisions on land and property to be made.

Therefore, from a day-to-day Operational Estate service perspective, appropriate governance systems are the most important objective for the Council. As not achieving success in this area would have immediate consequences for the Council.

4.4 Enabling and delivery of an efficient Council

This objective responds to the Council's Corporate aim of FAIR and touches on the Council's three priorities. By statute and practice the Council, as a custodian of public money seeks to deliver, with limited resources, an efficient Council and services which is aligned to Corporate Plan and the Council's Medium Term Financial Strategy. Therefore, the Council will also seek to achieve this with its land and property assets.

It is logical when considering this objective that the Council's Estate is 'right sized' to deliver its services to customers and partners. It makes sense that efficiency is sought in the running of those assets and that its corporate risk is appropriately managed. Over the previous plan period the Council has worked hard to address long standing property matters, making good progress, for example rationalising vacant buildings in its portfolio and releasing them to their future economic use.

Where assets are surplus, these should be released to allow them to be brought back into an economic use. Where appropriate this may mean that the Council would generate a Capital Receipt to contribute to the MTFS or deliver another objective of the Council, for example release of an asset to community use through the asset transfer framework or delivery of housing through the Housing Delivery Framework.

When the Council considers assets that are potentially surplus it will also consider the needs of all services, where the release of an asset for an alternative purpose, for example education, may achieve a good outcome for the Council, both in terms of the delivery of services, but also from an economic perspective. Therefore, adequate forward planning by services is required to ensure that service needs are mapped out so correct and timely conclusions about property transactions can be made.

The Council delivers its capital programme through the MTFS and the Capital Strategy. It makes sense to synergise capital investment and disinvestment of assets, preventing investment in assets that will be disposed of and timing Capital investment aligned to Capital Receipts. Obtaining the best possible understanding of whole life costs of projects at inception is also appropriate as is alignment of the Council's limited resources to the capital programme to ensure that the tempo of projects can be achieved.

An additional factor that the Council must deal with in the short term is the inflationary cost of construction and energy in the UK and internationally, where significant upward shifts in the norm have been experienced as the world seeks to recover from the Pandemic.

4.5 Delivery of Economic Growth in Cheshire East

Responding to the Council's corporate aim of FAIR and is directly linked to the Council's priority of delivering a thriving and sustainable place.

Although Cheshire East should be rightly proud of its economic performance overall both regionally and nationally, there is a high level of inequality across the borough in addition to this the community is also split between its urban centres and its rural communities. The Council has a number of plans led by the Economic Development team which will assist in the delivery of this objective. As part of their plans, Council owned physical assets are an important element of their plans.

It stands to reason that delivery of Economic Growth should be an objective for the asset management Strategy.

4.6 Enabling the delivery of quality of place

This objective focuses on the Council's corporate aim of FAIR and the corporate priority of a thriving and sustainable place.

Without doubt Cheshire East is a great place to live, grow and work, however there are significant variations in the borough in terms of inequality, urban and rural communities, with differing life outcomes as set out in joint strategic needs assessment. There is a need to respond to national Policy and take a lead locally regarding the changing environment as referenced in the Sustainable and Inclusive Growth Commission. Thinking on how places will be developed in the future, for example 20-minute neighbourhoods, also needs to evolve, in part to enable the enhancement of the quality of place, but also to make our places more

sustainable. Cheshire also benefits from a wide range of heritage assets where there are opportunities to lead by example, for example the delivery of Macclesfield's Heritage Asset Regeneration Plan in 2018.

The Council is a significant stakeholder in the Borough, with statutory duties relating to a range of services it delivers. It also has land and property and statutory powers to make a difference at a local level.

Therefore, this objective should be part of the plan.

5. Summary

These estate core values, priorities and objectives are underpinned by the functional strategies, policies, procedures and protocols that deliver them. These documents and activities are the way that the Council will look to implement the Strategy and on a day to day deliver the objectives of the Asset Management Plan.

The Council's aims are to be **open**, **fair** and **green** and the Council's priorities are an **open** and **enabling** organisation, a Council which **empowers** and **cares** about people and **thriving** and **sustainable** place. These are the core values of the asset management strategy and this strategy, through its implementation will deliver the Council's aims priorities as set out in the table below.

Asset Management Strategy Objectives	Examples of Strategies, policies, procedures and protocols	Council Aim	Council priority
Dealing with the impact of Climate Change	Carbon Neutral Council by 2025	Green	Sustainable
Compliant estate delivered with appropriate governance systems	Events on Council Land Statutory Compliance and H&S Implementation of revised property system Corporate Landlord model Property Assurance Framework	Open	Thriving Cares Enabling Enabling
Delivery of services to the community and customers of the Council	Community Asset Transfer Framework Events on Council Land Housing Development Framework One Public Estate	Fair	Empowers Thriving Sustainable Enabling
Enabling and delivery of an efficient Council	The Medium Term Financial Strategy Estate Optimisation, improving the financial position of the Council, review of assets (Eg Estate Transformation, Strategic Leisure Review, Disposals programme, Farms Strategy, Surplus asset process) Support to Services Asset Management Strategy and Plan	Fair	Open, Sustainable Sustainable Enabling Open, Enabling
Delivery of Economic Growth in Cheshire East	HS2 Town Centre Regeneration and TCVP / Regeneration plans Highway Schemes	Fair	Thriving Thriving Enabling

Enabling the delivery of a Quality of place	Quality of Place	Fair	Sustainable Thriving /
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Part 2: Corporate Asset Management Plan

1. Introduction

The Corporate Asset Management Plan applies the vision, core values and objectives of the Council's Asset Management Strategy and translates this into a workable plan with specific actions that can then be followed delivered and by Officers and Members.

There are a range of competing demands on the Council for the use of its resources, including its Land and Property. Through the Council's Asset Management Strategy the linkage is created between the Council Corporate Plan, the MTFs and Capital Strategy and other key strategies, policies, procedures and protocols that underpin the Corporate Asset Management Plan.

These documents link the actions falling out of the Corporate Asset Management Plan, right size the asset base, carbon neutral by 2025, delivering key projects and policies and governance, to the Strategy, Medium Term Financial Strategy and the Council's Corporate Plan.

2. Scope of Asset Management Plan

As part of delivery of its services and responsibilities the Council holds land and property assets. It stands to reason that the Council would have a plan in place to describe how it manages these assets. This is the reason to create an asset management plan, to bring together the policies, processes and statutory responsibilities to set out how the Council manages its assets and also give Officers and Members of the Council a handrail when it comes to decision taking in the future that relates to assets. It allows Residents, Officers, Members, partners, and other stakeholders to understand the Council's approach to its assets and to test whether the approach continues to serve the overall needs of the Council as the plan is delivered.

The Council uses a 'Corporate Landlord' model to deliver its services. As set out in the Constitution the ownership, management and maintenance of property assets is aligned to the corporate landlord as opposed to service directorates. This allows the Council to deliver better more efficient services, unlocks the value of assets, seeking efficiencies through joint arrangements with public sector partners and ensures a consistent approach to the management of the Council's property portfolio.

The Council's land and property assets are by far the most significant in terms of value when compared to all the other assets that the Council holds. However, the Council in the main uses its assets to deliver physical services and where the assets are no longer required, they are disposed of. The Council's Asset Management Plan recognises that there are elements of the Council's Asset Portfolio which are not directly covered by the Asset Management Plan, however the basic principles covered in the plan are aligned to the general way these assets are managed in the wider Estate. Therefore, this approach does not hinder the day-to-day operation and delivery of services. Examples of this are:

2.1 Highways

The Borough's Adopted highway infrastructure is dealt with under a Highway Asset Management Plan: this may include land which is in the ownership of the Council, for example land that has been acquired for a highway scheme.

2.2 Schools

Through devolved school management, introduced in 1993 the budget, management and maintenance of schools has been devolved to individual council-maintained schools, with the so they can best deliver their services in a way that benefits them. An element that has been devolved is management and maintenance of the physical assets of maintained schools. A further factor is the Academy process which will see the further devolution of maintained schools, with any new schools being implemented through this process as well. Very good progress has been made to convert Cheshire East's schools to Academies and we would expect that this work would continue.

It is noted that in order to deliver the required level of school places across the borough there may be a need for on-site expansion or development of new sites to meet increasing in Borough demand.

It is noted that very often schools can and do 'buy back' Facilities Management Services from the Council. Where this happens, those services are delivered aligned to this plan. In addition to this the Council may also deliver capital construction schemes on school sites and again where applicable this plan is followed in the delivery of these schemes. Council schools may also opt to become an academy with all schools expected to become an academy by 2030. The Council also undertake capital maintenance works at schools, though the school capital maintenance grants in conjunction with Children's Services.

2.3 Parks, Public Open Space and incidental Open Space

The day-to-day management and maintenance of these spaces is delivered by the Council's Environment team through the ANSA contract or similar service providers. The Council is working closely with its partner to improve understanding of the detail of the assets that ANSA maintain and integrate this information with other data held on the Council's property systems, which in turn will lead to a greater understanding of this category of asset. Countryside parks are managed day to day in a similar way by the Countryside Service, with similar work ongoing.

The Council publishes information on its asset through its transparency pages and this information can be found through the Council's Internet pages. The Council manages its land and property assets through a property management system. The Estates Service in the previous plan period reprocured its system and is using this as an opportunity to increase the information it has easily available on its assets for management purposes. This is an ongoing piece of work which is being delivered organically by the team alongside their day to day activity. This work once complete will allow a deeper understanding of this asset category and enable further detailed analysis of the Council's Estate.

Although the Council, as a statutory body, may have powers available to it to manage the environment, these powers are not vested in the Corporate Landlord. As an owner of land, it is not able to maintain the assets of third parties, therefore activity on third party land is not covered in this plan.

The Council continues to improve its understanding of land ownership and areas of land in its management.

3. Strategic Alignment

This section describes the linkage between the Council's Corporate Plan and the Asset Management Plan. Given the Council's Land and Property Assets also have a value, it will demonstrate the linkage between the use of assets and the MTFS. It will also consider the linkages to the following non exhaustive list;

- Customer Experience
- Capital Programme
- One Public Estate
- Sufficiency statement
- Farms Strategy
- Regeneration Strategy
- Rural Action Plan
- Environmental Strategy
- Workforce Strategy
- Estate Transformation

It is noted that there are a significant number of pieces of legislation, policies, processes and procedures that directly or indirectly affect the Council's land and property assets.

The Council's Corporate Plan for the period of 2021 to 2024, has set out its aims and priorities for the Council until 2024, which aligns well to the normal Asset Management Plan period. It was anticipated that the Asset Management Plan would be delivered in 2020, however this was hampered by direct response to the pandemic. Since the pandemic there has been increased uncertainty which may affect property. Therefore, the next review of the asset management plan is set for 2025, to enable realignment of the corporate plan and the asset management plan and also allow a timely review to consider any implications of the current economic environment.

In the corporate plan the Council's aims are to be open, fair and green and its priorities are an open and enabling organisation, a Council which empowers and cares about people and thriving and sustainable place. The Asset Management Strategy uses the Corporate Plan's aims and priorities as its core values and sets out the linkages between these values, the objectives of the strategy and how through implementation of the Council's Strategies, policies, plans, procedures and protocols it references the Council's priorities.

At the very heart of the Council's use of assets is the delivery of its services, both front of house and back office, balancing the needs of front-line delivery with the need to deliver a balanced MTFS. The Council develops its understanding of how it wishes to employ its assets through its values and objectives of its strategy.

3.1 Customer Experience

The Council adopted a Customer Experience Strategy in 2021, covering the period of 2021 to 2024. Customer Experience refers not just to the services the Council provides but also how

the Council treats its customers accessing those services. This has a direct impact on the way the Council uses its assets.

The Council knows that it provides a wide range of services to its customers and know that the experience will differ depending on the service accessed and the way in which it is accessed. As a public service provider it is important that customers can trust the Council to design services which respond to their needs and the needs of the local area and that these are delivered in a way which provides value for their money. It is therefore clear the way that the Council uses its assets will be central to the delivery of the strategy.

The inter relationship between the Council's assets and Customer experience makes delivery of the Customer Experience Strategy's vision important, including design of joined up services with partners, ensuring services maintain flexibility to adapt to customers needs, adopting a digital fist solutions and ensuring that the Council achieves value for money. It is noted that the Estates Service, as a corporate landlord, is also client and resident facing.

3.2 Capital Programme

The Capital Programme, which is part of the Council's MTFS is the way that the Council articulates the capital investments it will make in any given cycle of planning. Disposal of assets is directly linked to this activity in that it provides capital monies to achieve these planned objectives. The current Capital Programme includes:

- Investment in projects to enable the delivery of the aim to be a Carbon Neutral Council by 2025
- Town centre redevelopment and regeneration projects
- Investment in infrastructure to improve walking, cycling and rail capacity in the borough, and capacity on the roads to reduce congestion and improve air quality
- Investment to enable the delivery of housing sites that meet the needs of residents including affordable housing and housing for vulnerable and older people
- Investment in assets to support key front-line services such as improvement to our leisure centres, expansion of our schools and planned investment to maintain the highway network

The Asset Management Plan and Strategy are therefore linked to the Capital Programme, allowing projects to be constructed on council land and allowing capital to be released back into the programme.

3.3 One Public Estate

The Council has the appetite and desire to work closer with its public sector and third sector partners. The Council recognises that our partners can be best placed to lead and deliver better outcomes to our residents, or as set out in the Customer Experience Strategy we have the appetite to design joined up services that may deliver a greater benefit to our residents and customers. One Public Estate also generates opportunities to generate efficiency and improve value for money.

There are a number of opportunities that should mature in the plan period. Developments in the Health Sector, with the creation of Integrated Care Partnerships, should generate opportunities for the Council to explore with the NHS. The delivery of a revised Community Asset Transfer Policy in 2020 also generates opportunities for the next tier of local government and third sector originations to have more control and innovate the way they want to deliver in the day to day lives of our residents. Opportunities related to the delivery of HS2 and

implementation of Rail Network Improvements in the Crewe area will generate opportunities to work closer together with the Rail sector.

Following the pandemic, there is a generational opportunity to redefine the way the Council delivers services and thereby generate opportunities to work more closely with OPE Partners.

3.4 Sufficiency Statement

Cheshire East Council are committed to providing the best quality education and support for all our children and young people to ensure they achieve the best possible outcomes. Having the right educational placement is key to supporting children and young people to achieve their potential and to develop the range of skills and experiences they need to equip them for adulthood.

The Council is responsible for ensuring that it has sufficiency of school places and also responds to the increasing demand for specialist SEN places. This is particularly important in areas where there are high priority planning areas. The Council's Education team has a robust and detailed plan to deliver school and specialist SEN places through existing education assets and where appropriate developing new educational sites. These sites may be delivered through the planning process or delivery using the Council's own assets. The Estates Service's Property Projects Team support the Education Team, part of the Children's Services Directorate through managing the development and delivery of agreed programmes of construction works to expand or build new facilities to provide the agreed School places.

The Council's sufficiency statement is set out on the Council's web site and the SEN provision plan 2020 to 2023, dated December 2020 articulates the requirements in that provision. As would be expected there is ongoing work to maintain the currency of this suite of documents.

3.5 Farms Strategy

The Council's Farms Estate provides entry level farming opportunities to aspiring farmers, using almost 4,900 acres of land in offering 47 farms on 19 separate estates geographically dispersed across the borough. As an income generating service, it is managed to a strategy developed and designed in 2011 and reviewed in 2018 to drive continuous improvement in the quality of offer to prospective tenants, environmental and financial performance within the framework of the Council's wider ambitions towards socio economic and environmental objectives.

Currently the Council is reconfiguring its Estate to make these opportunities more effective. Following the UK's exit from the European Union, Central Government is considering what steps it needs to take in the Farming sector, which in all likelihood will affect and adapt Government funding for the sector, with an anticipated shift of emphasis towards environmental measures. The Council also wishes to make its presence felt in the delivery of its target to be carbon neutral by 2025, which may have implications for its land holdings.

Although the current Farms Strategy has sufficient flex to deal with these issues, following the adoption of the Asset Management Plan, when a better understanding of Central Government's plans for the Farming sector has been established, it would be appropriate to review the Farms Strategy, within the CAMP period.

3.6 Regeneration Strategy

Cheshire East is a vibrant place, but the Council has clear ambitions to further enhance the economic prosperity and vitality of the borough.

The Asset management Plan recognises that the Council's land and built assets will frequently be key to unlocking economic development priorities including delivery of new homes on strategic Council owned housing sites, regeneration projects in Crewe town centre, projects linked to the Macclesfield Town Centre Strategic Regeneration Framework, and projects which may stem from the emerging Town Centre Vitality Plans for the borough's nine key service centres.

The Estates service will work collaboratively with the Economic Development Service to identify and unlock those opportunities, harnessing the expertise and capacity in facilities management, valuation, information and project management, to ensure that the Council's asset portfolio is optimised to support economic wellbeing. This will generate opportunities to create new jobs, supporting the vitality and viability of town centres, and delivering new homes within the borough.

The development of Business Improvement Districts (BIDs), offer opportunities to empower our communities to secure wider economic benefit and vitality for our towns. Therefore as a owner of land and a leader of Economic Development in the Borough, the Council as an owner of land and property is open to the opportunity that this offers for our towns.

3.7 Workforce Strategy

The pandemic has brought many challenges for the Council however it has demonstrated that the Council and its workforce can work in different ways. The disruption to normal ways of working has provided a once in a generation opportunity to transform, to design a future workplace that improves work life balance, whilst keeping the Council's customers at the very heart of what it does. The Council therefore has delivered its workforce strategy in December 2021, covering the period 2021 to 2025.

The workforce strategy looks at the key challenges the Council faces, its future skills requirements, including attracting and retaining a more inclusive and representative workforce and enhancing career pathways.

3.8 Estate Transformation, Strategic Leisure and Neighbourhood Review

The Council has been disrupted by the effect of Covid and national lockdowns, which has acted as a driver for change, accelerating pre-existing changes to working practices and use of technology. This allows the Council, its Members and Officers and the residents that they serve the opportunity to change the shape of the services that are provided. It generates exciting opportunities to look closely at what is important, for example the opportunity to consider significantly altering the Council's Carbon Footprint, or offering greater opportunity for staff to be flexible when working for the Council, whilst noting that inequality in term of access to digital and other factors also need to be considered.

It is clear that the Council's operational estate is a significant factor in the implementation of the Workforce Strategy. The Council is examining its requirements for its operational office portfolio seeking to transform the estate creating alignment to the workforce strategy. This element of work is called Estate Transformation. The Council also wants to better understand how it can deliver its services in a consistent way to the neighbourhoods within the borough.

A strategic leisure review is currently underway to consider and ensure that a 'best fit' approach is adopted to any current or future commissioning of health and wellbeing activity

this will include the current management fee paid to Everybody Sport and Recreation. The review has a target to reduce council expenditure on Health and wellbeing activities of £250k.

3.9 Rural Action Plan

As part of delivering its Corporate Plan outcomes, the Council has undertaken to build a thriving and sustainable place and as part of that aim it seeks to have thriving urban and rural economies with opportunities for all with thriving and active rural communities. The Rural action Plan is part of this commitment.

A Rural Action Plan has been in place since 2018/19 and an update will be considered by Committee later in 2022 to cover the period 2022 -25. The Plan provides a framework for the Council's approach to the economy in rural areas that takes into account relevant policy and strategic direction, but with a rural focus.

The rural aspect of Cheshire East is significant in terms of population, economic impact, and its contribution to the borough's 'quality of place'. The Council's assets in rural areas include land, buildings and shared or co-located resources which can be used to support the Council's ambition for thriving rural economies and communities. For example, the current rural Action Plan highlights the opportunity to support local communities to identify assets that are important to them and promote the Register of Assets of Community Value as a means of recognising their value and potential for sale to community groups.

The Council also has a direct involvement in agricultural land through the Cheshire Farms Service, which was created to manage the agricultural estates of both Cheshire West and Chester Council and Cheshire East Council on their formation as unitary authorities in 2009. Cheshire East Council retains an estate of 4833 acres with a range of entry level farm types and sizes, providing opportunities to suitably qualified persons to enter agriculture. Taking account of future changes to agricultural payments, climate change and the environment, there will be a need and an opportunity to ensure that the Council's farm estate is well placed to address these multiple agendas.

Decisions related to the use of Council land and assets can have a significant impact on the economy, environment and communities in Rural areas and there is an opportunity to ensure that such decisions are 'rural proofed' in order to deliver thriving rural economies and communities.

3.10 Environmental Strategy

In May 2019 Cheshire East Council committed to being a carbon neutral council by 2025 and to influence carbon reduction across the borough. In May 2020 the Council adopted a Carbon Action Plan which set out how it will achieve this. The plan set a carbon reduction target of 46% and an inseting target of 60% by 2025 from 2019 baseline levels. To date the Council has achieved carbon reduction of 5% and delivered 28% of its inseting target. However, there are a series of projects in development that are forecasting total carbon reduction of 49% and total inseting of 60%; these projects remain subject to delivery. The Council has an active plan to achieve these targets and these are replicated as actions in this plan. Among the recommendations accepted was for the council to reduce carbon from buildings by adopting the Building Research Establishment Environmental Assessment Method (BREEAM) 'Excellent' or equivalent standard for new buildings and aiming for the highest BREEAM standard achievable for refurbished Council buildings. This is also baked into this plan for any future property projects that will enter the MTFs. Further to this the Council has also set out

its ambition for the Borough to be carbon neutral by 2045. With higher than average CO2 emission it is clear that the leadership of the Council will be important to achieve this goal. The Council's target to achieve its own Carbon Neutral status by 2025 is an important step in that leadership.

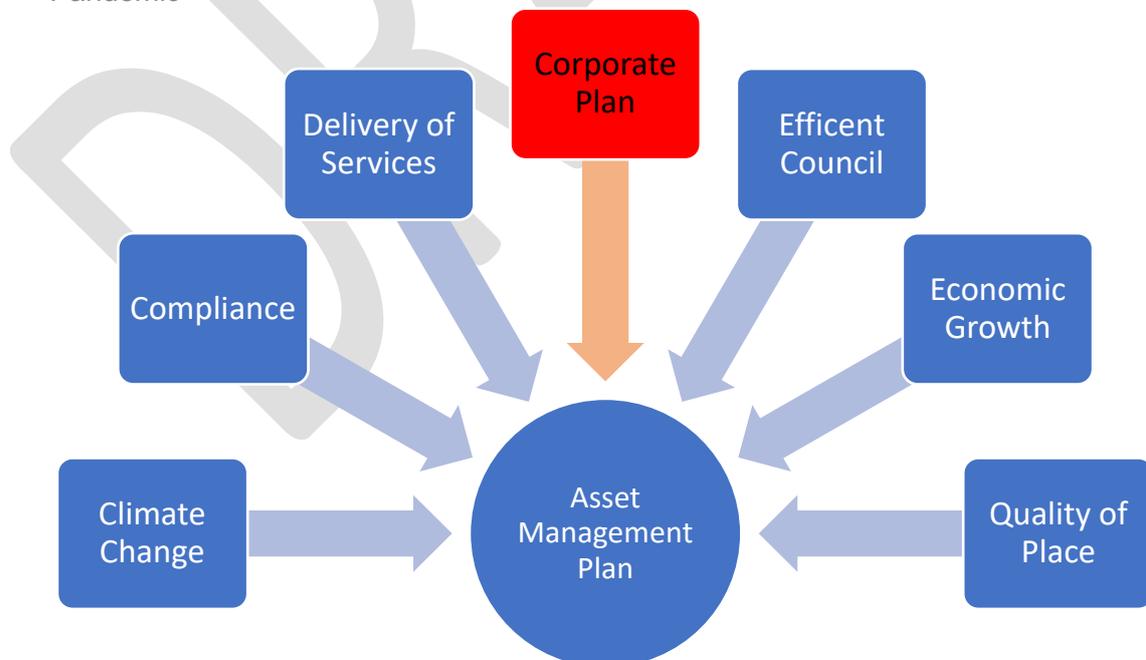
4. Asset Management Strategy Objectives

The Asset management Strategy sets the context for the Council's asset management plan which seeks to align the Council's assets to its organisational needs. The AMS obtains its direction from the Council's Capstone document, the Corporate Plan, to which it is aligned to. Therefore, the asset management strategy objectives directly read over into the asset management plan and is linked to the Corporate plan by this means. There are host of other factors that affect the Council, ranging from the current challenging economic climate that the Council finds itself in, through to issue like dealing with the Pandemic and Climate Emergency. It also has to factor issues such as statutory process, inclusive of s123 of the Local Government Act. The Asset Management Strategy sets out the tactical activities that are delivered to enable the strategy and in turn the asset management strategy to deliver the Asset Management Strategy Objectives and ultimately deliver the Council's Corporate Plan.

4.1 Values and Objectives of the Asset Management Strategy

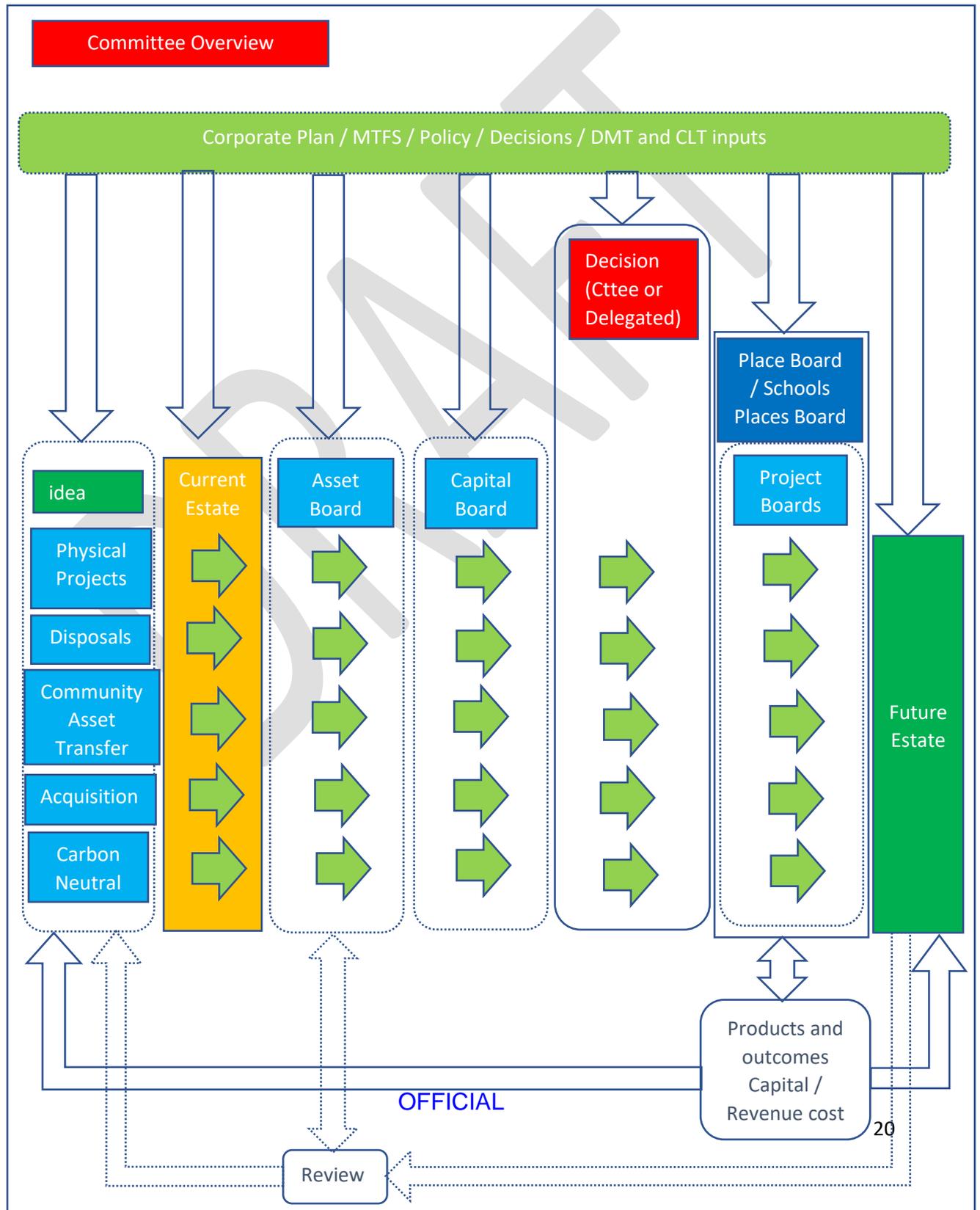
Influencing Factors

- CE, UK and International economic climate and outlook
- Climate Emergency
- Statutory process
- Pandemic



5. Governance for Decisions

The Council's approach to Land and Property Governance combines the policy setting and scrutiny of members with the day-to-day management of the Council's Land and Property assets being delivered by Officers. The approach taken is described diagrammatically below.



5.1 Committees

There are two committees that have an interest in the governance of land and property matters. These are in general the Finance Sub Cttee and the Economy and Growth Cttee. This is due to the unique nature of land and property: it has a commercial value, therefore it is entirely understandable that the Finance Sub Cttee will have an interest in land and property, however unlike a normal financial instrument it has a physical presence in the Place and therefore the Economy and Growth Cttee with its task to deliver inclusive and sustainable economic growth will also have an interest in this category of asset. The responsibilities of these Committees are definitively set out in full in the Council's Constitution, however in summary:

- **Finance Sub Committee**
With responsibilities for the Council's finance and performance, its responsibilities include property transactions including the buying, selling and appropriation of land and property and oversight, scrutiny and budgetary review of land and property.
- **Economy and Growth Committee**
The Committee is responsible for policies and making decisions on matters relating to delivering inclusive and sustainable economic growth. Its responsibilities include development and delivery of the Council's Estates, Land and Physical Assets Policies and Oversight, scrutiny reviewing outcomes, performance, budget monitoring and risk management for facilities management, assets and Farms.

5.2 Corporate Landlord Approach

The Council has adopted a corporate landlord approach, which enables the Council to utilise its assets to deliver better, more efficient services to our communities. It unlocks the value of assets, seeks efficiencies through joint arrangements with public sector partners and maximises private sector investment. It ensures the provision of a consistent, corporate and strategic approach to the management of the Council's property portfolio, consolidating resources, eliminating duplication improving efficiency procurement and the establishment of corporate property standards and supports the delivery of the Council's Corporate Plan. The area covered by the corporate landlord includes the operational, industrial, community, highways, surplus, education, drainage and green spaces. Services based in / operating the operational estate are in essence 'tenants of the Corporate Landlord'.

The Corporate Landlord, personified in the role of Executive Director Place, is delivered by the Estates Service, working in partnership with other services, with officer oversight provided by the Assets Board and the relevant committees described earlier. The Estates service

provides property projects, property services, data management, facilities management and hosts the Farms shared service. The Corporate Landlord is based upon the following principles:

- As a corporate resource land and property is not in the sole control of any one directorate or service. The objective of any resource of the Council is to deliver the best outcome for residents as a whole.
- Property related activity and budgets are managed centrally, although for practical service reasons some assets are treated separately, for example:
 - Environmental Services, responsible for grounds maintenance, operationally manage the Council's these elements through a separate budget, although the asset remains in the ownership of the Corporate Landlord and the buildings on these assets are maintained by the Corporate Landlord.
 - Highways, and their adjacent lands are managed through the Council's Highways contracts, with planning, maintenance and operation delivered through the relevant budgets, although the land remains in the ownership of the Corporate Landlord.
 - Other services, including the Countryside Service, Tatton Park and the Farms Estate operate under similar arrangements.
 - The day-to-day management of Schools in Council ownership are devolved to those schools governing bodies, with the potential of buy back of relevant services where this is required from the corporate landlord.
- The Corporate Landlord is responsible for maintenance of condition and compliance of the Council's operational buildings. This is particularly important whilst the Council drives to achieve its Carbon Neutral targets and in a post Grenfell era.
- The Corporate Landlord leads on all property transactions and reviews such as, land and property review, leases, acquisitions, disposals, land assignments, valuations, CPO's and wayleaves. The Corporate Landlord also provides surveying advice and support to services, should they need this in the delivery of their plans.
- Services should not commence negotiations related to any land and property asset related plans / co-locations / bids, change of use or additional expenditure without it being agreed through the Corporate Landlord and they must consult with the Executive Director Place on the same.

The Corporate Landlord takes the lead for property reviews and rationalising the Council's Estate. It does this in conjunction with other services of the Council and this is overviewed by the Asset Board. Products from this review include the Council's disposal programme, inputs include works such as the Council's Schools Sufficiency Statement.

5.3 Officer Governance

As set out day to day, routine property transactions are dealt with by the Estates Service, led by the Head of Estates. This typically translates into a high volume of low value transactions and enquiries. The assets board, which draws from all services within the Council has been created to deal with more complex matters and ensure that a broad spectrum of views is obtained in developing officer recommendations.

- 5.3.1 The Asset Board.** A non-decision-making officer board, it enables the development of officer recommendations for decisions relating to assets and obtaining inter department engagement in development of proposals relating to assets. Routine asset matters are not considered by the board, only those that have a strategic importance to the Council or ones where there is a requirement for inter department consideration of the course of action that is proposed. It acts as a pathway for capital projects not contained in the MTFS to the Capital Programme Board. It enables officer governance and review of asset related matters, monitoring performance against the property assurance framework. It allows for cross council requirements for land and property to be considered, and review of assets that may come forward for disposal. It does not replace the valued oversight and scrutiny of the Cttee system.
- 5.3.2 Capital Programme Board.** A non-decision-making officer board, it is interested in enabling the delivery of the agreed Capital Strategy as set out in the MTFS. It considers business cases of projects that come forward for funding and assists in the development of officer recommendations for decision takers. Further information on the process that underpin the board can be found in the Capital Strategy section of the MTFS.
- 5.3.3 Programme and Project Boards.** Following inception and the decision to progress with asset projects they are managed by way of project boards. These boards bring the relevant project management support, technical support and enablers to support the project lead and the SRO for the projects. Programme Boards are then used to escalate decisions and issues and monitor projects, at an Officer level, generating officer recommendations, where applicable for decision takers. It monitors products and outcomes, capital and revenue cost of projects. The Place programme board is an example of the operation of this type of officer governance.
- 5.3.4 Schools Place Planning Board.** The council is enhancing its governance arrangements around the delivery of school projects. It is developing a Strategic Programme Board and a Tactical Programme Board, which will align with the Corporate Asset Board. The relationship between both Boards will be established and embedded during the lifetime of this plan.

5.4 Decision Making

Decision making for assets is delivered in line with the Constitution and within Council's scheme of delegation. Where appropriate it has the benefit of development of the proposal and its officer recommendations through the asset and capital programme boards.

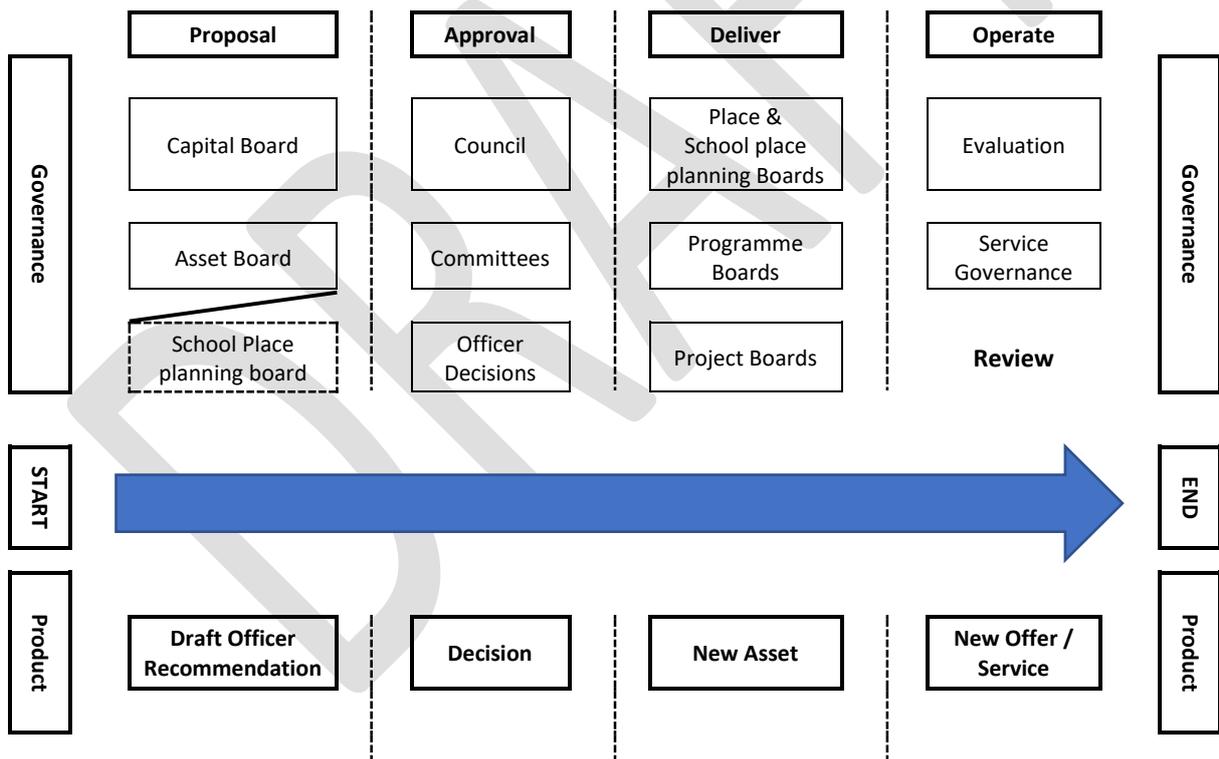
The Acquisition and disposal of land and property and other assets over £2m is the responsibility of the Finance Sub Committee and below £2m is the responsibility of a member of the Corporate Leadership team in consultation with the Chief Finance Officer and the Executive Director of Place. There is an officer scheme of delegation in place to allow decisions to sit at an appropriate level within the organisation.

The Secretary of State, under section 123 of the Local Government Act 1972, is required to make decisions on property matters where there is a less than best consideration of £2m or more.

Officer Decision Records and Committee decisions are supported by Legal Services and Finance Services formal consultation. The earliest engagement of the Estates Service where property is involved is strongly recommended.

A key factor to making good decisions is the requirement for reporting so progress can be monitored, and improvements made during the lifetime of the plan.

A schematic showing this process is set out below.



Notes

This tests whether the project is feasible: for example, do we have the funds to do it? Do we have the land and property assets to do it? Are there better uses of the resources that would be needed?

The approval process takes the draft recommendation, supported by the relevant reporting, key service and officer inputs, consultations, and tests this as appropriate at DMT's and Corporate Leadership Team as appropriate.

Manages the implementation, escalates issues to the relevant levels as schemes progress. Enhanced by Cttee responsibilities set out in constitution.

Scheme complete and then evaluated, control given to the user to 'operate'. Day to day running delivered by relevant service. Enhanced by Cttee responsibilities set out in constitution.

Notes

Development of a Project: relationship between governance and approval elements

DRAFT

6. Pipeline of Activity

The Council has a series of programmes of work that affect its land and property. As a land and property owner the Council acquires, maintains, develops and disposes of assets. These activities are aligned to the Council's constitution and also legislation where this is applicable.

6.1 Acquisition of Land and Property

The Council acquires land and property to deliver physical projects or services within the Borough. Notably the Council is delivering a number of significant highways schemes which require third party land and rights and are supported by Compulsory Purchase Order (CPO) procedures. In line with the constitution the Council's Committees are vested with the power to exercise CPO powers. These programmes are developed and aligned to the MTFs with the Capital Programme Board taking a key role in developing the proposals to be put forward for consideration. Once live, where appropriate, these schemes will be monitored by programme boards until they are brought to conclusion.

Infrastructure schemes do span a significant period of time, from inception, through land acquisition, physical construction and completion to conclusion of compensation claims which are governed by statutory processes. The Council are dealing with large number of individual land or rights acquisitions which need to be agreed in accordance to statute and anticipate a further significant volume of work that will be needed to deal with further compensation claims arising from these schemes. It is anticipated that this work will continue beyond this asset management plan period.

The Council has also tracked Central Government's position on use of PWLB for investment purposes. During the plan period it is not anticipated that the Council will acquire assets primarily for investment purposes over the plan period.

6.2 Maintenance of Council assets

In ensure the Council's estate remains fit for purpose, and meets all statutory compliance requirements, both capital and revenue maintenance works across the Council's estate are undertaken. This includes capital maintenance at schools. The Council has undertaken a full asset verification exercise which enables both the planned and cyclical maintenance programmes to be programmed, in addition to reactive works. There are some 16,000 maintenance orders raised annually:

- 6,000 Reactive maintenance,
- 3,500 Planned maintenance,
- 6,500 compliance – of which 1,500 are for statutory works.

Planned projects across the estate are developed for both maintenance and improvement works with an average of 200 projects delivered per year. Many of these are undertaken to enable the Council to meet its Carbon reduction commitments.

Annual audits are also undertaken to ensure the Council's buildings and schools are meeting their statutory compliance requirements, protecting residents, staff and mitigating corporate risk.

6.3 Review of Council Assets

The Council reviews its assets on a regular basis. This may be a consequence of service led work where due to changes in delivery the requirement for land and property assets change, however the Council, through the corporate landlord also delivers review of land and property. This work is fed into the Assets Board, with outcomes being then reported into the appropriate decision takers. The product of these reviews can be the Council releasing assets to their future economic use, investment or re purposing, of continuance of the use of the asset. During these reviews the opportunity is taken to improve the Council's ownership information about its assets as well.

6.4 Development of Council Assets

Several projects identified within the MTFS, and Capital programme will require the redevelopment of existing or newly acquired assets. The Property Projects team provides professional / technical construction related advice, in line with the Council's, Government, and Construction best practice, to ensure the satisfactory and compliant procurement, development and delivery of those projects is undertaken satisfactorily. Key activities of the Property Projects team include:

- project management of construction works at council-owned properties
- implementation and management of UK compliant frameworks – Several frameworks have been procured / set up to call off Construction works for Council wide use and its related parties, Parish, Town Councils, Academies
- procurement of professional consultants and contractors - Several frameworks have been procured / set up to call off professional Consultancy services for Council wide use and its related parties, Parish, Town Councils, Academies
- providing professional & technical construction-related advice

On average, a portfolio of construction projects, circa £70million is managed by the team on behalf of front-line Services, at various stages of development and across a wide and diverse range of the estate, with circa £10million of capital projects reaching successful completion each year. Typical projects include School expansions, Leisure refurbishments and development, Heritage protection and restoration, Demolition, Site remediation and Regeneration.

6.5 Disposal of Council Assets

Once an asset is no longer required for operational reasons, the normal process is for the Council to dispose of the asset so it can be brought back into economic use and the value of the asset be released to be used in a different way by the Council. From time to time the Council may not have an active use for an asset but look to retain the asset for strategic purposes or reasons. These assets are retained and reviewed periodically. The Council undertakes a thorough review of its vacant assets on a regular basis, focusing on vacant assets that are for some reason difficult to bring to the market or reuse. The Council has three main ways to dispose of land and property.

6.4.1 Disposal to the open market. The Council has a well-established Disposals Programme, which delivers Capital Receipts which are fed back into the Capital

Programme, funding those Capital Projects set out in the MTFs. As the disposal of assets supports the agreed Capital Programme a binding principle is that the Council does not ringfence Capital Receipts, as to do so would undermine the Council's own agreed Capital Programme. Assets disposed of on the open market are sold on the statutory basis (S123 Local Government Act 1972) of achieving best price/consideration that can be reasonably obtained through appropriate marketing and considerations and the Council exerts little in the way of control on the future use of the asset in order to achieve that maximised value. This programme of activity is monitored by the Finance Sub Committee. In the financial year 2021-2022 the Council disposed of six assets valued at £1.3m. The Council's 2022-26 Medium Term Financial Strategy includes an ambitious capital programme, totalling £633.7m. 62% of the programme is externally funded from grants and developer contributions; 32% is funded through prudential borrowing, with 6% funded from capital receipts and direct revenue contributions. Capital receipts have been an important source of finance in previous financial years. A more prudent approach has been taken in recent years and there has been no assumption of any significant additional capital receipts. A minimum amount of £1m additional capital receipts has been anticipated in 2022/23. The Council's current strategy is to realise net receipts of £4m for the period 2022/23 to 2025/26.

6.4.2 Disposal through the Housing delivery Framework. The Council has recognised the need for affordable housing across the borough as a result it has identified a series of assets which it will test through the Housing Delivery Framework in order to generate additional affordable housing. The framework will give the Council ability to intervene in the market and bring forward further housing provision will also enable the Council to:

- Contribute towards the housing supply across the Borough in order
- address identified housing need, including specialist housing
- provision and older persons housing provision.
- Support our economic ambition to increase the levels of working age professionals living in the area.
- To reduce the current use and cost of temporary accommodation.
- Have the potential to provide a revenue stream for the Council as opposed to a one-off capital receipt.

The framework will contribute towards the outcomes set out within our Economic Development Strategy, which highlights the need to provide the right housing offer to support the Council's economic ambition. The establishment of a Housing Development framework supports the delivery of the Corporate Plan as follows:

- Open - The selection of organisations to work with the Council has been established following a robust, transparent procurement process. The framework will deliver much needed housing.
- Fair - The proposal provides the Council with an opportunity to influence the type of development to meet housing need, especially in relation to increasing affordable housing and specialist housing provision.
- Green - Through the framework we will deliver homes which are well designed, affordable and safe, contributing to the environmental, social and economic wellbeing of the Borough.

6.4.3 Disposal through the Community Asset Transfer Framework. The final main method the Council uses to dispose of assets is the Community Asset Transfer

Framework. This recognises the important contribution the next tier of local government and third sector organisations can make in the community and the contribution that the Council can make in providing assets to these groups to deliver services. The Framework, approved in 2021, sets out the process a recipient organisation needs to follow and steps them through the process in a clear way to receive the asset. Disposals are predicated on groups providing significant value to the Community, that the asset is transferred 'as is', typically on a best value, not best price, basis and do have restrictions to ensure compliance with legislation and also to protect the Council's value in the asset. There are currently 17 assets working through this process.

7. Asset Portfolio Description and Inventory

On formation of the Council assets from all four antecedent authorities were brought into the ownership of the Council. Since this period of time the Council has undertaken an exercise to better understand these assets and also voluntarily register the bulk of its assets with HMLR. Although this work is not complete the Council has a very good understanding of its property ownership and what type of maintenance is carried out on land in its control. The Council publishes information about its assets for the general public to view on its web site and it also holds information on its assets on its corporate GIS and Property Management Systems.

In 2021 the Council has adopted a new property management system, and this has led to the Estates Service actively reviewing and improving the information it holds and deepening its understanding of its land and property assets. Additional benefits to running the service, such as case management delivered through the system has also currently been developed as is the integration and interoperability of the Council's asset register held for finance purposes.

The Council holds assets for a wide variety of reasons. The main reason the Council holds assets is for the delivery of services, for example schools, playing fields, its offices and parks – these are operational assets. It also holds assets which are not used for the Council to directly deliver its own services, these are non-operational assets and assets are primarily held to generate a financial return to the Council, for example business centres are deemed to be in this category. Finally, the Council also holds assets surplus, where they have been declared no longer required by the Council and held for disposal at a point in the future.

Like every other landowner it is a considerable challenge to maintain assets at a level that is acceptable to the authority and the Council's approach to this is set out in more detail in the risk section of this plan. The service has to maintain the assets within a tight financial envelope with constrained resources to deliver outcomes.

The Council owns 2,654 land and property assets and a summary table of these can be found at Appendix A. The value of the Council's land and property assets is £1.3bn and a summary of how this figure is arrived at is shown in Appendix B. Care needs to be taken when considering these numbers: although the Council appears to own a large portfolio of land and property worth a great deal of money, the reason it holds this land and property is typically for operational reasons and therefore the Council would not be able to realise the value or reduce its land holdings.

8. Risk Management

Risk management is a key factor for the Council in the way it delivers activity in its property in part due to the Council wishing to deliver its statutory responsibility but then also to deliver a quality environment for its employees and residents. Issues such as insurance and self-insurance, service risk and market trends and market forces are factors to consider.

The Estates Service approach to risk is to work closely with a variety of services to articulate the implication of various risks developing a no surprises culture. Where appropriate funding to deal with risk is applied for with appropriate time horizons so risk can be managed within the Council's capital strategy.

8.1 Insurance

The Council takes its responsibilities towards the land and property assets in its control seriously. More information on what the Council does to address its corporate H and S risk is set out below in the statutory compliance risk section. The Council's prudent and sensible approach to risk is an important factor for Insurers when considering the risk that they are willing to insure.

The Council has a number of decisions to take when considering insurance on its property assets. The specific details of the Council's insurance are commercially sensitive however it does actively consider factors such as affordability, excess and other factors. Therefore, having a prudent approach to risk management is a key factor in allowing the Council to access the insurance market at an affordable level, whilst also maintaining the level of insurance that is expected of it.

8.2 Market Forces

Immediately prior to the pandemic, the UK experienced a relatively benign period of low economic growth with low inflation and interest rates. During the pandemic the economy was subject to a wide range of stresses and inputs, which distorted the delivery of services, and the way property was used when compared to the previous marketplace. As the global economy sought to recover a range of further pressures emerged related to property: construction cost inflation, energy cost inflation and shortage of workforce, along with uncertainty about how physical property would be used in the future. The distinct shift in the marketplace to digital has also had a marked impact in the way services and products are acquired, used and accessed. In the opening months of 2022 pressure remains on the market with elevated international instability leading to further global uncertainty. It is currently not clear what the outcome of these changes will be, however it is certain that these may translate into short, medium and long-term implications for the property sector, which in turn may impact the Council, its physical assets and the land and property related projects it seeks to deliver.

When considering the commercial property market in the UK it is clear that there are significantly different drivers in the Industrial, Office and Retail sectors – this has been the case for some time. In addition to this the shift in the way town centres are used has also been noticeable. These are not surprising and affect not only primary but secondary property retail stock in town centres. In large part there has been a steady shift away from traditional high street retail towards the convenience of out of town retail and increasingly online, the

pandemic acting as a significant accelerant for the latter mode of retailing. It is not yet clear what the national proposition for back of office staff will be post pandemic, although it appears to be certain that some form of Hybrid working will be a feature for most, but not all office workers.

Significant construction cost inflation, supply of materials and trained workforce is hoped to be a short-lived issue as the global economy transitions out from under the impact of the pandemic. The Country has also experienced a significant spike in the cost of energy in the winter of 2021/22 with significant increase in the cost of energy expected over the balance of 2022 and into 2023, which painful in the short term may accelerate the national drive towards more renewable energy sources.

More locally, Cheshire East is in demand with pressure to build housing, the supply for which has been well established in the Local Plan. There is also an increasingly strong demand for industrial space within Cheshire East, outpacing supply, in particular in the North of the borough, which also has a strong demand for more lucrative housing.

The risks around Market Forces are regularly reported on through a wide range of decision making channels, at a variety of levels, within the Council so these can be appropriately managed and risks mitigated. Although the market is challenging there is always a need for residents to live work and play within the borough and as a result land and property owned by the Council, coupled with its regeneration and investment activities, will play a very real and vibrant part of the Borough's journey into the future.

It is also worth noting the elevated risk that residents face in a high inflation and high energy cost environment. As set out in Cheshire East's Borough Profile 2019 – 2020, in 2016 over 10% of the borough are in fuel poverty due to low income and high energy costs. Given the factor of inflation and significantly increasing energy there is a real risk that this may place additional pressures on the most deprived within the borough, which in turn may place more demand on the Council's services. This may see direct or indirect demand: for example, increased dependence on adult and children's directorates services or indirectly, using Council assets to keep warm during the day.

8.3 Statutory Compliance Risk

The Facilities Management Team, which is part of the Estates Service undertakes the role of managing and monitoring to ensure that all building-related statutory compliance requirements, for the CEC building portfolio, are met through a combination of maintenance obligations, routine inspections and regular risk assessment.

The Service has a strategic partner to deliver servicing, maintenance, statutory compliance and specialist consultancy services for the building fabric and the plant/equipment installed within all of the Council's building stock.

The Council as an owner of land and property has a general duty to those that use those assets through legislation such as the Health and Safety at Work Act and other specific statutory instruments and legislation which relates to particular issues of asset categories.

A wide range of statutory compliance tests are carried out on the Council's estate and in addition to this the service undertakes annual compliance reviews at each of the Council's operational premises, to ensure that all the statutory checks and records are in place and that local management are helped and guided to ensure they met with their statutory obligations.

The trend for the last four years has seen a steady improvement of performance with average compliance scores rising from 87.11% in 2018 to 97% in 2021

The service also undertakes statutory compliance audits for all 'maintained' CEC schools through an annual on-site compliance review inspection. Currently, schools inspected during the 2020-21 academic year were achieving compliance scores in excess of 85%.

8.4 The council's approach to maintenance of its assets

It is not possible for a property owner to maintain all its assets to the highest possible standard at all times. This is unavoidable due to the disproportionate cost of doing so but also the scale and nature of the land and property holdings of an asset owner would make this difficult. Even if such an approach would be possible it would also be questionable if such an approach would present value for money. It is noted that the Council's resources are finite and has to operate within a financial envelope in order to assist the Council achieve a balanced MTFS.

Therefore, the approach that the Council takes is to prioritise the maintenance of its assets is primarily focused on statutory compliance and then prioritised on a condition basis, which is achievable through the holding of a full asset verification register, which identifies those assets most at risk. Funding is held centrally within the Facilities Management team, which is part of the Estates Service to allow works to be delivered as an overall programme. Although the service does strive to achieve perfection at times it needs to deliver good enough in order to achieve its wider responsibilities.

8.5 Asset Rationalisation

The Council is also seeking to have a lean physical foot print so it can focus its limited resources to those assets and property that count so it can effectively deliver services overall to its customers, residents, staff and partners. Taking a 'need' not 'want' approach means the Council is best able to offer value for money to its residents.

Capital Receipts are an important element of the Capital Programme, supporting the MTFS. Disposing of land and property assets that are not required by the Council reduces the Council's requirement to borrow, enables it to more effectively deliver the key projects set out in the Capital Programme and in turn enables the Council vision, aims and priorities to be delivered. The Council also has a Community Asset Transfer policy which enables the next tier of local government and third sector organisations to deliver services to their communities.

Therefore, the Council seeks to rationalise its property portfolio where there are opportunities to do so. This will also allow savings to be released, reducing the burden on the Council overall, or reduce the volume of ongoing holding costs enabling improved services. It delivers this through releasing these assets to future economic uses, through its programme of community asset transfers, releasing assets onto the open market or reusing its assets for its own purposes. This allows the Council to consume less in the delivery of its services thereby having additional benefits such as carbon footprint reduction. The Council has also sought to address challenging to deal with properties, which have longstanding complex matters sitting behind them, and now has a good track record of dealing with this category of asset. The Council maps out the rationalisation of its assets through its disposal programme and this is reported to the Finance Sub Committee for overview and scrutiny.

8.6 Investment in Assets

The Council can and does plan new investment in assets as part of developing the MTFS and the Capital Strategy. This is delivered through the development of HLBC (High Level Business Cases) for each proposal. A significant factor for the Corporate Landlord is to ensure that these projects consider the whole life cost at the earliest stage so this can be integrated into the Council's long term financial planning. The Estates Service along with the Finance team are able and willing to support services in the development of these business cases.

8.7 Prioritisation of requirements

There is an inherent risk that competing corporate needs of the Council may be in conflict when considering the approach to programmes of work, budgets or the use of a specific asset. This risk is managed by the decision-making process where varying requirements can be tested to minimise the risk of this, as does the Council corporate policies, protocols and procedures.

9. Performance Measures

The approach of the asset management plan is to ensure performance by adopting a series of achievable actions, that are monitored at officer level through the governance structures set out in this report and are reported and scrutinised by the relevant Committee. In this way progress can be monitored against the plan. This approach is key in that it will drive delivery ensuring that the plan is central to the way the Council delivers activity for its estate. The actions arising from the asset management are set out below.

Action 01: Right size the Asset Base

In outline: Right size the asset base of the Council to best serve customers and residents

Detail: This will enable the Council to release underused assets to future economic or community uses, generate capital receipts, make the Council more efficient and simpler to operate and increasing value for money, generating carbon benefits through a simpler estate, undertaking the following actions:

01.1 Delivery of Capital Receipts in line with the MTFS. Deliver the agreed target of a minimum amount of £1m in capital receipts has been anticipated in 2022/23. The Council's current strategy is to realise net receipts of £4m for the period 2022/23 to 2025/25. The Council will continue to adopt a 'best effort' approach to releasing assets, seeking at all times to exceed these targets.

01.2 Asset Transfer. Transfer assets to the next tier of Local Government and Community Partners through the Asset Transfer Framework. Providing an annual report on performance to the Economy and Growth Committee.

01.3 Review the operational property portfolio. Complete and implement the Estate Transformation, Strategic Leisure and Neighbourhood Reviews.

01.4 Use the Estate to Collaboratively work with Partners. Seek out opportunities to work with Partners on an OPE basis and in particular explore ways to develop the model of delivery for the Integrated Care Partnership.

Action 02: Carbon Neutral Council by 2025

In outline: Drive delivery of the Council's Carbon Neutral by 2025 agenda and deliver a sustainable estate.

Detail: Use assets to support the delivery of the Council's Carbon Neutral Strategy and provide professional and technical property advice to support this work stream. Achieve the plan targets set, achieving a carbon reduction target of 46% and an insetting target of 60% by 2025 from 2019 baseline levels and in detail deliver the following activities:

02.1 Sequestration: by 2025 deliver a minimum of 120 hectares of additional tree planting or equivalent sequestration.

02.2 Energy: by 2025 deliver a minimum of 18MW of additional electricity generation or equivalent carbon savings.

02.2 Buildings: by 2025 deliver a 28% reduction in carbon from gas use and 71% from electricity across our estate.

In addition, the Council will use its property portfolio and the Estates Service, where applicable to support the following targets set out the Council's Carbon Neutral Strategy

02.3 Streetlighting: by 2025 to reduce the carbon from our streetlights by 67%.

02.4 Fleet: by 2025 to reduce the carbon from our vehicle fleet by 29%.

02.5 Business Travel: by 2025 to reduce the carbon from our business travel by 25%.

02.6 Waste and Water: by 2025 to reduce the carbon from waste and water use by 16%.

And

02.7 Reduce carbon from buildings: Adopt the Building Research Establishment Environmental Assessment Method (BREEAM) 'Excellent' or the Cheshire standard for assets under £10m and aiming for the highest BREEAM standard (or equivalent) achievable for refurbished Council buildings.

Action 03: Deliver key projects and policies

In outline: The Council as an owner of land and property will work with the respective services delivering key projects and policies.

Detail: The Council are delivering a wide variety of projects that require the Council's land and property and technical and professional property advice. The success of these is key to the Council's plans for regeneration, investment and creating a sense of place in the Borough.

03.1: The Corporate Landlord will support the key projects set out within the MTFS and Capital Strategy to implementation. Identifying land and property where appropriate for these projects.

03.2: The Corporate Landlord will support services in the development of their high level business cases for submission into the Capital Strategy, through the Assets Board and the Capital Programme Board.

03.3: Monitor key projects and programmes (for example the disposal programme), to mitigate the risk of over investment in assets, which may be renewed or disposed of.

Action 04: Governance

In outline: The Estates service, in conjunction with others, will continue to manage risk, deliver governance activities, seek to improve its knowledge of the Council's Estate and continue to review and refine relevant strategies, policies and procedures, including the delivery of a Farms Strategy.

Detail: It is key that any organisation is well run and the appropriate checks and balances are in place to monitor performance and provide opportunities to improve the service that is provided.

04.1: Ensuring Statutory Compliance. Delivery of a safe Estate that complies with Government Guidelines and Legislation is a key factor for any property owner and additionally so for Local Government where the Council is has a key role in ensuring the safety and wellbeing of its residents. Along with managerial monitoring of performance a report will be submitted to the Economy and Growth Committee for scrutiny

04.2: Maintain Governance and compliance. Ongoing management of the property assurance framework with an annual report produced to demonstrate compliance and progress against the framework. This will be provided to the Economy and Growth Committee to scrutinise.

Performance against the Asset Management Plan will be reviewed on an annual basis, with a report on the same provided to the Economy and Growth Committee to scrutinise.

04.3: Continue to improve the Council's property data. The Estates Service, and where applicable other services, will continue to improve the data held on the Council's Corporate systems relating to its property holdings. In year performance on this matter will be reported to the Economy and Growth Committee. In addition, the Estates and Finance team plan to improve the interoperability of their respective datasets in the plan period.

04.4: Review and Deliver a Farms Strategy. Within the Asset Management Plan period 2022 – 2025 and following Central Governments replacement of the CAP, review the current policy, considering the Council's Carbon Neutral plans and seeking opportunities to best serve new commercial entrants to farming.

04.5: Risk Management: The service will continually review its assets for risks and escalate these as appropriate. Where applicable it will develop the appropriate business cases to mitigate these risks.

04.6: Reporting: develop an annual cycle of reporting, refresh areas of policy as appropriate during the plan period, create a robust linkage between the MTFS and the Asset Management Plan.

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Appendices

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Appendix A: Categorisation of assets held by the Council

Category	Sub-category	Sub-count	Count
Administrative			10
Libraries			15
Tenanted properties			123
Comprising:-	Assets commercial portfolio - buildings	33	
	Farms	32	
	Ad hoc	58	
Public/Community/Local Infrastructure-Civic Amenities			70
Car parks			118
Depots/landfills			12
Land			1892
Recreation/Outdoor Leisure sites			214
Comprising:-	Countryside recreation/leisure	21	
	Parks/gardens/memorials	32	
	Other managed recreation/leisure	161	
Other			36
Hostels/Residential			51
Day Centres			9
Schools (incl 78 transferred as Academies)			140
Youth/Children/Family support			34
	Childrens centres/nursery	14	
	CommunityYouthLearning Centre	20	
	Total assets		2724

Appendix B: Value of Land and Buildings held by the Council

2020/21 Asset Base	Other Land and Buildings £000	Community Assets £000	Surplus Assets £000	Investment Property £000	Assets Held for Sale £000	TOTAL £000
Net Book Value as at 31 st March 2021	420,399	2,508	31,726	29,227	2,790	486,650

Source: Statement of Accounts 2020/21 – Extract - Balance Sheet and Note 8