

# Mini Guide to Asset Management

## 1. USING THIS GUIDE

- 1.1 This 'mini guide' aims to help you navigate your way around the Council's formal policies and procedures for acquiring, occupying or selling land and property assets. It **does not** replace section 3 of the Council's Financial Procedure Rules which deals with asset management, nor does not apply to schools. Schools need to follow procedures agreed by the Schools Forum.

## 2. HEREFORDSHIRE'S APPROACH TO ASSET MANAGEMENT

- 2.1 Herefordshire's property services has until recently focused on the more day-to-day issues related to buying, occupying or selling a building. Property services have tended to be reactive, trying to support the needs of individual services as issues arise.
- 2.2 A modern local authority needs to manage its land and property assets in a much more strategic way to ensure that they are fit for purpose and represent best use of Council Tax payers' money.
- 2.3 Councils are much more likely to achieve this if they treat their land and property assets as a corporate resource, balancing overall priorities for meeting community needs with and individual service needs. After all, a council's first duty is to its community as a whole and then to the sections of the community it provides services to.
- 2.4 To this end, Herefordshire has reshaped its property function to create an Asset Management & Property Service, and the Council's procedure rules for acquiring, occupying and selling land and asset properties have been reviewed to support this more strategic approach.
- 2.5 Three officer working groups support the corporate approach to asset management. These groups create the links across the Council to ensure cohesion and more effective use of physical assets such as land and property.
- 2.6 The **Corporate Asset Strategy Group** is chaired by the Director of Resources. It develops proposals on the strategic direction for asset management as outlined in the Asset Management Plan approved by Cabinet on an annual basis. All Directorates are represented on this group and its role is to assess what if any impact a proposal from a service to acquire, alter or dispose of an asset has on the agreed strategic approach.
- 2.7 The **Capital Strategy and Monitoring Group** is chaired by the Head of Financial Services. It monitors progress with the approved capital programme, manages the process for preparing capital spending proposals and makes recommendations to Cabinet on new schemes to be included in the capital programme.
- 2.8 The **Strategic Asset Review Group** is chaired by the Head of Asset Management & Property Services. It helps Directorates / services to achieve a fit for purpose, sustainable asset base. It reviews service proposals to acquire, change or dispose of assets to ensure they represent the most effective use of the Council's land and property assets. It also reviews the Council's property portfolio to ensure its use is optimised.

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## **3. SOME KEY POINTS**

- 3.1 The assets used to support service delivery belong to the Council as a whole, not the individual service that works from them or uses them in service delivery.
- 3.2 The Director of Resources has overall responsibility for the asset management and property services function.
- 3.3 The head of profession for asset management is the Head of Asset Management & Property Services.
- 3.4 The Head of Asset Management & Property Services' role is to provide service managers with advice and guidance on the use of assets so that the Council meets its statutory obligations and makes best use of its land and property assets.
- 3.5 Service managers have the discretion to manage the assets they use to promote effective service delivery. However, they must seek and have proper regard to advice provided by the Head of Asset Management & Property Services if changes to an asset, the Council's interest in it or the way it is used are proposed.
- 3.6 Capital receipts from the sale of surplus assets are treated as a corporate resource and they will be allocated in line with agreed corporate priorities. Disposal of a surplus asset will produce a benefit to the service as premises related costs are minimised.

## **4. HOW TO ACQUIRE, CHANGE OR DISPOSE OF AN ASSET**

- 4.1 The charts on the following pages outline the process service managers must follow when thinking about acquiring, changing or disposing of an asset.

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<b>ACQUIRING AN ASSET</b>	
1. Needs Analysis	<p>1.1 Service managers shall prepare a robust business case for acquiring a new asset that:</p> <ol style="list-style-type: none"> <li>a. Provides a clear analysis of need.</li> <li>b. Quantifies the service improvements that will result.</li> <li>c. Shows how the proposal supports corporate and service priorities.</li> <li>d. Identifies the risks, who will manage them and how.</li> <li>e. Provides a full financial appraisal including whole life and opportunity costs.</li> </ol> <p>1.2 A full financial appraisal of <b>all options</b> must be prepared for acquisitions that are likely to cost more than £140,000 or have a whole life or opportunity cost of more than £140,000.</p> <p>1.3 The Head of Asset Management &amp; Property Services and Head of Financial Services are to be consulted and proper regard given to their asset management and financial advice in preparing the business case.</p>
2. Consultation	<p>2.1 The service manager shall liaise with the Head of Asset Management &amp; Property Services with regard to consulting the Strategic Asset Review Working Group on their proposal. This will only be necessary when it is considered that the proposal has the potential to impact on other services or presents an opportunity for more effective use of resources.</p> <p>2.2 The Head of Asset Management shall advise the service manager on whether the proposal needs to be considered by the Corporate Asset Strategy Group. This will only be necessary when it is considered that the proposal has the potential to impact on the Asset Management Plan approved by Cabinet.</p> <p>2.3 The service manager shall liaise with the Head of Financial Services with regard to consulting the Capital Strategy &amp; Monitoring Group. This will only be necessary if the proposal represents a potential change to the approved capital programme.</p>
3. Approval	<p>3.1 The service manager must ensure the proposal has been formally approved in line with the Council's Constitution if it is not already included within the Asset Management Plan and relevant budgets approved by Cabinet (as adjusted in accordance with Section 11 of the Financial Procedure Rules on Budgetary Controls).</p> <p>3.2 Cabinet approval must be sought if the proposal involves purchasing an asset using compulsory powers.</p> <p>3.3 The Head of Legal &amp; Democratic Services can advise on the correct decision making process for the proposal in question.</p>
4. Implementation	<p>4.1 The service manager must provide written confirmation that the consultation and approval processes have been complied with.</p> <p>4.2 The Director of Resources or nominated representative has delegated authority to determine and settle the acquisition in</p>

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	consultation on behalf of the services manager in consultation with the Head of Legal & Democratic Services.
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<b>OCCUPYING AN ASSET</b>	
1. Responsibilities	<p>1.1 Service managers are to manage the land and property assets used in delivering their services in an efficient manner.</p> <p>1.2 Service managers are to consult the Head of Asset Management &amp; Property Services on all proposals to change the way in which property is used or to change the property itself to ensure that all statutory requirements are met and that landlord's permission in the case of leased or rented properties is sought.</p>
2. Needs Analysis	<p>2.1 Service managers shall prepare a robust business case for change of use or adaptation of an existing asset that:</p> <ol style="list-style-type: none"> <li>a. Provides a clear analysis of need.</li> <li>b. Quantifies the service improvements that will result.</li> <li>c. Shows how the proposal supports corporate and service priorities.</li> <li>d. Identifies the risks, who will manage them and how.</li> <li>e. Provides a full financial appraisal including whole life and opportunity costs.</li> </ol> <p>2.2 A full financial appraisal of <b>all options</b> must be prepared for adaptations that are likely to cost more than £140,000 or have a whole life or opportunity cost of more than £140,000.</p> <p>2.3 The Head of Asset Management &amp; Property Services and Head of Financial Services are to be consulted and proper regard given to their asset management and financial advice in preparing the business case.</p>
3. Consultation	<p>3.1 The service manager shall liaise with the Head of Asset Management &amp; Property Services with regard to consulting the Strategic Asset Review Working Group on their proposal. This will only be necessary when it is considered that the proposal has the potential to impact on other services or presents an opportunity for more effective use of resources.</p> <p>3.2 The Head of Asset Management shall advise the service manager on whether the proposal needs to be considered by the Corporate Asset Strategy Group. This will only be necessary when it is considered that the proposal has the potential to impact on the Asset Management Plan approved by Cabinet.</p> <p>3.3 The service manager shall liaise with the Head of Financial Services with regard to consulting the Capital Strategy &amp; Monitoring Group. This will only be necessary if the proposal represents a potential change to the approved capital programme.</p>
4. Approval	<p>4.1 The service manager must ensure the proposal has been formally approved in line with the Council's Constitution if it is not already included within the Asset Management Plan and relevant budgets approved by Cabinet (as adjusted in accordance with Section 11 of the Financial Procedure Rules on Budgetary Controls).</p> <p>4.2 Cabinet approval must be sought if the proposal involves purchasing an asset using compulsory powers.</p> <p>4.3 The Head of Legal &amp; Democratic Services can advise on the correct decision making process for the proposal in question.</p>
5. Implementation	<p>5.1 The service manager must provide written confirmation that the consultation and approval processes have been complied with.</p> <p>5.2 The Director of Resources or nominated representative will implement the agreed change of use or adaptation to the property.</p>

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<b>DISPOSING OF AN ASSET</b>	
1. Needs Analysis	<p>1.1 Service managers are responsible for letting the Director of Resources or Head of Asset Management &amp; Property Services know if they think an asset is surplus to requirements.</p> <p>1.2 The Director of Resources is also responsible for identifying assets that may be surplus to requirements from an operational or opportunity point of view.</p>
2. Consultation	<p>2.1 The Head of Asset Management &amp; Property Services shall be asked for advice with regard to consulting the Strategic Asset Review Working Group on the proposed disposal. This will only be necessary when it is considered that the proposal has the potential to impact on other services or presents an opportunity for more effective use of resources, either in the short or long term.</p> <p>2.2 The Head of Asset Management shall advise whether the proposal needs to be considered by the Corporate Asset Strategy Group. This will only be necessary when it is considered that the proposal has the potential to impact on the Asset Management Plan approved by Cabinet.</p> <p>2.3 The Head of Financial Services shall be asked for advice with regard to consulting the Capital Strategy &amp; Monitoring Group. This will only be necessary if the proposal represents a potential change to the approved capital programme.</p>
3. Approval	<p>3.1 The service proposal must be formally approved in line with the Council's Constitution if it is not already included within the Asset Management Plan and relevant budgets approved by Cabinet (as adjusted in accordance with Section 11 of the Financial Procedure Rules on Budgetary Controls).</p> <p>3.2 The Head of Legal &amp; Democratic Services can advise on the correct decision making process for the proposal in question.</p>
4. Implementation	<p>4.1 The service manager must demonstrate in writing that the consultation and approval processes outlined in 6.2 and 6.3 have been complied with.</p> <p>4.2 The Director of Resources or nominated representative then has delegated authority to act on that instruction and dispose of the asset in a manner most likely to secure best price.</p>