

CABINET

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REPORT NO. PG2604

KEY DECISION YES

RUSHMOOR BOROUGH COUNCIL ASSET MANAGEMENT STRATEGY (LAND AND BUILDINGS) AND COMMUNITY RENTS AND SUBSIDY POLICY

SUMMARY AND RECOMMENDATIONS:

This report presents the proposed Asset Management Strategy (AMS). The AMS establishes a clear corporate framework for the management of the Council's land and buildings estate, aligning estate decisions with the Council's Delivery Plan, financial sustainability objectives and risk appetite. The AMS introduces a structured categorisation of assets, a governance framework for estate decisions and a financial and performance monitoring approach to support transparency and accountability.

It also seeks approval of a revised Community Asset Rents and Subsidy Policy to address community concerns and ensure the Council is not reducing rents to an uneconomical level.

Cabinet is recommended to:

1. Approve the Asset Management Strategy attached at Appendix 1
2. Approve the supporting governance and financial framework set out in Appendices of the AMS (A-C)
3. Delegate authority to the relevant Executive Head, in consultation with the Portfolio Holder and relevant statutory officer, to make minor amendments to the AMS to reflect legislative, financial or organisational changes
4. Approve the Community Asset Rent and Subsidy Policy

1. INTRODUCTION

- 1.1. The purpose of this report is to seek Cabinet approval for the adoption of an Asset Management Strategy for Rushmoor Borough Council's land and buildings estate. The AMS provides the overarching framework for the management, performance monitoring and governance of the Council's estate.

- 1.2. The report also revises the policy on Community Asset Rents and Subsidy in the 2023 Asset Management Plan.
- 1.3. This is a Key Decision as it establishes the Council's strategic framework for estate management, influences future capital and revenue decisions and has borough wide implications for property assets and service delivery.

2. BACKGROUND

- 2.1. The Council holds a diverse property portfolio including investment, community, operational, regeneration and housing related assets. The estate plays a critical role in supporting service delivery, financial sustainability, economic growth and community wellbeing.
- 2.2. In light of increasing financial pressures, changing service requirements and a need for clearer governance and performance oversight, the Council has reviewed its existing approach to asset management. The proposed AMS responds to that review by setting out a structured and transparent framework for decision making and portfolio management.
- 2.3. The AMS aligns with the Council's current Delivery Plan priorities. It ensures that estate decisions are explicitly linked to corporate objectives and affordability.

3. DETAILS OF THE PROPOSAL

General

- 3.1. The proposal is to adopt the Asset Management Strategy (AMS) as the Council's formal framework for estate management. The AMS:
 - Categorises assets into five strategic groups: Investment, Community, Operational, Regeneration and Housing
 - Defines the purpose and management focus for each category
 - Establishes governance arrangements for estate decisions, including roles and escalation thresholds
 - Introduces a clear financial and performance monitoring framework
 - Embeds a corporate landlord approach through the Property Team
- 3.2. The AMS itself does not approve specific disposals or acquisitions. Individual transactions will continue to be subject to separate approval in accordance with the Constitution and Scheme of Delegation. The AMS applies to the whole Borough and to all Council owned property assets, subject to any statutory constraints.
- 3.3. The Council's estate is managed within the framework of the Local Government Act 1972, the Localism Act 2011, relevant landlord and tenant legislation, procurement and contract standing orders, and the Council's Constitution and Scheme of Delegation. The AMS operates within these statutory and regulatory requirements and does not override them.

- 3.4. The Asset Management Plan adopted by Cabinet in March 2023 introduced policy to rebase community rents to the higher of the passing rent or the rateable value. This is the appropriate approach as good asset management requires Council's should consider subsidy separately from the charges for property. The Council can review its rent relief policy which provides this subsidy as part of its normal financial and policy processes particularly the annual budget process.
- 3.5. In implementing the policy it has become clear that the potential cliff edge of large increases, given there can be no guarantee of subsidy, has caused anxiety for some organisations. It is therefore proposed to introduce a revision to the policy in the Community Rent and Subsidy Policy at Appendix D. This proposes a £1000 cap on rent increases in the initial year and thereafter to increase the rent by 5% or CPI+1 whichever is the higher until it reaches the revised rent. Under the current rent relief policy no organisation will see an increase of more than £100 in the first year due to changes in rent. The cap will be increased by CPI each year.
- 3.6. Rent relief can reduce rents charged to very low figures with a number being less than £100. The administrative costs to the Council are consider to be substantially higher than this although it will vary depending on the exact split of responsibilities. It is therefore proposed to introduce a minimum rental charge after rent relief of £200 which will mean less than 90% relief will be provided in these cases. This minimum charge will increase by CPI each year

Alternative Options

- 3.7. The following alternatives were considered:
 - Do nothing and retain existing arrangements. This option was rejected as it would not provide sufficient clarity on risk appetite, performance thresholds or governance
 - Adopt a narrower financially focused strategy. This option was rejected as it would not adequately reflect the Council's community, operational and regeneration objectives
 - The proposed AMS provides a proportionate and structured framework that can evolve over time.
 - Retain the existing community rent and subsidy policy. This was regarded as creating difficulties for community organisations in planning their budgets due to the potential cliff edges produced if rent subsidy was significantly changed in future. Also current subsidy levels do not cover the Council's administrative costs where it produces very low net rents.

Consultation

- 3.8. The development of the AMS has involved engagement with and endorsement from the Senior Leadership Team, Finance, Legal and relevant service leads.
- 3.9. The Portfolio Holder has been briefed during the development process.
- 3.10. The AMS has been discussed and endorsed at informal Cabinet as an informal consultation step.

- 3.11. The governance and financial monitoring approach has been developed in consultation with Finance and aligned with existing quarterly reporting arrangements.

4. IMPLICATIONS (of proposed course of action)

Risks

- 4.1. Key risks associated with the implementation of the AMS include:
- Capacity pressures within the Property Team
 - Market volatility affecting investment and regeneration assets
 - Financial pressures impacting deliverability
- These risks will be managed through the governance framework, performance monitoring arrangements and corporate risk management processes.

Legal Implications

- 4.2. Compliance with the AMS will improve governance across the management of the estate at what is a crucial financial period for the organisation, and, if complied with, will reduce the risks set out above.

Financial Implications

- 4.3. The AMS complies with CIPFA capital guidance, and HM treasury statutory rules.
- 4.4. Development and maintenance of individual asset management plans will require adequate capability and capacity within the property service team. The current team capability and capacity is due to be reviewed to ensure it can deliver the AMS on time and to the specification set out in the AMS.
- 4.5. Value for money of the use of external managing agents for elements of the portfolio will require periodic review to ensure this aligns with the parameters within the AMS.
- 4.6. The commercial property portfolio is not a standard council activity by its commercial nature and represents a material element of the council's income and a disproportionately high financial risk to the council. This warrants the development and support for a specific suite of quarterly income and expenditure statements, balance sheet and risk log, including a four-year projection informing the MTFS.
- 4.7. The operational and community assets represent a significant latent dilapidations and maintenance liability that needs to be fully developed and updated to enable prioritisation decision making within the annual review of the MTFS, to protect asset value, health, safety and legal risk, and overall value for money in line with the AMS.

Financial comments Peter Vickers S151 02/03/2026

Resource Implications

- 4.4 Implementation of the AMS will be delivered within a renewed structure of the property following a review of technical capacity and will incorporate a newly procured outsourced asset management contract across the Investment Portfolio (subject to formal governance). Ongoing monitoring and reporting will be integrated into existing quarterly performance and financial reporting process

Equalities Impact Implications

- 4.5 The AMS provides a framework for managing the estate in a way that supports community wellbeing and service delivery. No adverse equalities impacts have been identified arising directly from adoption of the AMS. Individual asset decisions will be subject to appropriate equalities consideration where required.

5 CONCLUSIONS

- 5.5 The AMS provides a clear, structured and proportionate framework for managing the Council's estate. It strengthens governance, aligns property decisions with corporate priorities and embeds financial and risk oversight across the portfolio.
- 5.6 Adoption of the AMS will support improved transparency, consistency and accountability in estate decision making and contribute to the Council's long term financial sustainability and place shaping objectives.

LIST OF APPENDICES/ANNEXES:

Appendix 1 – RBC Asset Management Strategy
Appendix A – Detailed Category Framework
Appendix B – Governance Framework
Appendix C – Financial and Performance Measures
Appendix D – Community Rent and Subsidy Policy

BACKGROUND DOCUMENTS:

Asset Management Plan 2023

CONTACT DETAILS:

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Head of Service – Tim Mills - Executive Head of Property and Growth

Rushmoor Borough Council - Asset Management Strategy

1. Purpose, Scope and Role of the Asset Management Strategy

This Asset Management Strategy (AMS) sets the corporate framework for how Rushmoor Borough Council manages its land and building assets. It establishes the strategic direction for the estate, the principles and categories applied to different types of property, the tests used to inform decisions and the governance arrangements through which those decisions are made.

The AMS sits at corporate level. It links property decisions directly to the Council's Delivery Plan, Financial Recovery Plan, Medium-Term Financial Strategy (MTFS), Treasury Management Strategy and Corporate Risk Management Policy. It provides the basis on which asset-related decisions are assessed, prioritised and approved, ensuring that property supports service delivery, community outcomes, financial sustainability and corporate strategy in a consistent and transparent way.

The AMS applies to the Council's interests in land and buildings. Other asset classes, such as vehicles, ICT and plant, are managed under separate corporate arrangements and are outside the scope of this strategy.

The AMS does not replace the role of Cabinet in relation to key asset decisions. Cabinet retains responsibility for approving the Strategy, core principles, the disposal and investment programme and all major precedent-setting transactions and initiatives. The AMS provides the framework within which those decisions, and delegated decisions below Cabinet, are developed and tested.

The AMS is intended to be a stable medium-term corporate strategy. Its role is to set direction, principles, and governance for the Council's estate, providing a consistent framework for decision-making over time rather than responding to short-term asset or market fluctuations.

The delivery of the AMS is supported by individual asset plans, business cases, financial thresholds and performance measures. These will be reviewed and updated regularly where appropriate to reflect changes in service requirements, financial context, market conditions and asset performance, and must operate within the parameters set by the AMS.

The AMS itself will be reviewed on a periodic basis to confirm that it remains aligned with the Council's Delivery Plan, Financial Recovery Plan, overall financial position and strategic risk appetite. Any substantive changes to the AMS will be subject to Cabinet approval.

2. Strategic Direction for the Estate

The core strategic direction for the Council's estate is a move towards a more focussed, better performing and more purposeful portfolio.

The Council's property assets play multiple roles and must balance and support a number of competing pressures. The AMS seeks to balance:

- The need to support effective service delivery
- The need to support communities and deliver social value
- The need to generate and protect revenue in line with the Council's financial position and cost of borrowing
- The need to manage financial, operational and delivery risk within the Council's established strategic risk appetite

Over time this is expected to result in:

- A smaller and lower-risk investment estate that demonstrably strengthens the Council's revenue position and generates capital receipts
- A more targeted and affordable community estate with subsidy that is explicit, transparent and aligned to corporate priorities
- A leaner and adaptable operational estate shaped around current and future delivery models
- An estate that is simpler to manage, with improved visibility of condition, performance, cost and risk

The AMS establishes a clear expectation that the retention of assets is an active decision. Assets will be held where they perform an agreed role within acceptable cost and risk parameters. Assets that persistently underperform, or that no longer have a strong strategic, service or social justification will be reviewed and, where appropriate, considered for disposal or alternative use.

3. AMS Principles and Decision Tests

This section sets out the principles and tests that govern how decisions about the Council's estate are made. These apply across all asset categories and provide a consistent basis for assessing whether assets should be held, reviewed, improved, repurposed or disposed of.

The principles ensure that decisions are evidence-based, proportionate and transparent, and that they balance financial performance, service and community outcomes, asset condition and risk. They are applied to both day-to-day estate decisions and more significant strategic proposals, and are used to support clear recommendations through the Council's governance.

The core principles are:

- **Transparency** – decisions are evidence-based, documented and supported by a clear business case that records options, financial implications and risk
- **Alignment** – all actions and investments support Delivery Plan themes and corporate strategy, and proposals clearly state which priorities they support
- **Consistency** – similar assets are treated under the same criteria, regardless of service or location, unless Cabinet has agreed an explicit exception
- **Proportionality** – governance and process match the scale, value and risk of the decision so that routine matters proceed quickly and higher risk proposals receive enhanced scrutiny
- **Financial discipline** – asset use and retention are tested for financial contribution or clearly justified social or strategic value, including where relevant comparison with the Council's cost of capital or other agreed AMS financial benchmarks
- **Sustainability** – environmental and operational performance, including energy use, condition and maintenance requirements, are key factors in decision-making and inform hold, review and dispose decisions
- **Adaptability** – assets are managed to remain flexible and ready for organisational or service change, avoiding new highly specialised single use properties where possible and designing in options for potential future unitary arrangements
- **Value and accountability** – every asset has a defined role, named owner and measurable benefit, and assets that cannot demonstrate either financial return or clearly evidenced social or strategic value are flagged for review

These principles are mandatory. Where a proposal departs from them it must be justified and approved at the appropriate level of governance.

Condition, Maintenance and Lifecycle Risk

The Council's Asset Management approach recognises that the cost and risk of holding property is driven not just by use or income, but by condition, compliance and long-term maintenance requirements. These factors vary significantly across the estate, particularly between investment, community and operational assets, and have a direct bearing on affordability, safety and the period for which assets can reasonably be retained.

Historically, maintenance and lifecycle investment across parts of the portfolio has been constrained, with planned maintenance activity often funded through revenue budgets and without a consistent strategic link to asset retention or disposal decisions. As a result, some community and operational assets, particularly ageing buildings, now present heightened condition, compliance and lifecycle risk relative to their financial or service contribution.

Under the AMS, asset condition, statutory compliance, running costs and future lifecycle liabilities are treated as core strategic considerations rather than operational matters. Stock condition information and planned preventative maintenance data inform the application of the hold, review and dispose tests across all categories, alongside financial performance, strategic contribution and risk profile.

Investment and retention decisions will be aligned to the period for which assets are expected to be held and their ability to operate safely, compliantly and affordably within the Council's financial constraints. Where assets cannot demonstrate an acceptable balance of cost, risk and benefit over their anticipated life, they will be flagged for review, with options including targeted investment, alternative management models, repurposing or disposal.

This approach supports a gradual shift from reactive maintenance towards more planned, evidence-led asset management, while recognising the Council's limited capital resources and the need to prioritise investment in assets that are clearly aligned to corporate priorities.

Hold, Review and Dispose Tests

Across all categories, assets are assessed using consistent tests to determine whether they should be held, improved, repurposed or disposed of. These tests consider:

- Financial performance or net cost, including comparison with agreed AMS benchmarks
- Contribution to Delivery Plan priorities and statutory duties
- Asset condition, compliance, running costs and lifecycle liabilities

- Risk profile and alignment with the Council's established strategic risk appetite

Assets that meet agreed benchmarks will generally be held. Assets that fall materially below benchmarks, or sit outside the agreed risk appetite without strong justification will be flagged for review.

4. How the Estate is Categorised and Managed

To guide strategic planning and decision-making, the estate is grouped into five categories: Investment, Community, Operational, Regeneration and Housing. Each category has a defined purpose, explicit linkage to Delivery Plan (reviewed as appropriate), management focus, and risk profile.

These categories provide the structure for portfolio planning, performance management and reporting, and application of hold, review and dispose tests.

The Council will carry out a formal AMS categorisation review of all significant assets at least annually, using updated financial, risk and performance information. In-year re-categorisation will take place where there is a material change, such as a major lease event, change of use, significant shift in risk profile or a decision to progress a regeneration scheme. This process will be governed by the AMS governance framework.

The table below summarises the strategic intent of each category:

Category	Strategic Purpose	Management Focus	Key Strategic Risks
Investment	Generate sustainable income to support financial resilience	Income quality, yield versus cost of borrowing, lease and risk management	Market volatility, void risk, obsolescence
Community	Deliver social value through an affordable and targeted estate	Transparency of subsidy, utilisation, condition and lifecycle planning	Affordability, political sensitivity, uneven condition and use
Operational	Support efficient and effective service delivery	Utilisation, suitability, cost control, compliance and flexibility	Ageing stock, high operating costs, transformation pressures
Regeneration	Enable economic growth and place making	Prioritised delivery, partnership and risk-managed phasing	Delivery risk, market change, funding dependencies
Housing	Support housing and homelessness responsibilities	Revenue stability, quality of provision, meeting housing needs	Regulatory change, demand for and quality of provision

A more detailed category framework including delivery plan links is set out in Appendix A.

Investment Assets

Investment assets are held primarily to generate income that supports the Council's financial resilience and wider service delivery. They align most closely with the Delivery Plan theme of The Future and Financial Sustainability. The focus is on proactive lease management, covenant quality, and performance against agreed

AMS financial and risk thresholds, including yield compared with the Council's average cost of borrowing and income concentration measures

Decisions will be guided by market evidence and a standardised financial appraisal that compares net operating income and risk to agreed AMS benchmarks and the Council's risk appetite.

Policy implications: Link to the Treasury and Investment Strategy; strengthen monitoring of income concentration and lease events; and schedule periodic reviews of long-term hold or sell decisions within AMS governance.

Strategic approach: Over time the Council expects to rebalance the investment estate towards a smaller number of higher quality, lower risk assets. Assets that consistently deliver net operating income below agreed yield thresholds, carry unacceptable risk, or no longer align with strategic priorities will be prioritised for review. The presumption for such assets will be to consider disposal, restructuring or repurposing unless there is a clear and agreed strategic justification for retention.

Community Assets

Community assets deliver social value and local wellbeing benefits, often at limited rental income. They align primarily with the current Delivery Plan theme of Community and Wellbeing: Active Lives, Healthier and Stronger Communities. Management focus will be on transparency and fairness with subsidy and rent relief managed transparently under a Cabinet approved framework.

Policy implications: Update Community Asset Policy to integrate AMS subsidy criteria and review and standardise lease terms for VCS tenants. Clarify expectations for financial contributions from tenants where viable, while retaining flexibility for community use where subsidy is justified.

Strategic approach: Community assets will be retained where they provide strong and evidenced social value that is affordable. The Council will monitor utilisation, condition and net cost, and will explore alternative uses, different management models or disposal for assets that are underused, high cost or not delivering clear outcomes.

In assessing whether community assets should be held, reviewed or disposed of, the Council will explicitly consider the full cost of ownership, including maintenance, compliance and lifecycle liabilities, alongside evidence of social value and community benefit. Community assets that rely on ongoing subsidy will be expected to demonstrate that such subsidy is affordable, transparent and aligned with Delivery Plan priorities. Where condition risk or lifecycle cost becomes disproportionate to the benefits delivered, assets will be flagged for review, with options including changes to lease terms, alternative delivery models, consolidation or disposal.

Operational Assets

Operational assets provide the physical infrastructure for service delivery. They align with the Delivery Plan theme of Community and Wellbeing: Active Lives, Healthier and Stronger Communities as the physical platform for strategic and operational delivery. The management focus includes cost efficiency, contract performance for operationally managed venues, space utilisation, compliance and readiness for organisational or service change.

Policy implications: Align operational reviews with the AMS governance process; develop metrics for cost per m² and energy performance. Ensure contract managed operational venues are monitored through consistent performance indicators.

Strategic approach: The Council will seek to consolidate operational space, improve utilisation and reduce running costs while maintaining or improving service outcomes over time. This may include co-location, disposal of surplus space and targeted investment in core sites, guided by agreed metrics for cost, condition and performance.

Regeneration Assets

Regeneration assets are those held to support economic growth, attract investment, and improve the built environment. They align with the Skills, Economy and Regeneration and Pride in Place: Clean, Safe and Vibrant Neighbourhoods themes. Management focus will be on partnership delivery, development enablement, and effective risk management.

Policy implications: Strengthen collaboration between property, planning, and regeneration teams; clarify risk appetite and delivery routes.

Strategic approach: The Council will focus on a limited number of priority regeneration schemes where there is a clear route to delivery with acceptable risk. Surplus or non-strategic holdings will be reviewed for disposal or alternative use, and phasing will be managed to keep financial and delivery risk in line with the agreed corporate appetite.

Housing Assets

Housing assets support the Council's housing objectives and revenue base, aligning with the Homes for All: Quality Living, Affordable Housing and The Future and Financial Sustainability themes. Management focus includes maximising housing delivery through direct development and partnerships while maintaining financial and social balance.

Policy implications: ensure AMS integration with Housing Strategy and development pipeline; adopt shared monitoring indicators with Finance and Housing teams.

Strategic approach: Housing assets will be managed to support delivery of statutory duties and wider housing objectives at a sustainable net cost, while reviewing any assets that are consistently poor quality, high cost or misaligned with housing strategy.

5. Corporate, Financial and Risk

The AMS operates within the Council's wider corporate, financial and risk management arrangements. It applies to the Council's interests in land and buildings and ensures that estate-related decisions support Delivery Plan priorities and the Financial Recovery Plan, and are taken as part of the Council's corporate and financial decision-making.

Decisions across the estate are required to be financially sound, transparent and linked to corporate objectives, and to align with the Corporate Risk Management Policy and the Council's strategic risk appetite so that significant estate-related risks are identified, managed and reported through existing corporate processes.

The AMS aligns with and supports:

- **Delivery Plan** – assets are central to achieving outcomes across all five themes
- **Financial Recovery Plan** – AMS provides the framework for disposals, income generation, and efficiency
- **Service Planning** – AMS ensures operational asset reviews are linked to transformation and cost reduction
- **Corporate Risk Management Policy and Risk Appetite** – defines how financial and non-financial risks are assessed, recorded and reported; AMS provides the property-specific mechanisms and metrics that sit within this framework
- **Treasury Management Strategy** – AMS defines the disposals, acquisitions and reinvestment pipeline that feeds into borrowing, debt management and revenue planning, with reporting aligned to existing quarterly Treasury and performance reporting cycles to Cabinet and CGAS

Financial Context

The Council's estate generates approximately £11m in annual income, though this is heavily concentrated, with around a quarter of rent derived from a small number of tenants.

At the same time, a significant proportion of the estate, particularly community and operational assets, generates little or no income but delivers service and social value.

The Council's Financial Recovery Plan depends on strengthening income resilience, reducing avoidable estate-related costs and targeting effective disposals and

reinvestment. The AMS provides the structure through which these objectives are translated into estate-related decisions.

Financial Objectives

The AMS is designed to deliver the following financial objectives:

- Strengthen income resilience through proactive management of the investment portfolio
- Deliver a structured disposals and reinvestment programme aligned to corporate priorities
- Improve operational efficiency and reduce property related revenue costs
- Embed consistent subsidy principles for community and VCS assets
- Create capacity for reinvestment through recycling of capital receipts
- Support transparent financial decision-making and portfolio reporting

These objectives support both the Financial Recovery Plan and the Medium-Term Financial Strategy and are reflected in the application of the AMS principles and decision tests.

Financial Tests and Risk Considerations

The AMS applies consistent financial and risk-based tests across the estate to determine whether assets should be held, improved, repurposed or disposed of. These tests are tailored by asset category but sit within a common framework.

For investment assets, tests include:

- Net operating income and yield on current value compared with the Council's average cost of borrowing and agreed AMS benchmark ranges
- Income resilience indicators such as void rate, arrears, covenant profile and weighted average unexpired lease term
- Forward-looking risk indicators, including upcoming lease events, market outlook and asset quality

For operational and community assets, tests include:

- Net cost of occupation (including running costs, maintenance and lifecycle liabilities) and any subsidy against approved budgets
- Condition, compliance and energy performance
- Contribution to statutory duties, service delivery and Delivery Plan priorities

These tests ensure that decisions are based on a realistic assessment of affordability and risk over time, rather than short-term budget considerations alone.

Integration with Reporting and Governance

Financial and performance information generated through the AMS feeds directly into existing corporate reporting arrangements. Asset-related risks are captured within the Corporate Risk Register where material, and reported through established performance, finance and risk reporting to Cabinet, SLT and relevant committees.

The AMS Oversight Group provides the key link between asset management and financial governance, ensuring that significant estate-related decisions are tested against financial strategy, risk appetite and Delivery Plan priorities before being taken under delegated authority or escalated to Cabinet.

6. Governance and Decision-Making

The AMS governance framework sets out how asset decisions are developed, tested, approved and implemented. It is designed to ensure consistency, transparency and appropriate pace of decision-making while retaining strong political oversight.

Cabinet retains strategic control of the estate. It approves the AMS, key principles, the disposal and investment programme and all major or precedent-setting transactions.

Below Cabinet, defined delegations allow asset decisions to be taken proportionately within agreed financial and risk thresholds. These delegations are supported by the AMS principles and consistent reporting.

An officer-only AMS Oversight Group provides strategic assurance and, within approved limits, takes delegated decisions on asset matters across all categories. Proposals that exceed delegated thresholds or sit outside the agreed risk appetite are escalated to Cabinet.

The governance framework aligns with the Council's Constitution, Scheme of Delegation, Financial Recovery Plan, Treasury Management Strategy and Corporate Risk Management arrangements.

Detailed roles, responsibilities, decision pathways, delegations and terms of reference for the governance arrangements are set out in Appendix B.

7. Implementation, Monitoring and Review

The AMS is delivered through coordinated asset planning, investment, disposal and performance management activity led by the Property team and commissioned services in collaboration with Finance, Services and Legal.

Performance against the AMS is monitored using agreed financial and non-financial indicators across all asset categories. These measures are integrated into existing quarterly financial and performance reporting to Cabinet and SLT rather than through a separate reporting cycle.

Individual asset management plans, business cases and project proposals will be developed and updated regularly and must align with the AMS principles, categories and decision tests.

The AMS will be reviewed periodically to ensure it remains aligned with corporate priorities, financial context and risk appetite. Changes to financial thresholds, performance measures and asset plans will be managed within this framework without requiring frequent revision of the Strategy itself.

Appendix A: Detailed Category Framework

This appendix provides further detail on the five AMS categories, supporting the narrative in Section 4 of the AMS.

Category	Purpose	Current Delivery Plan Linkage	Management Focus	Key Risks	Example Assets
Investment	Generate sustainable rental income and rebalance the portfolio towards lower risk, better performing assets to underpin Financial Sustainability	The Future and Financial Sustainability	Income resilience, lease event management, yield and risk optimisation against agreed AMS financial thresholds and disposal plans	Market volatility, void risk, obsolescence	Trafalgar House, retail warehouses
Community	Support local wellbeing and social value through a targeted and affordable portfolio of community assets, with any subsidy managed transparently under an agreed framework	Community and Wellbeing: Active Lives, Healthier and Stronger Communities	Subsidy framework, lease consistency, community benefit monitoring, utilisation and maintenance planning	Affordability, political sensitivity, uneven condition	Community centres, Scout huts
Operational	Provide lean and efficient accommodation that supports current and future service delivery models	Community and Wellbeing: Active Lives, Healthier and Stronger Communities	Efficiency, suitability, contract performance management, space utilisation, energy performance, compliance and cost control	Ageing stock, high operating costs, transformation pressures	Council offices, depot sites, Leisure Centre
Regeneration	Hold and assemble assets selectively to facilitate economic growth, inward investment and place making	<i>Skills, Economy and Regeneration and Pride in Place: Clean, Safe and Vibrant Neighbourhoods</i>	Prioritisation of a small number of deliverable projects, development enablement, partnership working, market engagement and risk managed phasing	Delivery risk, market fluctuation, funding dependencies	The Meads, Union Yard, Civic Quarter
Housing	Support Council in delivering its housing and homelessness responsibilities	<i>Homes for All: Quality Living, Affordable Housing and The Future and Financial Sustainability</i>	Revenue stability, quality of provision, meeting housing needs	Regulatory change, demand and quality of provision	Temporary housing stock, redevelopment sites

The categorisation of assets is reviewed periodically through the AMS governance framework to reflect changes in use, performance or strategic intent.

Appendix B: Governance Framework

This appendix sets out the governance arrangements that apply to all estate-related decisions under the Asset Management Strategy. It forms an integral part of the Strategy and describes how decisions are developed, tested, approved and monitored.

The purpose of this appendix is to provide clarity on who takes decisions, at what level, and on what basis. It is not intended to restate the Council's Constitution, Scheme of Delegation or Contract Standing Orders, but to explain how those arrangements operate in practice for estate matters.

Overview of Governance Arrangements

The governance arrangements are designed to ensure that estate-related decisions are taken consistently, proportionately and in line with the Council's financial position and agreed risk appetite. Decisions are taken at the lowest appropriate level within defined financial and risk thresholds, with escalation where thresholds are exceeded or where proposals would set a precedent or fall outside the agreed risk appetite.

The arrangements cover the full lifecycle of estate decisions, from early identification of issues or opportunities through to approval, implementation and monitoring.

Decision Pathway

Estate-related decisions typically follow the stages set out below:

1. **Identification and option development** – issues, opportunities or requirements are identified by service areas and the Property team, and options are developed with input from Finance, Legal and other relevant teams
2. **Assessment and testing** – options are assessed against the AMS principles, category approach, Delivery Plan priorities, financial impact and risk
3. **Decision and approval** – decisions are taken under officer delegation, by the AMS Oversight Group or by Cabinet, depending on value, risk and significance
4. **Implementation and monitoring** – approved decisions are implemented and monitored through existing financial, performance and risk reporting arrangements

Roles and Responsibilities

Cabinet

- Approves the AMS and any substantive changes
- Approves the disposal and investment programme and all major or precedent setting estate decisions

- Receives regular reporting on estate performance, activity and risk

Senior Leadership Team (SLT)

- Ensures alignment between corporate priorities, finance, risk and delivery
- Provides challenge and escalation on strategic or cross-cutting estate issues

AMS Oversight Group

- Takes estate related decisions within agreed financial and risk thresholds under delegated authority
- Applies the Asset Management Strategy consistently across the estate
- Escalates decisions to Cabinet where thresholds are exceeded or proposals fall outside the agreed risk appetite

Property Team

- Acts as corporate landlord and portfolio manager for the Council's estate
- Leads the development of asset management plans, business cases and proposals
- Implements approved estate decisions

Finance, Legal and Service Teams

- Provide financial assurance, legal compliance and operational input
- Support the development and delivery of estate related decisions within the Strategy

Detailed financial thresholds, delegations and procedural requirements are maintained through the Scheme of Delegation, Contract Standing Orders, Treasury Management Strategy and Corporate Risk Management Policy.

Appendix C: Financial and Performance Measures

This appendix summarises the key financial and performance measures used to monitor delivery of the Estates Strategy. These measures are integrated into existing quarterly financial and performance reporting arrangements.

The measures set out below are illustrative and will be refined over time. Specific thresholds and benchmarks are agreed with Finance and the Senior Risk Officer and can be updated without requiring amendment to the Strategy.

Investment Assets

- Net operating income
- Yield compared with agreed AMS benchmarks and the Council's average cost of borrowing
- Void rate and arrears
- Tenant covenant strength and weighted average unexpired lease term

Community Assets

- Net subsidy value
- Utilisation levels
- Condition and compliance indicators
- Evidence of social value where available

Operational Assets

- Cost per square metre
- Utilisation of key buildings
- Condition and compliance indicators
- Energy performance

Regeneration Assets

- Capital receipts generated
- Delivery milestones achieved
- Risk status of priority schemes

Housing Assets

- Units provided or retained
- Quality indicators

- Occupancy levels
- Net cost or income contribution

These measures support oversight of estate performance, affordability and risk and are reported through existing governance and reporting arrangements.

Community Asset Rent and Subsidy Policy

This policy sets out the Council's approach to setting rents and providing rent relief or subsidy for community, voluntary and charitable organisations occupying Council owned land and buildings. Its purpose is to ensure that community assets are managed in a way that is fair, transparent, affordable and that decisions reflect the Council's priorities and financial position.

1. Relationship to the Asset Management Strategy (AMS)

This policy operates in support of the emerging AMS. It applies the principles set out in the Community Assets category of the Strategy and provides the policy framework through which those principles are implemented.

This policy provides the detailed approach to rent and subsidy for community assets within the framework set out by the AMS.

2. Scope

This policy applies to all Council owned land and buildings occupied by voluntary community sector organisations, charitable organisations, sporting organisations and other not for profit community groups.

It applies to new lettings, lease renewals, rent reviews and existing arrangements where subsidy is provided through rent relief or other mechanisms.

This policy does not apply to housing assets, commercial investment assets held primarily for income generation, or assets that are subject to separate statutory or regulatory arrangements.

3. Principles

The Council's approach to community asset rent and subsidy is based on the following principles:

- Rent and subsidy are separate decisions and should be considered independently
- Rents should be set in a consistent and transparent manner
- Any subsidy provided should be explicit, affordable and supported by clear evidence of benefit
- Community assets should be managed in a way that recognises both social value and the full cost and risk of ownership
- Decisions should be proportionate and aligned with the Council's current financial position and priorities

4. Rent setting

For new and renewal leases, rents will normally be set at the higher of the passing rent or the rateable value at the time of review.

The Council will seek, as a minimum, to ensure that rents enable the Council to recover its direct property related costs, so that assets broadly break even before any consideration of subsidy.

Any proposal to set a rent below this level must be explicitly justified and approved in accordance with this policy and the Scheme of Delegation.

Rent setting will take place independently of any decision on rent relief or subsidy. However it is recognised that this could lead to concern from community organisations about the impact of rent relief being reduced or withdrawn and where rent increases are very large the sudden increase due to that.

It is therefore proposed that where rent increases are more than £1000, the rent increase is capped at this amount and then increased by CPI+1% until it reaches the new rent.

5. Subsidy and rent relief

Where subsidy is provided, it will normally be delivered through an annual rent relief or grant rather than through setting rents below market or ratable value. Subsidy for community assets is currently at a standard 90% rent relief which is subject to the normal budget process. This does result in some very low charges and the Council will therefore introduce a floor of £200 below which rent relief will not apply.

The Council reserves the right to consider rent relief on a case by case basis where variations are appropriate. In considering whether the standard policy should be varied to provide subsidy at an alternative higher or lower rate, and at what level, the Council will have regard to the following factors:

- The extent to which the organisation supports the Council's Delivery Plan priorities
- The extent to which the services provided mitigate costs the Council would otherwise incur
- The organisation's turnover, financial resilience and ability to generate income
- The level of rent payable relative to the organisation's capacity
- The extent of any investment secured in Council assets or in the Borough
- The organisation's community reach, utilisation of the asset and demonstrable outcomes
- The Council's overall financial position and affordability at the time of the decision

Subsidy may be time limited, tapered or transitional, particularly where rents increase significantly on renewal.

Rent relief will not normally be applied to service charges except where this has previously been agreed or there are particular circumstances that justify an exception in future. Where rent relief has been applied to service charges the Council will seek to move from this position to ensure it recovers its direct costs. The criteria set out above would be considerations to determine the appropriateness of providing relief, the pace of any transition and the level of relief.

6. Maintenance, repair and compliance

Community tenants will normally be responsible for internal and external repairing obligations in accordance with the terms of their lease.

Tenants will be expected to demonstrate that they have taken reasonable steps to assess, plan for and fund maintenance and compliance requirements over the term of their occupation.

Where the Council undertakes maintenance or compliance activities on behalf of tenants, it will normally seek to recover the associated costs unless otherwise agreed.

The condition, compliance and lifecycle risk of community assets will be considered as part of wider asset management decisions under the Asset Management Strategy.

7. Governance and decision making

Decisions on rent setting and subsidy will be taken in accordance with the Council's Scheme of Delegation.

Higher value, non-standard or sensitive cases may be referred to the Asset Management Strategy Oversight Group or Cabinet, as appropriate.

All decisions will be documented, with a clear record of the rationale and the factors considered.

8. Review and monitoring

Subsidy arrangements will be reviewed periodically, normally at lease events or agreed review points.

The Council will monitor the overall level of community asset subsidy to ensure it remains affordable and aligned with corporate priorities.

This policy will be reviewed periodically to ensure it remains consistent with the Asset Management Strategy, the Delivery Plan and the Council's financial position.