

Sitting on Your Assets?

Getting the Most from Your Land and Buildings

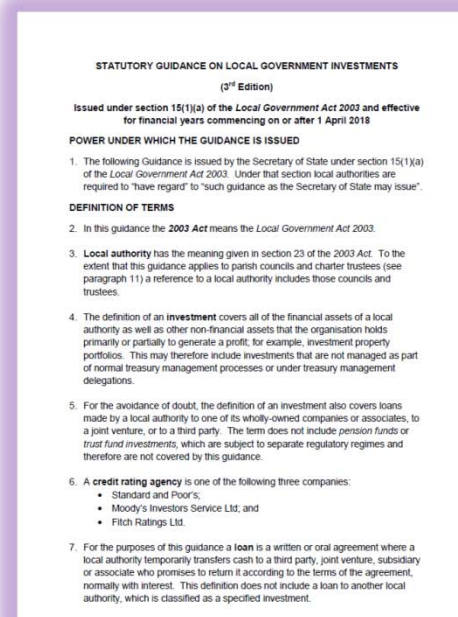
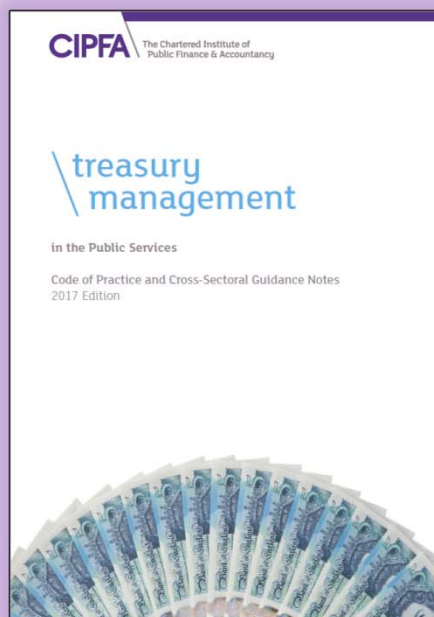
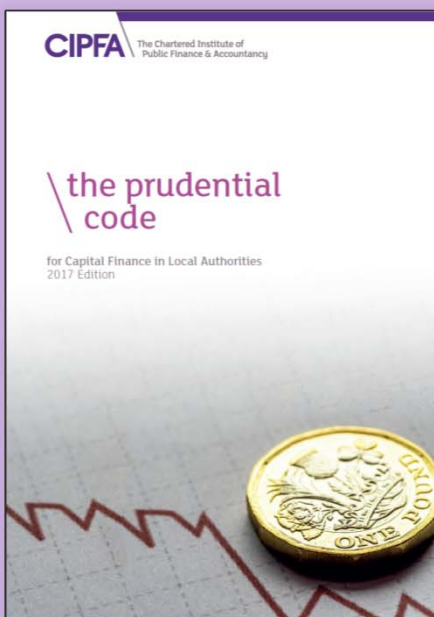
CIPFA Property



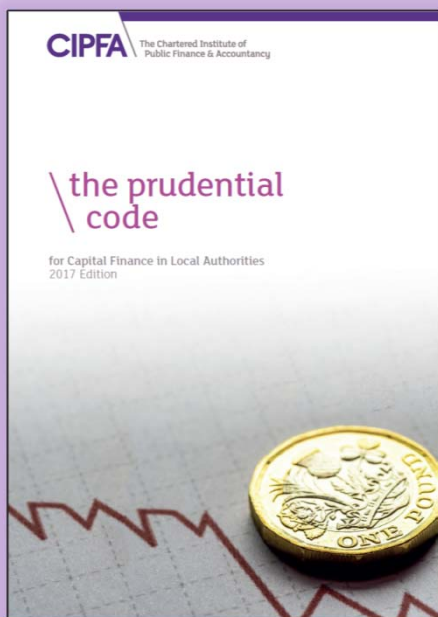
We still need the basics

1. Property Information Systems and Staffing resources to keep the data comprehensive and relevant
2. Health and Safety Compliance management, surveys and testing
3. Condition Surveys
4. Asset Management Planning
5. Comparison with others

Financial codes and legislation



CIPFA Prudential Code (2017 edition)



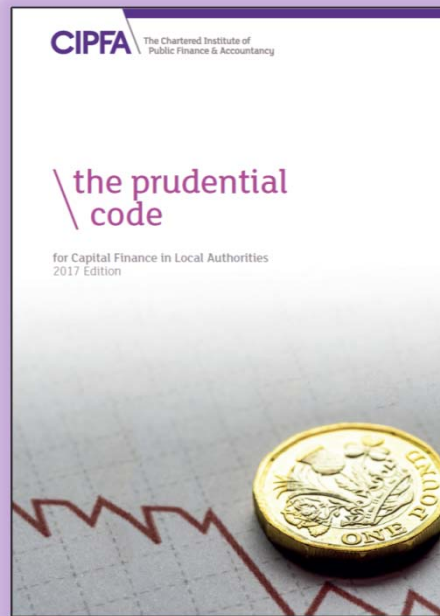
Covers all capital expenditure and investment decisions and should take account of all potential long-term liabilities

In order to ensure long-term affordability, decisions have also to be prudent and in the long term sustainable

Applies to all local authorities, combined authorities, fire and police

"Capital expenditure plans should be considered alongside the cost of past borrowing, maintenance requirements and planned disposals."

CIPFA Prudential Code (2017 edition) Capital Strategy

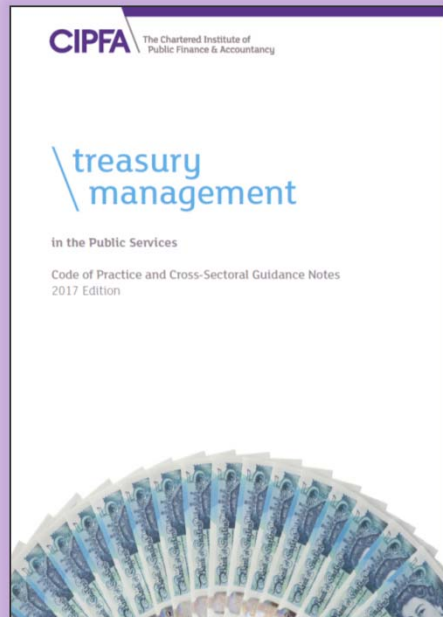


- Capital expenditure
 - Governance process
 - Long term view – reference asset lives
 - AMP overview
 - Borrowing restrictions
- Debt and borrowing and treasury management
- Commercial activity
 - Due diligence, Risk appetite, Expert advice, Scrutiny
- Other long-term liabilities
- Knowledge and skills

CIPFA Treasury Management Code (2017 edition)

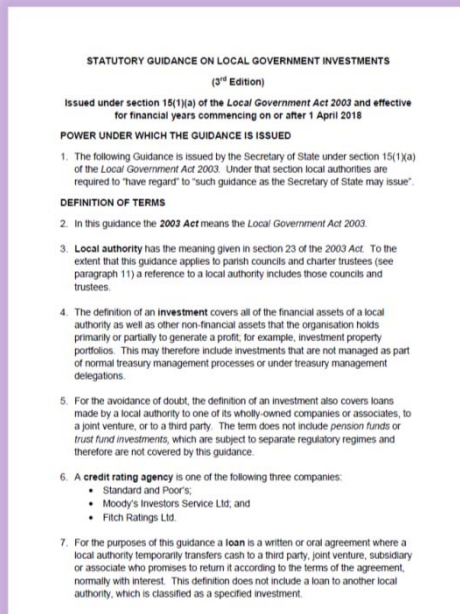
3 Key TM Principles +

- Effective Management
- Control and Appetite of Risk (should ensure that priority is given to security & portfolio liquidity when investing funds)
- Pursuit of VFM & use of suitable performance measures - valid & important tools for responsible organisations to employ in support of their business & service objectives; treasury management policies and practices should reflect this



- Commercial investments for financial benefit rather than for service outcomes are sometimes entered into outside of normal treasury management activity.
- These need more careful financial risk assessment.
- Where such investments do not give priority for security and liquidity over yield, whether because of the nature of the assets themselves or for valid service reasons, **CIPFA recommends that such a decision should be explicit, the additional risks set out clearly and the impact on financial sustainability identified and reported.**

Statutory Guidance on Local Government Investments - (3rd Edition)



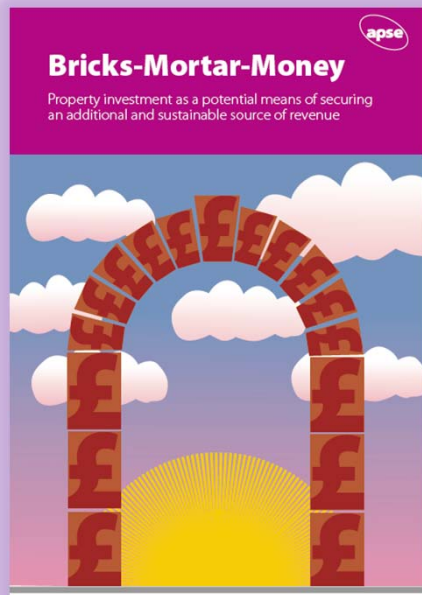
- Effective for financial years commencing on or after 1 April 2018
- Introduces requirement for Investment Strategy – produced before the start of financial year to which it relates, approved by full council (or equivalent), publicly available
- Should also incorporate quantitative indicators, funding, rate of return
- Presented in a way that allows Councillors & public to compare the local authority's investment decisions with a similar authority "understand a local authority's total risk exposure"

Borrowing in Advance of Need

- Where a local authority chooses to disregard the Prudential Code and this Guidance and borrow or has borrowed purely to profit from the investment of the extra sums borrowed the Strategy should explain:
 - Why the local authority has decided not to have regard to this Guidance or to the Prudential Code in this instance; and
 - The local authority's policies in investing the money borrowed, including management of the risks, for example, of not achieving the desired profit or borrowing costs increasing

Investing in Property A 10 Step Approach

1 property



1. Establish What you've got
2. Measure Costs and Performance
3. Strategy
4. Geography/Boundaries
5. Funding - security, liquidity and then yield
6. Skills and Capacity
7. Delivery Models
8. Acquire Carefully (Risk Management)
9. Acquisition and Management
10. Monitor, Review and Adapt

<http://www.apse.org.uk/apse/index.cfm/research/current-research-programme/bricks-mortar-money/>

So what's happening in practice?



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