

Agenda Item 24

Cabinet

30 November 2011

11/1122



Asset Management Update

Exempt Information

Para 3 Schedule 12A information relating to the finance or business affairs of any particular person

Summary

Members are requested to endorse the revised Asset Management Plan 2011/14. Progress made on the delivery of the Council's Strategic Property Asset Management Plan is detailed in the report.

Recommendation

- i) **The Council adopts the revised Asset Management Plan 2011/14.**
- ii) **That the Council notes progress during the last year in the delivery of the Corporate Property Asset Management Plan.**
- iii) **That Members are aware of the progress and key achievements across the range of other services provided by the Council's Estates Team.**

a) Reasons for Recommendation

It is considered good practice to manage the Council's property assets in a strategic and structured way to ensure best value for money from property assets in serving the strategic needs of the organisation and the local community.

b) Alternative Options

Members may consider alternative actions to those outlined in the Plan.

c) Risk Considerations

Property assets are expensive, in terms of both capital value and annual maintenance and running costs; they need to be carefully managed over their lives to ensure best value through their use, maintenance and generation of income. It takes time to determine carefully new property needs and to procure and provide them. The time it takes to deliver property led projects can also take a number of years. This is why the Plan is based on a medium term timeframe.

Our stewardship of property assets also carries with it a reputational risk. This can arise in a number of ways including external perceptions of asset usage, upkeep and quality of management either in the council's direct management or by third parties. Examples might include bad neighbour uses of industrial premises, disrepair of building or play areas or facilities losing money or delivering ineffective services.

d) Policy and Budgetary Considerations

The Asset Management Plan provides a strategic overview for the Council's use of property. £0.217m was budgeted in 2011/12 to provide resources to assist with asset management work on a one-off basis. This included a part time Estates post to assist with the Property Register, and a 12 month development surveyor post which commenced in September. In addition, a consultant was brought in on a one day a week basis to initially assist with some of the priority disposal work. This budget is also being used to pay consultants to assist with the tenanted property review.

The delivery of the Asset Management agenda is the responsibility of the members of the Asset Management Forum as can be seen by the assigned roles. This is because it is a 'corporate strategy' rather than an 'Estates' function.

However, the implications of the Asset Management strategy naturally affect the workload of the Estates team in implementing projects and policies arising from the Council's plan.

To provide further support to the Estates team in the short term, a temporary estates surveyor has been brought in on a 3 month contract which is proposed to be extended by another 6 months. This has been funded from the Estates and Economic Development Budget and the cost covered by the vacant senior estates surveyor post (May – Oct).

Office relocation will be met from the Transformation Reserve.

Positive Impact Overall

Thriving Economy.

Green Environment.

Excellent Customer Service.

Inspirational Council.

Meeting our Diversity and Equality duties.

Providing more service at less cost.

Create Cashable Savings

e) Date for Review of Decision

The Asset Management Plan is reviewed quarterly; the delivery of which will be continuously reviewed by the Asset Management Forum.

1 Main Body of the Report

- 1.1 The Council reviewed the delivery of the Asset Management Plan at a Special Meeting of the Overview & Scrutiny Co-ordinating Committee on 18 October 2010. At this time, Members recognised that the Estates Team required further staff resource to release capacity to deliver on the Asset Management Agenda and following a further decision by the Committee on the 16 March 2011, an interim arrangement to assist the delivery of the Asset Management Plan, along with project delivery, was approved.
- 1.2 A four month contract provided the resource to contribute to the establishment of a property register and a twelve month Development Surveyor post commenced in September.

Progress has been hampered marginally by difficulties in appointing a new Senior Estates Surveyor, but a successful candidate took up post on 31 October 2011.

- 1.3 A revised Asset Management Plan 2011-14 is attached at Appendix 2 for Member comment and endorsement.

2.0 Asset Management Plan Delivery

- 2.1 Significant progress has been made in the last twelve months to enable the delivery of the Asset Management Plan, (the most notable of which has been the progress in creating a Property Register database to hold all the Council's property information in one place), and the current status of the various actions to be undertaken are summarised below.

Action	Assigned to*	Status
Public Conveniences	BK	An active programme of modernisation from remaining facilities is in place and the revised plan has assigned this action as on-going
Knowle Office Review	DB	Completed – considered by Cabinet in July and office relocation project implemented. The revised plan now refers to an Office Relocation Programme.
Depot Review	SS	To be implemented. The Knowle and Manstone Depots form part of the Knowle Office relocation.
Car Park Review	SS/DB	The Car Parks report with accompanying questionnaire has been sent to the Town and Parish Councils, Chambers of Commerce and Devon County Highways for consultation. Following consideration of responses by the Asset Management Forum, relevant recommendations will be made to Cabinet in due course. It is anticipated that further work will then be undertaken by the Development Surveyor to review opportunities for development, capital receipts, asset transfer or increased revenue income opportunities.
Open Space Review	ST	Members considered the open space review report at the Special meeting held last October. ST is overseeing the development of a full Open Space Policy for the district. Anticipated that this will be in place by February 2012. (NB the LED and private sports club TNRP Reviews will feed into this work)

Community Asset Transfer	DB	To be developed within the Strategic Development and Partnerships think tank with support from the organisation 'Locality'
One Stop Shops	DB	To be incorporated within the work of Office Relocation Programme.
Condition of existing estate- alignment of running costs	SD	Finance has assigned a part time employee to the task and it is anticipated that in the financial year 2012/13, property costs and income will be captured against each asset in an accurate manner.
Tenanted Non Residential Property Review	DB	<p>CIPFA Consultants are assisting with the preparation of reports on the Council's tenanted Portfolio. These include reports in relation to:</p> <ul style="list-style-type: none"> • Industrial Estates – draft report submitted. Estates Surveyor to investigate management issues & finalise report with Cipfa. Strategic review of the provision of workshop space in the district and the Council's contribution to supply support small business to be taken forward by the Economy Think Tank and included as part of the Economic Development Strategy. • Sports & Activity Clubs – Tenant questionnaires completed and draft report available. Policy to be developed with Members by Senior Estates Surveyor (SES) as recommended. • Private Halls – Planned future reportdrafted • Cafe and Kiosks – Planned future reportdrafted • Chalets and Beach Huts – Draft available. SES to work with Streetscene, Property Services and Cipfa to finalise review report. AMF will then develop recommendations to be considered by Cabinet • Cinemas and Theatres - to be drafted. • LED Leisure Facilities – Initial draft report submitted by CIPFA. Leisure East Devon TAFF established to consider Service Level Agreement (SLA) between EDDC and Leisure East Devon (LED); and the financial contribution made by EDDC. Review to feed into this work. Possible that the scope of the TAFF could be extended to include consideration around the development of a future strategy in relation to provision of sports halls and swimming pools in the district. Further work to be undertaken in

		establishing planned maintenance budget costs. AMF to provide recommendations to Cabinet within next 6 months.
Data Management/Property Register	CP	Database now developed to hold property information on Council assets which is accessed from various other databases across the organisation.
Performance Management	KL	To be initiated
Development of Capital Programme links to AMP & Capital Monitoring	SD	To be initiated
Whole Life Costing appraisal	JG	Initial report drafted. Mechanism for implementation to be taken forward
Bench Marking	BK	To be initiated

- * KL Kate Little, Head of Economy
- RC Richard Cohen, Deputy Chief Executive
- DB Donna Best, Principal Estates Surveyor
- CP Chris Powell, Corporate Manager - ICT
- SD Simon Davey, Head of Finance
- SS Simon Smale, Head of Environment
- JG John Golding, Head of Housing
- ST Sulina Tallack, Section 106 Officer
- BK Brian Kohl, Property Service Manager

2.2 Additional actions recommended by the Asset Management Forum for the revised Plan include a review of our key cultural assets, namely the Thelma Hulbert Museum, Honiton and the Manor Pavilion, Sidmouth.

3.0 Project Delivery/ Projects Emerging

- 3.1 In addition to the actions to be taken forward under the Asset Management Plan, there are ongoing projects to which the Council has committed and to which the Estates service provides significant support. Primarily, these include the Seaton and Exmouth Regeneration Agendas.
- 3.2 **Seaton Regeneration** – As reported to Cabinet 13 July, Seaton Regeneration is one of the Council's Corporate priorities and considerable success has been achieved against not only its own objectives, but also the 'shopping list' agreed by all Seaton's Members in 2008 and which set out aspirations for the town.
- 3.3 The Land Agreement with Tesco has now been renegotiated and completion expected by 4 November. In addition to the £1.955 million capital receipt, a further £37,000 has been negotiated in lieu of visitor centre pre-development works previously to be undertaken by Tesco. Terms for the grant of an easement for surface water drainage are still the subject of negotiation.

Known remaining contribution from the Estates & Economic Development team will include the following:-

- i) Support of the Regeneration Programme Board and Officer Project Team Meetings
- ii) Marketing of Seaton Visitor Centre
- iii) Lease negotiations with Seaton Tram Company
- iv) Underfleet public realm development
- v) Easement grant to DCC (Stop Line Way cycle scheme)
- vi) Support to the Town Development Manager (Economic Development Manager)

- 3.4 **Exmouth Regeneration** – Work undertaken over the last 18 months to develop a vision for the future development of the town and seafront with the local community, has enabled the drafting of a masterplan and the establishment of several projects to assist the delivery of the vision. A number of the projects identified affect land that the Council owns or in which it at least has a controlling interest. These projects would require positive action by the Council to enable them to come forward. Masterplan projects were considered by Exmouth Ward Members at a meeting held 5 October 2011 and the following were supported as priorities:-

Estuaryside Transformation
 Exmouth Splash (Queen's Drive)
 Camperdown Creek Regeneration
 The Elizabeth Hall Site
 Pierhead and Mamhead/ Mamhead Slipway Improvements
 Foxholes Hub & Car Park
 New London Inn Quarter

- 3.5 An overall estimate of the initial funding required to bring forward these projects is set out within Appendix 1. The detail and implications for each of these projects and the wider regeneration agenda are dealt with under a separate report being considered by Cabinet 30 November.
- 3.6 Drill Hall, Port Royal, Sidmouth – the Council has now spent in the region of £600,000, along with considerable staff resource from both Estates and Property Services, to build new drill hall premises at Chambers Close. The transfer of ownership to the Council of the former drill hall at Port Royal, along with the former ATC hut at Manstone is imminent. To see a return on this investment, a development brief is required to progress redevelopment for Port Royal. It is recommended that the ATC Hut site at Manstone is held to assist the Council's affordable housing contribution in relation to the office relocation scheme.
- 3.7 Staff resource is not currently available to proceed with the work required to prepare a development brief at present but as soon it can be worked into the Estates work programme, Members will be made aware.

4.0 **Priority Disposal Programme**

- 4.1 At its meeting held 13 July 2011, Cabinet agreed a disposal programme to assist the shortfalls of the Capital Programme Budget. The current status of each project is set out within Appendix 1.

- 4.2 The work to date has been brought forward by the Fixed Term Estates Surveyor and the 3 month contract is now to be extended by a further 6 months.
- 4.3 In addition to the existing disposal programme, a number of approaches have been made to the Council to sell ad hoc small pieces of land. It is proposed that the Fixed Term Estates Surveyor is now requested to investigate these requests further where they do not impinge on the review work currently being undertaken through the delivery of the Asset Management Plan.

5.0 Estates – Key achievements over last 12 months

- 5.1 The strategic asset management role and contribution to the regeneration commitments of the Council, are additional to the core day to day functions of the Estates Team. These include the following:-
- Landlord and tenant work (rent reviews and lease renewals)
 - Management of the Council's tenanted portfolio (£1,067,426 rental income revenue 2010/11)
 - Planning consultations
 - Insurance valuations
 - Rating valuations
 - Capital accounting valuations
 - Disposals including covenants
- 5.2 Key achievements in the last year have included the following:-
- i. **Leasehold disposal of Hind Street Car Park, Ottery St Mary** to Sainsbury's. RPI indexed rental agreed to provide increased revenue, with loss of maintenance liability to Council for both the car park and former public conveniences. Estimated net revenue gain: £35,000 per annum.
 - ii. **Cycle track and footbridge scheme at Ottery St Mary** – successful negotiations to acquire necessary land interest
 - iii. **Car Parks Rating Appeals**. Saving to Council of £13,000 per annum.
 - iv. **Extension of Cemetery and Axe Wetlands Car Park, Seaton** – successful land negotiations to acquire necessary land
 - v. **100% Occupancy of industrial workshops for small businesses in District**
 - vi. **Stowford Rise Community Centre and New Drill Hall, Sidmouth** – successful negotiations to enable schemes to complete
 - vii. **Bonnors Glenn, Holmdale and Stowford Rise affordable housing schemes** – valuation advice to enable schemes to proceed
 - viii. **Capital Accounting Valuation Report** – provided on time, in accordance with new capital accounting regulations and commended by the Council's auditors
 - ix. **Capital Receipts** – Land and covenant disposals estimated in excess of £66,900 (in addition to £1.955 million on land agreement with Tesco, Seaton).
 - x. **External Recharges**- Implementing the recovery of fees for surveyor's time when recharging to external parties resulted in additional income of £1,065 in the first six months of this financial year.

Legal Implications

The full terms of any documentation to be agreed upon between the surveying and legal teams. Otherwise, the report contains no further implications of a legal nature upon which to comment

Financial Implications

The additional £37k from TESCO has been noted and added to the capital receipts funding of the capital programme.

Consultation on Reports to the Executive

Asset Management Forum

Appendices

- Priority Disposal Programme – status summary – Appendix 1
- Draft Asset Management Plan 2011-2014 – Appendix 2

Background Papers

- Estates, Asset Management and Project Delivery – Overview and Scrutiny Co-ordinating Committee 16 March 2011

Kate Little
Head of Economy

Cabinet
30 November 2011

Richard Cohen
Deputy Chief Executive

Donna Best
Principal Estates Surveyor