

REPORT TITLE: ASSET MANAGEMENT STRATEGY - 2022 TO 2027

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REPORT OF CABINET MEMBER: Cllr Martin Tod

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WARD(S): ALL WARDS

PURPOSE

The Council's non-housing property assets (the Estate) play a significant role in generating rental income and creating opportunity for social, economic, environmental, and cultural and regeneration interventions.

The purpose of the Asset Management Strategy is to identify strategic objectives that the Estate needs to address, to make sure that Council land and buildings fully support overarching corporate plan policy and direction. For example, taking action to decarbonise the Council's corporate occupied, community asset and investment properties.

The Strategy document identifies key challenges, solutions and projects that will support the Council's vision and success over the next five years.

RECOMMENDATIONS:

That Cabinet approve the Asset Management Strategy 2022 to 2027.

IMPLICATIONS:

1 COUNCIL PLAN OUTCOME

1.1 Tackling the Climate Emergency and Creating a Greener District

Carbon reduction remains a central theme when building, refurbishing and maintaining Council property. Where possible, solar panels, energy efficient boilers and enhanced building insulation are included in technical specifications. Providing more energy efficient buildings means that the Council's following climate emergency priorities are being actioned:

- a) Winchester City Council to be carbon neutral by 2024
- b) The Winchester district to be carbon neutral by 2030
- c) An increase in the proportion of journeys taken by walking, cycling and public transport

Carbon reduction and energy saving across the Council's property portfolio is a key focus and work has started with measures including solar panels, window replacement and heating system replacement. Base line technical and energy data is being prepared for all buildings. Comprehensive investigations are planned into the extent of viable carbon reduction and energy saving measures on corporate occupied buildings, community assets (such as pavilions and public conveniences) and investment properties. Regular KPIs will include progress updates on reducing carbon and energy consumption across the portfolio.

1.2 Homes for all

Where potential exists to utilise surplus Council land or buildings for creating new affordable homes via the HRA, options appraisals are undertaken and factored into 'Best Consideration' analysis. Site finding for new homes has become highly competitive which means that the Council are in competition with the private sector and Registered Social Landlords. Using Council owned assets for delivering new homes has therefore become more important, and means for example that redundant garage blocks and regeneration sites are being considered as opportunities to provide more affordable housing.

1.3 Vibrant Local Economy

We aim to use land and property assets to position Winchester district as a recognised centre for digital, creative and knowledge intensive networks.

Where feasible, the Council will support business tenants in meeting the challenge of carbon neutrality and encouraging 'green growth'.

Prioritising the needs of younger people in the redevelopment of central Winchester has been recognised and factored into the regeneration objectives.

The Council's Estate is an opportunity to work in partnership with other stakeholders to strengthen the appeal of the Winchester district by promoting and developing our unique cultural, heritage and natural environment assets.

1.4 Living Well

Where a public health need requires land or buildings for service delivery, the Council is in a position to work with public and private healthcare providers and via One Public Estate, to support the process of identifying suitable sites. For example, the new St Clements Surgery in Winchester City centre is to be built on a Council owned car park in Upper Brook Street.

The ambition to improve the District's Public Conveniences, is to deliver reduced health inequalities; by providing increased access to toilet facilities accessible to all. Which supports the Economic and Cultural for the District.

1.5 Your Services, Your Voice

Planning policy governs the types of uses that the Estate can host, but there are frequently circumstances where more than one use may be suitable. Where redevelopment and regeneration is concerned, the Council engage with local communities to encourage feedback on marketing and development proposals. This Corporate Plan priority is adopted practice and part of how Asset Management Strategy is delivered.

2 FINANCIAL IMPLICATIONS

- 2.1 Effective asset management is essential in ensuring that the council can deliver its key objectives. This includes properly maintaining the council's operational assets so that it can continue to deliver services effectively and efficiently. It is important therefore to understand the ongoing investment required and incorporate it into the council's revenue and capital budgets set annually in February as well the longer-term Medium Term Financial Strategy (MTFS) and the Capital Investment Strategy. The council also holds a number of assets for the purposes of regeneration such as those held for the Central Winchester Regeneration (CWR) project many of which also generate income for the council, as well as a portfolio of investment property assets (held for rental income/capital appreciation).
- 2.2 Asset management is identified as a key theme in the Medium-Term Financial Strategy (MTFS), which recognises the important role it plays in supporting the delivery of a balanced budget and to address longer term forecast deficits. The asset portfolio generates a significant proportion of the council's annual income. The investment property portfolio was valued at £69.8m (£67.2m General Fund and £2.6m HRA) as at 31 March 2022. It generated net income after costs of just under £3m of which £2.78m General Fund and £0.18m HRA in 2021/22.

- 2.3 There are significant challenges in the current economic climate. Recent building cost inflation has resulted in several schemes being value engineered and re-tendered. In addition, BREEAM and LETI construction standards have added additional cost to the Council's capital programme, but these are considered necessary in order to tackle Climate Change and meet the council's goals of becoming carbon neutral by 2024 and as a district by 2030
- 2.4 The General Fund budget includes an Asset Management reserve which is forecast to be £3.3m by March 2023. This is the key funding resource to support maintenance and investment in council property (with the exception of council housing funded from the Housing Revenue Account and car park maintenance funded from the car park reserve). The medium-term financial strategy assumes annual revenue contributions of £250k.
- 2.5 Condition surveys are currently being commissioned that will assist in determining longer term budget requirements and whether the £250k annual contribution is sufficient to support the delivery of this Strategy.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 The council is not required by law to have an Asset Management Plan, but it is considered best practice among local authorities throughout the country to have one for its area, covering all of its assets.
- 3.2 The council's properties should be kept free from health hazards, and must meet all relevant safety standards.
- 3.3 Any direct or in-direct procurement as a result of the Asset Management Strategy will be conducted in accordance with Public Contract Regulations 2015 (PCR2015) and the council's Contract Procedure Rules. Resulting contracts will be managed in-line with the council's Contract Management Framework.

4 WORKFORCE IMPLICATIONS

- 4.1 The Estate is managed directly by the Council via the Asset Management Team that comprises qualified Asset Management Surveyors, Building Surveyors and New Homes Development Managers. Where necessary, external specialist advice is sought on building services, construction and legal and valuation matters.

Asset Management also provide client resources from within existing staffing to a number of departments with the Council.

5 PROPERTY AND ASSET IMPLICATIONS

The Asset Management Strategy vision is to support a commercially focused and managed Estate that promotes the financial, social, cultural, economic and environmental interests of the District's residents, businesses and visitors.

The intention is to maintain an Estate that promotes carbon reduction, health and wellbeing, sustainability, affordable new homes, regeneration and sympathetic development, and a financially resilient portfolio where income generation is recognised as a key element of the Council's Medium Term Financial Strategy (MTFS).

6 CONSULTATION AND COMMUNICATION

The Asset Management Strategy has been prepared by the Corporate Head of Asset Management in consultation with Property Board members and the Portfolio Holder for Asset Management.

7 ENVIRONMENTAL CONSIDERATIONS

The management of Council assets will comply with and support the emerging Local Plan Policy. Environmental impact is a key focus of the Asset Management Strategy. Identifying opportunities to reduce carbon and energy consumption across the Estate is positioned as the first objective in the Strategy.

8 PUBLIC SECTOR EQUALITY DUTY

- 8.1 Risk and impact assessments are undertaken for fire safety and access to Council buildings, including assessing compliance with the Disability Discrimination Act. An Equality Impact Assessment of this Strategy has been completed and concluded no direct impacts against the protected characteristics.

9 DATA PROTECTION IMPACT ASSESSMENT

- 9.1 Property data is held on an internal secure system called Idox Uniform Version 10.6.1. The system is a Property Management System and is used by many internal departments including Planning, Licencing, and Environmental Health. Each department holds control for the maintenance of the specific module they use which is ultimately supported by IMT and Idox.
- 9.2 Data protection is managed by the individual departments
- 9.3 The information held by the Estates Module of Uniform specifically relates to Leases and Licences held between the Council and either a business or private individuals. This type of information includes names, email address, address and contact telephone number. This personal data is held to enable us to carry out and comply with the terms of the lease or licence therefore we do not need or ask for consent.

10 RISK MANAGEMENT

Risk	Mitigation	Opportunities
Financial Exposure		
Lower than budgeted income.	Regular monitoring of income and expenditure and review/renewal of leases	Generate rental income and save costs
Higher than budgeted maintenance costs.	Reduce scope of works	None
Insufficient reserves to finance unplanned works	Increase reserves annually	Update detailed maintenance budget forecasts
Exposure to challenge	Mitigated by Asset Management Strategy and employment of qualified Chartered Surveyors	Improve financial performance of the Estate
Innovation	Effective working in partnership with users and stakeholders takes time to develop and reach a position of trust and genuine joint working	Engage with tenants, community and stakeholders in the long-term running and development of the Council's Corporate Property Portfolio. Creation of better landlord and tenant relationships.
Reputation	Undertake extensive pre-development consultations with key stakeholders.	With wide consultation, new opportunities may become apparent.
Property Poor property condition resulting in unforeseen maintenance requirements and/or health and safety risk to users	Regular risk assessments completed and property condition surveys commissioned	
Project capacity Insufficient Estates/ Surveying resource to	Additional resources included in one off budget provision to support regen	

administer/deliver the asset management programme	work approved in Feb 2022	
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11 SUPPORTING INFORMATION:

- 11.1 Adopting an Asset Management Strategy is considered Best Practice. The previous strategy document covered the period 2016 to 2021 (CAB2870). The Council faces new challenges and therefore a new Strategy is required.
- 11.2 The Asset Management Strategy is a key document that supports the management of operational and non-operational assets.
- 11.3 The Strategy seeks to prioritise the following overall objectives:
- a) Reduce the Council's carbon footprint
 - b) Make Best Use of all non-housing assets
 - c) Increase rental income
 - d) Align with the Medium Term Financial Strategy
 - e) Maintain assets that are compliant with all H&S and EDI legislation and Policy
 - f) Facilitates regeneration and development
 - g) Supports the District's economic and social enterprise
 - h) Provides a fit for purpose Corporate Estate and Community Facilities
 - i) Identifies key areas of focus for the next five years
- 11.4 Key projects and priorities are set out within the Strategy. It should be noted that the Council's previous Asset Management Plan was a very detailed document listing all assets and attempting to assess management and maintenance requirements. This approach did not adequately set out priorities and has proved of very limited value in managing the overall estate. An operational Plan setting out key areas requiring investment over the 5 year period is maintained by officers and in developing this strategy, the requirement for comprehensive property surveys has been identified, both to assess maintenance requirements and carbon reduction priorities. Significant survey information is in place in relation to car parks and more recently, public conveniences. Survey work on other corporate property is currently being commissioned, focussing on key assets first and funded from the Asset reserve.

11.5 A quarterly monitoring report is produced summarising progress on all asset management programmes. It is proposed that this quarterly report be included in future reporting to the Performance Panel, which reports to the Scrutiny Committee on council wide programme and project progress.

12 OTHER OPTIONS CONSIDERED AND REJECTED

12.1 Adopting an Asset Management Strategy is considered best practice to ensure the council is making best use of its assets and to inform future budgets and the Capital Strategy. Not having a clear asset strategy is likely to result in unforeseen resource needs and poor investment decisions.

BACKGROUND DOCUMENTS:

NONE

APPENDICES: Appendix 1: Asset Management Strategy