

Report to Council

**Agenda
Item:

14(iii)**

Meeting Date: 8 September 2020
 Portfolio: Finance, Governance and Resources
 Key Decision: YES: Recorded in the Notice Ref: KD. 13.20
 Within Policy and Budget Framework: Yes
 Public / Private: Public

Title: Asset Management Plan 2021 to 2026
 Report of: The Corporate Director of Governance and Regulatory
 Report Number: Services GD 43/20

Purpose / Summary:

The draft Asset Management Plan was considered by Executive on 20th July 2020 before being referred to Business and Transformation Scrutiny Panel on 23rd July 2020 and back to Executive on 17 August 2020.

The Plan will also report on the current position and performance of the Portfolio, and the Asset Disposal Programme.

Recommendations:

Council agree to adopt the Asset Management Plan for 2021-2026

Tracking

Executive:	20 th July 2020
Scrutiny:	23 rd July 2020
Executive:	17 th August 2020
Council:	8 th September 2020

1. BACKGROUND

- 1.1. The Council's property assets are one of the essential resources used to carry out our day to day business, generating income to support services, and delivering economic development goals and housing opportunities.
- 1.2. The Asset Management Plan (AMP) outlines how the Council's strategies and policies for its property portfolio are used to support corporate priorities and directorate service plans.
- 1.3. The AMP outlines the overall performance of the asset base, what it is costing and producing, and how it is being used and reviewed. It also takes account of, and links into, the Council's Medium Term Financial Plan (MTFP) and the Capital Strategy (CS), which provides guidance on the Capital Programme and use of resources. The AMP is part of the Council's Budget.
- 1.4. For a number of years, the Council has been working towards the recommendations within the Asset Review Business Plan, approved by Council in January 2011. Along with the redefining of the Portfolio, the Business Plan proposed staffing and management structures should be realigned to provide the appropriate resources, skills and experience to run each category of asset. This has happened in the context of service transformation and is continually evolving.
- 1.5. An appraisal of the property portfolio identified a requirement to rationalise and consolidate assets and a programme of disposals has taken place to re-engineer the investment portfolio. A revised Disposal Programme was approved by the Executive in December 2018 with the aspiration to generate £10m in capital receipts.
- 1.6. Because of service transformation the Council has been looking at its operational assets. The Accommodation Review aims to more efficiently and cost effectively meet future service delivery, identifying savings and opportunities to generate additional income.
- 1.7. The AMP is reviewed annually and updated, along with the MTFP and CS, all documents forming part of the Council's Budget (Article 4 of the Constitution).

2. PROPOSALS

- 2.1 The AMP provides a succinct document that reflects;
 - The Asset Review Business Plan & Disposal Programme – progress on the implementation and the impact on the Portfolio and its future management,
 - Structural changes in the portfolio – the makeup of the operational and non-operational assets, current capital worth and rental levels,

- Performance of the assets and how these are constantly reviewed and challenged,
- Condition of the Portfolio – the standard of our properties, current maintenance requirements, suitability and sustainability for future use, and the steps which are being taken to improve energy efficiency,
- Accommodation Review – the outcomes, achievements and next steps to improve the use and efficiency of our operational property portfolio,
- Capital Schemes and Maintenance Budget – where the money is going,
- Property acquisitions – what has been done to reinvest in assets to produce income, maintain service delivery, support economic development initiatives and deliver services,
- Future Asset Management Options at our Kingstown and Parkhouse estates, and
- How our Economic Development property portfolio is being managed to support economic growth.

3. RISKS

- 3.1 By having an Asset Management Plan the Council can ensure that it uses its assets efficiently and that they support the Council's priorities.

4. CONSULTATION

- 4.1 Internally via the Council's corporate structures and processes. The Draft Plan was considered by Business and Transformation Overview & Scrutiny Panel on 23rd July.

5. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 5.1.1. To update the Council's Asset Management Plan and the position of the property portfolio in the light of the Asset Review Business Plan and Disposal Programme and other corporate initiatives.

6. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

6.1 The proper management of the Council's property resource makes an essential contribution the achievement of the Council's action plans and priorities.

Contact Officer: Mark Walshe

Ext: 7427

Appendices attached to report: Asset Management Plan 2021 - 2026

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers:

- None

CORPORATE IMPLICATIONS:

LEGAL - The Council has a fiduciary duty to properly manage its assets and the Asset Management Plan is a vital part of this process. It is also a designated budget document in accordance with the Council's Budget & Policy framework and, as such, as the report indicates, it is required to follow the usual route of consideration by Scrutiny and, thereafter, recommendation by the Executive to the Council.

FINANCE – The Asset Management Plan provides details on the Council's asset portfolio and the issues around the management of these assets. This will be used to inform the Medium Term Financial Plan and budget setting process for 2021/22 to 2025/26.

EQUALITY – None

INFORMATION GOVERNANCE – N/A



Managing property as a resource for the City

ASSET MANAGEMENT PLAN

2021 – 2026

CONTENTS

	Page
1. The Council	3
2. Purpose, Aims and Objectives	3
3. Property Strategies and Principles	4
4. Value for Money	5
5. Property Services	5
6. The Portfolio and Current Performance	6
7. Continuous Review and Challenge	10
8. Conclusion	16

ASSET MANAGEMENT PLAN 2021-2026

1. The Council

- 1.1 Carlisle City Council delivers services to around 108,000 people and for the year 2020/21 has a net revenue budget of £14.65 million and capital expenditure budget of £29.92 million. The Council uses its property resources to deliver services, either directly or through the rental income it earns, and improve the quality of life for local people.
- 1.2 The Council's asset base produces a rental income of around £4.46 million per annum, from its non-operational property, with a net asset value, taking account of depreciation, of circa £80 million.

2. Purpose, Aims and Objectives

- 2.1 The Asset Management Plan sets out the Council's approach to managing its land and property assets and aligns to Council's policies and strategies, particularly the Carlisle Plan, Directorate and Service Plans, the Medium-Term Financial Plan and Capital Strategy.
- 2.2 The aim is to own assets which are fit for purpose and sustainable, to enable services to be delivered effectively and with equality of access, and to meet the strategic objectives outlined below:
- Identify all property the Council owns or uses, maintaining accurate records, establishing its value and the function it performs, ensuring a reliable and accurate property management system is in place.
 - Make services aware of the costs of occupying property, maximising the use of the asset base, identifying 'expensive' and 'obsolete' assets.
 - Respond to changing property needs for service delivery improvements, identifying improvements to assets or the asset base to enhance service delivery, disposing of assets no longer required for operational purposes and acquiring new assets to support service delivery.
 - Generate capital for investment purposes aligned to corporate objectives.
 - Ensure a healthy and safe environment for property users.

ASSET MANAGEMENT PLAN 2021-2026

- Apply “Green Design” principles to construction, refurbishment and maintenance projects and encourage environmentally sustainable management of operational properties.
- Encourage community and partnership use of assets by identifying opportunities for shared services, liaising with partners and working with the community.
- Contribute to the Council’s Medium-Term Financial Plan and Capital Strategy, identifying investment opportunities.
- Provide sustainable planned maintenance programmes for a 5-year period by undertaking and reviewing condition surveys.

3. Property Strategies and Principles

3.1 The Council has developed the following strategies and principles:

- **Operational Property Investment Principles** – Investment will be made where a property is required for the medium or long-term use, enhances service delivery, improves environmental sustainability, improves utilisation, increases efficiency, adds value, and addresses statutory obligations.
- **Non-Operational Property Strategy** – to own property that supports the growth of Carlisle and the Economic Development Strategy, provides a sustainable income stream, is a key component of the Medium-Term Financial Plan.
- **Non-Operational Property Investment Principles** - commercial property will only be held where it provides an acceptable financial return, there is potential to deliver economic development objectives, it contributes to the delivery of other Council priorities, it addresses legal or contractual liabilities and obligations.
- **Surplus Property Strategy** – the Council will dispose of surplus assets on a freehold or leasehold basis at best consideration. Disposals at less than best consideration may be agreed subject to the necessary statutory and Council approvals.
- **Surplus Property Principles** - operational and non-operational property will be sold unless occupied for service provision, used to deliver social, housing, economic or environmental benefits meeting agreed priorities, or it is a long-term strategic investment.

ASSET MANAGEMENT PLAN 2021-2026

- **Property Acquisition Strategy** - the Council will acquire assets; that improve service delivery, assist with delivery of Economic Development policy, develop opportunities to assemble sites to deliver Council objectives, improve the financial returns and deliver the Asset Review Business Plan.
- **Property Acquisition Principles** - property will only be acquired where whole life costings and option appraisal exercises are undertaken and meet set target criteria around risk, income returns and yields.

4. **Value for money**

- 4.1 There is a Council-wide approach to managing assets as a corporate resource, using assets to help to deliver social, environmental and economic outcomes for local communities.
- 4.2 Collaborating with partner organisations on strategic asset management planning is an important requirement. The Council will continue to develop its strategic approach to working with other bodies to identify opportunities for shared use and alternative options for the management and ownership of its assets.

5. **Property Services**

- 5.1 Property Services are responsible for managing the City Council's extensive property portfolio. The multi-disciplinary team cover everything from ad-hoc property repairs to multi-million-pound developments such as the Sands Centre and Gateway 44. The service is supplemented by external resources when specialist assistance is required.
- 5.2 The property team face many challenges in supporting the Council with the competing pressures to deliver income whilst supporting the delivery of front-line services and realising ambitions for economic growth. Our aim is to provide a first-class property service for the City Council.

6. The Portfolio and Current Performance

6.1 Gross Asset Value as at 31 March 2020

	Operational assets		Non-operational assets		Total
	Community Assets	Land & Buildings	Investment	Surplus	
No of assets	72	64	52	13	201
Total income	£23,600	£3,923,800*	£4,118,600**	-	£8,066,000
Capital value	£4,128,000	£32,255,000	£79,905,000	£961,000	£117,249,000
Capital Expenditure	£51,691	£195,846	£168,930	-	£416,467
Outstanding Maintenance		£2,380,200	£2,000,000	-	£4,380,200
* Income from operational assets (i.e. car parks, crematorium, Civic Centre rents)					
** Rental income from investment assets					

- 6.2 The total capital spend on property assets in 2019/20 was £3.18 million.
- 6.3 The figure for the outstanding maintenance on the operational buildings is based on a costed 5-year plan. The condition surveys were last undertaken in the summer of 2018. The information which has been derived from the surveys has been considered to assess the current condition of the portfolio, whilst further having regard to the work undertaken during the same financial period. Outstanding maintenance has reduced from circa £2,587,300 to £2,380,200. The Pools continue to be removed from the programme given their impending closure as part of the Sands Centre redevelopment.
- 6.4 We are currently spending £250,000 p.a. to enhance our operational portfolio as detailed below in a bid to reduce the risk of major long-term capital expenditure being required.
- 6.5 Non-operational outstanding maintenance relates primarily to historical infrastructure costs associated with our industrial estate ground rent portfolio. We are currently in the process of reviewing the non-operational maintenance liability and anticipate that the level of outstanding maintenance will reduce given the asset

ASSET MANAGEMENT PLAN 2021-2026

disposals and investment undertaken at Durranshill and Kingstown Industrial Estates.

6.6 Outstanding Maintenance

	20/21	21/22	22/23	23/24	24/25	25/26
Total Revenue Budget	£745,900	£760,700	£776,000	£791,500	807,400	823,500
Capital Schemes Special Projects	£250,000	£250,000	£250,000	£150,000	£150,000	£150,000
Ratio Planned: Reactive Maintenance	76 : 24	76 : 24	76 : 24	76 :24	76:24	76:24

6.7 Based upon the final condition surveys, the annual planned maintenance programme has been further developed for the operational assets. As discussed above, there is unplanned maintenance currently assessed at £2,380,200 for the portfolio of operational buildings. The planned delivery programme to reduce this, incorporates a degree of flexibility to respond to the demands of service delivery, asset review, and other circumstances which may arise during the programme. Members approved a 3-year programme of planned and reactive maintenance on 18 November 2019 (report reference GD.62/19). In condition category terms the split is:-

Condition Category (as a % of Gross Internal Area Operational Property)			Sustainable Criteria
	2019-24	2020-25	
A. (Excellent)	0.73%	0.73%	Yes
B. (Good)	89.42%	89.42%	Yes
C. (Mediocre)	9.85%	9.85%	Review
D. (Poor)	0%	0%	No

ASSET MANAGEMENT PLAN 2021-2026

6.8 The table above shows the condition categories of the operational portfolio. There has been no overall change to the condition categorisation of operational assets over the last year as work undertaken has focused on addressing maintenance issues rather than improvements. The condition is continually reviewed and for over 90% of the portfolio classed as either excellent or good, is a testimony to the proactive management regime, which would otherwise leave the portfolio falling short of that required to provide the Council's services.

6.9 Energy Efficiency

6.10 A programme of energy efficiency and renewable energy projects has been carried out with significant investment in former years. We continue to look to incorporate energy efficiency measures as part of any improvement works. Projects are being considered to incorporate whole place energy efficiency measures where possible, in addition to that required to meet current building regulation standards.

6.11 The solar photovoltaic arrays at the Civic Centre and Sands Centre continue to be successful in terms of electricity generation and income received from the feed in tariff.

6.12 The operational and investment portfolio has been assessed to produce up to date Display Energy Certificates (DECS) or Energy Performance Certificates (EPCS) as legally required. This exercise has created an understanding of the implications of the Minimum Energy Efficiency Standards (MEES) on the sale and let ability of the non-operational assets and provide a benchmark from which to improve the CO2 emissions of the publicly funded buildings.

6.13 The data forms part of the wider consideration of the asset management of the property portfolio and particularly when assessing the viability of the long-term use, maintenance and ownership of the assets.

6.14 Where assets have fallen below the required standard this has been assessed and maintenance work has been completed. On a larger scale Capital works are completed to meet the relevant building standards and where financially viable and opportunities are available additional initiatives are being incorporated to further improve the energy standard of the asset stock.

6.15 Capital Works and Repairs

6.16 The programme of works identified in the Capital Major Repairs Programme is initially shaped by a 5-year maintenance plan produced from condition surveys and adjusted each year to keep abreast with new legislation. The Council has a

ASSET MANAGEMENT PLAN 2021-2026

legal duty to maintain its properties and the programme is required to meet those statutory duties. Report GD.62/19 was presented to the Executive with proposals for capital investment for planned major repairs which was approved as follows:

Property	Description of works	Estimated Cost
Cemeteries	Resurfacing	£30,000
Carlisle Cemetery	Decoration to perimeter railings	£10,000
Bousteads Grassing	Roller shutter renewals	£10,000
Bousteads Grassing	Main office re-roof	£30,000
Crematorium	Flat roof and felt gutter renewal	£15,000
Tullie House	Pitched roof repair and rainwater goods renewal	£10,000
Talkin Tarn Tea Room	Fire escape staircase renewal	£15,000
Civic Centre	Concrete balcony repairs	£15,000
Civic Centre	Lift motor bearings renewal	£10,000
Richardson Street Football Changing Rooms	Demolition of premises	£10,000
Belah Park Depot	Demolition of premises	£10,000
Old Town Hall	External redecoration	£10,000
Stony Holme Club House	Flat roof renewal	£20,000
Tullie House	Plant replacement	£20,000
Talkin Tarn	Aeration system compressor renewal	£10,000
Melbourne Park Changing Rooms	Flat roof renewal	£10,000
Greystone Community Centre	Repointing and masonry repairs etc.	£5,000
Various	Legionella risk assessment updates and renewals (30 properties approx.)	£10,000
Total 2020 / 2021:		£250,000

ASSET MANAGEMENT PLAN 2021-2026

6.17 Due to resourcing issues and a series of Storm events which reduced the safe working period the following items of Capital Repairs are subject to a carry forward request. Some items have since been completed and pending final sign off.

Works Carried Forward From 2019 / 2020

Civic Centre	Flat roof repairs over rates hall / customer contact centre	£20,000
Bousteads Grassing	Depot resurfacing (right hand side)	£10,000
Currock CC	Flat roof renewal	£14,400
Monuments	James Creighton & Queen Victoria refurbishment	£10,000
Monuments	James Steele & Earl of Lonsdale refurbishment	£10,000
Enterprise Centre	Fire alarm upgrade	£20,000
Civic Centre	Roof beam covers	£30,000
Dixons Chimney	On-going stone & pointing repairs	£21,400
Carlisle Cemetery	Decoration to perimeter railings	£5,000
General fund c/f		£6,000
Total C/F:		£146,800

7. Continuous Review and Challenge

7.1 The Council continuously reviews and challenges how to best use its asset portfolio;

- The Council holds a significant, numerous and diverse portfolio of assets across the city, which generates considerable income and which has an important impact

ASSET MANAGEMENT PLAN 2021-2026

on the local economy. The Council uses property well to meet its aims and is planning future investment and development to allow it to continue to do this.

- The Council has a highly rationalised operational portfolio, however the significant level of maintenance yet to be carried out will present challenging issues going forward. New investment in assets such as the Sands will help alleviate issues by removing older, poorly functioning assets such as the current Pools facility.
- The accommodation review and Asset Review Business Plan is an ongoing programme that will continue to deliver efficiency benefits.
- The Council has a diverse and mixed non-operational portfolio which, through rationalisation, is becoming more efficient but has considerable further potential. This will be further explored and actions taken to realise efficiencies with the resources currently available.
- The Council is taking a more commercial approach to the management of the portfolio in order to strategically balance the need for operational assets, income generation and economic development, in support of the local economy, the protection of public services and other priority objectives.
- The Transformation Programme has identified the need for further rationalisation and consolidation of the operational property to improve access to public services and efficiency. The accommodation review will address these needs.

7.2 Accommodation Review

7.3 An Accommodation Review of both back office and front public facing service delivery assets is ongoing. This comprises an analysis of accommodation needs and the existing provision, exploring future solutions and implementing the most beneficial models for the Authority.

7.4 It seeks to deliver effective and efficient accommodation that suits the needs of each service, establish a more corporate approach to accommodation, make more effective use of space, improve the working environment and make the accommodation as productive as possible.

7.5 Works have commenced on the redevelopment of the Civic Centre ground floor and are scheduled for completion during 2021. The new accommodation will allow modern ways of working to be embraced, with more flexible multi-purpose space

ASSET MANAGEMENT PLAN 2021-2026

available. The design has incorporated flood resilience and energy efficiency where possible.

- 7.6 The redevelopment of the ground floor has reflected the changing business requirements of the City Council and sought to embrace modern ways of working whilst also incorporating flood resilience where possible. The new multi-functional chamber and enhanced parking facilities will also provide income generating opportunities.
- 7.7 The current programme of works is the first phase of a wider scheme to maximise space occupancy within the Civic Centre. The current Coronavirus pandemic has shown that alternative forms of working can be successful and the challenge going forward will be to incorporate these opportunities for greater space utilisation throughout the building.
- 7.8 We already have a number of public sector partners co-locating with the City Council and we are working with partners through the One Public Estate programme to encourage greater take up of vacant space in the building which will generate additional income as well as reducing the overall public sector property costs.
- 7.9 Agile working has not only cost benefits but others such as improving the attractiveness of the organisation to potential employees, improving both the health and well-being of staff and the local environment by reducing the need for travel.
- 7.10 Asset Review Business Plan
- 7.11 An asset review and investigation into the options for the development of a new approach to the management and use of the portfolio was concluded in 2010 with the adoption by Council of an Asset Review Business Plan (Report Ref. CE 39/10 refers).
- 7.12 Work continues on the implementation of the Business Plan as detailed below:

ASSET MANAGEMENT PLAN 2021-2026

7.13 Disposal Programme

7.14 In December 2018 a revised disposal programme was approved by the Executive with the aspiration of generating £10m to assist with funding major developments such as the Sands Centre and Gateway 44 scheme.

7.15 Additional staff resources have been engaged to deliver this 5-year programme. To date over £3.2m has been generated, however we anticipate that the ongoing pandemic will delay progress as prospective purchasers concentrate on their existing portfolios rather than seek additional assets and inevitably there will be an impact on values. At this stage the full impact is not known and will only become clear over the coming years however we anticipate that there will be delays to the programme and capital values will be reduced.

7.16 A number of the assets identified for disposal have significant issues to resolve prior to marketing and this lull in the market is allowing the due diligence to be progressed in order that when market conditions improve, we are ready to proceed at speed.

7.17 Reinvestment Options

7.18 The Business Plan envisages capital receipts will be used to generate additional revenue and support purchases in the economic development and operational property portfolios.

7.19 Opportunity purchases into the Economic Development portfolios are being progressed to support the aspirations of the Borderlands Growth Deal and are discussed further in section 7.31 below

7.20 We continue to look for opportunities to enhance income generating opportunities for the City Council.

7.21 Sands Centre redevelopment

7.22 The redevelopment of the Sands Centre has commenced with the temporary accommodation for GLL & NHS complete at Newman School and the Sands. The decision was taken to lease space at the former Newman School and refurbish rather than take temporary portacabin accommodation to not only minimise cost but also to provide a more suitable temporary leisure facility and leave a legacy for

ASSET MANAGEMENT PLAN 2021-2026

the city once we vacate. Temporary accommodation has also been provided at the Sands to allow events to continue in the main hall.

- 7.23 Once complete the development will provide a modern energy efficient leisure centre for the citizens of Carlisle. The current swimming facilities will be redeveloped as part of the Station Gateway project and will also reduce the Council's repairing liabilities. Works are scheduled for completion in spring 2021.
- 7.24 Chancerygate – Kingstown and Parkhouse
- 7.25 Chancerygate, the Council's appointed asset managers for their Kingstown & Parkhouse assets, continue to make good progress with the management and development of our portfolio north of the City.
- 7.26 They are currently project managing the construction of Gateway 44, a 42,000 sq. ft. bulky goods retail scheme at Parkhouse. The asset is being developed as an income generating asset and will be held as part of the investment portfolio. Completion of the build programme is anticipated in October 2020; this is slightly behind schedule due to inclement weather early in the build programme and the coronavirus pandemic. However, the construction team have done an incredible job to minimise delays with work continuing, albeit at a reduced pace, throughout lockdown.
- 7.27 Despite the turmoil in the retail sector we continue to generate interest and are working on potential deals. Unfortunately, Oak Furnitureland who were due to take space within the scheme have gone into administration, we are currently reviewing options for this unit.
- 7.28 Good progress has been made with the rent review programme with 36 having been completed within 2019/20 with the rent roll increasing by circa £31,000 p.a. Chancerygate currently have 63 reviews in progress.
- 7.29 In addition to this Property Services and their other advisors have completed 13 reviews during 2019/20 increasing rental levels by circa £5,000 p.a. A further 31 reviews are in progress.
- 7.30 Overall ground rent income has increased by 7.25%.

ASSET MANAGEMENT PLAN 2021-2026

7.31 Economic Development Portfolio

7.32 The assets within this portfolio are directed towards supporting and creating opportunities for the growth of the City using employment, housing and retail development land.

7.33 The Borderlands Growth Deal presents a once in a lifetime opportunity for the growth of the city with Carlisle seen as the “beating heart” of the Borderlands region. Schemes are being developed to transform areas around the Citadel station and the Courts area. The Council are a key partner in both schemes and have property assets, such as The Pools and the Old Gaol site that will be integral to delivery of the projects. As well as dealing with our own assets we are also assisting with site assembly. The programme not only offers transformational opportunities for the City by developing a HS2 compliant station and a home for the University of Cumbria but also potential income generating opportunities in the future.

7.34 The Southern relief road opens up further opportunities for growth of the City. We are currently awaiting final scheme proposals before considering further the options for development of Council owned land outlined for the Morton District Centre which will encompass both a retail element and employment land.

7.35 St Cuthbert’s Garden Village scheme continues to make good progress, with the proposals now focusing on smaller settlements rather than one large one.

7.36 Coronavirus pandemic

7.37 The Coronavirus pandemic has had a major impact on the operations of the City Council. The Authority has used its property portfolio to support the public sector response to the crisis by enabling the creation of a recovery centre at the Sands and public car parks have been converted to mobile testing stations.

7.38 From an operational perspective many buildings have been closed and colleagues working from home where possible. The challenge in the short term will be to install social distancing measures to allow buildings to safely reopen. The pandemic has demonstrated that large sections of the Council can work remotely and there is no longer the need for staff to be permanently based in offices such as the Civic Centre. Agile working is likely to become the norm in the future and now is the perfect time for the Council to grasp the opportunity.

7.39 There are a number of benefits for the Council; cost savings by reduced floor space requirements; environmental improvements with fewer people travelling into the

ASSET MANAGEMENT PLAN 2021-2026

city reducing pollution; improved staff retention and recruitment, greater flexibility around the workplace is attractive to many especially younger job seekers who see agile working as an essential part of the package.

- 7.40 The UK economy is currently experiencing a period of severe contraction due to the Covid-19 pandemic. Short term income will inevitably be reduced and tenants will vacate despite the significant assistance provided by Central Government. The long-term impact is not yet clear, however it is likely that values will fall although this will vary between sectors and this will impact on the investment portfolio. Certain sectors such as the High Street will see major structural change and the Council aims to minimise the long-term effect on its income levels through proactive property management.
- 7.41 Further, the potential impact of the UK's withdrawal from the European Union (EU) and the uncertainty over its future trading relationship with the EU are other factors that could put downward pressure on property values.
- 7.42 The assets (and the values that will be realised from them) within the Disposals Programme will not be immune from the market influences and therefore the values achieved over the next few years may not be as great as previously forecast.

8. Conclusion

- 8.1 The Council has a highly rationalised and suitable service occupied portfolio. The key challenge will be to build on the opportunity that Coronavirus has given us to roll out agile working. The completion of the Civic ground floor redevelopment will provide an enhanced customer services operation and entrance to the building. Opportunities to co-locate with other public sector partners will be pursued.
- 8.2 The Sands Centre redevelopment offers an opportunity to enhance leisure facilities within the city it will also reduce our maintenance liability and support our aspirations for economic growth.
- 8.3 The Council has a significant investment property portfolio; the challenge will be to protect this income stream as the effects of the pandemic become clear.
- 8.4 The Council will continue to review its property portfolio and ensure that it is used to achieve the Council's operational, investment and economic development aims.

EXCERPT FROM THE MINUTES OF THE EXECUTIVE HELD ON 20 JULY 2020

EX.71/20 THE ASSET MANAGEMENT PLAN 2021-2026
(Key Decision – KD.13/20)

Portfolio Finance, Governance and Resources

Relevant Scrutiny Panel Business and Transformation

Subject Matter

The Deputy Leader submitted report GD.32/20 presenting the draft Asset Management Plan 2021– 2026, which outlined the overall performance of the asset base, what it was costing and producing and how it was being used and reviewed.

The Asset Management Plan was reviewed annually and updated, along with the Medium Term Financial Plan and the Capital Investment Strategy; providing a succinct document which reflected the factors identified at paragraph 2.1.

The Deputy Leader indicated that, like the preceding two reports, the Plan would go forward to Scrutiny for consideration, back to the Executive and then to full Council.

The Deputy Leader then moved the recommendations set out, which were duly seconded by the Leader.

Summary of options rejected None

DECISION

That the Executive:

1. Noted the position as set out in Report GD.32/20.
2. Approved the update to the draft Asset Management Plan in order for it to proceed for consideration by the Business and Transformation Scrutiny Panel, before coming back to the Executive and then full Council in September 2020.

Reasons for Decision

To update the Council's Asset Management Plan and the position of the property portfolio in the light of the Asset Review Business Plan and Disposal Programme and other corporate initiatives

EXCERPT FROM THE MINUTES OF THE BUSINESS AND TRANSFORMATION SCRUTINY PANEL HELD ON 23 JULY 2020

BTSP.35/20 DRAFT ASSET MANAGEMENT PLAN 2021 TO 2026

The Corporate Director of Governance and Regulatory Services presented report GD.32/20 which set out the revisions to the Asset Management Plan which had been updated to reflect key issues and changes affecting the management and use of the City's property resources. The Plan also reported on the current position and performance of the portfolio, and the Asset Disposal Programme.

The Executive had considered the Draft Asset Management Plan 2021 to 2026 at their meeting on 20 July 2020 (Minute Excerpt EX.71/20 refers) and made the report available to the Panel for scrutiny.

In considering the Draft Asset Management Plan Members raised the following comments and questions:

- Green spaces supported the City Council's priorities for health and wellbeing and climate change; were they included in the Asset Management Plan?

The Property Services Manager agreed that green spaces were important and clarified that they were a key part of the Council's portfolio and were considered operational to provide services.

- How was the performance of Council property monitored?

The Property Services Manager reminded the Panel that Chancerygate managed Kingstown Industrial Estate and property assets; they produced annual Key Performance Indicators for their performance.

- What were the plans for the Newman School site when the Sands Centre redevelopment was complete?

The Property Services Manager reported that originally portacabins were going to be used to provide leisure services for GLL, an opportunity had presented itself to utilise the Newman School building. This resulted in a cost saving, the refurbishment of a building that was flood damaged and a legacy project. The Council had the lease for the building which would return to the Diocese with the aspiration that it remained in the education sector. Plans for its future use would not be finalised until the Sands Centre was nearly complete and the building was no longer required by the Council.

- Had work been undertaken to seize any opportunities that may come forward from Brexit?
The Property Services Manager that the situation was being closely monitored for opportunities for the Council.
- The last property survey had taken place in 2018, would depreciation have affected the value of the properties?

The Property Services Manager explained that the condition surveys were undertaken every five years, this was a reasonable timescale to allow the Council to plan and budget for required maintenance work as well as give flexibility for reactive repairs.

- Had Covid 19 impacted the programme of repairs to assets?

The Property Services Manager confirmed that the programme had been delayed primarily due to issues within the supply chain for materials, contracts and in-house staff being unavailable, this was expected to continue for some time.

- What were the options for the development of the Morton District Centre?

The Property Services Manager responded that the site had been allocated as a local district centre and employment site. Development work on the future of the site would not progress until the route for the Southern Relief Road had been finalised due to the impact it would have on the site.

- A Member sought clarification with and an update on the assets which had been identified for disposal with significant issues.

The Corporate Director of Governance and Regulatory Services explained that the assets were varied and been acquired over a number of years, the issues were not necessarily regarding the condition of a property but were legal issues that needed addressed prior to disposal.

The Property Services Manager added that the lull in the market allowed the Council to progress with the due diligence work in order that when the market conditions improved the Council could proceed with disposals immediately.

- Considering the need to become more commercial would it be beneficial to refresh the Asset Review Business Plan to maximise the use of the assets to support a commercialisation policy moving forward.

The Corporate Director of Governance and Regulatory Service responded that the 2011 Asset Review Business Plan set the parameters which the Council would work within and the three categories that assets would be considered: investment, economic development and operational. However, it was continuously being reviewed alongside the Asset Disposal Programme and any opportunities which presented themselves to the Council.

- A Member asked for an update on the rent reviews.

The Property Services Manager assured the Panel that the rent reviews were moving forward as planned. He set out the issues that the Council faced when carrying out rent reviews and the reason for delays.

RESOLVED - That the Panel had considered and commented upon the draft Asset Management Plan 2021 to 2026 (GD.33/20).

EXCERPT FROM THE MINUTES OF THE EXECUTIVE HELD ON 17 AUGUST 2020

EX.90/20 **ASSET MANAGEMENT PLAN
(Key Decision – KD.13/20)

(In accordance with Paragraph 15(i) of the Overview and Scrutiny Procedure Rules, the Mayor had agreed that call-in procedures should not be applied to this item)

Portfolio Finance, Governance and Resources

Relevant Scrutiny Panel Business and Transformation

Subject Matter

Pursuant to Minute EX.71/20, the Deputy Leader submitted report GD.37/20 presenting the Asset Management Plan 2021 – 2026.

The Asset Management Plan was reviewed annually and updated, along with the Medium Term Financial Plan and the Capital Investment Strategy; and provided a succinct document which reflected the issues identified at paragraph 2.1 of the report.

The Deputy Leader reported that, during their scrutiny of the matter on 23 July 2020, Members of the Business and Transformation Scrutiny Panel had asked a number of questions (BTSP.35/20 referred); resolving “That the Panel had considered and commented upon the draft Asset Management Plan 2021 to 2026 (GD.33/20).”

The Chair of the Business and Transformation Scrutiny Panel had been invited to address the Executive but was not in attendance today.

The Deputy Leader concluded his presentation by moving the recommendation, which was duly seconded by the Leader.

Summary of options rejected that the Asset Management Plan should not be referred to Council for adoption

DECISION

That the Executive had considered the comments of the Business and Transformation Scrutiny Panel and referred the Asset Management Plan 2021 to 2026 to Council on 8 September 2020 with a recommendation that the said Plan be adopted.

Reasons for Decision

To update the Council's Asset Management Plan and the position of the property portfolio in the light of the Asset Review Business Plan and Disposal Programme and other corporate initiatives