

Subject: Asset Management Strategy
Report to: Executive Leadership Team – 19th November 2018
Policy and Resources – 27th November 2018
Report by: - Head of Property & Asset Management

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| SUBJECT MATTER/RECOMMENDATIONS |
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| The Policy and Resources Committee to receive and adopt the Asset Management Strategy 2018-2022. |
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1. BACKGROUND

1.1 The council has been working to develop a comprehensive Asset Management Strategy and has been assisted by organisational changes as follows:

- Restructuring of the Property and Asset Management Department to ensure that all professional and technical expertise of the organisation are centrally located to manage and maintain the commercial and public portfolio.
- Review of the GYB Services Joint Venture operations to revert the management of public buildings to the Property and Asset Management Department.

1.2 These structure changes completed on the 1st November 2018.

2 CURRENT POSITION

2.1 The proposed Asset Management Strategy and Action Plan are attached and identify the total number of sites within Borough ownership, detailing in a high-level breakdown the number of assets within each of these groupings.

2.2 The document identifies the key drivers for the Strategy together with the proposed outcomes.

2.3 Asset Management is a living service with the need to continue to develop and change although the strategy sets out the aims and identifies an action plan for the 4 year period an annual review of the detailed information can be provided. The 2018/19 Corporate Asset management Portfolio is available as confidential appendices, due to the detailed commercial information contained within this document it has been identified as commercially confidential.

3 FINANCIAL INFORMATION

3.1 Financial impacts of the Asset Management Strategy will be included as part of the Revenue and Capital Budget setting process for 2019/20 onward.

4 RECOMMENDATIONS

5.1 To receive and adopt the Asset Management Strategy 2018-2022.

FINANCIAL IMPLICATIONS: To be included within the 2019/20 and onward Capital and Revenue budget setting process.

LEGAL IMPLICATIONS: None

| | | |
|---|---------------------|------------|
| Does this report raise any legal, financial, sustainability, equality, Crime and Disorder or Human Rights issues and, if so, have they been considered? | Issues | |
| | Legal | Considered |
| | Financial | Considered |
| | Risk | Considered |
| | Sustainability | Considered |
| | Crime and Disorder | No |
| | Human Rights | No |
| | Every Child Matters | No |
| | Equality | No |
| | EqIA Form completed | No |

Appendix 1

Asset Management Strategy – Action Plan

The following action plan identifies the key areas of work for the Property and Asset Management Team during this Strategy and will provide a template which will be updated as part of an annual review of delivery:

| | Outcome Sought | Projects to Deliver the Outcomes | Resources required to implement | Timetable |
|----|--|---|---|---------------|
| 1. | Continued improvement and utilisation of the Concerto Database system | Enhance the electronic landownership mapping application to provide additional detail in relation to GYBC land ownership and size of site | GIS/Concerto development to enhance the current system and develop new reports – development of new role | 2019/2020 |
| | | Submission into Concerto for all new land and building developments incorporating LLPG information. | GIS/Concerto development time to install new sites/buildings within the LLPG for action by the Property and Asset Management Team corporate requirement | December 2018 |
| | | Information automatically integrated into the Concerto system from finance. | Automatic upload of financial information to the Concerto database – requirement for resources from both Concerto and Integra | 2019/2020 |
| | | Completion of Condition Survey reports for all remaining Council owned buildings including where possible current leased properties. | Utilisation of the new in house Building Services team through the completion of the TUPE transfer of Building Services to GYBC returning all asset management to within the Council. | 2018 - 2020 |

| | Outcome Sought | Projects to Deliver the Outcomes | Resources required to implement | Timetable |
|----|--|---|---|------------------|
| 2. | Investment opportunities to be brought forward to improve efficiency, increase occupancy and deliver development. | Review all available land for a range of development purposes. | Utilisation of Concerto Asset Management System to identify land assets of a size to deliver 2 or more units – in house resource see 1A | 2019/2020 |
| | | Review use of existing property types to consider change of use or redevelopment opportunities | Report from Concerto in relation to vacant and underutilised sites which may present an opportunity to deliver the strategic ambition of economic growth – in house resource see 1A | April 2019 |
| | | | To review utilisation of factory units across the asset portfolio considering all future business / redevelopment potential. | January 2019 |
| | | Update Council Policies in relation to Purchase and Disposal of Assets and ensure there is integration with the Council's Investment Strategy to align with the 'Plan'. | To work with the Development Manager in delivery of these Strategies | December 2018 |
| | | Develop proposals to establish the framework for decision making to maximise the agreed Strategies and to provide a clear reporting base to Members. | In-house reporting mechanism with clear and transparent decision making and reporting mechanisms | 2019/2020 |

| | Outcome Sought | Projects to Deliver the Outcomes | Resources required to implement | Timetable |
|----|---|---|---|-----------------------|
| 3. | Implementation plan for specific delivery of disposals and development of land and property. | To identify an existing piece of land for development of mixed tenure and include consideration of non-standard construction housing. Complete the business case to understand current and future opportunities | Project to be developed through Development Manager and in house resource within Property and Asset Management team. | Early 2019 |
| | | Identify an existing underutilised site for development options either through housing, commercial redevelopment or onward sale. | Project to be developed through in house resource within Property and Asset Management team. | Mid 2019 |
| 4. | Full utilisation of office accommodation identifying opportunities for savings, diversification and co-location. | Evaluate further reduction in operational buildings to deliver savings | Continuous review of office accommodation in line with requirements of Departments. Use of design team to consider alternative solutions / remodelling. | Ongoing |
| | | Clear annual and future budgeting. | Condition surveys to be regularly reviewed and updated to provide an accurate picture of financial requirements. | In place and ongoing. |
| 5. | Generate additional income from the commercial portfolio | Work to agreed performance targets for increased income generation year on year. | Timely rent reviews in line with leases - in house team | Ongoing |
| | | Invest in existing and new commercial property through development of relevant business plan proposals and in line with agreed policy. | In house resource looking at all opportunities. Funding to be considered utilising both capital and disposal proceeds. | Ongoing |

| | Outcome Sought | Projects to Deliver the Outcomes | Resources required to implement | Timetable |
|----|---|---|--|---|
| 6. | Reduce exposure of low value or low income properties. | Review all low value / low income properties to decide on strategic / economic reasons to retain. | Utilise condition survey reports and valuations to review commercial property performance and act in line with agreed policy and strategy – in house delivery | Initial review by end March 2019 with annual re-evaluation. |
| | | Full review of open space/recreation/playgrounds. Although these assets are identified on the Asset Database a thorough review in time with the Leisure Strategy should be undertaken to ensure a sustainable model for the future. | A working group to be formed between Neighbourhoods and Communities and Property and Asset Management to investigate and develop the operational model for these asset areas | 2019/20 |



Great Yarmouth Borough Council
Corporate Asset Management Strategy 2018 - 2022

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|-----------------|--------------------------------|
| Author | Jane Beck |
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1. Introduction / Purpose

The primary aim of the strategy is to support the corporate priorities, achieve service requirements and comply with statutory duties by setting out the vision to improve the management and utilisation of our land and buildings. This strategy will provide the basis for developing a more robust and integrated approach to asset management across Great Yarmouth Borough Council.

It will promote collaboration and visibility of resources as well as embedding a culture of scrutiny that will challenge the use, effectiveness and retention of the land and building assets of the council. The strategy outlines the vision and long term approach to improve the recognition, management and utilisation of land and buildings.

The key drivers for the council remain around the following:

| Strategic Property Objectives |
|--|
| Maximise value for money through centralisation of services |
| Increased knowledge of the portfolio reducing corporate risk |
| Build capacity to deliver for other organisations |
| Define and review community assets considering alternative delivery strategies |
| Provide the right buildings in the right place and condition to meet current and future demand |
| Deliver value for money property services in line with the Corporate Objectives |
| Maximise the value of our commercial portfolio |
| Develop innovative delivery methods to maximise income opportunities |
| Identify co-location of services where practicable |
| Identify surplus assets for disposal or redevelopment |
| Formulate property regeneration opportunities for the Borough |

2. Asset Management

Asset management is central to the achievement of excellent property control and delivery of financial priorities. Effective management of assets ensures that the land and buildings owned and used by the council are structured in the best business interest. The strategy seeks to align the asset base with the council's corporate goals and policy objective. A rigorous approach to property can help meet budgetary and efficiency targets, including driving down cost and providing new income streams and support organisation transformation. Asset Management is central to: achieving excellent property control; delivering financial priorities; and supporting policy delivery.

This Asset Management Strategy identifies the key strategic priorities and sets out to influence the direction for asset management over the medium term. This is not a static document but is part of a process designed to engage Members and Officers in deciding the nature of and future direction of the management of the portfolio.

The Plan 2015-2020 clearly identifies the need to 'invest in Great Yarmouth's future and sets out the broad strategic direction, priorities and targets for the Council, describes progress achieved to date, and charts the way ahead for the short to medium term.

Assets are categorised for operational benefit and to identify why the asset is held using the following headings:

- Commercial/Investment Assets – held for financial benefit or strategic opportunity these assets deliver an income stream for the council, deliver economic growth and provide development opportunities, properties such as: Beacon Park; South Denes; Factory Units; Market Place, seafront assets etc.
- General Fund Housing Assets – retained within the general fund housing related properties tend to be long term leases and properties which have been retained as future strategic opportunities including properties such as: shops with flat above; ground rent; garages etc. This strategy excluded the remaining land assets within the Housing Revenue Account these are addressed within the Housing Asset Management Strategy.
- Community Assets – these are assets predominantly which do not provide an income for the council although deliver community benefit and include properties such as: open space, recreation grounds; community services.
- Operational Assets – these tend to be a mix of asset types both terms of income generation and community/service delivery and include assets such as: car parks; toilets; operational buildings; utility sub-stations etc.
- Surplus Assets – these cover retained interest land assets together with land and buildings previously identified for disposal

The Corporate Priorities categorise the units as listed below:

| Corporate Priority – Categorisation | Number of Sites |
|--|------------------------|
| Commercial/Investment Assets | 243 |
| General Fund Housing Assets | 53 |
| Community Assets | 181 |
| Operational Assets | 145 |

3. Financial Strategy

There are a number of key drivers in relation to property management one of these being in relation to the cost benefit analysis of assets and the evaluation of whether they are fit for purpose in relation to both the current and future priorities of the Council.

The following table identifies the capital value of the assets linked to the operational cost and income generation opportunity together with the anticipated revenue and capital expenditure over the next 10 years:

| Categorisation | Total Units | Capital Accounting Value £ | Annual Cost £ | Annual Income £ | Revenue and Capital costs (10yrs) £ |
|-----------------------|--------------------|---------------------------------------|--------------------------|----------------------------|--|
| Commercial/Investment | 243 | 50,149,721 | 2,222,167 | 3,406,513 | 3,801,123 * |
| Housing | 53 | 684,704 | 0 | 48,637 | 0 |
| Community | 181 | 6,495,061 | 1,945,069 | 269,713 | 947,454 |
| Operational Assets | 145 | 47,230,945 | 3,716,147 | 2,032,441 | 1,439,513 |

*Includes Market Place Redevelopment proposal of £2.7m

The capital accounting values within the above table are based on the Balance Sheet valuations as at 31st March 2018, using the following measurement bases:

- Community assets – are valued at their depreciated historical cost (based on the original cost less depreciation charged over the life of the asset).
- All other assets – are valued at fair value, determined as the amount that would be paid for the asset in its existing use (the price at which a property could be sold on the open market assuming that it can only be used for the existing use for the foreseeable future). Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Financial Strategy (cont'd)

It is clear from the interrogation of the data that a significant proportion of the council's income is derived from a relatively small number of sites. However it is important to remember that assets are held in relation to a range of strategic priorities.

The Council's Plan and Corporate Priorities together with budget challenges over the coming years this will shape the property portfolio and its management over the life of this Strategy. The following priorities form the basis of the strategy:

- Reduction, redevelopment of the operational estate – to give further consideration to operational buildings considering requirements for service delivery both now and in the future. Taking opportunities to redevelop and co-locate as appropriate.
- Seafront assets are considered strategically important for both the local economy and income generation - to review opportunities through redevelopment and repurpose to ensure assets are fit for purpose and contributing to the regeneration of the borough.
- Community assets form a significant number of units within the portfolio but do not generate income rather register as a liability for the council. Future sustainability of these assets and transfer opportunities will identify the best custodian for these asset and through proactive transfer opportunities for appropriate assets identify a sustainable model for the future.
- The use of council assets to drive additional income through commercial development of properties as has been seen through the build of Artemis House, Beacon Park.
- Sale of assets no longer fit for purpose through the use of a flowchart identifying income/costs/strategic importance.
- Refurbishment of existing buildings and or the demolition and redevelopment of non-performing assets through the completion of detailed business cases which will consider a wide range of options including housing and commercial development.
- The Fees and Charges Policy provides annual RPI increases in relation to income generating operational assets and are reviewed as part of delivery within service areas.

4. Strategic Outcomes:

The Asset Management Strategy aims to consider all opportunities whether within Borough boundaries or in other locations. The council has significant assets and the commercial/investment portfolio is already managed on a commercial basis through rent reviews and development opportunities. It is clear to deliver continued growth for the council all opportunities for development / purchase should be considered whether within Borough boundaries or elsewhere in the Country.

To bring the information within the Asset Management Strategy together the following high-level outcomes underpin this strategy:

Outcome 1:

To provide the right assets, in the right place, and in the right condition to meet current and projected future investment/commercial and service delivery needs.

The suitability of all land and building assets should be considered in light of current and projected priorities and future needs so that any changes to asset holdings can be identified quickly and easily to ensure efficiency, smooth transformation and optimisation in the event of variations in corporate priorities or service delivery changes.

To achieve this outcome:

- i. We will review the land or building assets within each portfolio to ensure that they continue to meet need in terms of use, income generation, location, configuration and condition.
- ii. Where is it clear the land or building will be retained for the foreseeable future to consider the following:
 - Ensure the assets meets all statutory requirements
 - Ensure the property is and remains in good condition
 - Configure the property in a manner that is appropriate for its use and/service delivery
 - Optimise utilisation of the property
- iii. Where there is no ongoing requirement for the property
 - Consider alternative use options
 - Consider community transfer if appropriate for the asset
 - Consider commercial disposal of the asset

Outcome 2:

To use land and building assets to support the local economy and aid regeneration.

How the council uses its property assets is a major driver for local economic development and the creation of a thriving and prosperous economy. To ensure that our asset management activity continues to support the local economy and aid regeneration, it is important for us to look at ways to improve business opportunities to support the local economy.

To achieve this outcome:

- i. We will acquire, develop or purchase property which will enable us to deliver in relation to either residential or commercial investment opportunities within the borough.
- ii. Where resources permit we will deliver new developments which generating employment opportunities and increase economic stability for the borough.
- iii. We will consider how our property portfolio can be utilised to improve and deliver infrastructure improvements.
- iv. To evaluate the operation of community land and assets to actively identify the best custodian of the asset.

Outcome 3:

To use property assets to increase community capacity, service provision and resilience

To encourage stakeholders to change their way of thinking innovatively as to how we can manage our assets in a way that will increase community capacity and resilience, reduce overall cost and provide community facilities for the borough. Under this outcome there is an emphasis on community asset transfer and how we can streamline this process in order to make it more attractive to communities when building their business case to take over an asset.

To achieve this outcome:

- i. We will engage with our communities when we consider future uses for assets within our land and building portfolio.
- ii. We will consider how the assets within our property portfolio could be better utilised by our communities to deliver for improved services and reduce costs.
- iii. We will consider alternative management or ownership models for assets within our property portfolio, where such arrangements will increase community capacity and resilience.

5. Delivering the Strategy

The Asset Management Strategy has been developed to support strategic decision making in relation to the council's property assets, and to provide the necessary oversight of this role. Future documents are under development to further strengthen this strategy these including but are not limited to the; Acquisitions and Disposal Policy; Property Investment Strategy

The outcomes of this strategy will be delivered through an action plan, appendix 1. This plan and will be monitored, updated and reviewed throughout the life of this strategy.