

CONFIDENTIALITY

The content of the appendices of this report qualifies as exempt information under section 100(A) (4) and paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 as it is "information relating to the financial or business affairs of any particular person (including the authority holding that information)"

In relation to the "exempt" information, it has been determined that the public interest in maintaining the exemption outweighs the public interest in disclosing the information because disclosure would adversely affect the authority's ability to manage its commercial financial and business affairs.

Accordingly, it is proposed that the appendix to this report should remain exempt.

Subject – General Fund Asset Management Strategy 2022 - 2025

Report to – Executive Leadership Team – 2nd November 2022

Policy & Resources Committee – 6th December 2022

Report by: Head of Property & Asset Management



RECOMMENDATIONS

That Committee:

1. Reviews and approves the 2022 – 2025 General Fund Asset Management Strategy.

1. BACKGROUND

The Asset Management Plan 2022 – 2025 considers the Council's Asset holdings in relation to the Corporate Plan and the Medium-Term Financial Strategy objectives. It sets out aspirations to improve management and performance of the Council's property assets.

The attached strategy outline and confidential appendix outline the approach and direction for management of commercial, operational and community assets for the coming four-year period.

3. FINANCIAL IMPLICATIONS

No specific financial impacts.

The confidential appendix provides additional detail on specific asset holdings in each area.

4. RISK IMPLICATIONS

Considered within the strategy.

5. CONCLUSIONS

To review and adopt the Asset Management Strategy for the period 2022 - 2025

Area for consideration	Comment
Monitoring Officer Consultation	
Section 151 Officer Consultation	
Existing Council Policies See background papers	Considered
Financial Implications - within existing budgets	Considered
Legal Implications (including human rights)	No
Risk Implications	Yes
Equality Issues/EQIA assessment	No
Details contained in strategy	Yes
Crime & Disorder	N/A
Every Child Matters	N/A



**GREAT
YARMOUTH**
BOROUGH COUNCIL

2022
—
2025

GENERAL FUND

ASSET MANAGEMENT

STRATEGY

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1. Introduction

- 1.1 The Great Yarmouth Borough Council General Fund Asset Management Plan includes the Council's Commercial and Operational Asset holdings and considers opportunities for revenue and investment wealth creation with reference to 'The Corporate Action Plan', Short, Medium & Long Term Financial & Budget Strategy objectives. It sets out aspirations to improve management and performance (both financial and operational) of the Council's commercial revenue generating and operational assets.
- 1.2 The effective and proactive management of property assets creates a vital financial resource for the council. It is essential that further investment decisions, regeneration activities and rationalisation of the property estate are based on sound financial and business objectives.
- 1.3 The Strategy outlines the principles and framework that will underpin decisions around the best use of the assets.
- 1.4 The Asset Management Policy (appendix 1) clearly identifies the criteria, commercial assets must fit the revenue or investment criteria, and the strategic regeneration objectives. Operational assets must be fit for purpose, provide a safe and healthy working environment, offer value for money and support business, economic, and community needs.
- 1.5 The General Fund Asset Management Strategy outlines the Land & Property Acquisition Strategy and the Council's Facilities Management Strategy.
- 1.6 Governance is undertaken through a range of Council, Committee and delegated decision-making procedures identified within the Constitution

2. Vision and Ambition

- 2.1
- The Action Plan 2020-2025 clearly identifies the need to invest in Great Yarmouth’s future, sets out the broad strategic direction, priorities and targets for the Council, describes progress achieved to date, and charts the way ahead for the next 5 years.
- 2.2
- The Asset Management Plan supports the Council’s Plan, by detailing the strategic use of assets to support the Corporate Priorities:

Priority	Strategic Asset Strategy will utilise assets to:
Strong and Growing Economy	<ul style="list-style-type: none">• support and deliver regeneration within the Borough• provide land and buildings suitable for development and where businesses can grow• deliver increased revenue (investment) income and capital value growth for the authority• continue expansion of Enterprise Zones and Energy Parks within the Borough.• take opportunities to improve and develop Great Yarmouth and Gorleston Town Centres and Seafront economies.• Introduce and develop new Tourism and commercial offers to extend the season and benefit economic regeneration.
Improved housing and strong communities	<ul style="list-style-type: none">• Release surplus land wherever possible to support the development of residential housing in the Borough.
Quality and sustainable environment	<ul style="list-style-type: none">• reduce the carbon footprint of all assets.• maintain and redevelop our assets to improve the physical landscape of our Borough.• Link with the GYBC Sustainability Strategy
Efficient and effective Council	<ul style="list-style-type: none">• work to improve the Council financial sustainability.• optimise new opportunities to enhance assets and land for innovative use.• undertake professional evaluation of opportunities to develop assets through innovation or partnership funding.

3. Current Property Assets

- 3.1
- The Council's overall land and property portfolio is valued at £82,491,363 with the Investment portfolio accounting for £52,141,648 in the Financial Fixed Asset Register. Further detail in relation to specific assets is available in the Confidential Appendices.
- Current rent roll: £3.9m Per annum
- Selection of Prime assets includes: Artemis House, Seashore Holiday Centre, East Quay and Havenshore Great Yarmouth, Ambulance Station Gorleston, Marina Centre.
- 3.2
- The Council's portfolio can be separated into the following areas:
- **Operational** – those buildings owned or leased for the use of delivering public services (eg. Town Hall, Greyfriars, Depots etc)



- **Community** – land & buildings owned by the Council which are mainly in use for well-being and social interest of our communities (community halls, playgrounds, parks & open space)



- **Investment** – land and property owned by the Council to generate income and support economic regeneration. (Beacon Park, Seafront assets, Energy Park etc.)



4. Management

- 4.1
The Property and Asset Management Service is responsible for the management of the portfolio through the following teams:
 - Asset Management - Management and delivery of the investment portfolio, marketing of vacant properties, lettings, purchase and sale of assets, new leases, lease renewals, rent reviews.
 - Facilities Management – Repairs and maintenance of the operational and community assets of the Council. Conditions reporting, general repairs and maintenance, compliance, capital works and building service support. (Note FM does not include a full hard and soft FM service such as cleaning, security, catering, contract management).
 - Systems & Performance – data management and recording in relation to all general fund assets.
- 4.2
Progress since the last ASM includes:

Asset Type	Current Position and Progress
Operational Buildings	<p>Since 2021 there was a rationalisation of Operational Buildings resulting in the vacation of Maritime House which was the Tourist Office. The Council is now operating from four public buildings:</p> <p>Town Hall Greyfriars Novus House and Catalyst</p>

Seafront Assets are considered strategically important for Tourism within the borough. With the development of a new £26m Marina Centre, redevelopment of the Waterways and Boating Lake together with the introduction of new attractions such as a 50m Observation Wheel.

Great Yarmouth seafront benefits from a wide range of assets occupy land along the length of the Great Yarmouth from North Denes through to central and South Denes with income totalling £1.03m representing 26% of the whole portfolio.

Gorleston assets are fewer in relation to Great Yarmouth and are located for the harbour to the Beach Huts in the south, income in the area totals £125K representing 3% of the whole portfolio

Asset Type	Current Position and Progress
South Denes Energy Park	<p>GYBC continues to support the port and energy sectors by unlocking sites, Millora House and Vanguard Point have been purchased, demolished, and marketed for economic regeneration with the develop of Incubator Units and business relocations to free the South Denes Assets also completed during this period.</p> <p>Further phases of development for Incubator Units will require the relocation of non-energy related businesses, Property and Asset Management are working with the occupiers to identify alternative sites.</p>
South Denes Assets in the Outer Harbour hinterland (South of Hartman Road)	<p>Freehold Council land at the southernmost point of the river is to be developed as an Operations and Maintenance Base following the successful relocation of a quayside company to provide land area for use by the Offshore Energy Sector. The £21m development is undertaken in partnership with the LEP and Norfolk County Council. Development of this site is driven by the opportunity to continue the drive growth in the business economy, strengthen the links to the offshore energy sector, encourage and grow training and career progression opportunities for the Borough.</p> <p>A South Denes development masterplan is required.</p>
Beacon Park	<p>One of the most successful Enterprise Zones within the Country operating at 95% occupancy. Significant developments and land sales see the park continuing to grow. Neighbourhood facilities are planned to commence shortly with a supermarket, fuel filling station and drive through facilities all part of the new offer.</p> <p>Local Plan part 2 has confirmed the addition of a further 20 hectares of land to for a Beacon Park Extension zone. 10 hectares of this land carries Enterprise Zone status. The extension zone would provide future high quality business facilities, opportunities for growth and expansion of existing businesses as well as development of new. The land is accessed through the existing Enterprise Zone and provided excellent links to road networks and the soon to be operational 3rd River Crossing.</p>

Asset Type	Current Position and Progress
Market Place - Town Centre Regeneration	<p>First phase of the new market development has opened with work progressing on the 2nd and 3rd phase together with public realm improvement with the support of the Future High Street Fund. Works to facilitate a town centre Library and University offer are ongoing in the Market Place.</p> <p>Through the benefit of Future High Street Funding (FHSF) and Town Deal Funding Great Yarmouth town centre stands to be transformed with the increase of public realm offering opportunities for events, specialist markets and the opportunity to increase evening entertainment and events. With the introduction through the Densification Intervention of the FHSF increasing the number of residents in town centre accommodation bringing additional footfall and vibrancy to the area.</p>
Other investment assets	<p>The Council has a significant number of regeneration projects for which the Borough will see benefit over the five years of the AMS. The opening recently of the Marina Centre has transformed the central Great Yarmouth seafront. Over the coming years projects such as the redevelopment of the Winter Gardens will see an important asset reopened to the public offering additional seafront entertainment. Residential developments close to the town centre on The Conge will further add to residence benefiting from addition services in the centre and proposal for the regeneration of North Quay will further provide for a potential range of leisure, retail and residential.</p>

Summary of the Investment Portfolio:

26% Great Yarmouth Seafront (£1.03m)

3% Gorleston Seafront (£125K)

71% - Office, Industrial, warehouse and quayside assets (£2.775m)

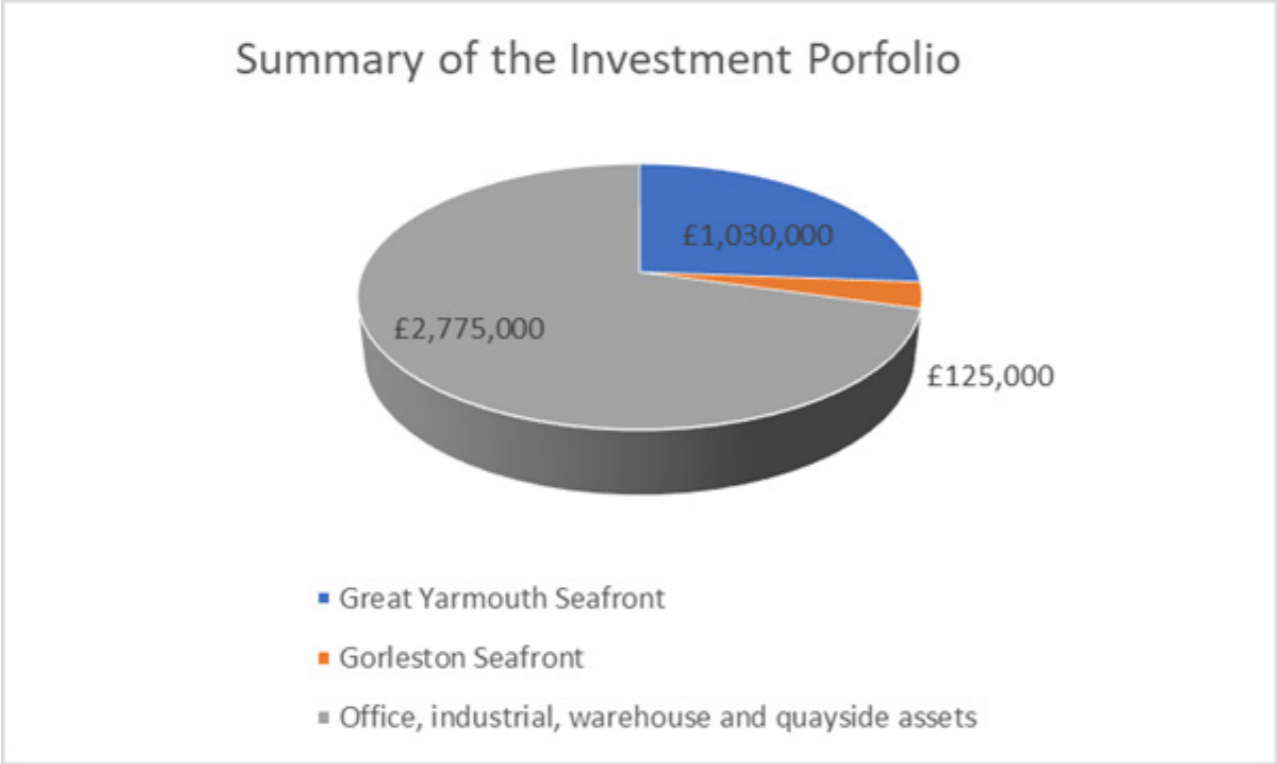


Chart showing summary of the Investment Portfolio – value of assets

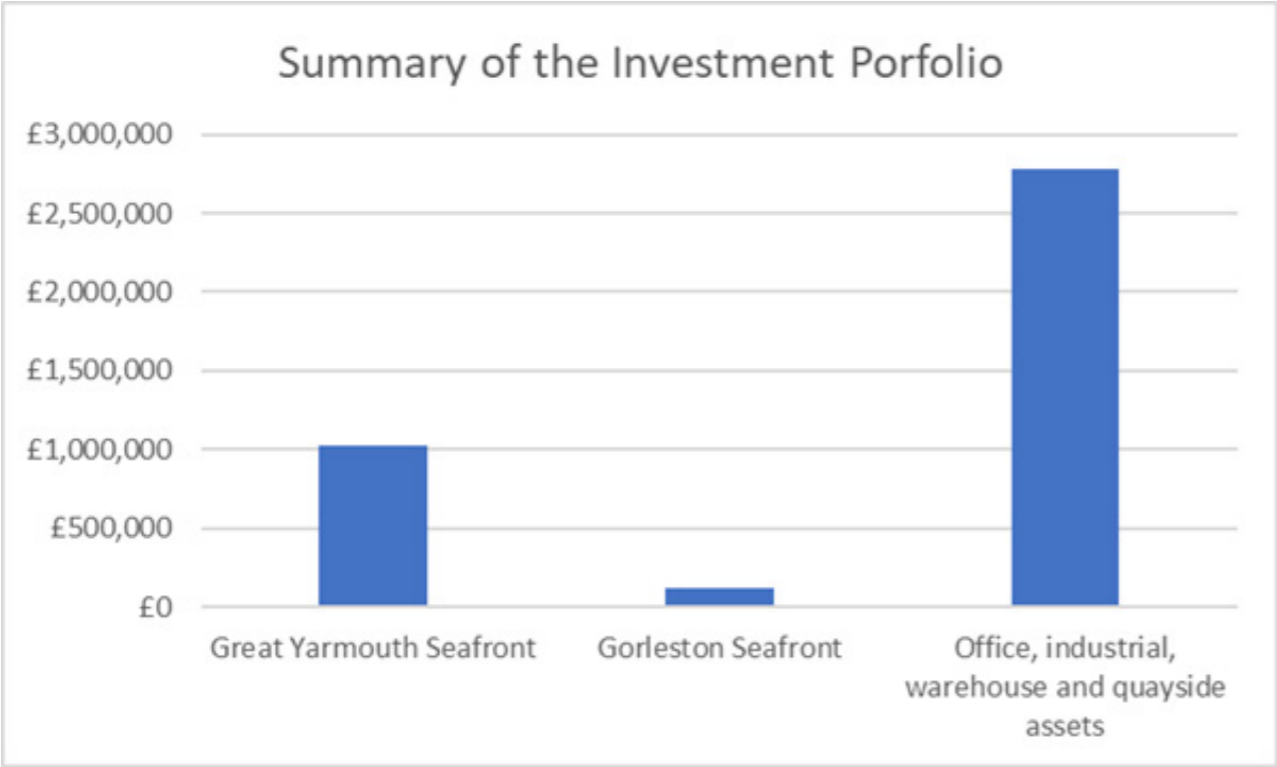


Chart showing summary of the Investment Portfolio – value of assets

- 4.3 Significant savings are required by the Medium-Term Financial Strategy and the Asset Management Strategy works to support this through management of existing assets, asset disposal (enabling repayment of borrowing) and increased development to generate additional revenue streams.
- 4.4 Income generation through the investment portfolio already generate £3.9m to the revenue account this AMS identifies annual building reviews which would be targeted to reduce outgoings and maximise income. A target increase of 10% year on year is anticipated through this management process of rent reviews, new opportunities, asset restructuring or rationalisation, development or disposal.
- 4.5 When assessing the top 20 Investment properties (based upon rental income producing £2.5m of the £3.9m described above) the average lease end date is February 2048. There are 3 vacant properties in this top 20 list, all linked to the ongoing O&M base project. 7 leases expiring before 2026 account for £0.82m in rental income, though these leases are associated with ongoing businesses which are highly likely to enter into a new lease agreement. A full breakdown of income and lease dates is included in [Confidential Appendix X](#).

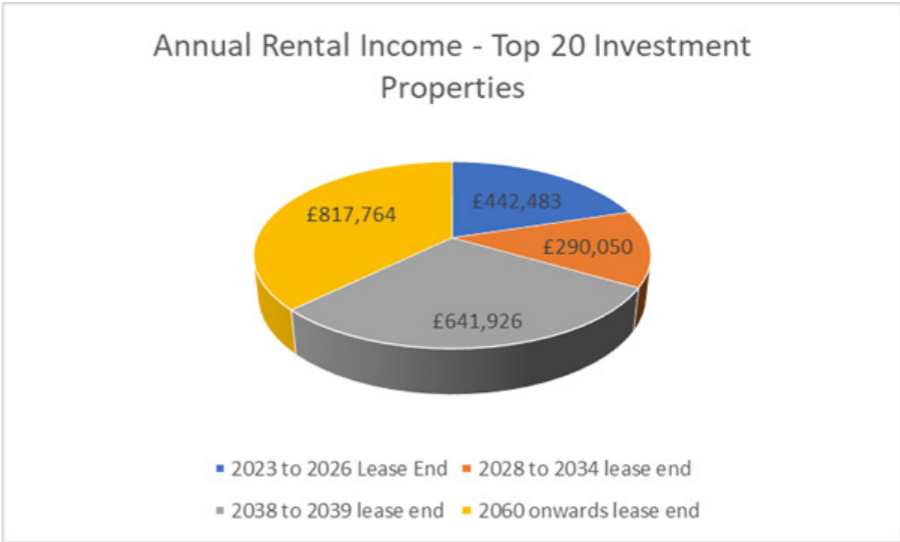


Chart showing value of rental income of top 20 investment properties over current lease terms.

- 4.6 GYBC utilise a contract with ESPO to procure gas and electricity contracts for its entire usage. ESPO offer best value for tariffs by using bulk buying powers and negotiation with suppliers. Currently this means the Council enters into contracts through Total Energies, typically fixed 12-month contracts. ESPO offer guidance on market trends and anticipated changes to allow decisions to be made on entering new contracts early if beneficial. The Property and Asset Management team actively look to reduce gas and electricity usage wherever possible (e.g. rolling programme of street light renewals, installation of movement sensors, reviewing heating systems at main offices) and provide members with options for reduced usage for consideration. Utility costs will continue to present a challenge for the Council – Total gas and electricity costs in 2021/22 were £346,508 with a predicted spend in 2022/23 of £553,443 with 2023/24 predicted to rise to £843,961 (based on current estimated usage and costs).

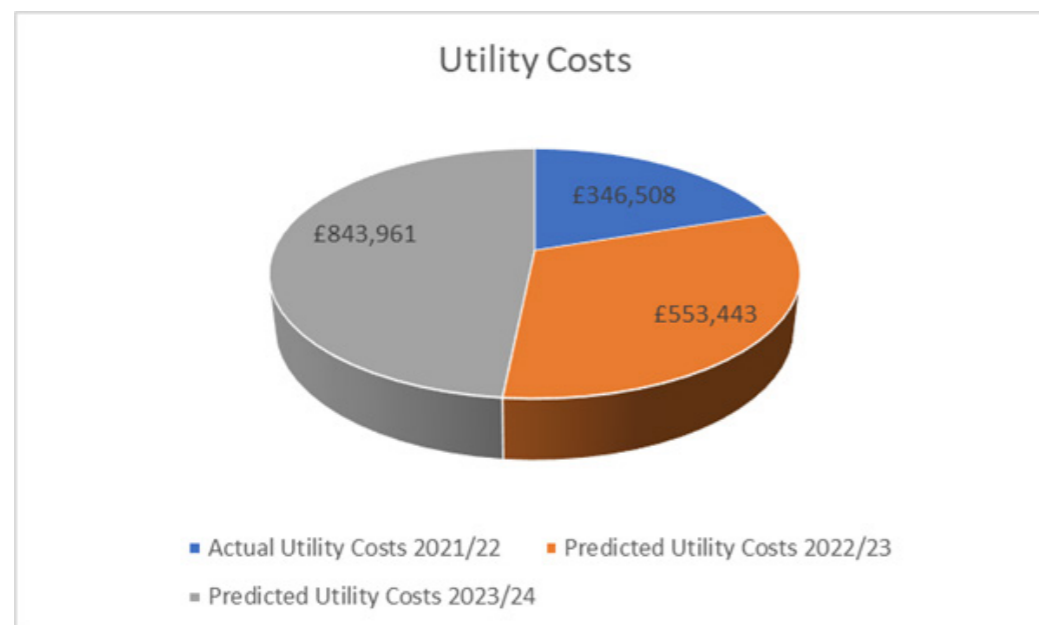


Chart showing actual and predicted utility costs through to 2023/24

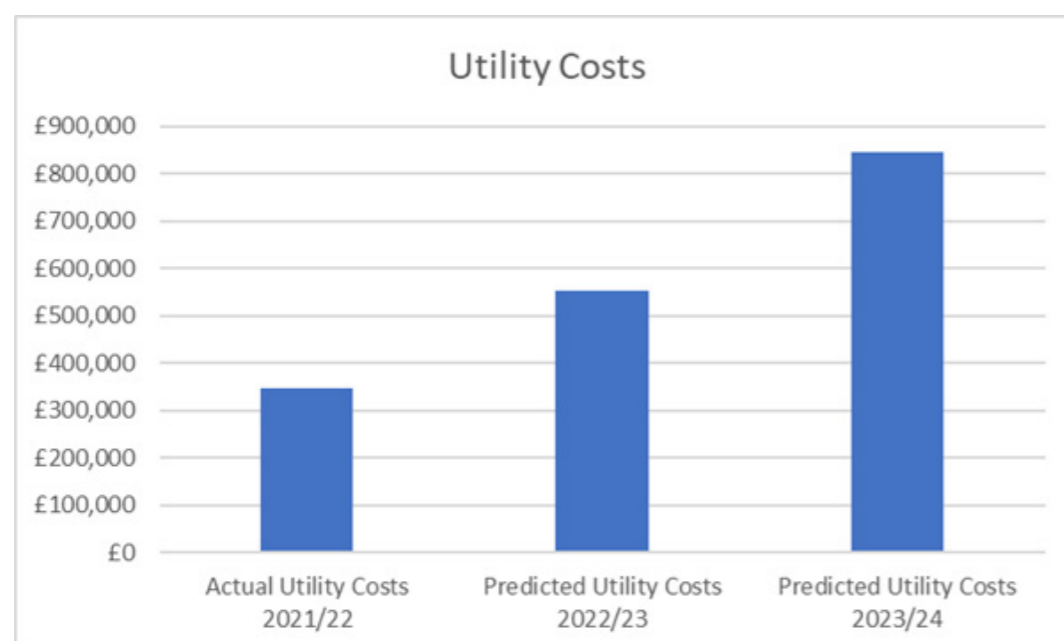


Chart showing actual and predicted utility costs through to 2023/24

- 4.7 The Asset Register is computerised and holds data relating to all Council freehold and leasehold interests, both past and present, in addition to management information which will assist with the strategic management of the portfolios in the longer term. The register offers the ability to identify opportunities, risks and disposals. Data will be used to review investment properties on a priority basis using the challenge process. Operational buildings will include consideration of operating costs, condition reports and future anticipated capital works. The portfolio is currently split; Operational 1%; Community 24%; Investment 75%. Priority will be given to the Investment portfolio with a target of reviewing annually the worst performing 10% of the Portfolio.
- 4.8 Leases operate on a mix of tenure and lease responsibilities from ground rent through to full building repairing leases. Lease renewals/rent reviews represent approximately 20% of the investment stock annually meaning that on an annual basis risks for the authority are identified on the risk register as moderate to low.
- 4.9 The Investment Portfolio generates 64% of its current revenue income from the top 20 assets held (Artemis House, Seashore Holiday Park, East Quay, Marine Base, Ambulance Station – Excalibur Road, Racecourse, Southtown Wharf, Unit 5 Mallory Road, Unit 3 Mallory Road, The Brineplant, Minerva House, Please Beach Gardens, Britannia Yard, Ocean Yard, Pirates Cove, Ocean Room, Atlas Terminal, Havenshore Base, Sealife Centre, Unit 2 Wellington Park, Unit 3 Wellington Park, Merrivale Model Village), with the top four assets generating 30% of the income for the Council. This is both a benefit and a risk through creation of high value returns but limited to a smaller number of sites. The asset portfolio does however offer mitigation to this through the wide variety of land and property holdings across the remaining 70% of the portfolio.
- 4.10 The data system (Concerto) provides a Dashboard providing information relating to occupancy levels, rent reviews due and undertaken, income, property condition, repairs and maintenance and utilities information. The system will be available to view by Elected Members, Executive Leadership, Management Team and responsible officers.
- 4.11 The system provides information relating to current leases, rents, rent renewals of all investment properties. For the operational and community buildings occupied by the Council the data includes condition survey reports anticipated capital and revenue costs likely to be incurred based on condition of the next 10 year period. This information is utilised to create the additional capital and revenue requirements for these properties on an annual basis.

5. Vision and Ambition

- 5.1 It is important to regularly review assets held within the portfolio to ensure they remain fit for purpose and aligned to the corporate priorities and objectives. In order to do this, an Asset Challenge Process is detailed at Appendix 2. Included in this would be an annual review of the purpose and performance of the asset, depending on the outcome of the review a decision process to ascertain next steps – retain, redevelop, dispose, acquire would be undertaken. This process includes consideration of the facilities management of the building, repairs, maintenance and complete operating costs of the property. Appendix 2 outlines the process to be followed.
- 5.2 The challenge process includes consideration of annual and capital management costs of the asset. Data within Concerto and Integra will be utilised as part of the process to provide clear evidence linked to the four options.

6. Conclusions and Action Plan

- 6.1 The General Fund Asset Management Strategy identifies the aims, objectives and outputs in proactively and effectively managing the Council's General Fund operational and investment assets.
- 6.2 Management of the stock and data recording is undertaken through use of the Concerto Database. High level information relating to occupation, lease renewals, rental and stock condition will be available via a management dashboard. Reporting tools are provided to ensure that the team can proactively plan ahead prior to lease end dates. Effective data management should enable the asset management team to proactively undertake estate management tasks and protect the value of the income and asset.
- 6.3 Concerto will be used to identify the assets for review through the challenge process annually.
- 6.4 Costs of running the GYBC operational estate will be presented in a transparent format.
- 6.5 Occupancy levels across the GYBC operational estate will be presented a transparent format for key decision making and presented regularly to the appropriate governance structure, e.g. Executive Leadership Team.
- 6.6 Property condition information will be updated and maintained using the Concerto Database and reflected in the Repairs and Maintenance Plan to assist annual budgeting.
- 6.7 Property condition information will be utilised in setting annual revenue and capital budgets requirements.

- 6.8 Regular conditions surveys will be continued across properties to identify the level of required repairs and maintenance. Routine works will be funded through the Repairs and Maintenance budget with larger, higher value works being subject to a capital bid. This information will be considered as part of the challenge process as detailed in Appendix 2 and annual budget round.
- 6.9 The commercial properties are let on full repairing leases to minimise the cost risk on the Council's assets with a tenant in place. The exception to this is the leisure facilities (Marina and Phoenix Centres) which have some level of joint repairs and maintenance responsibilities between the operator and The Council.
- 6.10 Future capital projects are to be prioritised based on three main outcomes:
 - Reducing ongoing running and maintenance costs to The Council,
 - Increasing rental income,
 - Sustainability.Capital bids and applications for funding will be subject to a full business case.
- 6.11 GYBC will review and develop an effective Facilities Management Strategy including both 'hard and soft' FM.
- 6.12 GYBC will review the Acquisition & Disposal Policy to ensure it remains up to date and includes for example, acquisitions by auction and that acquisitions are aligned to the Councils regeneration and economic growth ambitions.

Appendix 1 – Asset Management Policy

Policy Aims	To support a strong and growing economy	To improve Housing and support strong communities	To provide a sustainable environment	To be an efficient and effective Council
Policy Objectives	To manage the corporate and investment assets of the council to build economic regeneration for the borough	To work to identify and provide good quality housing opportunities which will improve opportunities for people living in the borough	To improve the value of our physical and built environments for the benefit of all.	To create a portfolio which is efficient, effective, and economic that optimises financial returns and commercial opportunities
		To work with communities to improve opportunities for residents		
Behaviours	Manage capital projects effectively and efficiently for the benefit of the organisation	Working with internal and external stakeholders to understand building requirements	Review and manage utilities costs to mitigate cost increases and reduce energy consumption	Recognise all property assets as a benefit to the organisation
	Use data to support evidenced based decision making	Identify areas of land for residential development opportunities	Maximise carbon reduction within all existing assets and ensure new buildings are carbon efficient.	Utilise new technology to improve the use/ operation of buildings
	Reviewing operational properties to identify savings and rationalisation	Maximise residential within the Town Centre in line with FHSF objectives		To ensure properties are flexible to respond to the needs of the service
	Review the Investment portfolio on a prioritise risk basis of a minimum of 10% of properties per annum			Deliver effective and efficient facilities management services minimising cost and maximising opportunities

Appendix 2 – Asset Challenge Process Map

Annual Review	<p>Strategic Fit</p> <ol style="list-style-type: none">Does the asset contribute or detract from corporate prioritiesCategory of asset – operational, investment, communityAchieving within the category <p>Performance of Asset</p> <ol style="list-style-type: none">Financial and non-financial outcomes of the asset – to include the operational costs of the building – repairs, maintenance, anticipated existing and future capital costs, utilities, compliance, annual inspections.Financial and non-financial benefits of the asset – potential income generation opportunities existing and new, saving options.
	<p>If the answer to both of the above questions is positive retain asset, negative results in either area would lead to consideration through the next section:</p>
	<p>Opportunities</p> <ol style="list-style-type: none">Opportunities for the asset now and in the futureWhat barriers might exist to achieving opportunitiesRisks and how these might be managed
	<p>Option Appraisal</p> <ol style="list-style-type: none">Review performance, opportunities, and risksOptions for the futureCosts and benefits of optionsRisks of pursuing identified options
Asset Decision Process	<p>Stakeholder Engagement</p> <ol style="list-style-type: none">Asset management working group reviewReview with ELTIdentify user group and undertake consultation if appropriateCommittee report <p>Asset Challenge Outcome</p> <ol style="list-style-type: none">RetainRedevelopDisposeAcquire

