

**Extract from the minutes of the Trading Board 23 November 2016**

**140. Asset Management Strategy**

The Board received a report from the Head of Commercial Services setting out the draft Asset Management Strategy 2016-2021. Fiona Duhamel, Economic Growth Manager, attended and presented the report to the Board. The draft Strategy aimed to replace the existing Strategy, which covered the period up to 2013. The Strategy reflected the Council's strategic priorities and also the Economic Growth Strategy. It identified four key priority areas:-

- Operational and Community Asset Management;
- Creating Growth;
- Commercial and Business;
- Partnership Working.

The Strategy highlighted the Council's diverse property portfolio. This included investment properties with a value of £34.4 million, which generated a rental income of £3.2 million per annum. In the current economic climate this was a significant rate of return.

The Vision set out in the Strategy was to utilise the Council's assets to maximise their full commercial potential, but to do so in a sustainable way that also took account of community needs. The Strategy also set out the key achievements since 2010, which demonstrated that a diverse mix of community and housing projects had been delivered alongside significant commercial returns.

In discussion, members of the Board welcomed the Strategy. However, the need for a social as well as an economic dimension to the management of assets was stressed. Assets needed to be managed for the benefit of residents, and this needed to include intangible benefits that were difficult to measure, as well as measurable economic benefits. In terms of housing development this meant ensuring that a range of tenures were provided and ensuring that supported housing and temporary accommodation options were available. In response it was stressed that the Council took seriously the need to ensure that assets were used for community benefit as well as commercial return. Some properties were on peppercorn rents or were provided to external organisations, so that they could be run for community benefit. In terms of housing development, the need to ensure that housing was made available to those most in need was a priority for the Council. However the delivery of temporary or supported housing needed to be subsidised through private developments.

Whilst it was noted that one of the aims of the Strategy was to maximise income from assets, the need to ensure that assets were properly maintained was stressed, otherwise this would lead to greater costs being incurred in due course. In response it was highlighted that in terms of the Council housing assets, Colchester Borough Homes had a 5 year management plan for each property and relied on a

planned programme of maintenance rather than a reactive system of fixing faults as they arose.

The Board explored how the Council acquired its property assets. There were a number of historic properties, such as the Castle and the Town Hall, whilst other sites had been acquired over a number of years, such as the freehold of the shopping centre sites in the town centre. These generated considerable rental income for the Council. The Council took the opportunity to purchase sites which had the potential to grow in value. For example, the Cuckoo Farm site which would be developed into the Northern Gateway development, had been purchased decades earlier. The development of the Revolving Investment Fund helped the Council to acquire long term assets by ensuring funds were available for opportunity purchases.

In response to questions from the Board, it was explained that the Council had an ongoing rolling programme for the valuation of its assets and this was largely commissioned externally. It was confirmed that the income generated from the rental of investment properties was not ringfenced but went into the Council's general fund.

The Board stressed the need to ensure that the development of assets did not compromise the Council's own services and explored whether the opening of David Lloyd had had any impact on Leisure World. It was highlighted that David Lloyd and Leisure World tended to appeal to different demographic groups and Leisure World was continuing to meet its membership targets. There was no evidence of an adverse impact.

*RECOMMENDED to CABINET* that the Corporate Asset Management Strategy be approved.

*The report to Trading Board and the draft Asset Management Strategy 2016-2021 are attached.*