



Trading Board

Item

7

13 January 2016

Report of	Head of Commercial Services	Author	Fiona Duhamel ☎ 282252
Title	Colchester Borough Council Asset Strategy Update		
Wards affected	Not Applicable		

This report provides an update on the strategic management of Council owned assets

1. Decisions Required

- 1.1 To note this report for information which provides an update on the ongoing strategic management of Council owned assets

2. Background information

- 2.1 The Council's property portfolio is made up of both corporate and housing assets. The corporate property portfolio is made up of a number of categories which together are currently valued at circa £45m:
 - Investment Properties – Commercial buildings and shops etc. – producing an annual net rental of circa £3m
The investment portfolio is managed actively by the Estates Team with the sole purpose of producing income and identifying new commercial opportunities
 - Operational Properties – Depots, Council offices, car parks, and leisure properties such as Leisure World, bowls clubs, open space land and parks etc.
The activities taking place at the Operational and Leisure properties are managed day to day by the respective service teams with the Estates Team providing property related support on issues like leases, repairs, disposals, redevelopment etc.
 - Surplus/Redevelopment - Properties held in this portfolio are surplus to operational needs and are being held pending regeneration/redevelopment. Short term uses are identified where appropriate and the property condition allows e.g. The Waiting Room

In addition, the Revolving Investment Fund (RIF) was set up in 2014 to create a ring-fenced financial mechanism within which to recycle capital receipts from asset sales which could be used predominantly for investment into income producing opportunities. An example of the current projects within the RIF include the Sheepen Road office development and land at Northern Gateway South, both of which will bring significant levels of new income to the Council in the next couple of years. The RIF currently has a development programme over the next 5 years costing circa £16m which is being met by sales of existing Council assets and other external funding sources, and will generate in excess of £1m pa by 2018/19 which is a significant 30% increase on the Council's current total rent roll.

A key part of the management of the Council's corporate assets: the repairs and maintenance and planned maintenance programme is now outsourced to Colchester Borough Homes with Estates acting as Intelligent client. Over the last 8 years the Council has gradually been putting in place a robust regime of planned maintenance with the objective of reducing the cost of response repairs. This programme has greatly improved the condition of the Council's corporate (non-housing) building assets with 80% of buildings currently rated at condition category A or B as defined by the Royal Institution of Chartered Surveyors. The programme has also reduced the amount of capital funding spent on the Corporate stock by virtually eliminating large reactive repairs allowing capital funding to be spent instead on building improvement works.

2.2 In respect of Housing assets, Colchester Borough Council owns some 6,073 dwellings; properties with an existing use value of £284.2m as of 31 March 2015.

2.3 This part of the Estate is managed by the Council's ALMO, Colchester Borough Homes and an updated asset management strategy was adopted earlier this year that underpins effective asset management and a close working relationship between Colchester Borough Council (CBC) and Colchester Borough Homes (CBH). The core aims of this strategy include the successful delivery of services that meets organisational objectives and customer aspirations, but within the context and allowances of the Business Plan.

3. Current Strategic Overview

3.1 As the pressure on government resources gets greater, good strategic management of assets is key to bringing forward increased levels of income which can be put back into service delivery.

3.2 The Estates team are in the process of refreshing the Council's Corporate Property Asset Management Strategy and Action Plan which will review all property assets to ensure delivery of the Borough's strategic plan priorities, generate income and financial receipts and fulfil growing service needs. The Plan, which will be developed in consultation with services, will set key outputs over a 5 year period and will consider:

- An ongoing process of review for all commercial assets
- A review of operational assets to identify opportunities for rationalisation, ensure assets are fit for service needs, surplus property and general improvement in estates practices
- Opportunities for partnership projects
- The mechanism for reviewing opportunities for land and investment purchases
- A review of asset condition and planned maintenance
- A review of Council owned community leased assets to determine condition, lease terms etc.

3.3 It will be closely aligned to the RIF programme, the Economic Growth Strategy and the Council's Strategic Plan.

3.4 In respect of Housing assets, the announcements made in the Summer Budget and the recent Housing & Planning Bill will provide additional challenges to the business plan. However with existing plans in place that include the use of the Viability Model (a tool to assess the performance of the existing assets), the development of programmes of work from asset data and procuring works and services that provide best value for money and good standards of quality, these will allow us to continue to improve the quality and condition of CBC's stock and to maintain the Government's Decent Homes Standard.

- 3.5 The Council has fully refurbished the sheltered accommodation at Worsnop House to an excellent high standard and begun similar work at Enoch House, together with an ongoing capital programme for the wider estate that includes replacement kitchen, bathroom and heating systems. It has also adopted an estate improvement strategy which includes refurbishment and upgrades to communal areas of flats and the replacement of rain water goods, soffit and fascias with upvc that not only provides and improves the aesthetical appearance but also creates ongoing cost savings of painting and repair.
- 3.6 Similar to other local authorities, the Council is also reviewing its Housing Development plans as the need to generate further income and more accommodation rises.

4. Next Steps

- 4.1 Understanding Service needs and consultation will be a key challenge to the success of the Corporate Asset Management Review if financial and operational improvements are to be achieved

Internal consultation has already taken place with a number of service areas in order to promote and build support for the Asset Management Review and this work continues to progress.

- 4.2 Estates are also working on a Housing Development Strategy and this work is likely to be completed by the summer 2016.
- 4.3 The RIF continues to be refined and the programme is continually reviewed against deliverability milestones and income targets.
- 4.4 The Corporate Asset Management Strategy is being developed in accordance with the timetable below and will be brought back to the Council's Senior Management Team initially for comment.

Timetable	
Continuation of review of service accommodation needs	Jan/March 2016
Draft Strategy produced	March/April 2016
Consultation	April/May 2016
Presentation of final report to Cabinet	June 2016
Final Strategy Published	June/July 2016

5. Consultation

- 5.1 There will be a process of consultation once the draft strategy has been finalised.

6. Publicity Considerations

- 6.1 The final strategy will be published on the Council's website.

7. Financial Implications

- 7.1 Whilst there are no direct financial implications from the final strategy, this document will set the direction of travel for using Council land and properties to generate a commercial return which can be re-invested in service delivery.

8. Standard References

- 8.1 There are no particular references to the Strategic Plan; equality, diversity and human rights; community safety; health and safety or risk management implications.