

Colchester City Council

Property Asset Management Framework – incorporating Policy, Strategy and Action Plan

2 October 2023

Table of contents

1.	Introduction	3
2.	Property Asset Management Policy (2023-28).....	5
3.	Property Asset Management Strategy (AMS) (2023-26).....	13
4.	Property Asset Management Action Plan – CIPFAs recommendations to be adopted by the Council (18 months to end 2024)	23
	Annex 1 - RAG Rating and 3x2 Matrix	29
	Annex 2 – Property Asset Holdings Data and Benchmarking	35
	Annex 3 – Potential Key Performance Indicators (KPIs).....	40

1. Introduction

1.1 Background

Local Authorities across the UK hold large property portfolios (assets made up of buildings and land) which have been acquired, gifted, or inherited over many years.

Colchester City Council (the Council) owns 200 operational assets and 91 commercial (investment) assets with a current book value of c. £218m (excluding housing, infrastructure assets, vehicles, plant, furniture and equipment).

1.2 Purpose/Aim of the Strategic Asset Management Documentation

The Council's last Strategic Asset Management Documentation (an Asset Management Strategy (AMS)) was produced in 2016 and was refreshed in 2019 and 2020, prior to and during the global Coronavirus pandemic. We have drawn on certain material from the 2016 AMS in order to prepare this updated version and to ensure continuity, but there have been numerous changes since 2016, including:

- changes in ways of working which affect the use of property assets;
- changing requirements to access Council services;
- the current cost of living crisis and inflationary pressures specific to property construction and operating costs;
- fragility in the construction and property management supply chains; and
- significantly increased interest rates including the Public Works Loan Board (PWLB) rates.

It is important that the Council has a coordinated approach in how it reacts to these different priorities and pressures in relation to the management and organisation of its land and buildings. To support this, we have adopted a new Property Asset Management Framework which comprises three separate elements as follows:

- An Asset Management Policy
- An Asset Management Strategy.
- An Asset Management Working Action Plan.

1.3. Property Asset Management Framework

Good practice suggests the use of this three-tier document approach of:

1. A high-level Property Asset Management **Policy** or vision which links the strategic aims and objectives of the Council to the key property vision and behaviours. This document is the Property Asset Management Policy at Section 2;
2. A Property Asset Management **Strategy** which takes the property vision outlined in the Policy and explains how it will be delivered. This document can be found in Section 3;
3. A working Property Asset Management **Action Plan** that lists the key property initiatives and projects and will be used to manage these at a corporate level. This document can be found in Sections 4, supported by Annex 1.

Together these elements combine into the Property Asset Management Framework (the Framework) which is a suite of living documents. Not all parts will need to be updated at the same time for it to remain current. Accordingly, readers are advised to ensure that they have the most up to date versions and that the parts are always read together to ensure that the correct context is understood. The benefit of adopting such a structure is that many areas are likely to remain constant for several years (such as the Property Asset Management Policy). The Action Plan is a working 'living document' and will be used and adapted to manage the asset management programmes of work on a regular basis.

The three documents in the Framework have been given different periods / dates, with the Policy potentially running for five years, the Strategy for the period 2023-26 and the Action Plan for 18 months. This approach will help distinguish the different purposes of each document.

2. Property Asset Management Policy (2023-28)

2.1 Background

This is shaped by three key strands:

- The Council's Strategic Plan 2023-26;
- The links between the Council's Strategic Plan 2023-26 and the Property Asset Management Policy 2023-28; and
- Property Objectives, Actions and Behaviors

2.2 The Council's Strategic Plan 2023-26

The Council's Strategic Plan 2023-26 sets out six strategic themes, with 14 priorities across the themes. The six strategic themes are:

- Respond to the climate emergency;
- Deliver modern services for a modern city;
- Improve health, well-being, and happiness;
- Delivering homes for those most in need;
- Grow our economy so everyone benefits; and
- Celebrating our city, heritage and culture.

It is important that there is a "golden thread" between these six strategic themes, the Property Asset Management Framework documents and the programme and project business cases which will arise from these.

2.3 The links between the Council's Strategic Plan 2023-26 and the Property Asset Management Policy 2023-28

Taking each of these six strategic priority themes we now link these to the Property Asset Management Policy:

- **Respond to the climate emergency** – the focus of this Property Asset Management Policy is non-Housing Revenue Account (HRA) property assets (with the housing assets being subject to a separate policy in line with the approach taken by many other councils). Work is ongoing to develop and deliver climate emergency plans with respect to non-HRA assets. There are some ambitious regeneration and energy efficiency / generation plans. The ability to achieve carbon neutral is one of the attributes we have considered in the red, amber, green (RAG) rating of a sample of key existing Council properties set out in the Annex 1;
- **Deliver modern services for a modern city** – this includes having modern Council property assets which are suitable for the "ways of working" and accessible for the communities that the Council serves. Again, suitability and accessibility are two attributes we have considered in the RAG rating of a sample of key existing Council properties;

- **Improve health, well-being, and happiness** – the Council has ambitious regeneration plans. The Council has been successful in securing grant funding for a range of schemes. It remains important that these schemes focus on the outcome of healthy, well-being and happy communities as well as the inputs of capital projects. There is an opportunity to continue to link these schemes with Service delivery, e.g., linking Leisure more closely to health and well-being. The Council benefits from strong relationships with wider public body partners, including health partners;
- **Delivering homes for those most in need** – the focus of this Policy is non HRA assets. However, it is important that good public realm is developed in parallel with homes. Also, as part of the asset challenge process (potentially started with the RAG rating approach set out below) consideration needs to be given to repurposing Council property assets and wider community property assets for residential purposes;
- **Grow our economy so everyone benefits** – the Council holds commercial / investment properties, e.g., industrial units, offices and retail units and it is important to ensure that these secure an income stream and are held to boast economic outcomes. For the avoidance of doubt, the Council supports the view that public bodies should not hold all assets purely for the commercial return. Many of the proposed regeneration schemes are focused on economic stimulus, including as a result of upskilling in new and emerging industries. In addition to the Council's Strategic Plan there are important links to the Council's Economic Development Strategy, which outlines actions to attract certain employment sectors into the City;
- **Celebrating our City, heritage and culture** – the Council holds many heritage and cultural assets / buildings including to attract tourist/visitors to Colchester with the economic boost they bring. To safeguard this it is important that these assets / buildings are both promoted and maintained to a high standard.

2.4 Emerging Policy level considerations and themes:

- **This Policy provides the opportunity to balance** Corporate and Service priorities with respect to occupational (corporate) assets, commercial assets, regeneration and surplus land assets;
- **Adoption of the Property Asset Management Framework documents** – Policy, a proactive Strategy, underpinned by an Action Plan aligned with the corporate delivery framework represents a key next step;
- The three documents of the framework: Policy, Strategy and emerging Action Plan will ensure that the property asset holdings **reflect the Corporate priorities, the needs of Services and engagement with Service Users**;
- The Property Asset Management Framework relies on **engagement** across the organisation and with Members for awareness and buy-in. This engagement builds on the Service and support Service workshops run as part of developing the suite of three documents and should be re-run periodically potentially supported by individual Service Asset Management Plans created for each service (SAMPs);

- **There is a need to update the organisational framework and governance arrangements.** At present (July 2023) there is a historic lack of clarity on roles between Colchester Borough Homes (CBH), Amphora and the Council. CBH and Amphora are “delivery partners”, akin to other private sector and voluntary sector partners. Under the current arrangements, as Council owned companies they need to be overseen at a strategic level through the shareholder route and shareholder reporting. However, as organisations delivering for the Council with respect to property asset management they also need to be actively managed by the Council who have a strategic and ‘commissioning’ role;
- We acknowledge there is a debate to be had as to what the right balance is. However, the Council is clear that Council Companies, acting as delivery partner cannot set the Strategic Asset Management Policy. Also, having one Council Company instructing another is unhelpful. Finally, having multiple channels for a delivery partners (in this case a Council Company) from which they receive instructions without any central coordination is a risky approach when looking to secure best value;
- A future approach should involve management through a **Corporate Landlord Team (CLT) approach** in the Council with responsibility for commissioning and ownership of the Asset Management Strategy, the governance and delivery framework, with reporting from KPIs.
- The concept of a Corporate Landlord Approach is that the ownership of an asset and the responsibility for its management and maintenance is transferred from service areas into the corporate centre. The service area then becomes a corporate tenant and their priority is to plan and deliver their service to the best of their ability. The Corporate Landlord’s function is to ensure all services are adequately accommodated and to maintain and manage the associated land and property assets.
- Over the life of the strategy the Corporate Landlord will be delivered and further developed to assume full responsibility for asset planning, review, feasibility, and options appraisal, accounting for the needs of all service areas, but most importantly, making decisions based on overall corporate priorities.
- The Property Asset Management Framework relies on a **governance model (including Corporate Asset Group and Corporate Landlord Team (CLT) approach)** to review the Strategy and develop the Action Plan, monitor performance, approve documentation to Member Leads and / or Cabinet and undertake an Asset Challenge process (retain, develop, manage, dispose, business case). Thereby bringing together functions under a corporate umbrella. Work is ongoing with respect to the governance model, including the Corporate Landlord Team.
- Delivering and further developing a Corporate Landlord approach could involve substantial Transformation and is a change to current operations. The ambition is to have a plan for how this approach could operate by January 2024. This updated governance is aimed at bringing clarity of role, responsibilities and

functions across the Council 'family'. In turn this requires a collaborative culture that enables working across the Council family and with services and a shared problem-solving approach;

- This suite of documents provides a methodology for assessing the potential for repurposing, disposals and any requirement for acquisitions driven initially by the **RAG assessment and 3x2 matrix** shown in the Asset Management Action Plan / Section 5. Proposed repurposing, disposals or acquisitions should then be supported by the **good practice HM Treasury better business case approach**, including the benefit / cost modelling and best practice Project Management Office approaches and be aligning with the outcomes outlined in the recent review of the Council's capital programme;
- Key to the Property Asset Management Framework is a **data driven approach, with a single live time database of property asset data** and agreed, consistent KPIs brought together for performance monitoring. The Council is working on further developing its property asset data;
- In developing the Framework an important consideration is **addressing historic underinvestment** in property maintenance and planned works and reductions in Council budgets;
- To successfully progress the Framework there is a need for **clarity between the Council's capital ambitions (including regeneration ambitions) and the Capital Programme / Investment Strategy / Economic Development Strategy** including the use of grants, S106 and CIL monies. This links to the above point re the Capital programme.

2.5. Property Objectives, Actions and Behaviours

In the section below we have developed five key property objectives. These are based on our strategic priorities but balance these against the specific needs of managing a cost effective, safe and relevant land and property estate.

In developing these objectives there are certain actions and behaviours that we need to adopt relating to our land and buildings. These are set out under each objective, but not in any particular order of priority. It is also accepted that there will be occasions where some of these elements may appear to be in conflict. The key challenge for the Council is ensuring that we maintain an appropriate balance between all of these elements as decisions around land and buildings are made.

Our Mission is to provide a land and property portfolio which.....

..... Ensures excellent value for money with priorities driven by our current service and community needs whilst planning for the future

- We will manage and maintain property effectively and efficiently together with optimising financial return and commercial opportunities

Behaviours

- We will seek efficiencies in occupancy and utilisation and introduce new ways of working
- We will use a performance management framework to challenge the cost and qualitative performance of our buildings and the property activities that support them to ensure they deliver excellent value for money
- We will financially appraise and challenge our use of assets where appropriate including options for disposal, acquisition, and optimising space for third party demand and maximise income generation
- Capital Projects will be managed efficiently and effectively, and prioritised to support the Council's Strategic priorities
- We will engage with community organisations to optimise the use of assets where beneficial
- We will ensure a transparent decision-making process is in place which the Council operates based on formal arrangements (e.g. clear governance, service level agreements (if appropriate and Key Performance Frameworks)

..... Is fit for purpose and represents our organisation, celebrating our heritage and culture

- We will provide property that is well designed in the right place and work with partners to promote co-location, integration, and joint service delivery

Behaviours

- We will promote a high-quality physical environment, seeking to create and sustain high quality spaces
- We will prioritise expenditure to make our buildings suitable and sufficient for service delivery and resilient to respond to future need, changes in the economy and social demand
- We will ensure our property is secure and safe to use, fulfilling statutory requirements and supporting the health and wellbeing of our employees
- We will take an Asset Based Community Development (ABCD) Approach, working alongside and empowering communities in the use and/or management of assets where appropriate
- We will enhance and promote our heritage through our assets by supporting projects and initiatives to increase public awareness and access
- Recognising the funding constraints we will explore a range of other funding and financing options, including grant arrangements and partnerships

..... Tackles the climate challenge and leads on sustainability

- To promote a sustainable environment for people's wellbeing, the economy and for the natural environment

Behaviours

- We will ensure Council-owned buildings are more energy efficient and reduce CO₂e emissions, where practicable to help achieve a carbon neutral target for Council Services by 2030
- We will increase our use of renewable energy and undertake energy efficiency audits of our operational estate to identify 'invest to save' opportunities where appropriate.
- We will minimise the environmental impact of our activities and enhance environments to create more natural spaces and encourage biodiversity.
- We will improve facilities and routes for cyclists and walkers and ensure major regeneration projects put physical activity at the forefront of development

- We will actively prioritise carbon reduction and wide emissions reduction through more responsible and sustainable procurement, and where possible to by supporting local and regional suppliers and businesses.
- Recognising the funding constraints, we will explore a range of other funding and financing options, including grant arrangements and partnerships.
- We will explore the potential of low carbon heat networks and how they can be used to further decarbonise our buildings.

..... Supports the growing of a fair economy so everyone benefits

- We will use land and buildings to stimulate development, housing, regeneration, and growth together with increasing the number of jobs in our key economic sectors

Behaviours

- We will continue to regenerate Colchester City Centre using Council assets and investment
- We will ensure a good supply of employment land and premises to attract new businesses and allow existing firms to expand and thrive.
- We will use assets to encourage income generation and to create local employment and training opportunities
- We will manage our income generating portfolio to effectively balance regeneration needs, job creation and income generation
- We will ensure the Council has a good supply of land available for new homes and business

..... Is managed corporately to support all of the Council's key Strategic Priorities

- We will adopt a 'Corporate Landlord' approach which supports in shaping our Council's priorities for the future

Behaviours

- We will challenge and make decisions on property matters at a corporate level in line with our strategic priorities
- We will manage property budgets centrally creating the flexibility to prioritise key investment needs across the estate considering property alongside our other resources as part of business planning and budget setting

- We will take account of service demand and individual service priorities and balance these against our overall corporate objectives
- We will work to ensure that property information and data is accurate, current and comprehensive so that we can make informed choices

3. Property Asset Management Strategy (AMS) (2023-26)

This Asset Management Strategy provides an overview of our land and property estate, together with our main priorities for managing and developing that estate over the next three years.

The Asset Management Strategy incorporates the following sections:

- 3.1 Comment on changes since 2016;
- 3.2 Overview of the Council's property assets / estate;
- 3.3 Detail on the organisational framework (Corporate Landlord Team approach) for the management of the property assets;
- 3.4 Detail on the governance arrangements that the Corporate Landlord Team report to;
- 3.5 Implementation of a Corporate Landlord Approach;
- 3.6 Comment on capital funding;
- 3.7 An outline of the process by which the Council will challenge its property assets in the future;
- 3.8 How the Council will measure performance of assets;
- 3.9 A strategic overview of how maintenance will be conducted and prioritised;
- 3.10 An overview of each service area in relation to their key asset direction/programmes; and
- 3.11 Background on the existing Service Level Arrangement and potential future Key Performance Indicators (KPIs).

3.1 Comment on changes since 2016

Since 2016 the Council has achieved a range of successes with respect to property assets and property asset delivery. These include the successful delivery of the Colchester Northern Gateway (CNG) Sports Hub, Mercury Theatre Redevelopment and the Events Company's utilisation of the Council's estate.

The Council has had significant success in securing Government grants available for capital/regeneration/growth/carbon reduction projects including through the Towns Fund, Levelling Up Fund and the Public Sector Decarbonisation Scheme. We also have a good historic track record of securing other grants such as Homes England, Housing Infrastructure Fund, Heritage Lottery, etc.

Meanwhile, Central Government's emphasis on holding property assets purely for commercial income has changed with focus now being on the socio-economics benefits through economic growth that results from holding these assets and regeneration purposes.

3.2 Overview of the Council's property assets / estate

Colchester City Council (the Council) owns or operates 200 operational assets and 91 commercial (investment) assets. These have a current book value of c. £218m (excluding housing, infrastructure assets, vehicles, plant, furniture and equipment). See the breakdowns below provided by the finance team

We set out below information on the Council's property asset holdings as of April 2023 provided by the finance team:

	Number of Properties
Land & Buildings	
Operational	148
Non-operational	32
Community	8
Surplus	12
Assets Held for Sale	
Investment Properties	91
Total	291

We set out below information on the current book value of the Council's property asset holdings as of April 2022, post the external audit, provided by the finance team in October 2023:

	Current Book Value
Land & Buildings	£173.919 million
Community	£0.399 million
Under Construction	- £17.392 million
Surplus	- £26.517 million
Total	£218.227m

In addition the Council holds investment properties with a current book value at 31 March 2022 of £46.2m.

We include in Annex 2 an extract from the Council's DRAFT Statement of Accounts 2021/22, which expands on the above.

This includes the following types of properties:

- Offices;
- Sports & leisure facilities;
- Museums, theatres and galleries;
- Industrial units;
- Depots;
- Car parks;
- Shops, shopping centres and restaurants;
- Regeneration assets;
- Community use assets/facilities;
- Surplus assets

Further information on the Council's property asset holdings is included in Annex 1, including some benchmarking of the level of holdings compared to the Council's nearest neighbours.

3.3 Detail on the organisational framework (Corporate Landlord Team approach) for the management of the property assets

The way we manage our assets is important. We need to ensure that our land and buildings are managed as corporate resources, the right stakeholders are involved, and decisions are made in the context of the council's priorities and objectives.

As set out in both the overarching Property Asset Management Policy and the Action Plans there is a need to update the organisational framework and governance arrangements.

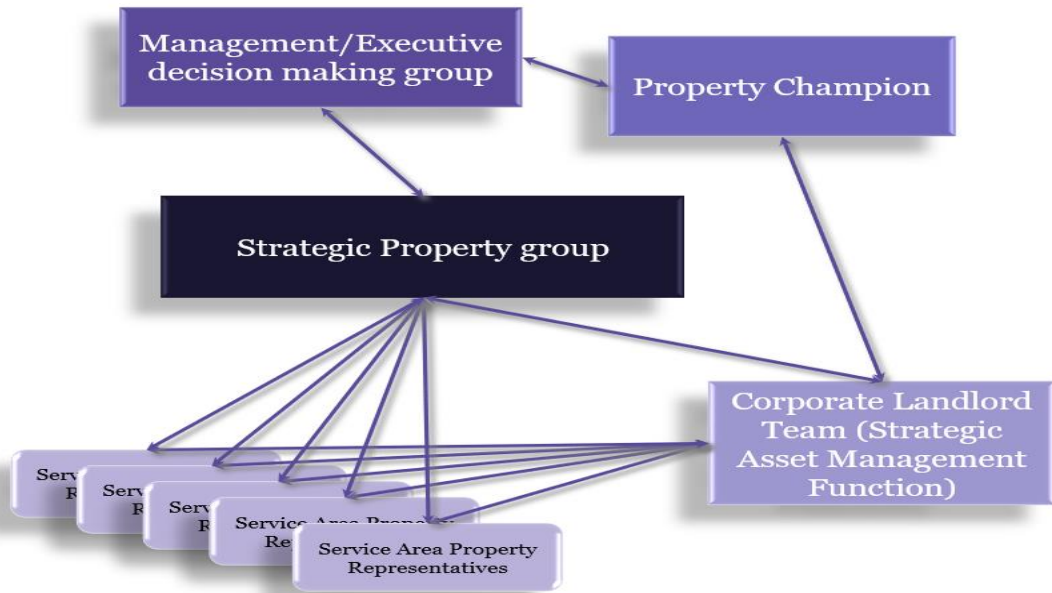
This could be managed through a corporate landlord model (CLT) approach in the Council with responsibility for commissioning and ownership of the Asset Management Strategy, the governance and delivery framework and managed and monitored through service level agreements, with reporting from KPIs.

The concept of a Corporate Landlord Approach is that the ownership of an asset and the responsibility for its management and maintenance is transferred from service areas into the corporate centre.

For the remainder of the suite of documents we refer to this Council function as the CLT. We include material on setting up a CLT below. Also, included in below are comments on the current service level agreement(s) (SLA(s)) between the Council and the "delivery partners" and future KPIs. There are actions in the Action Plan with respect to a CLT and future KPIs (see Annex 3).

3.4 Detail on the governance arrangements that the Corporate Landlord Team report to

A robust governance structure is imperative to provide direction and transparency of the management of the Council’s property assets and for the Corporate Landlord Team to report into. The diagram below outlines a potential governance structure:



Here:

- The Corporate Landlord Team is the ‘Strategic Asset Management Function’;
- The Management/Executive decision-making group is likely to be the Senior Leadership Board, but could be an Elected Member Committee;
- The Strategic Property Group is a sub-committee focused on the property asset portfolio, the Corporate Asset Group;
- The Property Champion is an Elected Member with responsibility for the property assets portfolio;
- Finally, there are Property Representatives from each of the Service areas feeding into the Strategic Property Group.

As the Council works toward a Corporate Landlord Approach this proposed governance structure will be refined and tailored.

3.5 Implementation of a Corporate Landlord Approach

As stated in the Policy, the implementation of the Corporate Landlord Approach would involve substantial Transformation and change to current operations. The ambition is to have a plan for how this model would operate by January 2024, which represents a significant scale of the transformation in order to operate the CLT effectively.

Part of the complexity is caused as Corporate Landlord (Corporate Landlord Model and Corporate Landlord Team (CLT)) can mean different things to different people and there is a wide spectrum of corporate landlord models. To help, the common elements for consideration include where responsibilities sit for:

- Policy setting and corporate approach
- Procurement
- Budget responsibility
- Monitoring
- Day to day management
- Technical expertise
- Occupation

Good practice reflects a Corporate Landlord approach for the Council, with this team sitting in the Council.

The benefits of this approach include:

- To support wider organisational objectives and priorities
- To better plan resources
- To set clear and consistent policies and procedures in a strategic setting
- To ensure skills and resources are best used
- To enable a comprehensive understanding of the performance of the portfolio and its use to inform strategic decision making
- To ensure that the property portfolio is safe and fit for purpose
- To ensure a sustainable asset base

There are choices between a CLT and decentralisation structure to be made across the following activities:

- Strategic asset management;
- Statutory compliance;
- Facilities management;
- Repairs & maintenance;
- Estates management; and
- Major projects.

We acknowledge there is a debate to be had as to what the right balance is. However, the Council is clear that Council Companies, acting as delivery partner cannot set the Strategic Asset Management Policy. Also, having one Council Company instructing another is unhelpful. Finally, having multiple challenges for a delivery partners (in this case a Council Company) from which they receive instructions without any central coordination is a risky approach when looking to secure best value.

In terms of what good looks like with respect to strategic asset strategy & asset planning:

- A fully resourced section that is separate
- Engages with corporate centre and services
- Has clear understanding of current estate & reasons for ownership/use

- Fundamental roll in working with other public bodies on assets

A function that uses data and intelligence about portfolio and performance of assets to produce the Asset Management Framework of documents (Policy, Strategy and Action Plan). Effective management and governance of our assets is paramount.

The Council needs to ensure that our land and buildings are managed as a corporate resource, that the right people are involved, and decisions are made at the right level taking into account the council's priorities and objectives.

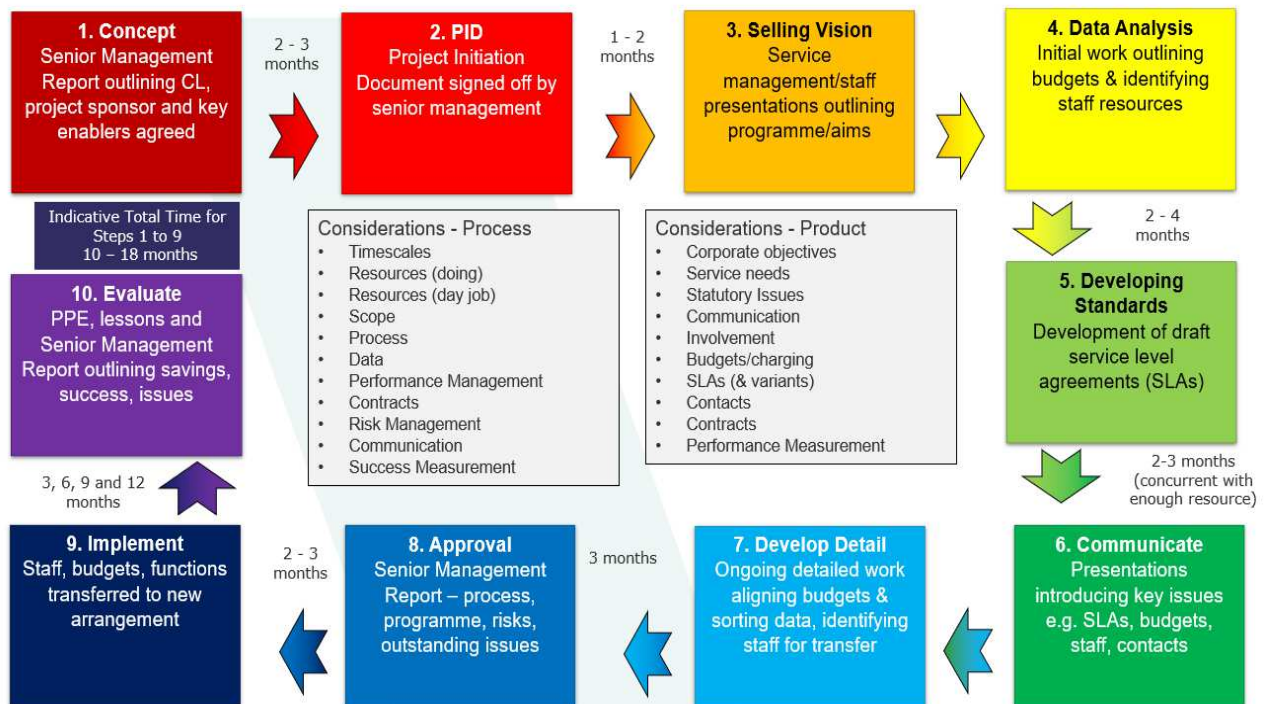
The Corporate Landlord's function is to ensure all services are adequately accommodated and to maintain and manage the associated land and property assets.

Over the life of this strategy, the Council will ensure that our Corporate Landlord Approach is fully embedded within the Council and ensure there is a robust governance structure in place providing direction and transparency of the management of the council's assets. The diagram below outlines the organisational structure for the governance of corporate land and building assets.

The diagram in Section 3.4 reflects good practice approaches with respect to Corporate Landlord governance.

CIPFA has an approach for establishing a corporate landlord, the deployment of which is beyond the scope of this review and can take between 12 and 18 months. Here we show the 10-step process:

CIPFA \ Example 10 steps for introducing Corporate Landlord Model



3.6 Comment on Capital Funding

Like many other councils we have experienced significant funding reductions in recent years, and it is important that we make careful choices when we prioritise the money we spend.

This is especially true in relation to property, with a property related gross revenue budget of circa £11m (22/23) (see Annex 1), and we need to ensure that every pound we spend is done so in the right way.

The Council has challenges relating to the age, condition and suitability of its portfolio, with a backlog maintenance figure not readily available but with work underway to assess this.

Despite these financial challenges, the Council is committed to supporting economic growth and encouraging job creation and investment through its capital programme. New building development plays an important part in this and it is important to note that the council's capital investment attracts further inward investment. This helps the local economy to grow and thrive so that every pound invested by the authority generates a local economic benefit well in excess of this initial investment.

3.7 An outline of the process by which the Council will challenge its property assets in the future

Asset Challenge is an embedded process, which means that we will be reviewing all of our asset portfolio on a continuous rolling programme. This ensures that only those assets that are needed are retained. The ultimate aims of Asset Challenge are to reduce costs, identify assets that should be retained for use and/or invested in, identify those that are surplus to requirements and therefore can be disposed of.

To do this, each asset is assessed using a step-by-step challenge process, ensuring that every asset has been fundamentally tested against a common set of criteria.

Through the work to support the development of this AMS there have been a significant number of interviews held with Services and support services across the Council and with external stakeholders. These have provided an approach to challenge the Council's current and future property asset holdings, including through the RAG rating approach set out in Annex 1, where we focus on nine properties, being the ones raised by services and the largest operational property assets held by the Council. Where the RAG ratings recommend repurposing, disposal or acquisition, the "front end filter" offered by the RAG ratings should be developed into a formal, but proportionate to the scale and complexity, business case.

3.8 How the Council will measure performance of assets

Work is currently ongoing (July 2023) to improve the data held with respect to property assets. This work will be coordinated and ultimately ensure a 'one source of truth' that provides a more robust understanding of property running costs, condition, compliance, the links between ownership, design, build and operations and maintenance, etc.

We need to know how our assets are performing to be able to manage them effectively and efficiently. To do this we are developing a selection of Key Performance measures, covering performance in utilisation, cost and income. This information will allow greater granularity and understanding of performance, allowing evidence-based decision making regarding the management of the estate.

Regular reporting will be adopted through Service Directorate and Management Team meetings. The performance of each asset will feed into the Asset Challenge process.

3.9 A strategic overview of how maintenance will be conducted and prioritised

It is important that these our assets are maintained to ensure a safe and appropriate environment to deliver services, support the customer / service users and the workforce. With reducing revenue expenditure and significant alternative demands on the available financing required to drive service transformation, achieve revenue savings and to respond to other areas of need it is becoming increasingly difficult for the Council to provide the additional funding required to keep our corporate estate safe and wind and watertight.

This financial pressure creates the very real prospect of buildings or elements of buildings having to close due to the lack of capital maintenance. It is important that Asset Challenge is undertaken to ensure we invest in those assets we need and devise an appropriate process to dispose of those we no longer require.

Further work is required on stock condition survey data. Historically some of the maintenance planning has been driven by in year financial budgets. However, a more strategic, multi-year, 'whole life' costing approach is needed as it is very easy to save money on routine cyclical/planned maintenance in one year that would reduce the need for emergency/reactive maintenance and/or major maintenance in future years as well as reduce the risk of failure. Through this strategy there is an opportunity for the Council to revisit the level of property asset holdings it can afford to maintain and explore options to dispose of properties where running costs and/or future capital costs and investment needs, including the works required to become carbon neutral, would point to a disposal.

For context we set out below background on maintenance:

- Emergency/reactive maintenance – this includes the day-to-day repairs arising from a very wide range of immediate building failures relating to the fabric of the building and mechanical and electrical issues e.g. leaking roofs, blocked drains, loss of heating etc.
- Routine cyclical maintenance – is the regular inspection and testing of plant and equipment in line with statutory requirements, undertaking risk analysis and compiling and maintaining evidence of testing regimes. There are a significant number of statutory tests required relating to buildings, e.g. fire risk assessments, lifts, boilers, electrical systems, alarms, lightning.
- Planned preventative maintenance – replacement of mechanical and electrical assets such as lifts and boilers, which have reached the end of their economic life. An annual Forward Maintenance Plan is derived from information from surveys.
- Health & Safety - Statutory Compliance - undertakes a programme of risk assessments for fire, water and asbestos for its corporate estate and from these assessments will commission remedial works as appropriate.

3.10 An overview of each service area in relation to their key asset direction/programmes.

Through the work to support the development of this strategy there have been a significant number of interviews held with Services and support services across the Council and with external stakeholders and Members. The key asset direction / programmes discussed in the interviews have been recorded and inform the development of the Property Asset Policy in Section 2, this Strategy and the Action Plan (both the actions in Section 4 and the RAG ratings in Annex 1).

The Asset Management Strategy and our Action Plan will be informed by Service Asset Representatives as set out in the governance diagram and also potentially by Service Asset Management Plans (SAMPs) that outline current and future land & property requirements, how assets are to be utilised and the potential for greater utilisation (including increasing income potential where appropriate).

3.11 Existing Service Level Agreements and future Key Performance indicators

The Agreement does outline most of the services that you would expect from a 'delivery arm' but the prioritisation of activities is very much left to the company rather than a prioritised programme emanating from the Council. There is an opportunity for greater oversight and direction from the Council / CLT side.

There are also historic SLAs relating to Facilities Management between the Council and Colchester Borough Homes that outline deliverables and some specific performance targets and KPIs, but these are out of date. See Annex 3 for potential future KPIs.

4. Property Asset Management Action Plan – CIPFAs recommendations to be adopted by the Council (18 months to end 2024)

We have run workshops with the individual Services and support Services as well as Senior Officers and then Elected Members. These have been very helpful in gaining a wider understanding of the current use and future plans with respect to property assets, whether operational estate or commercial asset holdings. Also, including the linkages with regeneration programmes / projects incorporating opportunities to repurpose. These workshops and the wider engagement have allowed for the development of the Action Plan as part of the Framework below.

During the Service workshops we introduced the red, amber, green (RAG) rating and 3x2 matrix approach to asset challenge, providing a “front end” to decisions around retain, dispose and acquire and “as is” or with investment / repurposing. We have run the RAG rating and 3x2 matrix for nine key existing properties / buildings, identified by Services, as shown in Annex 1 where we start by setting out the purpose of the RAG rating and the criteria used.

Emerging actions and recommendations from CIPFA to be adopted by the Council:

1. Ownership of the Property Asset Management Framework:

- It is important that the Property Asset Management Policy, Strategy and Action Plans are owned by the Council. Good practice suggests that strategies cannot be outsourced to delivery partners (e.g. Council Companies) to develop and deliver. The Council will further develop this Property Asset Management Framework and seek approval from Senior Officers and Elected Members. This process of engagement with Senior Officers and Elected Members started in July 2023.

2. Updating the capital programme and capital programme delivery:

- The Capital Programme (general fund) is currently being reviewed given the number of regeneration projects underway and which are being discussed. The Capital Programme should be grossed up to reflect project funded by grant monies, S106/CIL, etc. A new Gateway process has been introduced following the capital review, supported by business cases and a more robust and transparent approval process;
- Following the Capital Programme reset, full and up to date understanding will better inform MTFE going forward and affordability of ongoing Asset investment;
- Business cases (programmes and projects) should be driven by Service / Service User needs, not purely by the potential availability of grant monies;
- Updating of the Capital Programme will happen alongside Tighter administration of S106/CIL monies, in line with the findings of the recent S106

review and recommendations. The Council is recruiting someone to support this, including delivery of the recommendations;

- The Capital review and ongoing review of Colchester Northern Gateway has introduced more robust monitoring mechanisms that ensure both new and ongoing projects are affordable given the shifting economic climate, borrowing costs and capacity challenges. For the avoidance of doubt, we are now experiencing much higher borrowing costs, construction costs and property running costs that makes the timing of the Capital review and its reporting particularly relevant.

3. Asset data:

- Currently, multiple IT Systems are used to hold asset data, with further IT Systems being developed, each for different purposes. This puts the Council at risk, prevents planning and monitoring. It is important to consolidate asset data onto a “single” system. The Council has gone some way to bring some of the data together, however more work needs to take place to coordinate asset data onto a single (or linked) system. A business case, proportionate to the challenge, should be developed to assess the relative benefits, costs and risks of have multiple IT systems versus a single system;
- Performance data is not reported or monitored centrally for assurance of compliance, efficiency and effectiveness (or costs, capital spend, carbon, energy, access, gross rate of return). With the creation of the Corporate Landlord Team (see below) the performance data will need to be monitored centrally.

4. Governance, engagement, including service led:

- Engagement across organisation and with Elected Members is critical for awareness and buy in. There is merit in running periodic workshops akin to the Service and support Service workshops we have run as part of this work, supported by Service Asset Management Plans (SAMPs). The engagement, workshops and SAMP process will be led by the Corporate Landlord Team;
- These Service Asset Management Plans need leadership at Head of Service level - lead policy, strategy and AP delivery, ensure linked to transformation, monitoring and communicate performance, engage with and influence of partners and involve Members;
- Development of a governance model (including a Corporate Landlord Team / Model and Corporate Asset Group) to review strategy and develop action plans, monitor performance, approve documentation to Cabinet and undertake Asset challenge process (retain, develop, manage, dispose, business case). This proposed asset challenge process could be based initially on the RAG rating approach set out below.

5. Governance and companies

- Development of a clear organisational delivery model - i.e. a Corporate Landlord Model and Corporate Landlord Team (CLT). See the background on the CLT model. The Council will consider adopting the CLT model with the CLT sitting in the Council rather than in an arms-length company, this mirrors the comment above with respect to the Council setting the strategy and the need for a CLT arrangement in the Council. We acknowledge that at present the required expertise might not sit within the Council, therefore roles/personnel may need to move and there might need to be an expansion of capabilities and capacity in order to align the resource with the management of business-as-usual and also additional project requirements;
- The precise operation of the CLT model needs to be decided by the Council, for example, it could involve changes to structure which move teams into the corporate centre as suggested in CIPFA Guidance. At present (July 2023) there is a historical lack of clarity on roles between CBH, Amphora and the Council. CBH and Amphora are “delivery partners”, akin to other private sector and voluntary sector partners. Under the current arrangements, as Council owned companies they need to be overseen at a strategic level through the shareholder route and shareholder reporting. However, as organisations delivering for the Council with respect to property asset management, they also need to be actively managed by the Council who have a strategic and ‘commissioning’ role. This could be managed through a corporate landlord model (CLT) approach in the Council with responsibility for commissioning and ownership of the Asset Management Strategy, the governance and delivery framework and managed with reporting from KPIs (see potential KPIs at Annex 3).

6. Governance, other Public Bodies:

- The Council has good partnering relationships with a range of other public bodies. This includes Health partners and Essex County Council. There is potential to formalise the Essex County Council / Colchester City Council relationship with respect to property assets through the creation of a Joint vehicle and pool together unused building and unused land to make it available to use for social economic environmental benefit across the City.

7. PMO: Project Management Office:

- The Council has a recently established PMO. The PMO acknowledged that at present the focus is the subset of new capital projects funded by grant monies and that they continue to build the PMO function. There is an opportunity for this PMO to be involved in wider property asset projects. Also as the PMO developments they will continue to draw on the use of a well-established business case / PMO approaches, including setting out who is responsible, accountable, consulted and informed in any property asset decision making, which links with the updated governance arrangements.

8. Asset Challenge:

- When we say “asset challenge” we mean a cross cutting, collaborative process whereby the relevant stakeholders across the Council consider individual property assets or groups of property assets to decide whether to retain, dispose or acquire. This could be in an “as-is” i.e. without investment or with some investment to support repurposing. A tool which could be used to help determine the future of assets in this asset challenge process is CIPFAs RAG rating 3x2 approach which rates the property against nine attributes to help decision making, signalling whether it should be retained, repurposed, shared or disposed against those attributes. The RAG rating and 3x2 matrix is described further in Annex 1.
- This “asset challenge” process (Annex 1) should be run periodically and in some cases will then lead on to the need to develop a good practice business case;
- The approach taken needs to consider the “whole life costs” of an asset. Generally the upfront grant monies are awarded for design and build of the asset. This is not sufficient, as the asset will then have operating and maintenance costs across its life and if these monies are not available it will be a liability;
- The loss of income needs to be considered, for example there have been discussions around City Centre regeneration that might see the loss of some car parks, potentially the loss of an important stream of income to the Council;
- As part of the “asset challenge” cross Service working focused on co-location could be considered, for example in the RAG rating (see Annex 1 we include Leisure World, which should be seen as a “health and wellbeing” offer, and considering whether there should be an expansion of other services based at the site. Also, in the RAG rating is the current depot site which following a successful relocation could be repurposed for regeneration. Then building on the asset challenge across the Council’s services there should be engagement with other public sector bodies on potential co-location. As highlighted elsewhere, given the current lack of robust property asset management data we have relied on the extensive interviews undertaken across the Council for the asset challenge summarised in the RAG rating;
- From these we have gathered supporting information underpinning the RAG approach, including with respect to utilisation, where we have been told by Services and support services where buildings are perceived as underutilised, especially post pandemic. As always before taking definitive action to repurpose or dispose of a building these perceptions need to be challenged. Also, there are opportunities to develop more data with respect to utilisation;
- There have been a few examples of “asset swaps” between the Council and other public bodies. For example the team that look after the crematorium mentioned some small “land swaps” with the Ministry of Defence, who are major landowners in Colchester. Again these should be a consideration when exploring reshaping the Council’s estate.

9. Historic underinvestment and fragmentation of budgets:

- The Council needs to address historic underinvestment in property maintenance and planned works and reductions in Council budgets, the result of which has been disrepair and increasing backlog maintenance. This includes across the significant portfolio of heritage and cultural assets across the City. For the avoidance of doubt, the comment on historic underinvestment in property maintenance was raised in a reasonable number of service, support service and delivery partner interviews. Whilst the Council does hold some stock condition survey information (see Section 5 in relation to the RAG rated buildings work is needed for the Council further quantify the level of backlog maintenance;
- The fragmentation of budgets across the Council family which results in confusion and lack of co-ordination of spend needs addressing. This includes a mismatch between capital ambitions, including regeneration ambitions and projects, discussed during our engagement with Services and the Capital Programme / Investment Strategy. At this time the Capital Programme / Investment Strategy is being reset;
- The Council will ensure that both planned maintenance and compliance is systematically considered. Note, the review undertaken by the Head of Design and Construction Management in CBH suggests improvements are needed to understand need and plan resources.

10. Decarbonisation:

- Further work is needed to develop and deliver plans with respect to decarbonisation of the estate and becoming carbon neutral by 2030. Therefore the Council has recently appointed a range of officers to drive forward the issue of the climate challenge and leading sustainability;
- Achievement to date, or planned in the near future, includes:
 - Having a good understanding of our scope 1 and 2 emissions from the buildings we own and lease;
 - This scope 1 and 2 emissions information is then published annually as our greenhouse gas report;
 - Our energy manager is working on developing a more comprehensive understanding of our buildings energy and utility usage and identifying the measures that could be used to reduce energy and utility consumption and the associated carbon emissions;
 - Work on a detailed carbon reduction management plan. The plan will also show our route to our 2030 carbon neutral target.
- There are some ambitious regeneration and energy efficiency / generation plans, but these need to link these to the capital programme and funding/financing including the available grant monies.

11. Arms-length arrangements:

- As set out in Section 2, the Council's connection to the communities and the use of property assets for community use is a priority. Where this happens it is important to ensure a transparent decision-making process is in place when the Council is considering subletting commercial space to community groups on the basis of a cost/benefit analysis. This could include charging an arms-length rent, then if required, providing a community group subsidy. Also, clarity as to who is responsible for maintenance and compliance going forward and the identification of budget sources if this is to be the Council.

12. Capacity and capability:

- The Council needs is to consider staff capacity in all areas of assets management which feels stretched but there is no analysis of the total cost of staffing. This includes with respect to any newly formed Corporate Landlord Team, data and the PMO function(s);
- The Council is to consider staff capabilities in all areas of asset management, including project management and business cases, with a recommendation that the better business case approach and training is adopted.

Annex 1 - RAG Rating and 3x2 Matrix

During the Service workshop we introduced our RAG rating and 3x2 matrix approach which provides a “front end” to decisions around retain, dispose and acquire and “as is” or with investment / repurposing. We have run the RAG rating and 3x2 matrix for the following nine properties, identified by services.

The RAG approach involves asking services / support services about their key property assets and / or those that are of concern. We then discuss the individual property against nine attributes (shown along the top row in the table below). These attributes include whether the building is front line serving (i.e. accessed by the public), its suitability in terms of both location, accessibility and consistency with the Council’s corporate plans, its suitability in terms of the service’s ways of working and finally the recent level of utilisation of the building. The three attributes covered in the right-hand side of the table cover running costs (revenue), building condition and therefore capital costs and potential for decarbonising the building, the Council having committed to being carbon neutral by 2030.

In order to maintain consistency of scoring (which those shown as red being potential repurposing or disposal candidates) the questions are considered including around the easy of disposal. Therefore, a property that is highly sensitive, of key Civic Importance and would be a real challenge to dispose of would receive a green rating. Similarly, where the tenure/value/commercial model means you cannot dispose it also receives a green rating. So for example, a property that is either held by the Council on a restrictive lease arrangement but ultimately owned by a third party and / or leased out by the Council on a long-term arrangement that cannot be broken would score green. Historically we have also scored this attribute as green if the value generated by any disposal is so small or once other costs are taken into account negative.

The final column then provides an overall RAG rating for the individual property, with green generally being ‘retain’ as is (business as usual), amber suggesting there is some evidence for disposal / repurposing and red means clear evidence for disposal / repurposing. These overall RAG ratings can then be reflected in the 3x2 matrix shown below (Annex 1). However, as above we would expect a more detailed good practice business case to be developed before taking any significant decisions / actions.

Key										
Name of individual Property/ asset	Front line service usage – with public access	Suitability - Access/ location in line with Corporate plans	Suitability - Ways of Working	Utilisation	Sensitivity - Civic Importance	Tenure/Value - Commercial Model	Condition - Annual running costs	Condition - Capital programme costs	Sustainability - Ability to achieve being Carbon Neutral	Overall
Red means strong evidence for disposal / repurposing	Not used for front line services / public	Not in the right location / not accessible	Does not suit ways of working	Poor utilisation	No sensitivity to a disposal	No reason why cannot be disposed of. Also, high value	High annual running costs	Major capital investment required to improve condition	Not practicable to decarbonise (the climate emergency commitment)	Red means strong evidence for disposal / repurposing
Amber means some evidence for disposal / repurposing	Some front line / public use	Some issues with location / accessibility	Reasonable for ways of working	Reasonable utilisation	Some sensitivity but not a major issue	Some minor reasons why cannot dispose of	Somewhat high running costs	Some capital investment required	Significant work required to decarbonise	Amber means some evidence for disposal / repurposing
Green means retain (potentially with some investment)	Used by front line services / public	In the right location / good accessibility. In line with Corporate plans	Good / best practice for current ways of working	Good utilisation	Potential challenge if looked to dispose of	Significant reason why cannot dispose of – e.g. lease agreements in place / other commitments. Is linked physically to a retain building	Low/average running costs	Good condition	Limited work required to decarbonise	Green means retain (potentially with some investment)

Name of individual Property/ asset (Note agreed that these are the key buildings to consider)	Front line service usage – with public access	Suitability - Access/ location in line with Corporate plans	Suitability - Ways of Working	Utilisation	Sensitivity - Civic Importance	Tenure/Value - Commercial Model	Condition - Annual running costs	Condition - Capital programme costs (also see table below)	Sustainability - Ability to achieve being Carbon Neutral (see two sets of energy usage data below)	Overall
Leisure World 1,974m2						Freehold	High	High – check capital programme £4m shown below	Challenging	Consider repurposing/disposal including of redevelopment land. Need to consider Events revenue at Charter Hall.
Town Hall 1,683.4m2					Yes	Freehold - is grade 1 listed		£400k shown below		Consider repurposing elements of
Magistrate Courts 1,070m2				Believe is vacant		Freehold - is grade 1 listed				Consider repurposing/disposal. Note was previously marketed and tenanted but failed. Has been marked for 4 years.
Northern Gateway Park - sports provision 2,446m2		Note is a new development				Freehold				Consider reviewing against original business case
Castle					Yes	Heritage building		£80k shown below		Important events venue. Consider reviewing - including income generations
Two Museums					Yes	Heritage building		£110k shown below		Consider reviewing. Funding bid being progressed

Name of individual Property/ asset (Note agreed that these are the key buildings to consider)	Front line service usage – with public access	Suitability - Access/ location in line with Corporate plans	Suitability - Ways of Working	Utilisation	Sensitivity - Civic Importance	Tenure/Value - Commercial Model	Condition - Annual running costs	Condition - Capital programme costs	Sustainability - Ability to achieve being Carbon Neutral	Overall
Rowan House 1,723m2	Been subject to recent major investment					Some Substantial rental income from letting to ECC	Some defect issues flagged	£1m shown below, but believe now spent		Recent office review resulted in focus at Rowan House, including co-location
Municipal depot Unknown			Issues with future requirements			Freehold				Consider repurposing/relocating
Crematorium Unknown				But is income generating and believe could be expanded on new site		Are partial disposal options		£160k shown below		Review as getting to end of life and are potentially better locations/site for this income generating activity. Recent review carried out for new site

We set out below further data in support of consideration of the nine properties above. This includes the following energy data which we have used to comment on running costs and in support of the comment on the ability to become carbon neutral:

Site Name	m2 (where known)	Gas kWh	Emissions Gas	Elec kWh	Emissions elec	water m3	Emissions water	Total emissions	Emissions per m2 (where known)
Leisure World	1,974	6,328,895	1,159.20	782,719	181	80,019	21	1,361.17	0.689549139
Town Hall	1,683	551,425	101	281,045	65	2,132	1	166.52	0.098918855
Magistrates	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	unknown	Unknown
Sportspark	2446	95,878	17.56	222,479	51.42	Unknown	Unknown	68.98	0.028201145
Castle Museum	Unknown	159,135	29.15	76,329	18	789	0.21	47.00	Unknown
Natural History Museum	Unknown	66,064	12.1	10,215	2	126	0.03	14.49	Unknown
Hollytrees	705	72,022	13.19	35,186	8	842	0.23	21.55	0.030567376
Rowan House	1723	Difficult to determine as not open with new heating/lighting systems - Using old figures would not be beneficial as usage of space has changed a lot							0
Depot	Unknown	118,245	21.66	68,416	16	1473	0.39	37.87	Unknown
Total		7,391,664	1,353.86	1,476,389	341	85,381	22.70	1,717.58	

Also, information on the Corporate Building Maintenance budget needs for each building prioritised as per the Council's Stock Condition Surveys (SCS). This shows for the buildings that are the subject of the RAG assessment the year in which the Condition Survey was last undertaken (16/17 to 20/21) and then the total required cyclical maintenance spend under the different priority headings (1 to 4). This information is used in support of the comments made in the RAG assessment on the levels of running costs and of capital costs.

Totals	£1,746,900.00	£2,319,858.75	£857,294.28	£247,273.18	£9,795,696.21
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Cyclical Maintenance Programme	Year	Priority 1	Priority 2	Priority 3	Priority 4	Total
Leisure World Colchester, Cowdray Avenue	16/17					£4,224,370.00
Town Hall, High Street	20/21					£400,000.00
Castle Museum, Castle Park	18/19	£25,300.00	£14,962.50	£39,475.01	£319.07	£80,056.58
Hollytrees Museum, High Street	20/21	£200.00	£6,300.00	£24,570.59	£77,853.18	£108,923.77
Natural History Museum, High Street, All Saints Church	20/21					
Rowan House, Sheepen Road, 33	20/21	£246,050.00	£618,177.00	£119,825.76	£561.56	£984,614.32
Shrub End Depot, Shrub End Road, 221	18/19	£140,350.00	£12,148.50	£10,129.22	£0.00	£162,627.72

Here the Magistrates Courts are included as part of the Town Hall. Also, given the Northern Gateway Sports Park was only completed in 2020 it will be surveyed in 2025/26.

Having completed the RAG rating for the sample buildings the 3x2 matrix below summarises the overall column in terms of potential actions:

Group / Action	Retain	Sell	Acquire
As is / BAU	Rowan House	.	.
Invest beyond BAU / repurpose	Leisure World, Northern Gateway sports provision, Castle and Museums, Town Hall.	Courts, Depot and Crematorium	New Depot and Crematorium

It is important to stress that these potential actions, in particular sell, retain with investment, sell with investment or acquire then need to be the subject of a detailed business case and securing of funding as part of the Council's decision making.

Annex 2 – Property Asset Holdings Data and Benchmarking

Property Asset Holdings Data

The fixed asset register summary received from Colchester Finance shows the split of the assets; Property, Plant and Equipment (PPE) (180), Investment properties (91) and Other assets (20).

We set out in Section 3 information on the Council's property asset holdings as of April 2023 and accounting net book values as of April 2022.

The latest published financial statements are for the year ended 31 March 2022. The carrying amounts for other land and buildings are subject to audit review still pending but the total carried forward amount (NBV) as of 31 March 2022 is £614.2 million. Note, to reconcile the Section 3 information with the table below it is necessary to combine certain asset classes and bring in the investment property holdings.

Fixed Asset Register from the Council's DRAFT Statement of Accounts (2021/22) (from the Council's website at October 2023

14. Property Plant and Equipment

	Council Dwellings	Land & Buildings	Vehicles Plant etc.	Infra- structur e	Commun . Assets	Assets under Constru ction	Surplus Props.	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost:								
Opening value 1 April 2021	387,139	163,877	22,501	15,437	399	9,117	23,756	622,226
Additions	20,925	1,287	705	11	0	9,930	0	32,858
Acc. Depreciation and Impairment written out to Gross Carrying Amount	(4,681)	(2,976)	0	0	0	0	(1)	(7,658)
Revaluations to Revaluations Reserve	34,424	18,618	0	0	0	0	1,938	54,980
Revaluations to (Surplus)/Deficit	(12,272)	2,174	0	0	0	0	150	(9,948)
Derecognition - disposals	(3,228)	0	(410)	0	0	0	0	(3,638)
Derecognition - other	(483)	(492)	(1,516)	(6)	0	0	0	(2,497)
Reclassified from/(to) Assets held for sale	0	0	0	0	0	0	0	0
Reclassified within PPE categories	1,144	0	511	0	0	(1,655)	675	675
Value 31 March 2022	422,968	182,488	21,791	15,442	399	17,392	26,518	686,998
Cumulative Depreciation:								
Opening value 1 April 2021	(992)	(7,920)	(13,632)	(3,224)	0	0	(1)	(25,769)
Charge for the year	(4,483)	(4,044)	(2,063)	(723)	0	0	0	(11,313)
Acc. Depreciation and Impairment written out to Gross Carrying Amount	4,464	2,892	0	0	0	0	0	7,356
Acc. Impairment written out to CGA	217	85	0	0	0	0	0	302
Impairment losses to Revaluation Reserve	0	0	0	0	0	0	0	0
Impairment losses to (Surplus)/Deficit	0	0	0	0	0	0	0	0
Derecognition - disposals	19	0	330	0	0	0	0	349
Derecognition - other	0	418	1,516	6	0	0	0	1,940
Reclassified within PPE categories	0	0	0	0	0	0	0	0
Balance 31 March 2022	(775)	(8,569)	(13,849)	(3,941)	0	0	(1)	(27,135)
Net book value 31 March 2022	422,193	173,919	7,942	11,501	399	17,392	26,517	659,863

Property costs are summarised below for the years 2019/20 to 2022/23 (subject to year-end adjustments that are being finalised). Overall the total costs show an overall increase of 10.54% since 2019/20. The key drivers of the cost increase from 2019/20 actual costs to 2022/23 actual costs as shown by the summary below are Highways maintenance (£355k) and Energy costs (£867k).

Property Costs (GF) excl HRA / NEPP; double counts & H		2022/23 Budget	2022/23 Actual	2021/22 Actual	2020/21 Actual	2019/20 Actual	Change
SERVICE GROUPS	DB200 R&M BUILDINGS-RESPONSE <i>(excl PL&M)</i>	443800	538,430	467,171	520,142	456,088	82,402
	DB210 R&M BUILDINGS-PLANNED	118300	105,101	123,333	70,806	51,012	54,095
	DB212 PPM Contracts <i>(excl PL&M)</i>	20400	18,911	16,586	13,695	18,127	244
	DB220 R & M BUILDINGS-CYCLICAL	100	125	-	-	-	125
	DB230 R & M-PLANT	53200	60,714	41,820	47,473	41,006	19,708
	DB235 R&M Management - <i>all R&M</i>	0	-	0	-	-	-
	DB240 R & M GROUNDS - <i>excl as mostly contract</i>	0	-	0	-	-	-
	DB243 HIGHWAYS-MAINTENANCE	458000	366,643	5,103	25,436	13,222	355,427
	DB250 ENERGY COSTS	1183300	1,361,023	139,513	650,335	633,734	861,235
	DB251 WATER CHARGES	281200	238,135	217,376	263,741	213,167	85,568
	DB252 RENTS & RATES <i>(excl PL&M Homelessness, Pvc S</i>	1436000	48,851	138,010	259,157	444,373	335,522
	DB254 Fin Leasee - buildings	0	-	15,213	7,172	7,172	7,172
	DB255 NNDR	1711700	1,601,881	1,782,549	1,689,402	1,658,782	56,302
	DB260 FIXTURES & FITTINGS	25800	19,078	8,746	4,503	5,885	13,193
	DB270 CONTRACT CLEANING & SECURITY	457100	444,615	408,785	400,800	422,385	22,230
	DB295 PROVISIONS	16000	18,636	12,640	16,536	13,917	4,659
		4843400	5,085,882	4,044,304	3,951,222	4,025,247	1,060,635
SERVICE GROUPS	NG000 SUPPORT SERVICES						
	7183 Corp Facilities	176,000	184,660	173,075	133,395	163,700	20,360
	7630 Engineering	53,300	53,300	33,291	41,087	54,140	240
	7526 Insurance - Premises	130,300	130,300	97,652	119,317	103,304	20,396
	7152 R&M	629,700	629,700	674,220	619,312	586,255	43,445
<i>Using Budget or not yet finalised</i>	7946 R&M - PPM	120,700	120,300	87,208	111,436	63,457	51,443
		1,110,600	1,119,460	1,065,447	1,031,207	982,856	136,604
SERVICE GROUPS	8963 Capitalised Depreciation	5,215,000	5,215,000	6,298,674	5,203,415	5,322,905	107,305
	<i>Total of Prem sub total + Support + Dep'n</i>	11,175,000	11,420,341	11,409,025	10,195,844	10,331,007	1,089,334
						1,089,334	10.54%

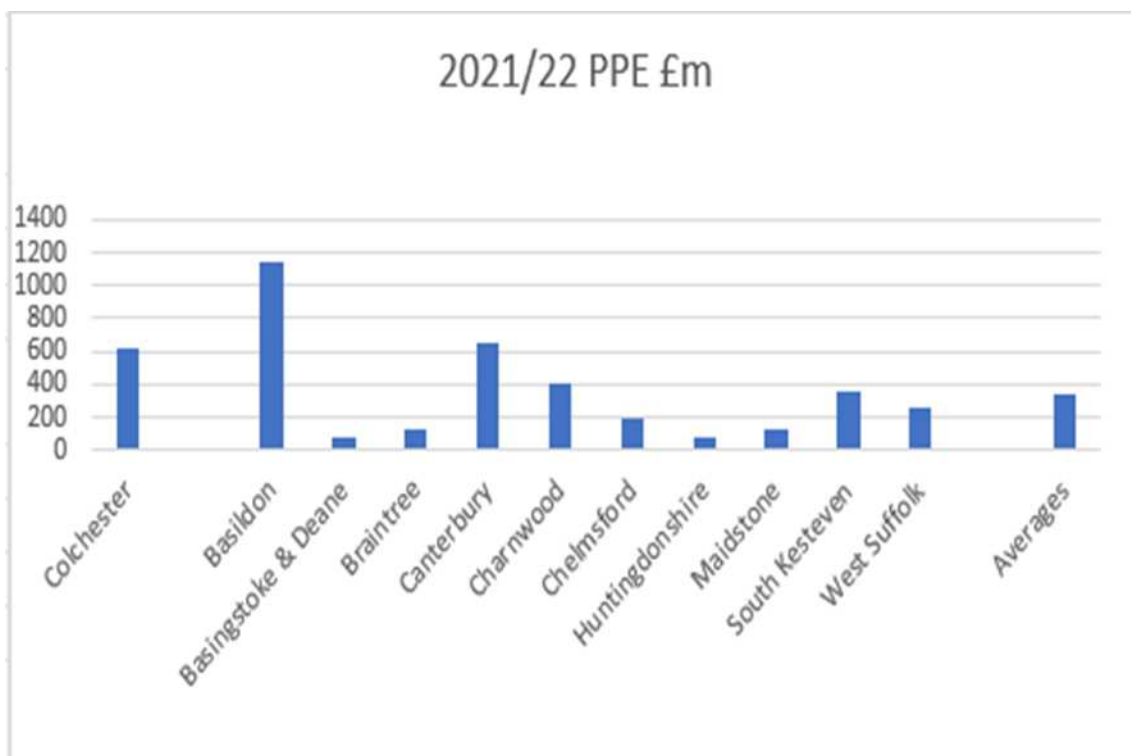
The Statement of Accounts (2021/22) show that the Council generated circa £1.8m of investment property income from its £41m net book value investment properties (circa 4.3% - with the gross and net being similar given low administrative costs and no related borrowing costs charged).

Benchmarking, including via CIPFA's Nearest Neighbours Model

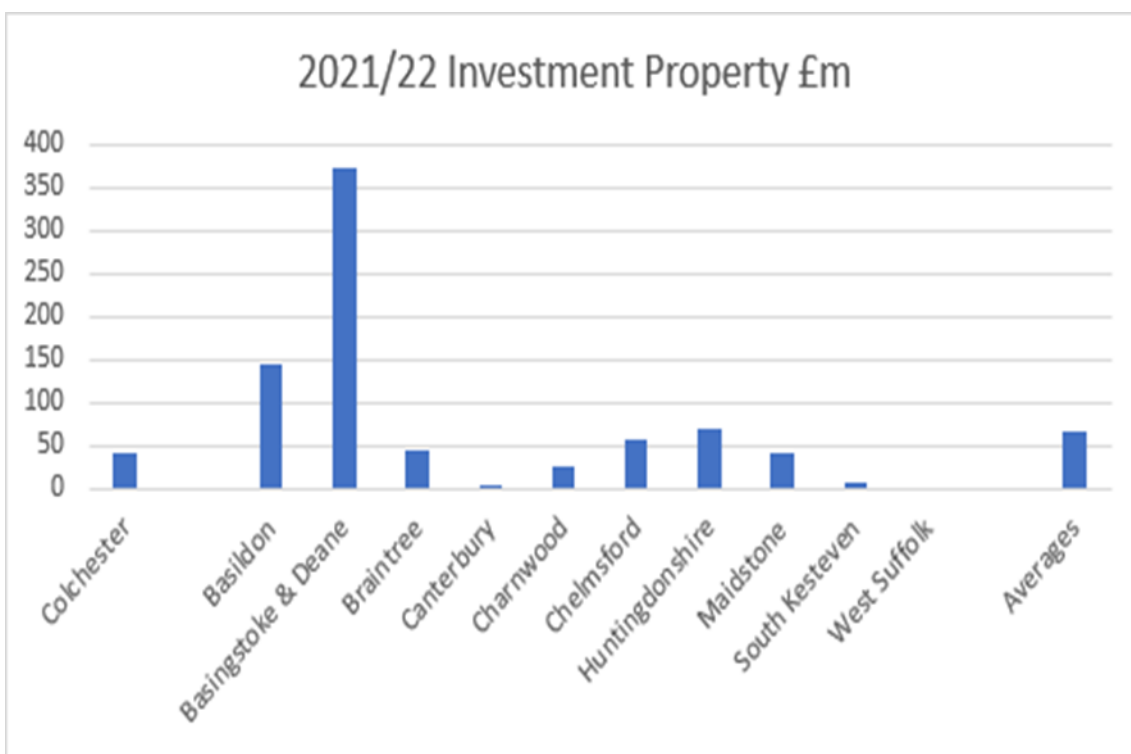
- The Nearest Neighbour Model uses a range of 40 demographic and socioeconomic indicators to determine the statistical distance between each authority according to the characteristics of the area each authority administers.
- In the analysis here, authorities are compared against the 10 councils the model deemed most similar to them, their 'Nearest Neighbours'.
- Indicators used in the model cover characteristics such as: population, geographical area, density, unemployment, taxbase, migration, ethnicity, house banding and business floorspace.
- Populations taken from ONS mid-year estimates.

Colchester and its Neighbours	Population (mid-2021)
Basildon	187,700
Basingstoke & Deane	185,700
Braintree	155,700
Canterbury	156,600
Charnwood	182,800
Chelmsford	181,800
Colchester	192,400
Huntingdonshire	181,800
Maidstone	176,700
South Kesteven	143,800
West Suffolk	180,800

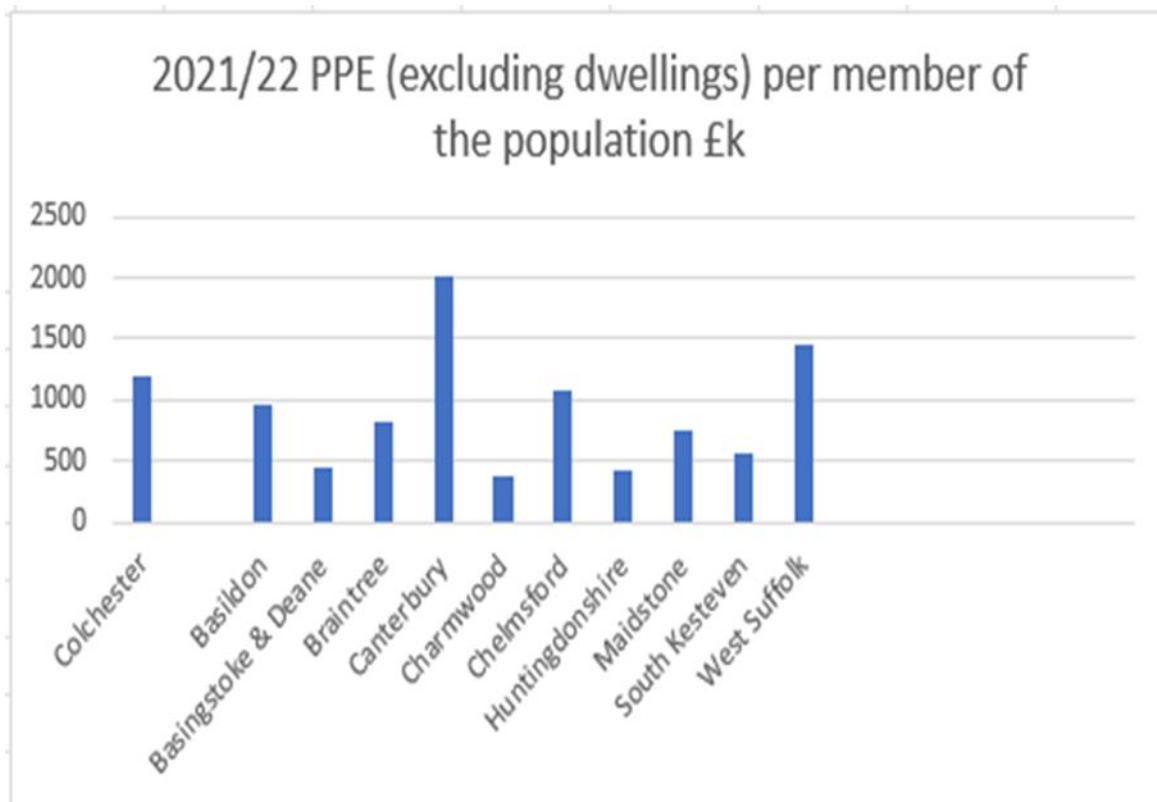
PPE – Property, Plant & Equipment (tangible fixed assets)



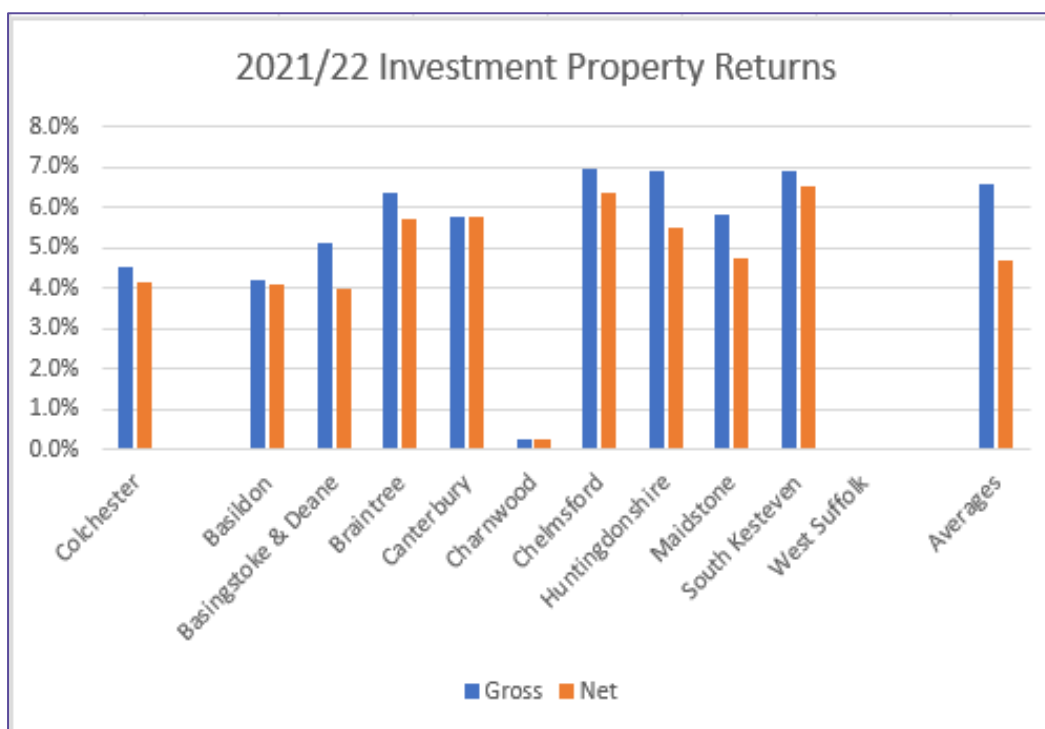
See below, property holdings per member of the population.



Colchester holds a comparatively low level of investment property as indicated above compared to its nearest neighbours.



Colchester holds an average level of property per member of the population.



Colchester's investment property net return in 2021/22 are in line with the average for our nearest neighbours at circa 4.3%. For Colchester the gross and net being similar given low administrative costs and no related borrowing costs charged.

Annex 3 – Potential Key Performance Indicators (KPIs)

Should the Council decide to operationalise the Corporate Landlord model, the below are key indicators that could be considered to measure the performance of Assets. These are split between those focused on service delivery (service performance indicators) and those focused on the assets (asset performance indicators). We acknowledge that there is some overlap, and that further work will be needed to refine these for the Council's context as part of any move to a CLT approach.

Service Performance Indicators	
Annual management costs per square metre of Operational Property.	
Annual management costs of the Commercial & Investment Portfolios as a % of rent role.	
% of lease action dates achieved.	
% of projects where cost within +/- 5% of estimated out-turn.	
% of projects falling within +5% of the estimated timescale	
% of survey programs to be completed as scheduled on Asbestos, Legionella, Fire Risk Assessments and DDA.	
Maintenance Term Contract Performance (internal & external) % of jobs where agreed response times are met.	
Servicing & Testing Contract Performance % of tasks completed on time.	
% Overall compliance levels across the estate – Operational, Commercial	
% Compliance levels of 'Big 5' (Fire, Legionella, Asbestos, Gas, Electric).	
% Compliance remedial actions outstanding above 30 days.	
Energy Consumption by building for the reporting period.	
Waste Consumption by building for the reporting period.	
Number of reportable incidents for the reporting period (RIDOOR).	
Number of accidents for the reporting period.	
Number of Help Desk calls received during the reporting period – by category.	
% of PPM Activities completed within required timescales during the reporting period.	
Number of substantiated complaints received within the reporting period.	
Summary of any major incidents or near misses and the action taken to prevent future occurrence.	
% of reactive jobs completed within specified time period (Emergency, Routine etc.)	
% of jobs which have not been 'closed down' which have been raised in last 6 months.	
% of sites meeting cleaning productivity targets.	

Asset Performance Indicators	
% Gross Internal Floor Area in condition categories A to D - <i>Note 1</i>	Total maintenance costs for priority levels 1-2
% Of costs in priority level 1, 2 & 3 respectfully – <i>Note 2</i>	Average required maintenance per square metre (GIA) by asset
% Split between annual planned and reactive maintenance spend	Annual spend on energy per square metre (GIA)
Annual consumption of energy (kwh) per square metre (GIA)	Emissions of carbon dioxide in tonnes per square metre (GIA) by asset
Cubic Meters of water consumed per square metre (GIA)	Average office floor space per member of staff – office accommodation
% Of property deemed suitable for current use (in categories A & B) by asset type – <i>Note 3</i>	Internal rate of return for commercial and investment portfolios by type and individual asset

Note 1

A (Good): Performing well and operating efficiently.

B (Satisfactory): Performing as intended but showing minor deterioration.

C (Poor): Showing major defects and/or not operating as intended.

D (Bad): Life expired and/or serious risk of imminent failure.

Note 2

Urgent work that will prevent immediate closure of the property, address an immediate high Health & Safety risk and / or remedy a serious breach of legislation.

Essential works required within 2 years that will prevent serious deterioration of the fabric of the property or associated services, address a medium Health & Safety risk and / or remedy a less serious breach of legislation.

Desirable works required within 3 to 5 years that will prevent deterioration of the fabric of the property or associated services, address a low Health & Safety risk and / or remedy a minor breach of legislation.

Note 3

A (Good): Performing well and operating efficiently and supports service delivery and staff needs.

B (Satisfactory): Has minor problems but generally performs well and supports service delivery and staff needs.

C (Poor): Showing major problems and/or not operating optimally and impedes service delivery and/or staff performance.

D (Bad): Seriously impedes the delivery of services.