



REPORT OF:	THE HEAD OF PROPERTY
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TO:	EXECUTIVE
DATE:	30 June 2016
EXECUTIVE MEMBER:	Councillor Mrs. N.J. Bramhall

KEY DECISION REQUIRED:	YES
WARD (S) AFFECTED:	All

SUBJECT:	ADOPTION OF THE COUNCILS ASSET MANAGEMENT PLAN
RECOMMENDATIONS: To adopt the Asset Management Plan 2016 -2020 set out in Annex 1 to the report.	
REASONS FOR RECOMMENDATIONS: The Council's existing Property Asset Management Plan has come to an end and a new one needs to be prepared and adopted by the Council.	
EXECUTIVE SUMMARY: Reigate & Banstead Borough Council's Asset Management Plan (AMP) for 2016-2020 sets out how the Council intends to manage its property assets over this period in a structured approach to strategic asset management planning and in accordance with the themes and priorities of the Councils overall 5 Year Plan. It also provides a framework for challenging and reviewing the reasons for continuing to hold these assets for the 4 year AMP period which is next due for review at the end of the Councils 5 year plan. Reigate & Banstead owns a property portfolio estimated to be worth approximately £123 million, producing annual income in the region of £1.7m in 2015/16 rising to £2.69m in 2018/2019. Its properties fulfil a number of purposes for the benefit of our communities, they are pivotal to the delivery of services and provision of infra structure for the residents. Increasingly they contribute to maintaining the long term financial stability of the Council thereby keeping Council Tax charges to a minimum. Some are property investments aimed at securing a regular income in order to fund front line services, while key buildings such as the Town Hall, the Harlequin Theatre, Priory Park, and the Council's three Leisure	

Centres enable residents to access popular facilities and services.

In the past five years the Council has delivered key projects including new and refurbished leisure centres in Redhill, Banstead and Horley, parks in Redhill, major regeneration across the borough specifically in Redhill and Preston and a review of the Town Hall site leading to the release of space for office accommodation. Additionally the Council has developed a waste transfer station to support the operational requirements of the organisation.

In the current 5 Year Plan period the Council's Property Team will concentrate on actively managing its property assets to realise income, identify sale opportunities and to bring forward regeneration, investment and development work for the benefit of the borough. This will be in addition to providing a high quality property and facilities management service to support the operational needs of the Council.

The Asset Management Plan will evolve during the 4 Year Asset Plan period and will be reviewed and updated on an annual basis to reflect any changing operational requirements of the organisation or emerging corporate themes.

Executive has authority to approve the above recommendations.

STATUTORY REGULATIONS

1. The Council has no statutory obligation to adopt replace or publish a Property Asset Management Plan. However it is generally accepted good practice.

BACKGROUND

2. Part of the Council's vision for the future set out in its 5 Year Plan is to be an increasingly commercial organisation in challenging economic times. Since 2010 there has been a 40% reduction in the revenue support grant received from Central Government and this is expected to reduce to zero by 2017/2018. The Council therefore intends to take a commercial approach to fees and charges wherever possible and to find new income sources including investment income. These objectives cascade from the Council's 5 Year Plan.
3. The Council's strategic property priorities within the 4 Year Asset Plan is to increase the value of, and income derived from our property portfolio and assets. This will include:
 - Expanding the property investment and development strategy, for the generation of revenue and capital receipts, and resourcing this appropriately;
 - Where building and land assets are surplus to operational or community requirements, bringing these assets forward for the generation of revenue from lettings and capital receipts from development and disposal
 - Investing in new property assets, both inside and outside of the borough, for the generation of revenue and capital receipts;

- Setting up a commercial Local Authority Trading Company to invest in property opportunities; and
 - Entering into appropriate Special Purpose Vehicles, Joint Ventures and Development Management Agreements to achieve the above objectives, potentially exporting the Councils property expertise to other Councils.
4. The Council will also use its property assets to support other of its 5 Year Plan priorities. This will include:
- Supporting residents into employment, encouraging existing businesses to thrive and attracting new businesses to the Borough by facilitating development that supports the economic prosperity of the Borough and regeneration of priority areas;
 - Supporting older people to stay independent and encouraging healthy lifestyles for all residents through ongoing provision and maintenance of our community centre and leisure centre facilities; and
 - In accordance with the emerging Development Management Plan, delivering affordable and other types of housing, employment space and infrastructure.

OPTIONS

5. There are two options:
- (a) Do nothing and do not adopt the plan. This is not the recommended option. .
 - (b) Confirm the Council will adopt the plan.

LEGAL IMPLICATIONS

6. There are none.

FINANCIAL IMPLICATIONS

7. There are no costs associated with the adoption of the Strategic Asset Management Plan. Capital projects, acquisitions and disposals that are brought forward under the plan will be subject to existing and forthcoming separate Executive reports.

EQUALITIES IMPLICATIONS

8. A full Equalities Impact Assessment will be undertaken on each property as required.

OTHER IMPLICATIONS

9. None

CONSULTATION

10. Executive Members have been consulted.

Annexes: Property Asset Management Plan 2016 - 2020.

Background papers: None



Reigate & Banstead
BOROUGH COUNCIL
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Asset Management Plan

2016 - 2020



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Executive Summary

Reigate & Banstead Borough Council's Asset Management Plan (AMP) for 2016-2020 sets out how the Council intends to manage its property assets over this period in a structured approach to strategic asset management planning and in accordance with the themes and priorities of its 5 Year Plan.

It also provides a framework for challenging and reviewing the reasons for continuing to hold these assets for the 4 year AMP period.

Reigate & Banstead owns a property portfolio estimated to be worth approximately £123 million, producing annual income in the region of £1.7m in 2015/16 rising to £2.69m in 2018/2019. Its properties fulfil a number of purposes for the benefit of our communities, they are pivotal to the delivery of services and provision of infra structure for the residents. Increasingly they contribute to maintaining the long term financial stability of the Council thereby keeping Council Tax charges to a minimum. Some are property investments aimed at securing a regular income in order to fund front line services, while key buildings such as the Town Hall, the Harlequin Theatre, Priory Park, and the Council's three Leisure Centres enable residents to access popular facilities and services.

In the past five years the Council has delivered key projects including new and refurbished leisure centres in Redhill, Banstead and Horley, parks in Redhill, major regeneration across the borough specifically in Redhill and Preston and a review of the Town Hall site leading to the release of space for office accommodation. Additionally the Council has developed a waste transfer station to support the operational requirements of the organisation.

In the current 4 Year Plan period the Council's Property Team will concentrate on actively managing its property assets to realise income, identify sale opportunities and to bring forward regeneration, investment and development work for the benefit of the borough. This will be in addition to providing a high quality property and facilities management service to support the operational needs of the Council.

The Asset Management Plan will evolve during the 4 Year Plan period and will be reviewed and updated on an annual basis to reflect any changing operational requirements of the organisation or emerging corporate themes.

Borough Profile

The borough of Reigate & Banstead covers 12,900 hectares, of which 69% is Metropolitan Green Belt. This area is predominantly open countryside and contains part of the Surrey Hills area of outstanding natural beauty, sites of special scientific interest, local nature reserves, conservation areas and listed buildings.

By mid-2014 the borough's population was estimated to be 143,100, with over 83% of 16 to 64 year olds being economically active. Unemployment was lower than 1% in 2015, which is among the lowest in the South East. The largest employment sectors in the borough are: retail and wholesale; human health and social work; education; financial and insurance services. Micro businesses (those with 1-9 employees) make up more than 90% of businesses in the borough. Sixty percent of the workforce, 32,500, commutes in from other areas, whilst almost 36,000 residents commute to employment outside the borough, creating pressure on the local road network.

Reigate & Banstead is a strategic location with good access to London, M25 and Gatwick Airport, which sits just beyond the Reigate & Banstead administrative area to the south. The potential for new strategic employment locations in the Gatwick Diamond area is driving economic prosperity and new jobs, particularly with science and business park development and research and innovation hubs.

None of the borough's local areas fall within the most deprived 10% in the country and only one, located in the Merstham area, falls within the most deprived 20%. There are pockets of deprivation in areas of Preston, Merstham, Redhill, Woodhatch and western parts of Horley.

Links to the Council's 5 Year Plan

Part of the Council's vision for the future set out in its 5 Year Plan is to be an increasingly commercial organisation in challenging economic times. Since 2010 there has been a 40% reduction in the revenue support grant received from Central Government and this is expected to reduce to zero by 2017/2018. The Council therefore intends to take a commercial approach to fees and charges wherever possible and to find new income sources including investment income. These objectives cascade from the Council's 5 Year Plan.

The Council's strategic property priorities within the 4 Year Plan is to increase the value of, and income derived from our property portfolio and assets. This will include:

- Expanding the property investment and development strategy, for the generation of revenue and capital receipts, and resourcing this appropriately;
- Where building and land assets are surplus to operational or community requirements, bringing these assets forward for the generation of revenue from lettings and capital receipts from development and disposal;
- Investing in new property assets, both inside and outside of the borough, for the generation of revenue and capital receipts;
- Setting up a commercial Local Authority Trading Company to invest in property opportunities; and

- Entering into appropriate Special Purpose Vehicles, Joint Ventures and Development Management Agreements to achieve the above objectives, potentially exporting the Councils property expertise to other Councils.

The Council will also use its property assets to support other of its 5 Year Plan priorities. This will include:

- Supporting residents into employment, encouraging existing businesses to thrive and attracting new businesses to the Borough by facilitating development that supports the economic prosperity of the Borough and regeneration of priority areas;
- Supporting older people to stay independent and encouraging healthy lifestyles for all residents through ongoing provision and maintenance of our community centre and leisure centre facilities; and
- In accordance with the emerging Development Management Plan, delivering affordable and other types of housing, employment space and infrastructure.

Asset Strategy

The primary aims of the Asset Management Plan are to:

- Manage assets in the most cost effective way (where possible reducing costs) and in line with the Council's Medium Term Financial Strategy;
- Minimise the opportunity cost of holding land and buildings and to protect and optimise the value of Council assets;
- Ensure that assets contribute to the process of service improvements;
- Ensure an explicit, coordinated approach to asset management across the authority, reflecting service needs;
- Ensure that assets are managed to meet all regulatory and statutory requirements;
- Manage assets according to best environmental practices;
- Provide a financial return through the investment property portfolio and sales of surplus assets;
- Facilitate regeneration through partnerships in developments;
- Support a planned maintenance programme; and
- Ensure that strategic joint venture arrangements, special purpose vehicles and development management agreements are utilised where most appropriate.

The Property Team will be working to achieve these objectives over the next 5 years, which is the period of this Plan.

Asset holdings will be considered in a wider context than the main service use of the asset; for example, we will actively use property to shape places or to deliver economic, environmental and social outcomes.

Asset register

The current asset base is categorised, in accordance with CIPFA guidelines, as follows:

- Operational property
- Non-operational property

- Investment property
- Community assets
- Properties held for disposal.

The full list of Council assets is published annually, in accordance with the Local Government Transparency Code, on the Council's Website:

http://www.reigate-banstead.gov.uk/downloads/download/582/asset_register_dataset

Operational assets

The strategic objectives for operational assets are that they should be:

- Able to allow customers to access the service and any other related services of partners (where co-located) and suitable for staff to deliver these services;
- In good condition to the extent that services can be provided from them in a comfortable environment for both staff and customers without interruption;
- Suitable and fit for the purpose for which they are being used in terms of size, type and layout of accommodation – including accessible to people with disabilities;
- Flexible to the extent that they can be adapted economically to adjust to changing service needs, including sharing with partners in service delivery;
- Able to achieve a balance between efficiency in operation, running costs and long term sustainability;
- Able to contribute positively to the immediate environment, particularly where there is a need for physical regeneration of the locality; and
- Maintained in such a way so as to minimise reactive maintenance and risk by improving planned maintenance arrangements.

The plan seeks to ensure that the Council delivers the best financial value from its portfolio by using property to deliver service efficiencies and reduce running costs. For example, the new building and continued essential refurbishment of part of the Earlswood Depot has ensured that the site remains fit for purpose, reduces running costs, maximises opportunities for co-location with other key agencies and improves the environmental performance of the site.

Non-operational assets

The strategic objectives for non-operational assets are that they should be:

- Able to make the maximum contribution to service revenue budgets in terms of rental income at the minimum risk and expenditure; or
- Able to make a positive contribution to the social wellbeing of the community either through its presence as a heritage asset or through use by others such as voluntary groups, charity organisations or small businesses; or
- Acquired, disposed of or developed for reasons of strategic importance, such as to influence the physical and economic regeneration of the Borough.

S123 of the Local Government Act 1972 is a statutory requirement that requires the Council, except in limited circumstances, to obtain best consideration for lettings or disposals.

Accordingly, all third party lettings are on market terms. If financial assistance is provided it is done so through the Council's rental grant subsidy system and is therefore a transparent means of supporting qualifying organisations.

Investment property

These assets are generally let on full repairing and insuring terms with the Council collecting the income, but either having no liability for repairs and maintenance, or recovering the expenditure via a service charge.

Community assets

These include community centres, parks/open spaces and pavilions. Some of these are let to community groups such as scouts or football clubs. The net income received from these assets is minimal and the Council often has responsibility for repair and maintenance of the building or land.

Properties held for disposal

These assets are held for disposal because they are surplus to operational or community requirements. In being held for disposal they will be assessed for realising the best capital receipt whether that is for example from a straight disposal, disposal with conditions or disposal with overage conditions.

Prior to disposal the asset will be assessed for opportunities around capital receipt for example obtaining a relevant Planning consent or resolution.

Approach to Acquisition and Disposal

The objectives to be achieved from any asset acquisition are that it should provide one or more of the following benefits and that the benefits should be more valuable than the cost of acquisition:

- A demonstrable contribution towards the delivery of the Council's priorities and the provision of its services;
- A strategic acquisition for redevelopment or tactical purposes;
- To facilitate regeneration, economic development; or
- To generate capital receipts and/or revenue income.

For example, the Council has in recent years actively acquired a number of interests where added value or corporate objectives can be achieved. These include:

- Acquisition of the long leasehold interest of the building currently occupied by Marks & Spencer in Reigate High Street;
- Acquisition of a long leasehold interest in a parade of shops in High Street, Redhill; and
- Acquisition of a long leasehold interest in an industrial site at Pitwood Park, Tadworth.

In each of these cases the Council already owned the freehold interest and has either achieved an increased income stream or has acquired the interest for development purposes.

Where surplus capacity in property or land is identified, its future use or disposal will be considered in accordance with the Council's priorities and within the planning framework. Where appropriate the opportunity to share with partner organisations will also be explored as part of the options appraisal process.

Where property is placed on the disposals schedule for review, consideration will be given to leasehold or freehold disposal, and if the latter, further consideration will be given to the consequences of the piece of land or property not being subject to the Council's control in terms of

standard of care, maintenance etc., by the inclusion, where appropriate, of covenants in the contract to maintain the required standards of care.

Regeneration

In recognition of several drivers which include supporting the Council's 5 Year Plan the Council is willing and able to act as a developer where this furthers its strategic objectives and the aims of the Asset Management Plan.

The Preston and Merstham estates are two areas requiring support and the Council has recognised the need to improve their economic health and well-being.

Major regeneration objectives at Preston have already been achieved by the completion of the new Tadworth Leisure and Community Centre, new Phoenix Youth Centre, improvements to Preston Park and the ongoing development of 130 new homes on parts of the old recreation ground.

Development is also underway at Merstham to provide a new community hub, convenience store, shops, restaurants and residential accommodation.

The Council is continuing to work on an ongoing basis with public and private sector partners and the voluntary sector to achieve the regeneration required in these and other areas. The regeneration of Redhill and Horley town centres is helping to provide pleasant and sustainable town centres for the Borough's residents in terms of economic competitiveness, vibrant retail offers and reliable transport links.

The Council's specific aims are to:

- Use its land as a catalyst for regeneration;
- Improve the social, economic and environmental well-being of the borough;
- Explore innovative opportunities for strategic site assembly to further the Regeneration aims above;
- Enable the creation of jobs across the spectrum and access to employment; and
- Ensure that design and sustainability are taken into account.

These aims are supported and complemented by the Council's Economic Development Framework 2015-2020, the priority of which is to encourage existing businesses to thrive and grow within Reigate & Banstead and attract new businesses to the borough.

Programmed Planned and Reactive Maintenance

Management of the Council's property maintenance programme, condition surveys and project management of small to medium size construction projects is carried out by the Property Services team. This team incorporates Facilities Management, with responsibility for the day to day running of the buildings to support and enable ongoing service delivery. The team is augmented by external consultants when specialist advice or additional resources are required.

Compliance with numerous statutory requirements relating to maintenance and management of properties are dealt with in-house, augmented by external consultants when specialist advice is required. The main legislative areas covered are:

- Disability Discrimination Act;

- Control of Asbestos Regulations;
- Health and Safety at Work Act;
- Environment Protection Act (contaminated land);
- Control of Substances Hazardous to Health Regulations (Legionella);
- The Regulatory Reform (Fire Safety) Orders;
- Gas safety and fixed wire testing;
- Fire risk assessments; and
- Lifts and Lifting Operations Lifting Equipment Regulations (LOLER).

Health and Safety schedules have been checked and updated, with all due inspections and certifications in hand.

A rolling five year programme of condition surveys, regular inspection of the properties and liaison with service managers determines the revenue and capital budgets required over the medium term.

The Property team's intention is to reduce reliance on capital to fund planned and reactive maintenance, through continued aggregation of planned maintenance contracts and efficient re tendering of services that the Council purchases from external contractors.

Budgets for, and the cost of, repairs and maintenance are split between planned maintenance and reactive maintenance in order to monitor and measure the progress of improving the proportion of expenditure on the former at the expense of the latter.

All procurements are undertaken in accordance with the Council's Contract Procedure Rules and making use of the Council's E-Procurement system, "In-Tend". This approach ensures both compliance with legislation governing public sector procurement and an open and competitive process for securing the most economically advantageous terms.

Asset Management Procedures

The implementation of the Asset Management Plan is led by the Portfolio Holder for Property and Regeneration and on a day to day basis by the Head of Property and the Property team. Review of the plan and strategic proposals are discussed and agreed by the Management Team and reported to Members as necessary.

The implementation of the plan is enacted using a combination of formal Executive approvals and the use of delegated authority by the Chief Executive, Head of Finance and the Head of Property.

The delegations that are vested in the above officers are set out in the Officer Scheme of Delegation that forms part of the Council's Constitution. This can be viewed on the Council's website: <http://www.reigate-banstead.gov.uk/downloads/file/608/constitution>.

The delegations provided in the Scheme do not overrule the Key Decision requirements for expenditure of £250,000 including the 28 Day Notices, decisions in public and a public record of these decisions.

The main service links are with:

- Legal Services, who provide advice and support on all property related matters;
- Finance, where property related expenditure and income, including projected capital receipts, are fed into the Medium Term Financial Strategy;

- Economic Regeneration, where plans are formulated that will stimulate regeneration; and
- Policy and Planning where new developments are only taken forward that are backed by robust decision making and sound planning.

The Council's medium term capital programme over the next three years totals £22 million. A summary of the programme and the funding is set out in Appendix C. Schemes with implications for asset management are highlighted.

The Council's property management software comprises the property databases T F Facility and SharePoint, which include details of all property assets with their related leases, licences and other agreements.

Rent reviews, lease renewals, development appraisals, asset valuations, property inspections, asset reviews, suitability surveys, and property purchases and disposals are carried out by the Property Services Team. All rent reviews and lease expiries are prioritised according to the potential for rental uplift.

Specialist advice is sought from external consultants as required.

Financial reports are completed monthly in order that capital expenditure is continually up to date with regard to the budget position and any changes are reported to senior management and Executive Members as necessary.

Performance Management

Performance management is used to measure, assess and improve both corporate and service performance. Performance is regularly monitored in the following categories: financial, project performance against criteria of time/cost and quality, day-to-day service delivery, key human resource indicators and corporate priorities and objectives set out in the Council's 5 Year Plan and strategic action plans.

Progress and performance against the action plan contained within the service plan is monitored by the Head of Property in conjunction with the relevant Executive Member on an approximately monthly basis to ensure that the service is on target to achieve outcomes. Performance is reported to the Management Team, Leader's meeting, Overview & Scrutiny Committee and the Executive quarterly.

The Asset Management Plan (AMP) 2015 – 2020 will be updated on an annual basis so that it continually reflects any decisions of the Executive and Full Council during the AMP period, for example where new sites that are being acquired and /or being brought forward for development.

Risk Management

The identification and management of risk is an integral component of the Council's operations. The Council's Strategic and Operational Risk Registers incorporate risks related to this AMP and the Corporate Asset Strategy. These registers are under ongoing review and are monitored quarterly.

APPENDIX A

Action Plan

Action	Programme	Resources	Key performance measure
Reassessment of corporate assets through a 'fit for purpose' review with a view to identifying development opportunities and surplus assets for disposal.	Review to take place annually	Property Services Team	Sites progressed to completion and generation of revenue income or capital receipts
Review and renew cyclical maintenance contracts.	Reviews as contracts are nearing completion	Facilities Officer	Contract cost savings and improved value for money
Progress strategic and property projects in accordance with the Council's expectations.	Ongoing	Relevant Asset Manager	Completion of projects on time and within budget
Continuing move towards programmed planned maintenance from reactive maintenance.	Preparation of 4 year rolling programme following condition surveys.	Building Surveyors	Budgets aligned increasingly to programmed planned Maintenance

APPENDIX B

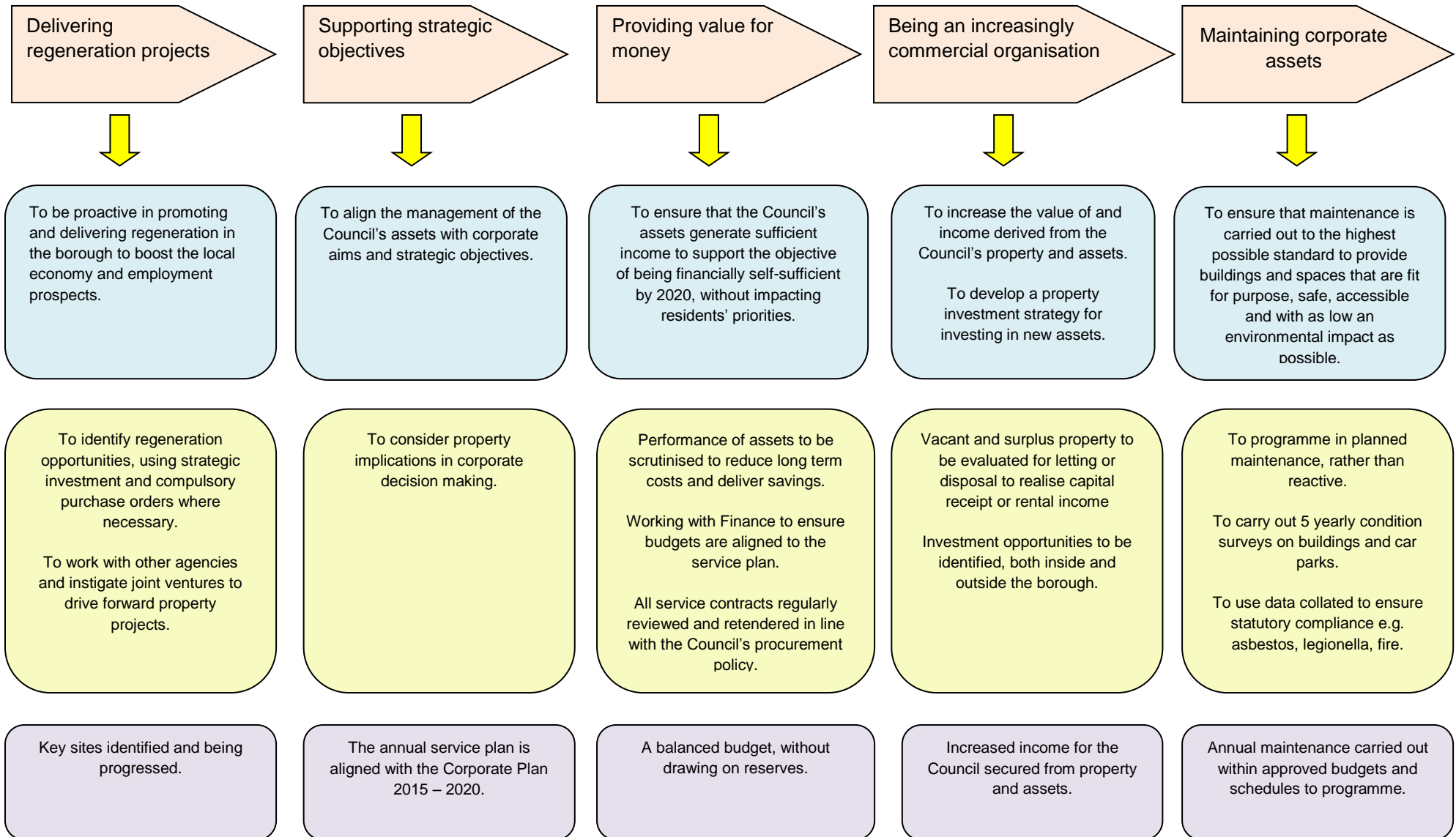
Annex 1

Projected Capital Programme 2016/17 to 2020/21

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
CAPITAL RESOURCES: SUMMARY						
Capital Reserves as at 1st April	20,924.7	14,359.6	11,916.6	5,553.1	9,145.1	7,965.1
Planned Capital Receipts	7,978.5	7,578.0	637.5	5,300.0	0.0	0.0
CIL / s106 Funding	2,418.0	195.0	46.0	0.0	0.0	0.0
New Homes Bonus	104.0	0.0	0.0	0.0	0.0	0.0
Other Capital Grants & Contributions:						
Disabled Facilities Grant	472.0	472.0	472.0	472.0	472.0	472.0
Surrey County Council*	2,498.0	374.0	0.0	0.0	0.0	0.0
Raven Housing Trust	1,217.0	27.0	0.0	0.0	0.0	0.0
Sports Lottery	15.0	0.0	0.0	0.0	0.0	0.0
Other Grants	210.0	9.0	0.0	0.0	0.0	0.0
Contributions from Revenue	500.0	500.0	500.0	500.0	500.0	500.0
Total Receipts During Year	15,412.5	9,155.0	1,655.5	6,272.0	972.0	972.0
Less: Capital Expenditure	21,977.6	11,598.0	8,019.0	2,680.0	2,152.0	2,851.0
Capital Reserves as at 31st March	14,359.6	11,916.6	5,553.1	9,145.1	7,965.1	6,086.1

APPENDIX C

Reigate & Banstead Borough Council – Corporate Asset Strategy 2015 - 2020



Our aim is to maximise the value of the Council's assets to provide income for the Council and for the benefit of the people of Reigate & Banstead

Key objectives	Key drivers	Delivery mechanisms	Performance measures
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