



Reigate & Banstead
BOROUGH COUNCIL
Banstead | Horley | Redhill | Reigate

Asset Management Plan

2023 - 2028



Reigate & Banstead Borough Council

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Cover Page Photos (Clockwise from top left)

Pavilion café, Redhill Memorial Park

Aerial view of part of Priory Park Reigate including the Pavilion café

Tadworth Sports and Community Centre

The Town Hall, Reigate

Executive Summary

Reigate & Banstead Borough Council's Asset Management Plan for 2023-2028 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 "Reigate & Banstead 2025" five-year plan (the Corporate Plan).

Reigate & Banstead owns a property portfolio valued at just under £180 million that produced an annual income of just over £5 million in the 2021/22 financial year. Its properties fulfil a number of purposes for the benefit of our communities. They are pivotal to the delivery of services and provision of infrastructure for the residents. Increasingly, income from property also contributes to maintaining the long term financial stability of the Council.

Some of these properties are commercial properties that deliver a regular income that helps 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 Corporate Plan period the Council's Property team will concentrate on actively managing its property assets to enable services to be provided, and to provide buildings and other facilities for the use of residents, business, and the voluntary sector, as well as generating an income stream. 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 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 12,914 hectares, of which around 70% 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.

The borough is recognised as a relatively affluent area with a buoyant local economy. Economic activity is concentrated predominantly in the central urban areas of Redhill and Reigate.

Almost 80% of the working age population within the borough is economically active. However, as a result of the economic downturn, unemployment has risen and is currently one of the highest in Surrey. Reigate & Banstead has a well-qualified population with the percentage of residents with no qualifications significantly lower than the national average.

Commuting within the borough is high. According to latest figures, more than 27,000 people commute into the borough and 34,000 of our residents commute out, making Reigate & Banstead a net exporter of labour.

The borough benefits from its location in relation to the M23/A23 corridor linking London to the south coast and proximity to both the M25 and Gatwick Airport. The borough is also part of the Gatwick Diamond economic sub-region.

As a result of this strategic location and the high quality of the local environment, the borough has attracted a number of major national and international companies. In terms of commercial premises, the latest Valuation Office Agency statistics show that there are over 1,200 retail outlets, 800 offices, 350 Industrial and 350 warehouse units in the Borough with a total floorspace of around 900,000 square metres.

Asset Management Plan Objectives

The primary aim of the Asset Management Plan is to make the best use of the Council's assets in order to deliver high quality services and to deliver the priorities in the Corporate Plan. In order to achieve this, our objectives are to:

- Manage assets in a cost effective and sustainable manner;
- Invest in our assets when required to ensure they remain fit for purpose and contribute towards the Council's environmental sustainability objectives;
- Continue to implement a programme of planned maintenance;
- Ensure that assets are managed to meet all regulatory and statutory requirements;
- Minimise the opportunity cost of holding land and buildings and to protect and optimise the value of Council assets;
- Ensure that operational assets contribute towards the process of service improvements;
- Provide the optimum financial return from the commercial property portfolio and from the sale of surplus assets;
- Where possible, and where supported by evidence of need or demand, take the opportunity to diversify the Council's portfolio interests by changing or expanding the use of existing assets.

The Property Services team will be working to achieve these objectives over the period of this Plan.

Associated Plans and Strategies

This Asset Management Plan supports and links to the Council's Corporate Plan, Commercial Strategy, Medium Term Financial Plan, Capital Investment Strategy and Environmental Sustainability Strategy.

The Corporate Plan includes strategic property priorities that are linked to the Council's vision to generate additional income and to build financial resilience so that it can sustain services.

In order to deliver these objectives, the Council has put in place the Commercial Strategy which has been developed in the context of the growing funding gap that has resulted from the impact of the current local government funding regime combined with increased budgetary pressures.

Part 1 of the Commercial Strategy explains about the commercial activity that the Council is proposing to undertake. It sets out the overall direction and parameters for our commercial activity, which includes making best use of our property assets by increasing capital and revenue returns.

Part 2 of the Commercial Strategy provides more detail about implementation, specifically in relation to investment activity. This implementation plan, included as Appendix A of this document, explains the different types of commercial activity that the Council will consider. These include:

- Developing a project pipeline to establish new income streams from asset activity;
- Ensuring that existing income streams are maintained and where possible increased and;
- Ensuring that assets that cost us money are repurposed, redeveloped or disposed of.

The Council's Capital Investment Strategy sits alongside the Commercial Strategy and details the Council's objectives, principles and priorities for capital expenditure and investment in operational and non-operational assets.

The Capital Investment Strategy also sets out the Council's capital expenditure plans for 2022/23 to 2026/27, which include an £11.2 million Property Services capital programme.

A copy of the full Capital Programme is attached as Appendix B to this document.

Asset Portfolio

The current asset base is categorised, in accordance with CIPFA guidelines, as either Property, Plant and Equipment (PPE) or Investment Property.

PPE comprises operational assets and non-operational assets:

- operational assets comprise Council offices, depots, leisure centres, some commercial property and all other (non-investment) land and buildings owned by the authority.
- non-operational assets comprise surplus assets or assets under construction.

Investment Property are assets held solely to earn rentals or for capital appreciation and that make no other contribution to the Council's corporate objectives. 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.

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

Strategic Objectives for Assets

The Council's strategic objectives for its assets are that they should be:

- Able to:
 - allow customers to access council services and any other related services of partners (where co-located) and suitable for staff to deliver these services; or
 - make a positive contribution to the social wellbeing of the community; or
 - contribute to service revenue budgets in terms of rental income at minimum risk and expenditure.¹
- 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 needs.
- Able to contribute towards the Council's sustainability objectives whilst maintaining operational viability.
- Maintained in such a way so as to minimise reactive maintenance.

Approach to Acquisition and Disposal

Where it is possible and appropriate to acquire property, the Council will do so in accordance with the CIPFA Prudential Code for Capital Finance in Local Authorities and the CIPFA Code of Practice for Treasury Management.

These codes stipulate that the Council is not allowed to borrow to invest solely for financial return. It is able to borrow in order to generate income if the income stream (or capital gain) is incidental to the primary reason for the investment. This limits the Council's ability to generate income from capital investment to activities such as regeneration and housing.

The Council will therefore focus on asset activities that deliver corporate objectives (such as housing, environmental or place-shaping projects) whilst also maximising opportunities to generate income streams where this does not compromise those objectives. To ensure that investment is consistent with our core responsibility as a local authority to support the local economy, the Council will only invest in property within the borough, or close to the borough border in the event that the investment secures a benefit for borough residents.

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 assets 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

¹ 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.

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

Asset Management Systems and Processes

The Council's uses TF Facility asset and property management software, which contains details of all the Council's property assets plus related lease, licence, and other property agreement information. Other property-related data is held in a SharePoint database.

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

Advisory Services

Specialist advice and services are procured from external consultants as required.

External valuers are contracted to provide annual asset valuations for the Council's Statement of Accounts, normally for a five-year rolling programme of valuations to include separate valuations for buildings insurance purposes.

Specialist valuers are also appointed to check, and where necessary to challenge and appeal, the rateable values of Council-owned property for which business rates are payable.

Additional ad-hoc valuations and advice is obtained in order to inform negotiations for the acquisition or disposal of property and to validate the terms agreed.

External agents are also appointed to advise and represent the Council in the marketing of commercial property and in the negotiation of commercial and specialist property rent reviews and lease renewals in order to ensure that the best terms are agreed.

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 are carried out by the Property Services team. This team incorporates Facilities Management, which has responsibility for the day to day running of the buildings to support and enable ongoing service delivery.

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

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

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 aim 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 repairs and maintenance are split between planned maintenance and reactive maintenance in order to monitor and measure the progress with improving the proportion of expenditure on the former in order to reduce the latter.

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

Audit and Performance Monitoring

Performance monitoring and audit is used to measure, assess, and improve both corporate and service performance.

As an example, an internal audit of non-housing property management & maintenance that reported in June 2022 made recommendations that will result in an improvement in third party contractor performance management.

The audit report noted a risk that poor contractor performance could go unnoticed. As a result, a performance management checklist has been established to enable recording of the outcomes of contract monitoring meetings. It is also intended to introduce a post-completion inspection regime to ensure that a 10% sample in completed works is inspected as a quality check.

The audit also noted the Council did not maintain a central log of reactive (unplanned) repairs. The team has subsequently designed and implemented software system to log key information including repair request dates, request originators and completion dates.

Progress and performance against the action plan contained within the Property service plan is monitored by the Property Services Manager with regular updates to the Portfolio holder for Investment & Companies.

This reviewed on an approximately monthly basis to ensure that the service is on target to achieve outcomes. Performance is reported quarterly to the officer Corporate Governance Group, and to Members of the Commercial Ventures Executive Sub-Committee.

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 Plan.

These risk registers are monitored quarterly and reported to the Audit Committee and Executive.

Implementation and Review

The implementation of the Plan is enabled by a combination of formal Executive approvals and delegated authorities to the Managing Director, Chief Finance Officer, and the Property Services Manager.

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>.

These delegations do not override the requirement for Key Decisions in respect of significant expenditure or contracts in excess of £250,000 or the requirements for 28 Day Notices, decisions in public and a public record of these decisions.

In implementing the Plan, Property Services works closely with the Legal Services team, who provide advice and support on all property related matters, and the Finance team, who ensure that property related expenditure and income, including projected capital receipts, are reported in the Revenue Budget, Capital Programme and Medium Term Financial Plan.

In order to maintain this Asset Management Plan up to date, it will be subject to annual review. This review will be led by the Portfolio Holder for Investment and Companies and members of the Commercial Ventures Executive Sub Committee.

Commercial Strategy Part 2 Summary: 'Plan on a page'

The context:

1. The impact of the **current local government funding regime** along with **increased budgetary pressures** means that the Council is facing a **growing funding gap**.
2. This means that the Council itself will need to **generate income in order to continue to fund services**.
3. At the same time a **tighter local government borrowing regime** is placing **restrictions on investing purely for yield**.
4. Together this means that we need to **review and evolve our commercial approach**.

Our proposed commercial approach:

1. A **project pipeline** to establish **new income streams** from asset activity while also **delivering broader corporate objectives**.
2. Ensure that **existing income streams** we already rely on from our assets are **maintained and where possible increased**; and that we **repurpose, redevelop or dispose** of those assets that cost us money.
3. **Invest in new assets** to secure income or deliver savings whilst also delivering corporate priorities.
4. Continue to **sell or trade services where we already do this**; and **look to introduce new trading activity** where this aligns with our local government remit and areas of expertise.
5. Take a **more commercial approach to fees and charges**.

Ensuring robust and transparent decisions:

1. Take an **evidence based approach** and apply our **established project management framework**, including risk management, benefits tracking and 'lessons learned' and an enhanced approach to **financial business cases**.
2. Take account of **overall asset portfolio balance** and the need to **manage the impact of trading activity** on core services and activities.
3. Use the **Commercial Ventures Executive Sub-Committee** to take formal decisions about commercial investment, and continue to use the **Commercial Governance Framework**.
4. Quarterly **commercial income reporting** to Overview & Scrutiny, continued provision of **project dashboards** to members, and quarterly **updates on portfolio performance** to CVESC.

Funding commercial activity:

1. **Revenue funding** agreed annually via budget process or via earmarked reserves
2. **Project feasibility funding** available from the Feasibility Studies Reserve
3. **Capital funding** via the annual Capital Programme and in agreement with the CVESC

CAPITAL PROGRAMME 2022/23 to 2026/27

CAPITAL PROGRAMME 2022 to 2027 - DETAILS							
	2021/22 Bfwd	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£m	£m	£m	£m	£m	£m	£m
ORGANISATION SERVICES							
PROPERTY SERVICES							
Rolling Property Maintenance Programmes							
Forum House, Brighton Road Redhill	0.170	0.100	0.150	0.150	-	0.100	0.670
Beech House, London Road, Reigate	3.000	-	-	-	-	-	3.000
Unit 61E Albert Road North	0.062	0.200	0.012	0.012	-	0.075	0.360
Regent House, 1-3 Queensway Redhill	0.075	0.100	0.090	0.090	-	0.090	0.445
Linden House, 51B High Street Reigate	0.028	0.029	0.012	0.012	-	0.015	0.095
Units 1-5 Redhill Distribution Centre Salfords	0.057	0.058	0.017	0.017	-	0.025	0.174
Crown House	0.210	0.075	0.075	0.075	-	0.075	0.510
Tenanted Properties	0.100	0.100	0.100	0.100	-	0.100	0.500
Tenanted Property Assets	0.060	0.076	0.076	0.076	-	0.076	0.364
Operational Buildings	0.260	0.110	0.095	0.080	-	0.080	0.625
Priory Park	0.213	0.010	0.010	0.030	-	0.050	0.313
Public Conveniences	0.017	0.004	0.004	0.020	-	0.095	0.140

CAPITAL PROGRAMME 2022 to 2027 - DETAILS							
	2021/22 Bfwd	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£m	£m	£m	£m	£m	£m	£m
Infra-structure (walls)	0.026	0.060	0.010	0.060	-	0.020	0.176
Allotments	0.030	0.012	0.012	0.022	-	0.012	0.088
Cemeteries & Chapel	0.060	0.020	0.020	0.040	-	0.020	0.160
Pavilion Replacement – Woodmansterne	0.020	-	-	-	-	-	0.020
Leisure Centre Maintenance	0.017	0.210	0.190	0.030	-	0.175	0.622
Existing Pavilions Programme	0.168	0.050	0.050	0.050	-	0.150	0.468
Car Parks Capital Works Programme	0.358	0.190	0.195	0.170	-	0.075	0.988
Earlswood Depot/Park Farm Depot	0.052	0.020	0.020	0.020	-	0.050	0.162
Community Centres Programme	0.034	0.075	0.067	0.065	-	0.125	0.366
Harlequin Property Maintenance	0.206	0.110	0.120	0.100	-	0.100	0.636
Building Maintenance - Capitalised Staff Costs	-	0.028	0.028	0.028	0.028	0.028	0.140
Massetts Road – Property Rolling Programme	-	0.021	0.021	0.021	0.021	0.021	0.105
Housing Temp/Emergency Repairs	-	-	-	-	-	0.037	0.037
Total	5.223	1.657	1.373	1.267	0.049	1.594	11.164
IT SERVICES							
Rolling Investment Programmes:							
ICT Replacement Programme	0.224	0.200	0.200	0.250	0.200	0.200	1.274
Replacement Photocopiers/ Printers	-	-	0.060	-	-	-	0.060
Total	0.224	0.200	0.260	0.250	0.200	0.200	1.334

CAPITAL PROGRAMME 2022 to 2027 - DETAILS							
	2021/22 Bfwd	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£m	£m	£m	£m	£m	£m	£m
ORGANISATIONAL DEVELOPMENT							
Workplace Facilities: Estate/Asset Development	0.452	0.250	0.250	0.250	-	-	1.202
Environmental Strategy Delivery							
Environmental Strategy Delivery	0.250	-	-	-	-	-	0.250
PEOPLE SERVICES							
HOUSING							
Grant-Funded Schemes							
Disabled Facilities Grant	-	1.134	1.134	1.134	1.134	1.134	5.670
Home Improvement Agency (Part Grant Funded)	-	0.120	0.120	0.120	0.120	0.120	0.600
Handy Person Scheme (Housing Assistance Programme)	-	0.050	0.050	0.050	0.050	0.050	0.250
Lee Street Bungalows	0.327	-	-	-	-	-	0.327
Cromwell Road Development	0.150	-	-	-	-	-	0.150
Pitwood Park Development, Tadworth	0.043	-	-	-	-	-	0.043
Total	0.519	1.304	1.304	1.304	1.304	1.304	7.039
LEISURE & INTERVENTION							
Harlequin - Service Development	0.172	0.100	0.100	0.100	0.100	0.100	0.672
COMMUNITY PARTNERSHIPS							

CAPITAL PROGRAMME 2022 to 2027 - DETAILS							
	2021/22 Bfwd	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£m	£m	£m	£m	£m	£m	£m
Rolling Maintenance Programmes							
CCTV	0.075	0.030	-	-	-	-	0.105
PLACE SERVICES							
NEIGHBOURHOOD OPERATIONS							
Rolling Maintenance/Investment programmes							
Vehicle Wash Bay Replacement	0.350	-	-	-	-	-	0.350
Vehicles & Plant	0.182	1.056	0.448	0.565	0.578	0.562	3.391
Play Areas Improvement	-	0.230	0.230	0.230	0.230	0.230	1.150
Air Quality Monitoring Equipment	-	0.040	0.040	0.040	0.065	0.065	0.250
Parks & Countryside – Infrastructure & Fencing	-	0.045	0.045	0.045	0.045	0.045	0.225
Workshop Refurbishment	-	0.160	-	-	-	-	0.160
Contribution to Surrey Transit Site	0.127	-	-	-	-	-	0.127
Land Flood Prevention	-	0.011	0.011	0.011	0.011	0.011	0.053
Total	0.659	1.542	0.774	0.891	0.929	0.913	5.708
PLACE DELIVERY							
Marketfield Way (The Rise) Redevelopment	6.986	15.100	-	-	-	-	22.086
Horley Public Realm Improvements - Phase 4	0.575	-	-	-	-	-	0.575
Merstham Recreation Ground	1.419	-	-	-	-	-	1.419

CAPITAL PROGRAMME 2022 to 2027 - DETAILS							
	2021/22 Bfwd	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£m	£m	£m	£m	£m	£m	£m
Redhill Public Realm Improvements	0.030						0.030
Pay on Exit Car Parking, Horley	0.052	-	-	-	-	-	0.052
Preston – Parking Improvements	0.348	-	-	-	-	-	0.348
Total	9.410	15,100	-	-	-	-	24.510
Economic Prosperity - Vibrant towns & villages	-	0.100	0.100	0.100	-	-	0.300
TOTAL APPROVED CAPITAL PROGRAMME	16.983	20.283	4.161	4.162	2.581	4.110	52.280