

Taunton Deane Borough Council

Executive - 4 December 2013

Asset Strategy Report

Report of the Corporate and Client Services Manager

(This matter is the responsibility of Executive Councillor Cavill)

1. Executive Summary

The report outlines the background, approach and recommendations from the Asset Strategy project.

A proposed new Asset Strategy and Decision Making Framework is proposed, which is aimed at making the best use of our property assets in future in order to help achieve financial sustainability and the delivery of corporate objectives.

The report also outlines an action plan, including additional resource requirements, to enable the delivery of the new Asset Strategy.

2. Background

- 2.1 Central Government have provided a clear direction to local authorities to make better use of property assets in order to minimise Council Tax increases and protect services.
- 2.2 The Peer Review undertaken during 2012 identified the need for us to make better use of our Property assets.
- 2.3 On 16 January 2013 the Executive formally adopted a new Asset Management Plan (AMP). It was understood when adopted that the AMP was a relatively low level plan, which largely set out the approach to our existing property assets. Consequently the adoption of the AMP was subject to a more detailed and strategic review of our approach to asset management being undertaken following the agreement of the Corporate Business Plan.
- 2.4 The Corporate Business Plan, which was agreed by Full Council on 4 March 2013, included an action to commission a review of our approach to managing our property assets. The purpose of this review is to identify and implement a new Asset Strategy which will assist the Council in achieving financial sustainability. The Business Plan recognised that to achieve this objective we needed to bring in specialist external expertise to assist us in developing the new Asset Strategy.

2.5 On 15 May 2013 Full Council agreed to a recommendation by Cllr Cavill to appoint external expertise to work with us to develop the new Asset Strategy and Decision Making Framework. Following a procurement exercise Bob Baber Associates were appointed in August 2013 and commenced work immediately.

3. The objectives of the Asset Strategy project

3.1 The objective of the review is to develop a new Asset Strategy, which maximises the return from our assets (both financially and in terms of delivery of our corporate objectives) and which provides a clear decision making framework for future property asset decisions.

3.2 Specifically the new Asset Strategy and decision making framework will:

- i) Ensure we make best use of our property assets to deliver our corporate objectives and to help deliver financial sustainability;
- ii) Clearly articulate the balance between financial return and wider objectives;
- iii) Clearly reflect the Council's appetite for risk and reward; and
- iv) Provide a clear framework for future decisions about acquisitions and disposals, with appropriate levels of delegations regarding decisions.

3.3 Once agreed by Members the new Asset Strategy and decision making framework will need to be applied to our existing asset portfolio and future acquisitions and disposals.

3.4 The new Asset Strategy will encompass our approach to all of our non-housing property assets, although certain HRA assets (e.g. shops) will be included within the scope. The Asset Strategy project overlaps with and has helped to inform other projects such as the Accommodation and Customer Access Project.

3.5 The project was not intended (and has not) involved a detailed review of our existing asset portfolio.

4. Approach to developing the new Asset Strategy

4.1 The development of the strategy has been led by Keith Jones from Bob Baber Associates.

4.2 A two stage approach has been adopted to developing the new strategy.

4.3 The first stage involved data collection and meetings with key stakeholders to understand the current position and our aspirations for the future. Specifically this has involved:

- i) The collation and review of key documents such as the Asset Management Plan (AMP), Corporate Business Plan, Service plans, property records, financial information and reports, Council reports etc

- ii) Meetings with key stakeholders such as the Corporate Management Team, the DLO, Housing, Finance, Property Services, Legal Services, Economic Development, Project Taunton, the Customer Access & Accommodation project
- iii) Workshop sessions with Members (which were held on 10 & 17 September 2013)

4.4 The second stage has involved the detailed analysis of the information collected, stakeholder and Member feedback in order to inform the draft strategy and decision making framework.

5. Key elements of the proposed Asset Strategy

5.1 The research undertaken to inform the new strategy has identified a number of key issues. These are outlined in detail in the draft strategy document, but are summarised below:

- i) The acute financial pressures on the Council to which the property portfolio will need to respond;
- ii) The need for improvement in property data, especially financial data, to enable fact based decision making;
- iii) A potential lack of capacity to implement the Asset Strategy;
- iv) A need to re-organise the way property is strategically managed and strategic property recommendations and decisions are made in the Council;
- v) The need for a more rigorous analysis of the reasons for holding property
- vi) The need for a more rigorous analysis of the degree to which each property contributes to the Council's objectives
- vii) The need for a rapid and systematic review of all the Council's property to make the property portfolio more sustainable, to make it more focussed on the Council's priorities and to reduce net revenue expenditure.
- viii) In particular:
 - a. To reduce the size of the operational portfolio, by undertaking service/property reviews of each property category
 - b. To dispose of property for which there is no clear reason for holding it or where its contribution to corporate objectives is insufficient.
 - c. To increase income (or reduce costs) from income producing property

6. Implementation of the Asset Strategy

6.1 Our gross spend on general fund assets is in excess of £1.5m per annum. Consequently even a conservative savings target of 10% could yield minimum savings of £150k per annum.

6.2 The delivery of some of these savings is already being progressed through the implementation of projects such as the Customer Access and Accommodation project. However, to maximise the potential savings we need to implement a rigorous and ongoing review process across all of our assets.

- 6.3 We need to undertake these reviews quickly in order to maximise savings to help plug our budget gap. However, to enable us to do so it is imperative that we have accurate and detailed data about costs per property in order that we can focus our efforts and make fact based decisions.
- 6.4 The strategy development process, undertaken by Bob Baber Associates, has identified some fundamental areas where we need to improve to enable us to maximise the return from our assets. Key amongst these are having:
- i) Our assets managed strategically and ideally by a single property team;
 - ii) Adequate, appropriately skilled resource to implement the strategy; and
 - iii) Detailed cost and income data on an asset by asset basis to enable the prioritisation of assets for review and to facilitate accurate, fact based decision making.
- 6.5 The creation of a single property team is now in progress following the decisions made at Full Council on 12 November 2013. However, it is important to understand that we only currently fund and provide resource and expertise for the day-to-day delivery of the property management function. Implementing the strategy will require additional staff resource and expertise.
- 6.6 Additionally, it is vital that we take action now to provide for the provision of accurate property cost and income data in the future. This is vital for identifying priorities and accurate, fact based decision making.
- 6.7 Set out below is the approach recommended for implementing the strategy, which is divided into two phases.
- 6.8 Phase 1 relates to tasks we need to undertake urgently to ensure that we can provide accurate data in the future, but also to identify priority areas to focus on immediately.

Key activities	Target date	Resource requirements
Undertake a 'surface skim' review to identify categories of assets & key assets for urgent review i.e. those most likely to yield significant savings	31 Mar 2014	Finance team support Estates Surveyor
Implementing & communicating a new cost coding structure in SAP & Property systems	31 Mar 2014	Finance team support (10 to 20 days)
Implementing 'deep dive' review for priority areas identified through the initial 'surface skim'	31 Mar 2015	1x Estates Surveyor Legal support for conveyancing

- 6.9 Phase 2 outlines the actions required following the provision of detailed data on the property-by-property basis.

Key activities	Target date	Resource requirements
Data analysis on a property-by-property basis to identify further priorities for 'deep dive' reviews	31 May 2015	Finance team support Estates Surveyor
Implementation of further 'deep dive' reviews	Jun 2015 onwards	1 x Estates Surveyor Legal support for conveyancing

- 6.10 Elements of both Phases 1 and 2 can be delivered from within existing resources. However, there will be significant additional work involved in actually implementing the 'deep dive' reviews. This cannot be delivered from within existing resources in the Property Service. Consequently it is recommended that we set aside £90k from General Fund reserves to fund an additional specialist Estates Surveyor for a period of two years. This funding would be on an invest to save basis.
- 6.11 Additionally, we anticipate that the Head of the Property Service will also need to be significantly involved in this project (potentially up to 25% of their time). This will need to be factored into the current restructure process.
- 6.12 There will also potentially be additional costs for legal support during the implementation of the deep dive review process should this result in a significant number of property disposals. However, it is not realistic to estimate these costs at this stage. Detailed estimates will be identified during the 'deep dive' review process and further requests for funding will be made if required.

7. Finance Comments

- 7.1 Property asset costs represent a significant proportion of the Council's budget. Our ability to quickly move to rationalising our property portfolio so that we only hold the minimum assets required to deliver our operational and strategic needs is key to our ability to deliver financial sustainability.

8. Legal Comments

- 8.1 Legal issues will need to be considered as part of the decision making process for acquiring and disposing of assets. There may be an increase in workload for Legal Services resulting from the implementation of the new strategy.

9. Links to Corporate Aims

- 9.1 The efficient and effective use of our property assets is key to our ability to deliver all of our corporate aims.

10. Environmental Implications

10.1 Rationalising our property estate and ensuring the maintenance programmes are affordable and up to date will assist in reducing carbon emissions, fuel usage etc.

11. Community Safety Implications

11.1 Ensuring that we have appropriate buildings for the delivery of our operational needs and up to date, affordable maintenance programmes will help to minimise community safety risks.

12. Equalities Impact

12.1 There are no specific implications for protected groups resulting from this report and the new strategy and decision making framework. A detailed Equality Impact Analysis is included at Appendix 3.

13. Risk Management

13.1 Risks have been identified as part of the Asset Strategy Project process.

13.2 The key risks going forward are:

- i) The detrimental impact upon our ability to achieve financial sustainability and our corporate objectives as a result of our not having an effective Asset Strategy and Decision Making Framework;
- ii) Failing to rationalise our assets may result in our being unable to finance ongoing maintenance requirements; and
- iii) Delays in implementing the Strategy, if agreed, resulting from resource constraints.

14. Partnership Implications

14.1 Our Property Service function is currently provided by the Southwest One partnership, although Members have agreed at Full Council on 12 November 2013 to bring the Property Service back in-house in early 2014.

15. Corporate Scrutiny comments

15.1 The report and proposed Strategy were considered by Corporate Scrutiny on 25 November 2013. Corporate Scrutiny endorsed the proposed new strategy and recommendation for funding.

16. Recommendations

16.1 Members are recommended to endorse the acceptance of the new Asset Strategy and Decision Making Framework together with additional funding to implement the Strategy (outlined in section 6 above) to Full Council on 10 December 2013.

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APPENDIX 1 – Asset Strategy and Decision Making Framework 2014-17

APPENDIX 2 – Appendices to the Asset Strategy & Decision Making Framework

APPENDIX 3 – Equalities Impact Assessment

Asset Strategy and Decision Making Framework

2014-2017

Taunton Deane Borough Council

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About

This document has been prepared by [Bob Baber Associates Ltd](#) for Taunton Deane Borough Council. It is a strategy for the Council and as such it is written from the Council's viewpoint.

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Foreword

by Councillor Norman Cavill, Portfolio Holder - Economic Development, Asset Management, Arts and Tourism

I am pleased to introduce the Council's new Asset Strategy. The Strategy covers all of the Council's land and buildings excluding HRA dwellings and HRA development land. The purpose of this Strategy is to move the Council from its current position of having many poor quality property assets that it cannot afford, to having a smaller higher quality asset base that it can afford.

The Strategy is founded on our belief that we can improve the performance of our property assets to meet the significant financial challenges that we must meet over the next three years (and possibly longer). It means that the marginal gains from 'tweaking' the property estate at the edges will not be enough to meet our financial short-fall. We will need to make a fundamental shift in our approach to managing our assets that is innovative and transformational to deliver the level of savings required.

The strategy also seeks to ensure that the way we manage and use our property assets is aligned with our corporate aims and objectives.

To help us implement this strategy we will re-organise ourselves to take a corporate approach to the way we manage our property so that we are co-ordinated and consistent across the council. We will also streamline our decision making process so that we can deliver this strategy efficiently and effectively and be responsive to opportunities when they arise.

Our aim is an asset base that is financially sustainable and contributes fully to our wider corporate aims and objectives.

This strategy complements the Council's Asset Management Plan 2013-2016. Combined, this strategy and the plan will put us on the path to having fewer but higher quality land and buildings, which cost less to run, will generate more income, and better meet the needs of our local community.

Councillor Norman Cavill
Taunton Deane Borough Council
December 2013

1. Executive Summary

Context

The Council's Property Portfolio

- 1 The Strategy covers all of the Council's land and buildings excluding HRA dwellings and HRA development land.
- 2 The Council owns numerous properties amongst which are Car Parks (33), Cemeteries (4), Crematorium (1) Community Halls (4), Offices (5), Depot (1), Ex-Livestock Market (1), Other Land and Sites, Golf Course (1), Indoor Leisure Facilities (6), Parks, Open Spaces, Recreation Grounds Amenity Areas and Community Woodland, Etc. (114), Plant Nursery (1), Pavilions (9) Individual Public Conveniences (18) and Public Conveniences in Pavilions (10), Theatre Building (Ground Lease) (1), Income-Producing Property and Licences (312).
- 3 The portfolio has an asset value of approx. £62m and an annual gross property income (i.e. rents and licences) of approx. £600,000. Annual total running costs of the operational property portfolio are in excess of £1.5m.
- 4 Whilst the Council has made progress in improving the efficiency and effectiveness of the property portfolio in recent years, it recognises that there is still much to be done.

The Council's Objectives

- 5 The Council's vision statement for Taunton is: "Taunton Deane is known nationally as a quality place that is growing and developing sustainably, with a vibrant economic, social and cultural environment" and it aims to support:
 - Quality sustainable growth and development
 - A vibrant economic environment
 - A vibrant social, cultural and leisure environment
 - A transformed Council

Financial Position

- 6 The Council has significant financial challenges and is facing a budget gap of around £1.5m for next year (2014/15). The picture in the longer term is a budget gap of nearly £4.5m over the next 3 budget years. In particular, the Council will need to:
 - increase income from existing income producing property;
 - dispose of income producing assets that do not produce sufficient income;
 - reduce the costs of running the operational portfolio by making efficiencies (e.g. utilities spending);
 - explore income generation opportunities such as energy generation and advertising hoardings;
 - use space more effectively such as by increasing utilisation;
 - reduce the size of the operational portfolio by reviewing the service and financial performance and;

- i. disposing of assets that do not contribute sufficiently towards meeting the Council's corporate objectives or service needs;
- ii. co-locating with other local public service providers, when a business case supports it;
- iii. transferring assets to Third Sector service providers where appropriate;
- take an 'invest-to-save' approach to the operational portfolio such as adopting a planned maintenance regime that prevents long-term deterioration and costly repairs.

Property Objectives

7 The Council's overall aim for its property portfolio is:

“To meet our corporate, service and financial objectives with a property portfolio that is the minimum size that the Council needs”.

8 To meet this aim the Council's property objectives are:

- a. To have a “lean” property portfolio that meets the Council's service and business needs efficiently.
- b. To have a property portfolio that is financially and environmentally sustainable.
- c. To have a safe, secure and productive property portfolio
- d. To look ahead continuously and plan our property portfolio effectively

Our Property Strategy

Overall Approach

- 9 The Council's overall approach to property is to provide a good quality portfolio, make revenue expenditure savings from the portfolio, increase income from the portfolio (where feasible), make operational property more efficient, release capital from the portfolio, and to make sure that the Council only holds land that it will need in the foreseeable future.
- 10 To do this it will adopt a three stage approach:
 - a. Address organisational issues
 - b. Adopt a standard approach to property issues across the portfolio
 - c. Adopt a rigorous decision making framework

Organisational issues

- 11 Capacity
 - A review will be undertaken of capacity to determine the pace of strategy implementation, as we recognise that currently staffing resourcing for this work may be insufficient.

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| 12 Property Data and Information | <ul style="list-style-type: none"> • There must be significant improvements made to property data and information, including financial information, using Atrium and SAP, so that this strategy can proceed. |
| 13 Leadership: | <ul style="list-style-type: none"> • A Strategic Director will become Asset champion • There will be an Elected Member Asset Champion • The Corporate Management Team will monitor the implementation of the main features of strategy |
| 14 Governance | <ul style="list-style-type: none"> • There will be a Corporate Property Officer with overall strategic responsibility for property • An officer Corporate Asset Management Group will be formed to oversee and recommend strategic property action • A member briefing Group will be established for the Member Asset Champion • Occupiers/user departments will have day to day property responsibilities |
| 15 Property Performance Management | <ul style="list-style-type: none"> • Performance management will be introduced to drive strategic property change |
| 16 Awareness Raising | <ul style="list-style-type: none"> • Targeted training will be provided where it is needed |
| 17 Decision Making | <ul style="list-style-type: none"> • There will be greater delegation of routine property decisions to officers • A member procedure for exceptional, urgent decisions will be introduced • A property protocol will be agreed, to make the new arrangements clear to all |
| 18 Surplus Property Disposals | <ul style="list-style-type: none"> • There will be a corporate holding account held by the Corporate Property Officer which will hold all Council property awaiting disposal or reuse. |
| 19 Standardised business Case Methodology | <ul style="list-style-type: none"> • A standard format for Business Cases for large scale property projects will be introduced |

Property issues

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| 20 Reasons for Holding Property | <ul style="list-style-type: none"> • Every property will be reviewed to clarify the precise reason(s) it is being held by the Council and if no reason is established for a particular property, it will be disposed of. |
| 21 Size of the Property Portfolio | <ul style="list-style-type: none"> • There will be reduction in the size of the operational portfolio to reduce our overall property running costs. |

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| 22 | Investment in income-producing property | <ul style="list-style-type: none"> • The potential for investment in new income producing property will be considered |
| 23 | Regeneration | <ul style="list-style-type: none"> • The regeneration strategy will be updated and projects will be prioritised to match staffing resources available |
| 24 | Co-location | <ul style="list-style-type: none"> • The Council will consider co-location whenever a business case justifies it. |
| 25 | Transfer to the Third Sector | <ul style="list-style-type: none"> • Transferring property to third sector organisations where this will preserve or enhance local services will be considered |
| 26 | Maintenance | <ul style="list-style-type: none"> • Undertake a rigorous analysis and plan to eliminate any maintenance backlog over, say, a five year period |
| 27 | Sustainability | <ul style="list-style-type: none"> • Meeting carbon reduction targets will continue |
| 28 | Capital Receipts | <ul style="list-style-type: none"> • Targets for annual capital receipts will be set on the basis of likely disposals |
| 29 | Heritage Properties | <ul style="list-style-type: none"> • These will be assessed and properly funded |
| 30 | Partnering | <ul style="list-style-type: none"> • The Council is putting in place a shared services proposal for property at the time of writing this strategy |
| 31 | Property and Construction Related Procurement | <ul style="list-style-type: none"> • New procurement practices for property and construction will be introduced, if they will lead to improved efficiency and effectiveness. |

Decision Making Framework

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| 32 | First Cut / 'Surface Skim' Review | <ul style="list-style-type: none"> • An overall analysis will identify the priorities for detailed property review work |
| 33 | "Deep Dive" Review of Operational Property | <ul style="list-style-type: none"> • The priorities identified in the 'Surface Skim' Review will be reviewed in detail ("Deep Dive") for efficiency, effectiveness and economy. |
| 34 | Existing Income-Producing Property Portfolio Review | <ul style="list-style-type: none"> • This will be one of the first "Deep Dive" reviews |
| 35 | Review of Potential Investment in New Income-Producing Property | <ul style="list-style-type: none"> • This will be one of the first "Deep Dive" reviews |
| 36 | Update Asset Management Plan | <ul style="list-style-type: none"> • As the Strategy implementation proceeds, the Asset Management Plan will be updated periodically. |

Action Plan

- 37** An action plan shows the timetable for the key actions that are needed to implement the strategy.

2. An Introduction to the Council's Property Portfolio

Our Property Portfolio - Summary

38 In summary the Council's main property interests are as follows:

Property Type	No.	Property Type	No.
Car Parks	33	Golf Courses	1
Cemeteries	4	Indoor Leisure Facilities	6
Crematorium	1	Parks, Open Spaces, Recreation Grounds Amenity Areas and Community Woodland, Etc.	114
Community Halls	4	Plant Nursery	1
Council Main Offices (Dean House, Offices at Priory Depot)	2	Pavilions	9
Council Small Offices	3	Individual Public Conveniences (18) and Public Conveniences in Pavilions (10)	28
Priory Depot	1	Theatre Building (Ground Lease)	1
Ex-Livestock Market (Firepool)	1	Income-Producing Property and Licences	312
Other Land and Sites			

- 39 Some of the Council's property holdings generate income, mainly from rent (312 leases / licences). Whilst these properties are not, in the main, straight forward property investments, they do generate approx. £600,000 gross income to the Council annually. Of the 312 income-generating properties only 145 (+7 vacant) generate income above £100 per annum. So more than half of them have a gross income of less than £100 per annum each.
- 40 The total asset value of the property portfolio as shown in the asset register is circa £62 million at April 2013.
- 41 Annual total running costs of the operational property portfolio are in excess of £1.5m.
- 42 Maintenance work on the portfolio, needed over the next 4 years, totals some £2.6m to £3.3m. Whilst a precise calculation cannot be made because of the way the data is held, pro-rata current annual expenditure on maintenance is estimated to be between approx. 10% and 20% less than this. This means that at current funding levels, maintenance liabilities are likely to continue to outstrip funding for the foreseeable future.

Recent Achievements

- 43 In the last two years the Council has made improvements in property management processes and we have also achieved some good property outcomes. Amongst these are:

Improvements in property management processes

- Set up a new client team to manage the SWOne property services work.
- Re-organised the external property services support received from SWOne.
- Started to improve the quality of data about the asset base.
- Started a one year long project to implement a new property management software system called 'Atrium'.
- Improved our property debt management.
- Improved our understanding of our vacant property to reduce the number of voids.
- Improved our planning for future lease events.
- Improved the working of the current Asset Management Group in terms of monitoring the operational delivery of property projects.
- Started to deliver many of the actions in the Asset Management Plan.
- Undertaken option appraisals for the Ex-TYCC/Lidl site, the new swimming pool, Wellington industrial units and Oxford Inn.
- Introduced a work flow management system which is now in use.
- Started to develop an evaluation framework for assessing the suitability of the income producing portfolio.
- Undertaken a review of property rates and insurance, and action has commenced on the findings.
- Commenced a major review of our office accommodation requirements.
- Joined with other public agencies to pursue co-location opportunities as part of a government sponsored initiative called Shared Community Assets for Somerset (SCAS) Programme.

Property Outcomes

- Improved income management and recovery of debts.
- Fewer vacant properties.
- Greater stakeholder confidence in the management of the portfolio.
- Committed to the construction of a new pool to replace an obsolete facility.
- Drawn down substantial external funding to support property driven regeneration.
- Public realm improvements in Taunton including the Town Centre, Somerset Square, Castle Green and the area around the Brewhouse Theatre.

- Purchased land at Longrun Meadow (26 hectares) and created public open space and facilities while providing for flood alleviation to protect the town.
- Mount Street Nursery sold.
- Negotiations for the disposal of an interest in the Taunton Youth and Community Centre site at Tangier are underway.
- Instigated major property negotiations to secure more retail and employment opportunities for Taunton.

The Council recognises there is more it can do to derive even greater benefits from its land and building holdings and this Asset Strategy charts the way in which the Council intends to do this.

3. The Council's Core Objectives and Business Drivers and their Impact on Property

Overall Corporate Objectives

- 44 The Council's overall aims and objectives set-out in the Council's Corporate Business Plan 2013 is the backcloth against which the asset base will be managed.
- 45 The Council's vision statement is: *"Taunton Deane is known nationally as a quality place that is growing and developing sustainably, with a vibrant economic, social and cultural environment"*.
- 46 Under this over-arching vision the Council aims to:

Aim 1: Quality sustainable growth and development

- Facilitate a significant increase in houses, particularly affordable housing
- Bring forward development opportunities

Aim 2: A vibrant economic environment

- Improve perception to attract new businesses whilst supporting existing ones
- Increase the economic activity including jobs

Aim 3: A vibrant social, cultural and leisure environment

- Strong, informed and active communities
- Improve the lives of our most vulnerable households
- Facilitate and support cultural and leisure opportunities
- Maintain clean streets, good quality parks, open spaces and leisure and cultural facilities

Aim 4: A transformed Council.

- Achieve financial sustainability
- Transform services
- Transform the way we work.

- 47 In order to meet these corporate aims and objectives the Council needs the right assets in the right place by:

- Only acquiring what it needs.
- Disposing of what it doesn't need.

- Minimising running costs and optimising income.
 - Using assets efficiently and effectively.
 - Looking after the assets it retains.
 - Ensuring each property delivers community outcomes (economic, social and environmental) and where possible acts as a catalyst for regeneration and economic growth for the area.
- 48 It also needs to be in a position to be able to make sound decisions on its property assets that;
- are responsive to opportunities;
 - balance competing priorities;
 - are founded on good quality information and knowledge;
 - are transparent and open to scrutiny;
 - follow corporate priorities;
 - are consistent across the organisation and the asset base;
 - engages stakeholders in the process; and
 - target funds to those areas that have the greatest effect in supporting service delivery.
- 49 It also needs to move from its current position of having many poor quality property assets that it cannot afford to having a smaller higher quality asset base that it can afford.

Partnership Working on Property

- 50 The Council has a track-record of working in partnership and intends to continue doing so in the future. In particular, it is currently exploring opportunities to work in partnership on:
- West Somerset District Council shared services
 - Customer access and office accommodation.

Finance

- 51 The Council is facing a budget gap of around £1.5m for next year (2014/15). The picture in the longer term is a budget gap of nearly £4.5m over the next 3 budget years.
- 52 The Medium Term Financial Plan update in September 2013 sets a target to achieve general fund revenue savings of at least 25% over the next 3 years from the 'Assets Budget'. This Asset Budget only represents a proportion of total spending on all the Council's assets. This is because operational property costs are generally included in the budgets of each service rather than corporately accounted for. So for these properties, any savings are accounted for within the

service budgets. Nonetheless a general aspiration is that those properties will also see a 25% reduction in their costs over the next 3 years.

- 53** To achieve a 25% saving on the asset base the Council needs to make fundamental changes to its asset base and inevitably will have to take some difficult decisions. In particular, the Council will need to:
- Increase income from existing income producing property.
 - Dispose of income producing assets that do not produce sufficient income
 - Reduce the costs of running the operational portfolio by making efficiencies (e.g. utilities spending).
 - Explore income generation opportunities such as energy generation and advertising hoardings.
 - Use space more effectively such as by increasing the utilisation of space (eg in offices).
 - Reduce the size of the operational portfolio by reviewing the service and financial performance and;
 - disposing of assets that do not contribute sufficiently towards meeting the Council's corporate objectives or service needs;
 - co-locating with other local public service providers;
 - transferring assets to Third Sector service providers where appropriate.
 - Take an 'invest-to-save' approach to the operational portfolio such as adopting a planned maintenance regime that prevents long-term deterioration and costly repairs.

4. Property Objectives and Performance Measures

Property Objectives

54 The Council's overall aim for its property portfolio is:

“To meet our corporate, service and financial objectives with a property portfolio that is the minimum size that the Council needs”.

55 To meet this aim the Council's property objectives are set out below.

Objective 1: To have a “lean” property portfolio that meets the Council's service and business needs efficiently.

56 This means;

- having cost-effective and fit-for-purpose property in the right locations;
- challenging the need for ownership of property and retaining the minimum of operational property that it needs to deliver its services;
- disposing of surplus operational property to generate capital receipts and remove avoidable asset holding costs;
- having an effective risk management system for property and property projects;
- holding property that presents a good image of the Council and what it represents, the sense of community it engenders and the economic value it has; and
- considering alternatives to outright ownership of property by the Council.

Objective 2: To have a property portfolio that is financially and environmentally sustainable.

57 This means;

- reducing the Council's total property revenue costs to affordable levels;
- ensuring funding is targeted to those areas where it can have greatest effect in supporting service delivery;
- achieving value for money such as by monitoring running costs and setting targets for savings;
- investing in income producing property if the risk/financial return compares favourably to other investments; and
- increasing net income from the Council's income-producing property; (which may involve sales and acquisitions and an overall increase in this type of property); and

- scoping out a work programme aimed at reducing detrimental impacts on the environment.

Objective 3: To have a safe, secure and productive property portfolio

58 This means property that is:

- fit for purpose;
- in good condition;
- meeting statutory requirements and safety standards; and
- providing a good working environment for visitors and staff.

Objective 4: To look ahead continuously and plan our property portfolio effectively

59 This means:

- having an effective structure and the capacity to develop and implement good property management planning.
- effective forward and corporate planning for property;
- core asset resources (property, ICT, human resources, and finance) working in harmony;
- making sure that information about future plans, opportunities and lease events are known with enough time to act;
- sharing knowledge about our plans for property with other local service providers to identify joint strategic opportunities;
- monitoring performance; and

Measuring Our Success

- 60 Drawing on the overall challenges facing the Council and its property and on the property objectives listed above, the Council will measure its success in the future in the following ways:
- User satisfaction and service managers' satisfaction with property and with property services support functions.
 - Contribution of property to corporate aims and objectives.
 - Accessibility to communities and people with disabilities.
 - Project delivery progress against quality, time and budget.
 - Reducing detrimental impacts on the environment (e.g. carbon emissions).
 - Compliance with statutory or Council environmental and health and safety standards.

- Reducing the maintenance backlog.
- Timeliness and effectiveness of forward planning.
- Capital receipts generated per annum.
- Capital investment in the property stock.
- Reduction in total floorspace owned by the Council.
- Property utilisation per square metre (especially offices).
- Reduction in total property revenue gross costs.
- Increase in income per income-producing property/licence
- Value for money and risk management of projects as judged by robust business case analysis.

5. The Strategy – Overview

Our Challenges

- 61 Previous sections of this Strategy document describe the significant challenges over the next three years and beyond for the management of the Council's property assets
- 62 The Council has significant financial challenges where it needs to make very significant savings in its property net revenue budget. The Council is currently formulating its budget for 2014/15 and the emerging target is that it will need to save 25% of the total net revenue expenditure on all of its property (operational and non-operational excluding HRA dwellings and land) over the next three years. To do this it will need to reduce its revenue expenditure and seek to increase its income from property where possible. The Council will also need to make sure that if there is capital tied up in property that is delivering little financial or other benefit, this needs to be released so it can be used to better effect.
- 63 However in doing this the Council will endeavour to preserve and enhance its public service levels in line with its corporate aims. The Council believes that it will be able to do this to a degree by co-location, relocation and capital release and partnering arrangements. The Council recognises that the marginal gains from 'tweaking' the property estate at the edges will not be enough to meet its financial targets. It needs to make a fundamental shift in its approach to managing its assets that is innovative and transformational to deliver the level of savings required.
- 64 Therefore the Council's Asset Strategy is built on its organisational imperative to meet this challenge.

The Core of the Strategy

- 65 The Council's overall approach to property is, therefore:

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| 1. Staffing Capacity and Data | <ul style="list-style-type: none">• The speed of delivering the Asset strategy will be dependant on adequate staff resourcing and the Council will review this to make sure that the strategy can be properly delivered. The Council also recognises that it will need to upgrade its property data to enable it to manage its property assets strategically. |
| 2. Good quality Portfolio | <ul style="list-style-type: none">• The Council will be seeking to have a good quality portfolio of a size which is financially sustainable, going forward. |
| 3. Data and Information | <ul style="list-style-type: none">• Build a comprehensive database of all necessary information on which to base property decisions. |
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4. Gross Revenue Expenditure Savings	<ul style="list-style-type: none"> The Council will review all of its property and its expenditure, to seek ways of reducing its revenue expenditure on property by disposing of what it doesn't need and using what it retains more efficiently.
5. Income Generation	<ul style="list-style-type: none"> The Council is mindful that by increasing income it can offset the severity of revenue savings. In consequence it will commence a programme of work targeted at increasing income from property wherever possible. This may come from improvements in income generated from the Council's existing income-producing property, or from acquiring income producing property, and the Council will consider both of these possibilities.
6. Operational Property Efficiency	<ul style="list-style-type: none"> The Council is already reviewing some of its operational property (office accommodation and the works depot) in order to improve property performance whilst at the same time generating capital receipts and opening-up regeneration opportunities for the area. It will continue to do this by systematically reviewing all of its operational property holdings and validating that each of them is operating efficiently and that they are each making an effective contribution to the Council's corporate objectives. The Council will act on the findings of the reviews by either improving, disposing or replacing assets.
7. Capital Release	<ul style="list-style-type: none"> The Council will ensure that all the property it holds is serving a purpose that fits with its corporate objectives. Where there is not a good fit it will declare such property surplus and endeavour to dispose of it.
8. Development Land and Property	<ul style="list-style-type: none"> As well as providing services from its property, the Council also uses its land and property to achieve wider objectives, primarily, <ul style="list-style-type: none"> Social, physical and economic regeneration Housing (Council, social/affordable and private) Environmental improvement and protection (eg flood alleviation) The Council will review its regeneration strategy, not just for Project Taunton but also Borough wide. This will aim to show the contribution that the Council's assets make to regeneration and identify the specific properties that are a major contributor to this aim. This will enable it to retain appropriate sites and properties, whilst seeking to dispose of others that are not making any other significant contribution.

66 The Council needs to organise itself and put in place a process to deliver the asset rationalisation proposals set out in this Strategy. There are three parts to this:

- Organisational Issues - How we will organise ourselves to implement the strategy (Section 6)
- The Property Portfolio – How we will deal with our property in the future (Section 7)
- Decision Making Framework - How we will analyse and review our property portfolio (Section 8)

6. The Strategy - Organisational Issues

67 The Council will improve the way it organises its property activities as follows:

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| 1. Capacity | <ul style="list-style-type: none">• The availability of professional and technical skills will determine the speed of delivery of this Strategy. The Council will examine its capacity (within the Council's employees and, if appropriate, within its suppliers) to ensure that it has sufficient resources to deliver the Strategy over the next three years. This is within the context of the Council investing in capacity now to deliver far greater savings over its asset base in the long term. |
| 2. Property Data and Information | <ul style="list-style-type: none">• There must be significant improvements made to property data and information, including financial information, using Atrium and SAP, so that this strategy can proceed.• All property related digital data will be consolidated into a single ICT system – 'Atrium'. The basic system installation is underway and will go live in July 2014. This will be a valuable tool to help the Council understand the performance and opportunity cost of its assets to drive improvement in the future.• In the meantime, an immediate data coding and reconciliation exercise is needed so that true running cost of each property is known. This is essential data to inform the property reviews proposed in this Strategy.• At the same time, the Council will need to assess the data it has and the data it needs so that it can fully exploit the functionality in the new Atrium Property Database including links to financial data.• The real total costs of property that is occupied or used by a service will be re-changed to that service. |
| 3. Leadership | <ul style="list-style-type: none">• A Strategic Director will take the role of Officer Asset Champion (with awareness training, if needed) to make sure that strategic asset change, in accordance with the Asset Strategy, is driven through the officer structure, to the desired outcomes.• A councillor on the Council's Executive Board will take the role of Member Asset Champion (with awareness training, if needed) to make sure that strategic asset change, in accordance with the Asset Strategy, is championed at member level, to seek to |
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	<p>achieve the desired outcomes.</p> <ul style="list-style-type: none"> • The Corporate Management Team will be tasked with making sure that the overall thrust of the Asset Strategy is delivered as a corporately led change programme
<p>4. Governance of the asset base</p>	<ul style="list-style-type: none"> • A Corporate Property Officer, directly employed by Taunton Deane BC, will be responsible for the all strategic and day-to-day property management activities of all non-HRA property assets, unless otherwise specified (some HRA assets may also be included – see “HRA Property”). • Some day-to-day property management activities will be delegated to the occupying services (e.g. reactive maintenance). • All property budgets will be held corporately and will be over-seen by the Corporate Property Officer, with delegation of day-to-day operational budget heads to occupying services as appropriate (e.g. reactive maintenance). • A Corporate Asset Management Group will be established. This group will oversee all strategic property matters (including HRA) and overall capital and revenue expenditure on property will be corporately monitored by this group within its terms of reference. The Group will comprise senior officers from all relevant parts of the officer structure. This Group should be chaired by the representative of CMT nominated as the Officer Asset Champion. The Head of Property Asset Management, the Theme Manager for Housing and the Theme Manager for Regeneration will also be represented. The Group should meet on a quarterly basis but initially monthly meetings will be required to establish the group. • A Member Asset Champion briefing group will also be set up to allow the Member Asset Champion to be briefed on and have input into the work of the corporate Asset Management Group. • A diagram showing these organizational arrangements can be found at Appendix A.
<p>5. Property Performance Management</p>	<ul style="list-style-type: none"> • Better strategic performance management systems will be introduced to help drive the achievement of property aims and objectives, with property targets together with data to measure progress against targets, monitoring and reporting.

6. Awareness Raising	<ul style="list-style-type: none"> • Where necessary, the Council will provide awareness training to members and senior and middle managers to fulfil their new roles in helping to deliver the Strategy.
7. Decision Making	<ul style="list-style-type: none"> • The Council will revise its scheme of delegation to help it to be more responsive to property opportunities and drive efficiencies in the property portfolio. This delegation of decision making will cover routine property matters rather than strategic property matters (e.g. routine lease renewals, rent reviews and repairs decisions) • An urgency procedure will be introduced for member property decisions in the exceptional circumstances where an urgent decision is needed to realise an opportunity. • The details of the property management arrangements outlined in this strategy will be set-out in a Council Property Protocol to ensure that all parts of the organisation are clear on the new arrangements for managing assets as a corporate resource. • The new management and governance arrangements will also give much greater visibility and profile to efficient and effective property asset management across the authority.
8. Surplus Property and Disposals	<ul style="list-style-type: none"> • There will be a new surplus property procedure. <ul style="list-style-type: none"> ○ Once one part of the authority declares a property surplus to its requirements it will be placed in Corporate Holding Account and then offered to other services / parts of the authority. ○ Unless a robust and funded alternative Council use is available, the property will then be sold. ○ The Corporate Holding Account will be the responsibility of the Corporate Property Officer.
9. HRA property	<ul style="list-style-type: none"> • For the sake of clarity, HRA Property will be managed as follows: <ul style="list-style-type: none"> ○ HRA dwellings are out of the scope of the new arrangements set out in this strategy ○ HRA land required for future HRA housing purposes is out of the scope of the new arrangements set out in this strategy

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- HRA land not required for future HRA housing purposes will be brought within the scope of the new arrangements set out in this strategy
 - HRA Shops (i.e. Commercially let property) will be brought within the scope of the new arrangement set out in this strategy

10. Standardised Business Case Methodology

- To facilitate business case preparation, the Council will introduce a standard format for Business Cases for large scale property projects.
 - This Business Case format may also be used for Council non-property large scale projects
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7. The Strategy – The Property Portfolio

- 68 The overarching issues relating to the Council's property assets, that it intends to address over the next 1-3 years, are set out below.

1. Reasons for Holding Property

The Council owns property for a number of reasons and whilst it may not need to own property (for example accommodation could be held by third party and the Council could occupy it on some form of accommodation agreement), it chooses to own property. It does so for the following specific listed reasons below. Individual properties may, and often do, fall into two or more of these categories. In other words, the Council often holds property for one or more reasons.

- A. Direct service delivery (services to the community)
 - a. Operational property
 - b. TDBC dwellings
- B. Accommodation for staff
 - a. Administrative offices (free standing and office accommodation within operational buildings)
- C. Indirect service delivery, now and in the future, (this reason must be specific and precise) e.g.
 - a. Regeneration
 - b. Economic development and growth
 - c. To meet future housing needs
 - d. To meet a specific community need
 - e. To protect important archaeological or heritage assets
 - f. For environmental protection e.g. flood alleviation
- D. As a source of income e.g.
 - a. Income-producing portfolio
 - b. Other income producing assets
- E. Held for future use (the future use must be specific and precise, together with the future point in time when it will be brought into that use)
- F. To protect the Council's interests (e.g. granting of licences to prevent the acquisition, over time, of a right of access by third parties)
- G. Surplus property awaiting disposal.

To assist the Council in analysing and deciding upon the future of each of its properties, it will:

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- Specify, precisely, the reason(s) that each of its properties is held.
 - If any property is not held for sound reason(s) then its future will be reviewed as a matter of urgency.

To exemplify this, a matrix which shows these reasons for holding property and each property category is set out in Appendix B. However this exercise needs to be done for each property to clarify why each property is held, so if any properties are not being held for one of the reasons specified then their future will need to be reviewed.

If this exercise establishes that for any properties there is no good reason for their retention then those properties will be disposed of.

2. Size of the Property Portfolio

In the face of increasing difficult financial challenges, the revenue affordability of the Council's property portfolio is not sustainable. The Council aspires to significantly reduce net revenue expenditure on property over the next three years. Whilst it may be able to increase income from property to contribute to this, it seems likely that it will also have to reduce its gross expenditure on property, as inflationary costs rise and it struggles to fully fund running costs. It has reduced net revenue expenditure on property in the past and now the Council recognises that it will need to look to reducing the size of its property portfolio to meet its financial targets. The Council will:

- Reduce the overall size of the operational portfolio over the next 5 years, with a target of a **XX%** reduction in floorspace over that period.
- Review whether there is a need to reduce open space and play areas maintainable by the Council.
- Consider increasing the size of its non-operational property but only where it increases its net income (see "Investment in Income Producing Property" below).

The overall objective of reducing the size of our operational property portfolio is to reduce our total property related running costs of the operational portfolio by **XX%** of our 2013/14 running costs over the next 5 years.

3. Investment in income producing property

The Council benefits from income produced from some of its properties which, whilst it has associated costs, makes a gross contribution to the General Fund. The Council will:

- Consider the potential for further investment in income-producing property, carefully taking into account risks and returns. If such investment is to be made, it will
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	<p>also consider whether other non- financial objectives can also be achieved at the same time (e.g. regeneration, future housing provision)</p> <ul style="list-style-type: none"> • Explore other income producing initiatives (e.g. advertising hoardings, solar farms and panels etc.) <p>More information on this process can be found under the heading “Review of Potential Investment in New Income-Producing Property” in Section 8.</p>
4. Regenerati on	<p>The Council gives a high priority to regeneration work and the Council’s property holdings play a significant part in this. However we recognise that we cannot “do everything at once” and we need to prioritise this work programme. The Council will:</p> <ul style="list-style-type: none"> • Update its regeneration strategy and decide on realistic short and medium term property priorities, consistent with the capacity and other resources that we have available.
5. Co- location	<p>The Council is open to the consideration of co-location with other local service providers and is currently investigating a number of co-location opportunities. The Council will:</p> <ul style="list-style-type: none"> • Always evaluate co-location as an option in any business case on the basis that this would normally be least cost and offer other benefits. • Continue to engage, fully, in the Shared Community Assets for Somerset (SCAS) Programme
6. Transfer of property interests to Trusts, social enterprises and the community	<p>The Council will not wish to reduce services to the community if it can avoid it. From a property perspective it will therefore:</p> <ul style="list-style-type: none"> • Consider the potential to transfer property and services to the community rather than closing the service(s) that are provided from the property. The Council recognises that this needs to be considered carefully and may involve helping to build the capacity of social and community enterprises to take on these assets and also provide support in the early years while they become established.
7. Maintenan ce	<p>The Council recognises the need to maintain its property and keep it in good condition, for example, for the satisfactory delivery of services, for accommodating for staff and to meet its landlord obligations (and to recover landlord costs where appropriate). The Council will:</p> <ul style="list-style-type: none"> • Undertake a rigorous and realistic review of all maintenance requirements against agreed standards • Fund an efficient programme of planned maintenance designed to eliminate any maintenance backlog over say a five year period. (In financial terms, this may be assisted

	by any reduction in the size of the operational property portfolio).
8. Capital Receipts	<p>Capital receipts allow the Council to reinvest, support its capital programme or repay debt. The Council will:</p> <ul style="list-style-type: none"> • Set itself targets for capital receipts from asset disposals. • Treat all capital receipts from property as “corporate receipts” and then allocate reinvestment according to corporate priorities • Explore using capital receipts from asset disposal to support service transformation costs if the Government relaxes the rules on this((this initiative is currently the subject of consultation by the Government)
9. Property and Construction related procurement	<p>Whilst the Council does not believe that its procurement practices have been inefficient in the past, it will:</p> <ul style="list-style-type: none"> • Review all property and construction procurement practices to ensure that it is using the best value procurement routes and methods for its construction works.
10. Partnering	The Council is currently pursuing a shared services project (including property services) with West Somerset Council.
11. Sustainability	<p>The Council remains committed to environmental sustainability and will:</p> <ul style="list-style-type: none"> • Continue to meet the Council’s carbon reduction targets for property • Meet all other statutory environmental requirements • Review the applicability of the local sustainability standards in the ‘Taunton Protocol’, to Council property
12. Heritage Properties owned by the Council	<p>The Council owns some heritage buildings and it has always recognised its responsibility to set an example to other heritage building owners on the way in which such buildings should be treated. The Council will:</p> <ul style="list-style-type: none"> • Properly fund expenditure on repairs and maintenance of its heritage buildings • In leased properties, seek to ensure that tenants / leaseholders take proper account of heritage issues in the exercise of their responsibilities.

8. The Strategy - Decision Making Framework

- 69 The process that the Council will adopt to review its portfolio and then implement the changes that the Council considers necessary is set out below. The implementation of these recommendations would need to be accompanied by an Equalities Impact Assessment.

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1. **First Cut / 'Surface Skim' Review** The Council will undertake an initial 'short and sharp' review across the portfolio to identify which categories of property are likely to yield 'quicker wins'. There are already reviews underway for Office Accommodation and the Depot. Anecdotal evidence suggests that income-producing property should be a first priority for a much deeper review (Deep-Dive Review – see below). Therefore the initial 'First-Cut examination will focus on other parts of the property portfolio. This should take no longer than one month to complete.

Potential property categories to be considered are given in Appendix C.

A flowchart showing the workflow involved in the Surface Skim Review and on deciding upon the priorities for the deep dive reviews is included in Appendix D.

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2. **"Deep Dive" Review of Operational Property** A flowchart for the additional operational property reviews which will have been prioritised from the "surface skim" examination is included in Appendix E. Each of these reviews should take no longer than one month to complete and some of them can run concurrently, although this will depend on capacity.

In summary each review will cover:

1. Property information assembly for the property category (core property data and information such as cost and condition).
 2. Service information such as the sufficiency, suitability and contribution to Council and service objectives.
 3. Preparation of a colour-coded data and information sheet. (An example of a fictitious spreadsheet containing the information that will be gained from each review and the "traffic light" RAG (Red/Amber/Green) ratings to highlight good and poor performance is included at Appendix F).
 4. All data added to the Atrium property database once it becomes operational in July 2014.
 5. Use of the traffic light data sheet information to prepare a weighted scoring sheet for each property in the property category. (A list of generic assessment criteria, based on the Council's current objectives, for use in each review is given
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	in <u>Appendix G</u>).
	6. Preparation of a report setting out the findings of the review and the recommended appropriate action.
	7. Decision.
3. Existing Income-Producing Property Portfolio Review	<p>This is one of the “deep dive” reviews that can already be identified as a priority to be undertaken now. The Council will review the existing income producing property portfolio, as soon as possible, to bring forward any opportunities for increasing income from this portfolio as follows:</p> <ol style="list-style-type: none"> 1) Identify the reason(s) for holding each income producing asset (see <u>Appendix B</u>). and group properties into similar reason(s) 2) Depending on the reason that each property is held, review every appropriate opportunity to increase all net current income streams at the earliest opportunity, for example: <ul style="list-style-type: none"> • Consider the introduction of a minimum licence charge, to at least cover the Council’s costs. • Make improvements in service charge recovery • Where possible, increase rents on review dates / at lease renewal • Consider repackage any property interests where the Council can gain increased income • Continue to improve debt collection • Continue to reduce voids wherever possible • Consider selling poor performing and management intensive assets and reinvesting in better performing property (may require additional capital). (See also “Review of Potential Investment in New Income Producing Property” below) 3) Report and recommend action 4) Decision
4. Review of Potential Investment in New Income-Producing Property	<p>This is another of the deep dive reviews that can be prioritised for immediate action. The process involved is as follows and may require the Council taking expert financial advice.</p> <ol style="list-style-type: none"> 1) Section 151 Officer to evaluate the efficacy of using the Council’s capital and revenue for investment in property, benchmarked against other forms of investment, bearing in mind, for example: <ul style="list-style-type: none"> o Return on capital employed may be favourable in current circumstances, but may not always be so in the future

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- Investment may include capital and revenue growth
 - Property ownership risks are unique (higher risks give higher potential rewards and downsides) e.g.
 - Illiquidity
 - Tenant risks
 - Building failure risks
 - Legal risks
 - Property market risks
 - Consider all options for investing in property
 - Direct investment/ownership
 - In-Borough or Out of Borough
 - Joint ventures
 - Unitised property funds
 - Shareholding in public sector property company if available (put property in, in return for a shareholding in the company)
- 2) If this is considered to be an advantageous investment category then decide on how much capital the Council is prepared to invest in property and over what period.
 - 3) Consider if other non-financial benefits are also required (e.g. regeneration leverage)
 - 4) Decide on type of property investment and risk profile, capital and revenue growth potential desired.
 - 5) Decide on an appropriate balance between risk, income and potential future growth in capital and/or revenue values and income
 - 6) Seek appropriate property (if available) and undertake due diligence
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| 5. Update Asset Management Plan | <ul style="list-style-type: none">• Update the Asset Management Plan to reflect the proposals contained within this Strategy. |
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9. Property Asset Management Project Action Plan

70 The following table takes the actions proposed in the Strategy above and places them in a broad timetable for implementation.

	Tasks/Projects in 2013/2014 (by month)	Tasks/Projects in 2014/2015 (by month)	Tasks/Projects in 2015/2016 and beyond	Lead Officer
Capacity				
	<ul style="list-style-type: none"> Review capacity and capability to implement the Strategy and adjust the Strategy implementation programme accordingly (Mar). 			Chief Executive supported by Assistant Director, Property and Development
Data				
	<ul style="list-style-type: none"> Complete recoding of all future property expenditure to enable the total running cost of <u>each</u> property to be ascertained from 2014/15 onwards (Mar). 			SWOne Finance (and successor) supported by Corporate Property Officer

	Tasks/Projects in 2013/2014 (by month)	Tasks/Projects in 2014/2015 (by month)	Tasks/Projects in 2015/2016 and beyond	Lead Officer
		<ul style="list-style-type: none"> • Complete the recording of all property covered by this Strategy on Atrium, together with its associated data. Add the reason(s) for holding each property to this data (end May). 		Assistant Director, Property and Development
		<ul style="list-style-type: none"> • Achieve interaction of SAP and Atrium property and expenditure data (end July 2014). 		Assistant Director, Resources supported by Assistant Director, Property and Development
“Surface Skim” Review				
	<ul style="list-style-type: none"> • Complete ‘Surface Skim’ Review (Mar) 			Assistant Director, Property and Development
	<ul style="list-style-type: none"> • Select Priority list for ‘Deep Dive’ Review Programme (Mar) 			Assistant Director, Property and Development

	Tasks/Projects in 2013/2014 (by month)	Tasks/Projects in 2014/2015 (by month)	Tasks/Projects in 2015/2016 and beyond	Lead Officer
“Deep Dive” Reviews				
	<ul style="list-style-type: none"> • Complete Office Accommodation Review and decide way forward (Dec). 			Joy Wislade
	<ul style="list-style-type: none"> • Complete Depot Review and decide the way forward (Dec). 			?
		Complete Existing Income-Producing Property Review (Deep Dive Review No. 1) (May).		Assistant Director, Property and Development
		<ul style="list-style-type: none"> • Complete Potential Investment in New Income Producing Property Review (Deep Dive Review No. 2) and report (end June). 		Assistant Director, Property and Development

	Tasks/Projects in 2013/2014 (by month)	Tasks/Projects in 2014/2015 (by month)	Tasks/Projects in 2015/2016 and beyond	Lead Officer
		Complete Deep Dive Review No. 3 and report (end Sept).		Assistant Director, Property and Development supported by relevant service(s)
		• Complete Deep Dive Review No. 4 and report (end Oct).		Assistant Director, Property and Development supported by relevant service(s)
		• Complete Deep Dive Review No. 5 and report (end Dec).		Assistant Director, Property and Development supported by relevant service(s)
Organisation				

	Tasks/Projects in 2013/2014 (by month)	Tasks/Projects in 2014/2015 (by month)	Tasks/Projects in 2015/2016 and beyond	Lead Officer
	<ul style="list-style-type: none"> • Allocate Member and Officer Asset Champion and Corporate Property Officer roles (Mar). 			Chief Executive
	<ul style="list-style-type: none"> • Allocate future roles and responsibilities (including budget) for property management matters and record in a Property Protocol (Mar). 			Chief Executive supported by Assistant Director, Property and Development
	<ul style="list-style-type: none"> • Establish the Corporate Asset Management Group with agreed Terms of Reference, agreed Chair and representation (Mar). 			Assistant Director, Property and Development
		<ul style="list-style-type: none"> • Develop and introduce a performance management system for strategic property management and set the first year targets (Jul). 		Corporate Asset Management Group supported by Assistant Director, Property and Development

	Tasks/Projects in 2013/2014 (by month)	Tasks/Projects in 2014/2015 (by month)	Tasks/Projects in 2015/2016 and beyond	Lead Officer
	<ul style="list-style-type: none"> • If necessary, develop an Awareness Training programme and implement it (Mar). 			Assistant Director, Property and Development supported by relevant service(s)
		<ul style="list-style-type: none"> • Review delegation arrangements for property decisions and expedited member decision making process and make changes as necessary (Jul). 		Assistant CE and Monitoring Officer supported by Assistant Director, Property and Development supported by relevant service(s)
	<ul style="list-style-type: none"> • Develop and implement a new Corporate Surplus Property Procedure and Corporate Holding Account (Mar). 			Assistant Director, Property and Development supported by relevant service(s)

	Tasks/Projects in 2013/2014 (by month)	Tasks/Projects in 2014/2015 (by month)	Tasks/Projects in 2015/2016 and beyond	Lead Officer
	<ul style="list-style-type: none"> Determine whether any HRA property is to be included within the ambit of this strategy (Mar). 			Assistant Director, Property and Development supported by Assistant Director, Housing and Community Development
		<ul style="list-style-type: none"> Develop a standardised Business Case methodology and implement it for all major property projects (Jul. 		Assistant Director, Property and Development
Asset Management Plan				
		<ul style="list-style-type: none"> Update with results of this strategy (Ongoing) 	<ul style="list-style-type: none"> Update with results of this strategy (Ongoing) 	Assistant Director, Property and Development
Property Portfolio Issues				

	Tasks/Projects in 2013/2014 (by month)	Tasks/Projects in 2014/2015 (by month)	Tasks/Projects in 2015/2016 and beyond	Lead Officer
	<ul style="list-style-type: none"> • Set target size of the operational portfolio (Mar). 			Assistant Director, Property and Development supported by relevant service(s)
		<ul style="list-style-type: none"> • Review Regeneration Strategy and decide on regeneration priorities for property (Jul). 		Assistant Director, Planning and Environment
		<ul style="list-style-type: none"> • Undertake a maintenance review and decide on future funding levels (Sept) 		Assistant Director, Property and Development
	<ul style="list-style-type: none"> • Review possible property sales in 14/15 and set capital receipts targets for 14/15 (Mar) 			Assistant Director, Property and Development supported by Assistant Director, Resources

	Tasks/Projects in 2013/2014 (by month)	Tasks/Projects in 2014/2015 (by month)	Tasks/Projects in 2015/2016 and beyond	Lead Officer
		<ul style="list-style-type: none"> • Review Property Procurement processes and improve as necessary (Mar). 		Assistant Director, Property and Development

Asset Strategy and Decision Making Framework

2014-2017

APPENDICES

Taunton Deane Borough Council

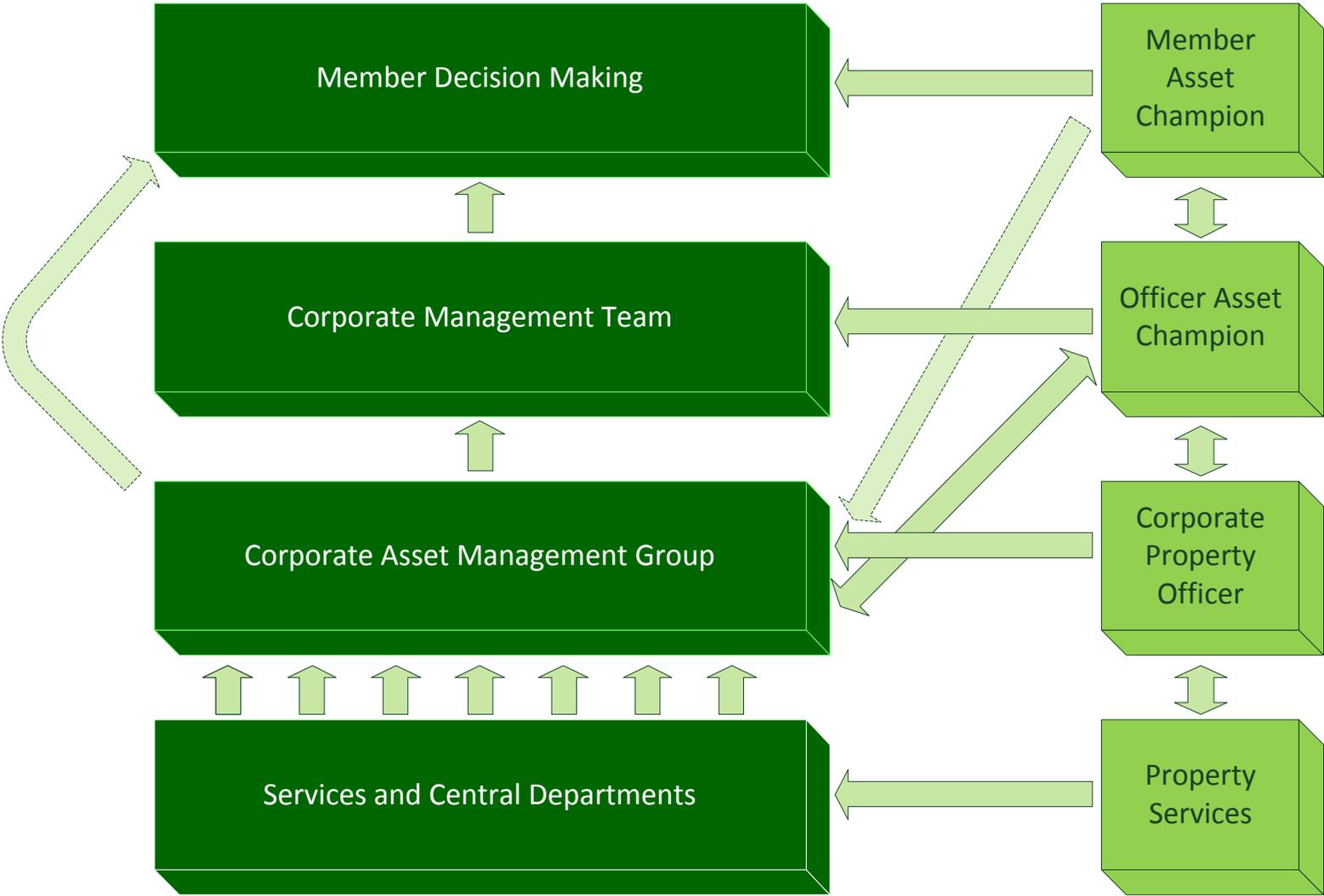
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Appendix A – Organisational Arrangements

Organisational Structure of Proposed New Asset Management Arrangements



Appendix C – Examples of Potential Property Categories

G.1. The potential property categories are:

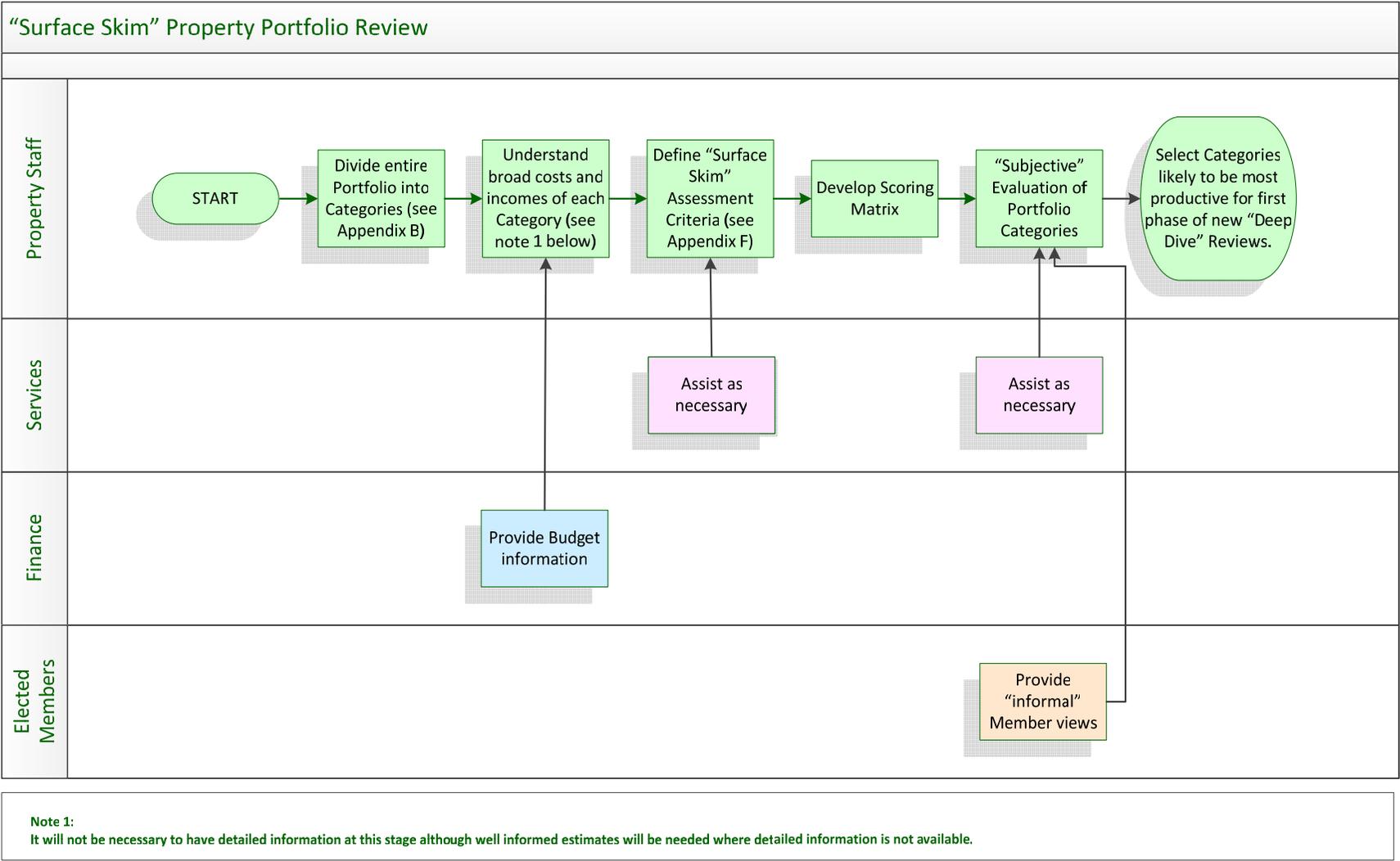
1. Operational

- A. Car Parks
- B. Cemeteries and Crematorium
- C. Community Halls
- D. Council Offices
- E. Depot - Priory
- F. Golf Course
- G. Indoor Leisure Facilities and Theatre Building
- H. Parks, Open Spaces, Recreation Grounds Amenity Areas and Community Woodland, Etc.
- I. Plant Nursery
- J. Pavilions (if separate from Parks, Open Spaces and Recreation Grounds)
- K. Individual Public Conveniences (18) and Public Conveniences in Pavilions (10) (the latter may be included in Pavilions)

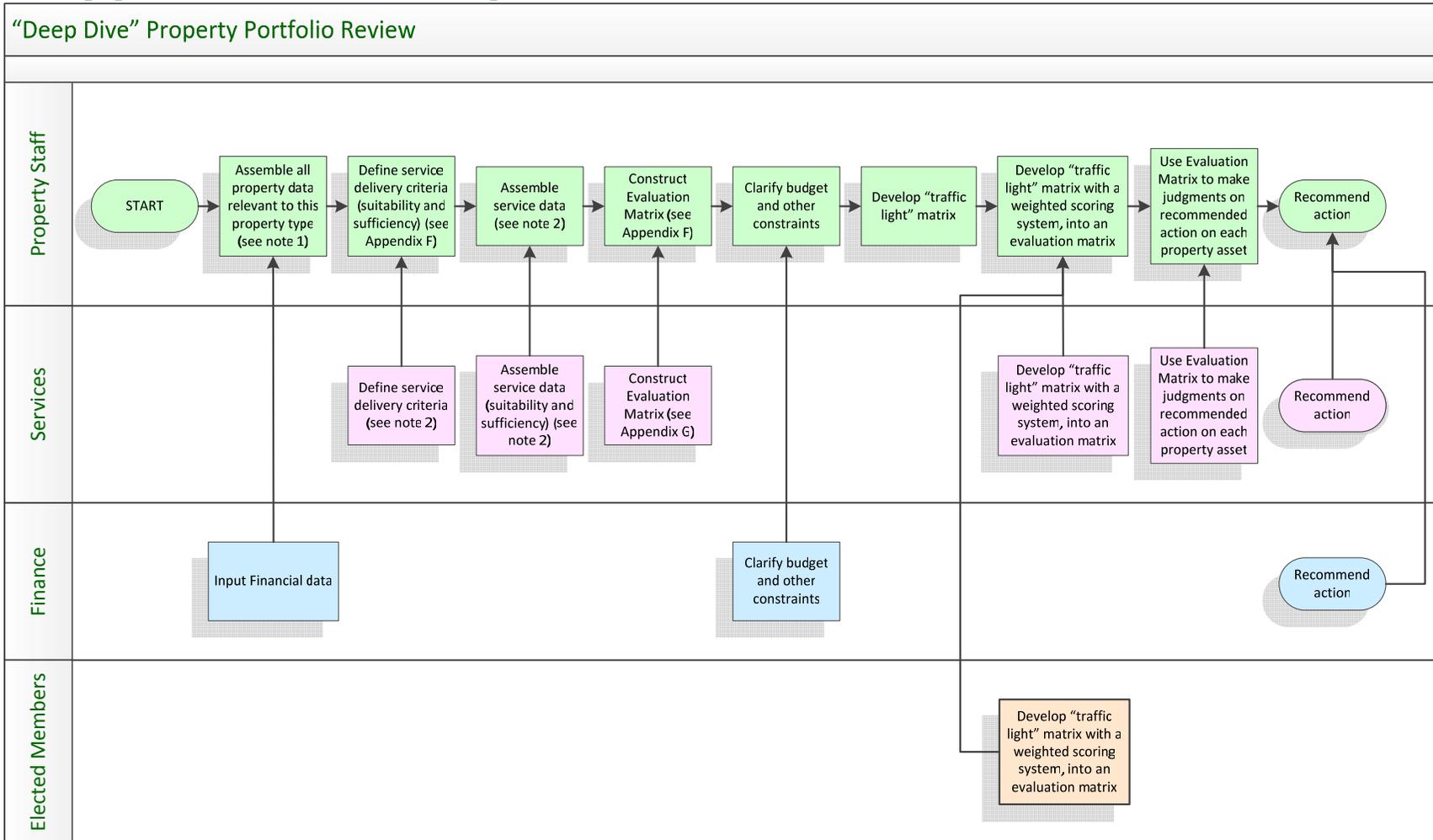
2. Non Operational

- L. Income Producing Property and Licences
 - i. Leased Out & Tenancies at Will,
 - ii. Licences
 - iii. Other Income Producing
- M. Sites and land
- N. Surplus property

Appendix D - "Surface Skim Review" Flow Chart



Appendix E – “Deep Dive Review” Flowchart



Note 1: At this point all property data would be assembled. Some will be common to all property categories (e.g. location (address), size, total running costs incurred by the Council, open market value, tenure, condition/maintenance backlog), whilst others will be specific to the property category concerned (e.g. service charge information, lease expiration, income etc.). In some cases data may not be readily available, in which case proxy data will need to be estimated and used (e.g. If up to date condition information is not available then a the building surveyor should be able to categorise each property on a scale of 1 to 5.).

Note 2: Again, in some cases data may not be readily available in which case proxy data will need to be estimated and used (e.g. A building manager should be able to categorise each property for suitability and sufficiency on a scale of 1 to 5.).

Appendix F – Example (Fictitious) of a “Traffic Light” Spreadsheet

Centre	Gross Internal Area M2	Maintenance Backlog Assessment (£)	Backlog Maintenance £ per m2 GIA	Suitability Measure	Usage Measure	Location measure (0.25ml / 0.5ml / 1ml / over 1ml)	Environmental sustainability indicator	Approximate d Open Market Value Range (assumed alternative use[s]) *	Council-borne Property Running Costs per annum	Council-borne Property Running Costs per annum psm	Contribution to Corporate Aims and Objectives
Amber Cultural Centre	539	£15,450	£29	6.0	6.0			Residential(h)	£5,508	£10	3
Beige NC	1799	£36,050	£20	9.0	10.0			residential(f)	£12,829	£7	0
Black CC	1516	£55,750	£37	8.0	8.5			resi/mixed	£57,016	£38	5
Brown CC	373	£48,925	£131	5.0	5.0			residential(f)	£1,889	£5	4
Crimson Community Hall	266	£5,150	£19	?	?			Leasehold	£0	£0	1
Copper Community Centre	250	£8,755	£35	8.0	10.0			resi(h)?	£2,154	£9	0
Cream Community Centre	432	£32,960	£76	6.0	3.0			residential(f)	£3,837	£9	2
Ecru CC	1117	£270,850	£242	3.5	8.5			resi(f)/mixed	£11,342	£10	3
23 Blue St	348	£150,380	£432	inc in Ecru CC	inc in Ecru CC			inc in Ecru CC			5
Fawn Community Centre	377	£0	£0	10.0	10.0			Retail ,in conj with adj land.	£2,322	£6	0
Cyan Pavilion	318	£20,600	£65	8.0	8.0			Within park	£7,624	£24	3
Flax CC	286	£26,780	£94	6.0	6.5			resi (f)	£1,196	£4	2
Harlequin CC	366	£28,840	£79	6.0	8.0			resi(h)	£9,849	£27	5
Jade CC (Leased)	324	£15,450	£48	4.0	5.0			leased in	£2,976	£9	4
Jasmine CC	237	£3,090	£13	4.0	4.5			resi(f)	£1,685	£7	1
Lime CC	334	£75,000	£225	7.0	7.0			resi(f)	£2,694	£8	2
Navy CC	333	£72,960	£219	9.0	8.0			resi(f)	£3,968	£12	0
Raspberry CC	317	£11,330	£36	5.0	8.5			resi (h)	£2,623	£8	
Red Community Centre	318	£71,585	£225	4.5	8.0			resi (h)	£7,504	£24	4
Ruby CC	1046	£64,375	£62	6.0	5.0			res1(f)	£16,648	£16	5
Sand Street CC	822	£336,575	£409	6.0	7.5			res1(f)	£9,531	£12	0
Wheat Community Centre	604	£10,300	£17	10.0	9.5			resi	£3,951	£7	4
White Lane CC (leased in to 2051)	234	£10,300	£44	6.0	8.5			leased in	£3,546	£15	3
Colour Key:	<£20k	Up to £50	7.6 - 10	7.6 - 10	more than 1ml from another CC	Good	£0 - £0.05m	<£5k	0 - 5	Excellent contribution	
	£21k-£50k	£51 to £100	5.1 - 7.5	5.1 - 7.5	within 1ml of another CC	Reasonable	£0.051m - £0.25m	£5.1k - £10k	5.1 - 10	Good contribution	
	£51k-£100k	£101 to £200	2.6 - 5.0	2.6 - 5.0	within 0.5ml of another CC	Poor	£0.25m -£1m	£10.1k - £20k	10.1 - 20	Limited contribution	
	above £100k	Above £201	0 - 2.5	0 - 2.5	within 0.25ml of another CC	Very Poor	£1.1m and above	above £20k	above 20	No contribution	

Appendix G - Examples of Generic Assessment Criteria

An example of a “Surface Skim” Review Matrix, with example criteria

<div style="text-align: center;">Property Categories</div> <div style="text-align: center;">Assessment Criteria</div>	Car Parks	Cemeteries and Crematorium	Community Halls	Council Offices	Depot - Priory	Golf Course	Indoor Leisure Facilities and Theatre Building	Parks, Open Spaces, Recreation Grounds, Amenity Areas and Community Woodland,	Plant Nursery	Pavilions (if separate from Parks, Open Spaces and Recreation Grounds)	Individual Public Conveniences and Public Conveniences in Pavilions	Sites and Land	WEIGHTING
Clarity of the reason(s) for holding the property (see Appendix A) (AS)													
Urgency to take action, other than savings targets (AS)													
Political/Community Implementability (AS)													
Revenue Savings potential (AS)													
Likely to give rise to significant revenue growth if													

status quo is continued (AS)														
Capital release potential (AS)														
Additional income potential (AS)														
Condition and perceived fitness for purpose (DS)														
<p>Contribution to Council Objectives (DS)</p> <ul style="list-style-type: none"> • Aim 1: Quality sustainable growth and development <ul style="list-style-type: none"> a. Facilitate a significant increase in houses, particularly affordable housing b. Bring forward development opportunities 														
<p>Contribution to Council Objectives (DS)</p> <ul style="list-style-type: none"> • Aim 2: A vibrant economic environment <ul style="list-style-type: none"> a. Improve perception to attract new businesses whilst supporting existing ones b. Increase the economic activity including jobs 														
<p>Contribution to Council Objectives (DS)</p> <ul style="list-style-type: none"> • Aim 3: A vibrant social, cultural and leisure environment <ul style="list-style-type: none"> a. Strong, informed and active communities b. Improve the lives of our most vulnerable households c. Facilitate and support cultural and leisure opportunities d. Maintain clean streets, good quality parks, 														

open spaces and leisure and cultural facilities													
Contribution to Council Objectives (DS) <ul style="list-style-type: none"> • Aim 4: A transformed Council <ul style="list-style-type: none"> a. Achieve financial sustainability b. Transform services c. Transform the way we work 													

AS = Ascending scoring; DS = Descending scoring

Examples of a “Deep Dive” assessment criteria

Examples of Sufficiency and Suitability Criteria for direct service property:

- The overall service need for the type of service being provided;
- The geographic/demographic and social need for the service in the locality concerned;
- Alternative non-Council facilities currently provided (or planned) in the locality;
- Suitability (e.g. configuration) of current provision;
- Usage of current provision;
- Associated non-property costs to the Council;
- The need for, and benefits and costs of, alternative provision.

Examples of property management criteria:

- Current and likely future property running costs;
- Maintenance backlog;
- Management costs and commitment;
- Carbon and sustainability performance;

- Opportunity cost of site;
- Income

Examples of “investment” property assessment criteria:

- The appropriateness and efficacy of using capital and revenue for investment in property, benchmarked against other forms of investment
- The balance between risk, income and potential future growth in capital and/or revenue values and income
- The Balance of risk between property investment categories (e.g. shops, offices, industrial etc)
- The performance of existing investment property benchmarked against comparable good performing property.
- Maximisation of income and minimisation of expenditure, in the context of good estates management practice.

Examples of development property assessment criteria

- The validity of the reasoning behind holding the development property/land in question
- Whether the land meets, or could meet, any other Council/Community objectives whilst awaiting development
- The likelihood that development will take place in the reasonable future
- Whether there will be a substantial uplift in value (capital or rental) when the land is developed
- The Action needed in the interim (before release for development) to maximise future value
- Whether income is being maximised and expenditure minimised in the meantime.

Examples of office accommodation assessment criteria (a shopping list of criteria, many of which overlap, some of which are mutually exclusive – pick those that apply)

- Corporate Priorities
 - Meeting existing and anticipated business needs.
 - Appears logical and not wasteful to the local (?and wider?) community
 - Reduction of number of journeys and/or distances travelled by local communities accessing services.
 - Promotes and supports joint working with partners.
 - Complies with the office requirements specification (which will have been derived from the Strategic Justification) e.g.

- Size
- Quality
- Customer face to face space
- Car parking
- Access
- Democratic space
- Desk space standards
- Primary Customer Contact Point located in town centre
- Council offices in the town centre (?or in the Authority's administrative area?)
- Democratic space co-located with/close to (within 800m) majority of officer space
- Democratic space stays in the town centre
- Collocation of e.g. 75% of all staff (i.e. in the same building)
- Co-location of senior management/corporate core staff and members
- Efficiency and effectiveness (some of these may appear in the financial evaluation, take care to avoid double counting)
 - Business continuity during the transition
 - Provision of good quality, modern, flexible facilities, commensurate with an up to date local authority, which promote increased productivity, recruitment and retention
 - Adds value by close working or shared / integrated services with other partners
 - Functional teams kept together and synergies between teams maximised by close location
 - Opportunities to share support and other services or overheads with partners
 - Road transport links and parking for workforce and visitors (environmental sustainability issues)
 - Premises that are able to change as requirements change
- Utilisation
 - Maximises the space utilisation of office accommodation.
 - Compliance with statutory requirements.
- Sustainability
 - Contributes to the reduction of the carbon footprint
 - Contribution to sustainability (?measures?)
 - Public transport links for workforce and visitors
 - Reduction of number of journeys and/or distances travelled by employees (?and visitors?).

- Operational Sustainability
- Growth and Regeneration
 - Contributes to growth and economic regeneration.
 - Offices and democratic space remain within the LA boundary
- Financial
 - Releases capital value for reinvestment.
 - Reinvesting in property assets in order to maintain and enhance value.
 - Reducing revenue costs by ensuring that the public estate is more efficient
 - Affordability
 - Net present value / costs
- Risk
 - Assessment methodology risks
 - Benefit and costs risks
 - Project risks
- Project management
 - Ease or realisation, implementation, timescale
 - Be deliverable within the next X years

An example of a way of categorising operational property into “status” categories:

- | | |
|--------------|---|
| A. Core | <p>Properties that will be required in the foreseeable future, which meet current and future defined requirements well and at acceptable cost.</p> <p>In these properties, over time, the Council will endeavour to:</p> <ul style="list-style-type: none"> ● significantly reduce any maintenance backlog (and if possible eradicate it) and ● invest in effective planned maintenance and in making improvements. |
| B. Core-Flex | <p>Properties that meet current and future defined requirements but where the costs are likely to be unacceptably high for long-term retention. These properties will be retained unless and until a better</p> |

alternative is available.

In these properties, over time, the Council will endeavour to:

- reduce any maintenance backlog, as appropriate
- invest in effective planned maintenance

C. Non-Core

Properties that do not meet future defined requirements but where the costs are acceptable for short term retention. These may either be retained or moved to the “surplus” category.

In these properties, the Council will:

- maintain at minimum maintenance levels (i.e. H&S / Watertight / Legislative / Contractual requirements)

D. Surplus

Properties that will not be required in the future.

If these properties are temporarily occupied, the Council will:

- maintain at minimum maintenance levels (i.e. H&S / Watertight / Legislative / Contractual requirements) but only consistent with their expected occupied life

When these properties are vacated, the Council will:

- keep them secure and undertake minimum work on them to meet legal requirements and to preserve their value, if appropriate.

Equality Impact Assessment – pro-forma

Responsible person	Richard Sealy	Job Title: Corporate & Client Service Services Manager
Why are you completing the Equality Impact Assessment? (Please mark as appropriate)	Proposed new policy/service	√
	Change to Policy/service	
	Budget/Financial decision – MTFP	
	Part of timetable	
What are you completing the Equality Impact Assessment on (which, service, MTFP proposal)	Proposed new Asset Strategy & Decision Making Framework	
Section One – Scope of the assessment		
What are the main purposes/aims of the policy/decision/service?	<p>The headline objective of the new Asset Strategy is to enable the Council “To meet our corporate, service and financial objectives with a property portfolio that is the minimum size that the Council needs”</p> <p>The new strategy proposes a Decision Making Framework to and effective and appropriate decision making framework.</p>	
Which protected groups are targeted by the policy/decision/service?	<p><i>1. Age 2. Disability; 3. Gender Reassignment; 4. Pregnancy and Maturity; 5. Race; 6. Religion or belief; 7. Sex; 8. Sexual Orientation; 9. Marriage and civil partnership</i></p> <p>The Strategy and Decision Making Framework are not targeting any specific protected groups. However, individual asset related decisions, which in due course flow from the new strategy, may impact on specific groups. Consequently EIA’s will need to be completed as appropriate for individual decisions as they are considered.</p>	
What evidence has been used in the assessment - data, engagement undertaken – please list each source that has been used	<p>The potential impacts on protected groups have been considered during the process of developing the new strategy and decision making framework. No specific implications have been identified.</p>	
Section two – Conclusion drawn about the impact of service/policy/function/change on different groups highlighting negative impact, unequal outcomes or missed opportunities for promoting equality		
<p>There are no specific impacts that result from the new strategy. However, EIA’s will need to be considered as appropriate as part of individual property decisions which flow from the strategy and as part of the decision making framework.</p>		

I have concluded that there is/should be:	
No major change - no adverse equality impact identified	√
Adjust the policy/decision/service	
Continue with the policy/decision/service	
Stop and remove the policy/decision/service	
Reasons and documentation to support conclusions	The draft strategy
Section four – Implementation – timescale for implementation	
<ul style="list-style-type: none"> ▪ Dec 2013 – Full Council decision on the new strategy ▪ Jan 2014 onwards – implementation of the new strategy. 	
Section Five – Sign off	
Responsible officer: Richard Sealy Date: 7 Nov 2013	Full Council Date: 10 Dec 2013
Section six – Publication and monitoring	
Published on	
Next review date	Date logged on Covalent

Action Planning

The table should be completed with all actions identified to mitigate the effects concluded.

Actions table					
Service area		Date			
Identified issue drawn from your conclusions	Actions needed	Who is responsible?	By when?	How will this be monitored?	Expected outcomes from carrying out actions
NO SPECIFIC ACTIONS IDENTIFIED					