

Runnymede Borough Council

Service Area Plan 24/25

Assets and Regeneration

FINAL FOR COMMITTEE APPROVAL

Approvals

Approved by CLT:

Approved by Corporate Management Cttee:

Dec 13th 2023

DATE

Service Area Plan for Financial Year 2024/25

Service Area: Assets and Regeneration

Corporate Head of Service: Alex Williams

Version: FINAL DRAFT

Mission statement

The Assets and Regeneration Team undertake the day to day running and maintenance of the Council property portfolio which consists of operational and investment assets. The operational assets are used by our residents and the function of the team is to ensure a compliant and fit for purpose estate that delivers key services whether it be statutory function or non-statutory function.

We have focused on purchasing investment properties that create revenue generating opportunities and at present the property portfolio has a value of in excess of £675M and a rent roll of over £25M. This revenue goes towards providing key services for our residents. The business unit is effectively a property company in its entirety which requires expert resources namely qualified surveyors, lawyers, and accountants to ensure the portfolio can maximise its assets and at the same time comply with good practices along with ensuring all assets are compliant with health and safety legislation and most recently the Building Safety Act 2022. It is also essential that the business unit continues to provide a reasonable return for the Council.

In addition to the functionality of the team, the Council has 3 special purchase vehicles which are 100% owned by Runnymede Borough Council. They are RBCH Ltd, RBCI Ltd and RBCS Ltd. They perform separate functionality for the Council and have their own governance structure and articles of association.

There are some significant priorities facing the business unit - these include working with DHLUC in respect of the Levelling-Up and Regeneration Act to work through capital borrowing along with our capital plans and looking at how we can reduce our borrowing which may mean commercial assets need to be sold to reduce the borrowing costs. In addition to this, we are in a period of economic downturn which has an underlying effect on economic growth on our portfolio. Energy costs whilst have reduced in the last year are still high and this will also affect the day to day running of the investment portfolio and the operational portfolio. The Building Safety Act 2022 has an impact on the running of all our assets and there are additional statutory responsibilities particularly with regard to the residential element of the portfolio with buildings over 11 meters which will need to address as part of running a mixed portfolio of

operational and investment assets. In addition, construction inflation remains high and a reduced supply chain of materials and contractors will mean increased running costs. This will affect budgets both internally and our service charge budgets for our tenants. Any capital enhancement projects on our operational asset base will be subject to full viability and feasibility assessments.

Furthermore, work will be required to the asset base to ensure that we meet the carbon net zero aspiration. Work has been undertaken in respect to the carbon baseline for RBC and we have also declared a “climate emergency”. Resulting from this will be additional budget pressures to ensure that all our operational assets achieve this target. With regard to our investment assets, all efforts will be made to engage with the tenants to ensure that they make the necessary improvements, however this is not at RBC gift so there will have to be a balanced view as to how we achieve this when tenancies come to an end and what our strategic position will be. All new developments recently completed have complied with sustainability requirements through the planning process. Whilst the team went through complete "change management" in 2021 there is a need to undertake a further restructure to the Assets and Regeneration team within the next 6-9 months to ensure delivery of all the demands and changes that are required for a fit for purpose, compliant and sustainable estate.

Service Information

Service Area: Assets and Regeneration

- Service Area 1: Property Portfolio Management
- Service Area 2: Project and Building Surveying
- Service Area 3: Facilities Management
- Service Area 4: Other

Description of Service (1) Property Portfolio Management

Main Purpose: The property portfolio team manage both the operational and investment assets. The Asset Strategy was approved by Full Council early in 2023 and this strategy outlines how we manage and deliver a fit for purpose both operationally and for investment for the Council. The team comprises of four chartered surveyors with the following titles, Property Portfolio Manager, Portfolio Manager (of which there are three) and one graduate surveyor along with two property administrators who worked across the team functions. As part of our Asset Strategies we will be adapting the team to ensure that it can deliver the ongoing needs of the Council but in principle the role of this team is to ensure that the rental income of the investment properties is collected in a timely manner and that each property is managed to its optimum level through service charge management along with ensuring that rent review and lease renewals are carried out in a timely fashion. It is also the role of the surveyors to deal with the day to day running of the properties particularly those that are multi tenanted and require specialist service charge expertise in maintaining these assets. This includes setting up of appropriate service charge budgets, informing the tenants and ensuring that the monies collected go towards the day to day running of that particular property. Quarterly inspections on each investment property are carried out and the surveyors ensure that the tenants are complying with the terms of their lease as well as ensuring they are following good practices

with regard to health and safety and other key aspects that affect the assets, including the appropriate EPC (Energy Performance Certificate) being publicly displayed. The surveyors will have regular meetings with tenants as part of good estate management and will further ensure that there is good landlord and tenant relationships in place.

Our Performance Indicators measure rent arrears, tenant turnover rates and % of total RBCI PRS vacant units.

Description of Service (2) Project and Building Surveying

Main Purpose: The main objective of this post will be to deal with all projects emerging on the estate whether this is the operational estate or investment estate. The aim will be that the Building Project Surveyor will deliver "building projects" for the team. This role reports directly to the Corporate Head. Within the team but again reporting directly to the Corporate Head a chartered surveyor to deal with ascertaining whether the council's priority projects that could achieve capital receipt, revenue and/or social value will involve legal due diligence, feasibility studies and take a project through RIBA 1-4 with the Building Project surveyor taking it from RIBA 5-7 (construction to completion). The Corporate Head in conjunction with the chartered surveyor and Building Projects Manager, will ensure that all the projects, are procured correctly and they will further ensure that any project for any asset is managed in accordance with the project management guidelines. They will also assist with ensuring any projects that are undertaken by the authority are within budget and on time. Part of their role on any project will be to manage a multi-disciplined professional team namely; architects, engineers, quantity surveyors and contractors.

Key Functions and relevant Statistics from Previous Year:

- Regular project updates are reported as part of the Council's Project Portfolio across the year.

Description of Service (3) Facilities Management

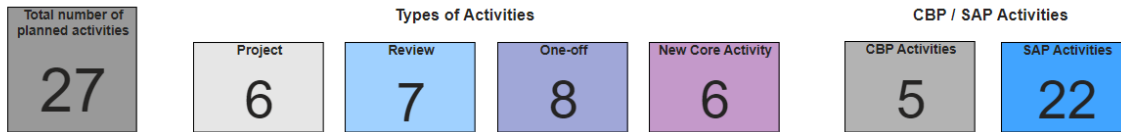
Main Purpose: The facilities team deal with all aspects relating to hard and soft facilities management whether that is cleaning, landscaping, electrical, mechanical, advertising and promotion, deliveries, and vehicle management (transport plans etc). They also deal with anything that affects the day to day to the running of the properties that we have within our portfolio and work closely with all the other teams including the Property Portfolio and Project team. They will all work together to deliver the corporate landlord model where there is one property function which manages the assets and the budgets. A new Super FM Contract will be put in place with effect from April 2024 which will provide a strategic property function to the authority and deliver efficiencies and savings across both the operational and commercial estate. Condition Surveys will be undertaken on all of our operational estate along with car parks to enable us to budget for the planned and preventive works and where appropriate capital works. These costs will be factored into our MTFs and enable us to ensure we can make informed strategic decisions on holding all of our property assets. The Facilities Team moving forward will be undergoing a restructure and will consist of a Head of Facilities and will be supported by expertise who will deliver all aspects of facilities including building works, soft and hard FM and compliance. Our special purchase vehicle companies and in particular RBCS Ltd are acting managing agents on behalf of the Council whereby the cost of providing fit for purpose multi-tenanted properties is paid through the service charge. The properties they specifically work on are ADD1, Magna Square, Egham Business Park, Chertsey Business Park, Pine Trees, Chiswick Park.

Key Functions and relevant Statistics moving forward:

Undertake compliant building condition surveys of our operational assets both in respect of building fabric and associated facilities and complaint mechanical and electrical condition ensuring compliance with H&S legislation and the new Building Safety Act 2022 which will have to be adhered to.

Our Performance Indicators will measure the % of planned maintenance completed in respect of priority 1,2,3 works identified by condition surveys. It will also split capital and revenue costings and put in place a capital programme year on year.

Planned Activities



Project						
Type of Activity	Title	Corporate Theme(s)	Plan start date	Actual start date	Plan due Date	Progress
Project	Chertsey Depot Refurbishment - options appraisal	Organisational Development	01 October 2022	01 October 2022	30 June 2024	In progress
Project	Egham Business Park Defects	Environmental Sustainability		01 July 2021	30 June 2024	In progress
Project	Civic Centre Refurbishment	Environmental Sustainability	01 October 2023	14 September 2023	26 February 2025	In progress
Project	Addlestone 2 - Feasibility	Economic Development	01 July 2024		31 March 2025	Not started
Project	Chertsey Depot Refurbishment - Implementation	Health and Wellbeing	01 July 2024		31 March 2025	Not started
Project	Barrsbrook Farm Redevelopment	Health and Wellbeing	01 April 2023	01 April 2023	01 April 2026	In progress

Review						
Type of Activity	Title	Corporate Theme(s)	Plan start date	Actual start date	Plan due Date	Progress
Review	Abbey Groves Plan	Economic Development		01 July 2023	30 April 2024	In progress
Review	Complete EPC Rating Survey of all Operational Assets	Climate Change		01 July 2023	31 October 2025	In progress
Review	Egham Orbit	Organisational Development		01 September 2023	31 March 2025	In progress
Review	Kings Lane / Old Hallowegians	Health and Wellbeing	01 April 2023	01 August 2023	01 April 2026	In progress
Review	Public Car Park Condition of asset	Economic Development	01 April 2024		31 March 2025	Not started
Review	Review of Egham Precinct leases	Economic Development	01 January 2023	01 January 2023	31 March 2026	In progress
Review	Skate park Pre-Planning - Addlestone	Health and Wellbeing		01 August 2023	31 March 2026	In progress

One-off						
Type of Activity	Title	Corporate Theme(s)	Plan start date	Actual start date	Plan due Date	Progress
One Off	Addlestone 1 - Witley House	Economic Development		01 September 2023	30 April 2024	In progress
One Off	Condition Surveys M&E and Building Fabric	Economic Development	01 April 2024		30 September 2024	Not started
One Off	Strategy for Chiswick Green	Economic Development	01 April 2024		30 September 2024	Not started
One Off	Asset Challenge	Organisational Development	01 April 2023	01 August 2023	31 March 2025	In progress
One Off	Identify and evaluate all options for operational rationalisation of local power generation	Climate Change	01 April 2024		31 March 2025	Not started
One Off	New Haw Community Centre	Economic Development		01 September 2023	31 March 2025	In progress
One Off	RBCs property portfolio valuation 2024/25	Organisational Development	01 April 2024		31 March 2025	Not started
One Off	Review Asset Strategy in line MSCI data	Economic Development	01 April 2024		31 March 2025	Not started

New Core Activity						
Type of Activity	Title	Corporate Theme(s)	Plan start date	Actual start date	Plan due Date	Progress
New Core Activity	Commercial and Regeneration priorities in formal decision making and oversight		02 January 2024		19 December 2024	Not started
New Core Activity	Compliance with Building Safety Act 2022 in 2024/25.	Organisational Development	01 April 2024		31 March 2025	Not started
New Core Activity	FM contractor service management	Economic Development	01 April 2024		31 March 2025	Not started
New Core Activity	Improve reporting on investment performance and expected returns		02 January 2024		19 December 2024	Not started
New Core Activity	Portfolio climate change initiatives	Environmental Sustainability	01 April 2023	01 April 2023	31 March 2026	In progress
New Core Activity	Sinking fund analysis		02 January 2024		19 December 2024	Not started

Total Number of CBP Activities						
Type of Activity	Title	Corporate Theme(s)	Plan start date	Actual start date	Plan due Date	Progress
Project	Addlestone 2 - Feasibility	Economic Development	01 July 2024		31 March 2025	Not started
One Off	Identify and evaluate all options for operational rationalisation of local power generation	Climate Change	01 April 2024		31 March 2025	Not started
Review	Complete EPC Rating Survey of all Operational Assets	Climate Change		01 July 2023	31 October 2025	In progress
Project	Barrsbrook Farm Redevelopment	Health and Wellbeing	01 April 2023	01 April 2023	01 April 2026	In progress
Review	Kings Lane / Old Hallowegians	Health and Wellbeing	01 April 2023	01 August 2023	01 April 2026	In progress

Total Number of SAP Activities						
Type of Activity	Title	Corporate Theme(s)	Plan start date	Actual start date	Plan due Date	Progress
Review	Abbey Groves Plan	Economic Development		01 July 2023	30 April 2024	In progress
One Off	Addlestone 1 - Witley House	Economic Development		01 September 2023	30 April 2024	In progress
One Off	Asset Challenge	Organisational Development	01 April 2023	01 August 2023	31 March 2025	In progress
Project	Chertsey Depot Refurbishment - Implementation	Health and Wellbeing	01 July 2024		31 March 2025	Not started
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