

Asset Management Strategy and associated policies, (Assets and Regeneration, Alex Williams)

Synopsis of report:

This report sets out the processes and procedures how the Council will manage, maintain and deliver our operational and commercial property portfolio and will form an integral part of our corporate governance. The Asset Management Strategy along with associated policies will be in situ for the years 2023-2028 and reviews will occur during the 5-year plan to accommodate any new policies or legal changes as required

Recommendation(s):

The Asset Management Strategy and associated policies attached herewith (Appendix A) are for a recommendation to the Council for adoption

1. Background of report

1.1 The Assets and Regeneration Team are a reasonably new business unit to the organisation. All assets both operational and investment are managed through this business unit dealing with all aspects that affect property. The document (**Appendix A and Associated Appendices**) details the Council plans in relation to how they will manage their property portfolio over the next five years.

2. Report

2.1 The document known as the Asset Management Strategy and associated policies fits into the Council framework and should sit alongside the Corporate Business Plan and Capital & Investment Strategy. The Strategy is for the period 2023-2028 and sets out going forward its plans and strategies for both the Investment and Non-Investment (both commercial and operational) property. The Strategy and associated policies have been circulated to the Strategic Leadership Team and comments have been taken on board. In addition, the new Asset and Regeneration Group has been consulted from inception to the document attached here.

2.2 Excluding the Council's Council Housing stock, the land and property holdings owned by the Council have a total net balance sheet value (as at 31 March 2022) of:

	£'000
Investment Properties	552,767
Operational Land & Buildings	72,540
Community Assets	6,475
Surplus Assets	11,126
Assets Under Construction	25,970
	668,878

Surplus assets mainly comprise of units for sale in the Addlestone One regeneration scheme and Assets Under Construction mainly relates to the Magna Square regeneration scheme.

- 2.3 Runnymede Borough Council's property assets are split into two elements, the non-investment estate, including our operational assets which enables us to deliver services and activities administered by the Council (including our aspirations for regeneration), and our Investment assets which are strategic assets held by the Council solely to earn rentals and/or capital appreciation.
- 2.4 The Asset Management Strategy is a strategic document that sets out how the Council will approach the management of its land and property asset base. Its main aims and objectives are to seek to protect the value of the assets for both long and short financial terms sitting alongside the other key financial strategies namely the Medium-Term Financial Strategy and the Capital & Investment Strategy. The Asset Management Strategy also seeks to protect the public interest and the optimization of use, ensuring that our property portfolio meets all health and safety aspects associated with property ownership and works. This is highlighted in the Repairs and Maintenance Policy.
- 2.5 Noting the above, the Team at all times will work within the correct legal framework to ensure that our tenants and stakeholders meet their respective legal obligations. In addition to this, all property will be considered in line with the Corporate Business Plan and Capital & Investment Strategy and we will consider matters of environmental sustainability within day to day management of both investment and non-investment portfolio.
- 2.6 The strategy identifies the circumstances when the Council will acquire or dispose of assets either for operational or regeneration purposes. As part of the strategies a review of the purpose and value will be undertaken and if appropriate will be declared surplus and are offered for disposals or alternative use which meets the needs and demands of the council's priorities whilst at the same time ensuring with work with the Council's Medium Term Financial Strategy and Capital & Investment Strategy. The governance for this review of properties is overseen by the Assets & Regeneration Group, which leads through to Corporate Leadership Team to Service Chairs and Corporate Management Committee.
- 2.7 The property portfolio consists of a variety of tenants which range from residential to commercial occupiers along with voluntary, sporting, leisure, charity, faith and other key service providers. The management of the Private Rental Sector element is through the SPV (special purpose vehicle) company known as RBCI Investments Ltd. In addition to this SPV there are two other companies known as RBC(Addlestone) Services Ltd, and RBCH Ltd. RBCS Ltd is the company that manages our multi-let mixed use properties and/or office or industrial units. RBCS Ltd does not make any profit, it is purely a holding company for our service charge accounts. RBCH Ltd manages our energy plant both at Magna Square and ADD1. All three companies have separate governance arrangements to RBC and a new business plan is being formulated for the period 2023 -2028.
- 2.8 Within the suite of policies there is the Commercial Letting policy which sets out a framework of transparent consistent and impartial process that are to be used during the letting of any land or premises owned or managed by the Council. The objective is to ensure that the Council complies with standing legislative requirements but at the same time maximises the return on investment it made in any land or premises held for commercial purposes. Where and when appropriate, management of key interests within our portfolio will be carried out by specialist property experts and considered on a case-by-case basis, mindful of the need to meet responsibilities to pay a market rent, any associated service charges and to maintain, repair, insure and replace the assets.

At the same time, the management approach will be sensitive to the ability of some users to manage and pay for the various responsibilities

- 2.9 The Asset Management Strategy covers not only the day to day running and satisfactory maintenance of the Runnymede property portfolio but seeks to ensure that it is fit for purpose over the longer term, advocating a challenge mentality to our continued ownership of assets. This policy incorporates best practices and has been developed to provide a clear and coherent framework for decision making about the utilisation of the Council estate.
- 2.10 Another key strand to this Strategy is the Accommodation Strategy. As agreed at the Corporate Management Committee on 17th December 2020, the Council adopted the Corporate Landlord Model, ensuring that there is one property function which managed General Fund assets and budgets across the organisation. The approach of the model is to ensure that the Council takes a strategic approach to property and asset management. Assets are centrally managed and maintained as a corporate resource by the Corporate Landlord, with services occupying corporate assets as 'Tenants'. This provides the best mechanism for driving a more strategic approach on the use and optimisation of assets.
- 2.11 Contained within the policies is the Investment Update. This document highlights the number of investments we hold, in which sectors and further outlines the value which we hold in each of the various property sectors. It further highlights the current market outlook, but this course will change in accordance with economic factors and market forces. The strategy further highlights levels of risk the council needs to consider as part of holding property as a major investment. Sitting behind the Investment Update are the asset management plans for each individual investment which are updated quarterly. These are highly confidential working documents which contain commercial sensitivity data which is not to be shared with the public as releasing them could have a detrimental effect on our negotiations with tenants.

4. Policy framework implications

- 4.1 The Asset Management Strategies have been aligned to our Corporate Plan ensuring the golden thread principles run throughout strategies. This is further reflected in our Business Plan which is included in the Asset Strategies.

5. Resource implications/Value for Money

- 5.1 In order to deliver the Asset Strategy and associated policies along with the business plan it is essential to have a professional and capable team. A further report will be bought to a Corporate Management Committee on how this will be achieved.
- 5.2 The financing for ongoing maintenance and capital enhancements will be met through existing revenue and capital budgets with any additional requirements being the subject of further reports and approval through the Annual Budget and Capital Programme processes.

6. Legal implications

- 6.1 As part of the documents delegation requests to amendments to the constitution have been requested which will be reviewed by the Constitution Working Group and bought forward to this committee as appropriate.

7. Equality implications

7.1 The provision, design, construction and maintenance of buildings from which the Council's functions are delivered will have major impacts on different groups in the community. However, those decisions are not the subject matter of this strategy as such decisions are made as part of service reviews or by the project boards directing the development of buildings.

8. **Environmental/Sustainability/Biodiversity implications**

8.1 As outlined in the Asset Strategy attached

9. **Timetable for Implementation**

Following agreement of the strategies these will commenced being implemented in the new financial year and will be place for a period of 5 years namely 1.4.23-31.3.28

10. **Conclusions**

(To recommend to full Council)

Background papers