

Agenda for special meeting of Asset Management Forum Thursday 17 January 2019, 9.30am



Venue: Committee Room, Knowle, Sidmouth, EX10 8HL

[View directions](#)

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- 1 [Public speaking](#)
- 2 Apologies
- 3 [Declarations of interest](#)
- 4 [Matters of urgency](#) – none identified
- 5 Confidential/exempt items – there is one appendix which officers recommend should be dealt with in this way.

Part A Matters for Decision

- 6 **Commercial Investment Framework** (pages 2 - 25)
- 7 **Corporate Ownership of Assets** (pages 26 - 28)

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Report to AMF - Special Meeting of 17th January 2019

Item 06 Commercial Investment Framework

Recommendations

That AMF recommend to Cabinet that the Commercial Investment Framework and appendices a-c attached be adopted by the Council.

Background

- The Council's Transformation Strategy accounts for the following net income.

Property investment	SMT	2019/20	£50k
		2020/21	£300k
		2021/22	£50k
		2022/23	£50k

- Overview Committee of 30th January 2018 received an update of the Council's Transformation Strategy of which one of the five themes relates to:

Maximise the value of our assets through commercial thinking with a focus on income generation, sustainability and developing local economies

- Overview then welcomed Adam Burleton of Link Asset Services who presented to the Committee on the financial limitations that Councils had to operate within and outlined examples of local authority commercial activity including opportunities around investing in commercial property to generate an income to help support wider functions and aspirations of a local authority.
- Overview Committee of 13th March 2018 then heard from Jones Lang LaSalle property consultants about opportunities and live examples of commercial property investments by local authorities. The Committee were of the view that taking an approach to investing in commercial property was the right step for the Council to take, and specific opportunities to do so should be explored. Officers agreed to progress this.
- A draft Commercial Investment Framework was confidentially presented to a Special AMF on 6th September 2018. AMF Members were supportive whilst providing a steer towards tweaking of the scoring matrices, widening of the Investment Decision Making Group to include Cllr Skinner and involving SWAP to review once adopted.
- Deputy CEO and Strategic Leads for Finance along with Governance & Licensing both been involved throughout.

- External legal advice was commissioned through Bevan Brittan to advise on the Council's powers to invest commercially along with the mechanism by which this should be done. Comments are reflected within paras 2 of Framework.
- SMT reviewed and on 9th January 2019 endorsed.
- Framework incorporates general introduction and background to commercial investment, legal and regulatory powers, objectives, types of investment considered, weighted scoring matrices for assessment of opportunities and a new arrangement to ensure agile but safe decision making.
- The Framework is being taken to Cabinet on 6th February. The availability of up to £20,000,000 is being taken to Council on 27th February.

Tim Child
Senior Manager – Property & Estates

Encs Commercial Investment Framework
Appendix A – Strategy and Transaction Examples
Appendix B – Commercially Confidential – Weighted Scoring Matrices
Appendix C – Commercial Property Investment Governance

East Devon District
Council

Commercial
Investment
Framework

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- Appendix B – Commercially Confidential – Weighted Scoring Matrices
- Appendix C – Commercial Investment Governance

1.0 Introduction

1.1 This Framework addresses the opportunity that by investing circa £20,000,000 in commercial property between 2019/2020 and 2020/2021, £10,000,000 within the income only fund and £10,000,000 within the income plus fund, the Council could expect to receive a net return of circa £450,000 per annum, broken down broadly as follows:

- £10,000,000 for investment in commercial property (**income only fund - IOF**). The objective of this investment is solely to derive a direct commercial return (income) and therefore the objectives and selection criteria will be firmly based on balancing income versus risk. There may be other District benefits as an outcome but these are not a key driver. A minimum of a 3% net return should be achievable therefore generating at least £300,000 net income per annum.
- A separate fund of £10,000,000 (**income plus fund - IPF**) for investment in a different portfolio of assets with the objective of providing a net income but also providing other District benefits e.g. micro and small business growth with local and rural economy benefit, regeneration, New Homes Bonus and Business Rates. In this instance there are different objectives and therefore assessment criteria comprising factors wider than just income versus risk. A net return of 1.5% as a minimum should be achievable generating at least £150,000 net income per annum.

Note: Ultimately these return forecasts depend on the level of risk and ambition the Council is prepared to consider.

1.2 Local Authorities are on a pathway to financial self-sufficiency. A quarter of the Council's funding comes from Council Tax and that sum is, to all intents and purposes largely spent on our waste and recycling services. All our other services in the main will be funded from fees and charges or other income sources and as Rate Support Grant diminishes there will be an increasing reliance on realising the dividend from growth by securing revenue streams such as New Homes Bonus, Business Rates, increased rental returns and fees and charges. Increased rental returns will be generated through proactive and commercial management of the existing portfolio but predominately through direct commercial investment in new assets to provide a net return over and above the holding costs. There are different types of commercial investment which will be explored within this Framework to ensure a more balanced risk profile.

1.3 Whilst this Framework focusses on property investment, this same Framework can be utilised for investing in other types of income generating asset e.g. energy provision or Peer To Peer loans.

1.4 The benefits of commercial property investment by the Council are as follows:

- Positive net rental return / loan return
- Regeneration benefits to District (if in District)
- Additional Business Rates income (if in District)
- New Homes Business (if in District)
- Employment and prosperity (if in District)

- Unlocking of sites and opportunities that others might not invest in*
- Accelerating delivery of sites*

1.5 East Devon has numerous sites approved within the Local Plan that can deliver significant revenues to the council from New Homes Bonus and Business Rates but are complex, slow to come forward or stalled. The Commercial Investment Framework can over time contribute towards unlocking of those opportunities but in short / medium term the focus needs to be on investment to achieve a financial return in-year. These 2 benefits (with * above) are unlikely to materialise from early investment.

1.6 This Framework contributes to the Council's Transformation Strategy.

Key Theme 4 - Maximise the value of our assets through commercial thinking with a focus on income generation, sustainability and developing local economies

1.7 The Council has an anticipated budget shortfall as per the table below:

General Fund	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Budget Shortfall	665	1,952	279	159	112	125	632	137	309	276

1.8 This budget shortfall is to be addressed through a number of different means through the Council's Transformation Strategy themes 1-5.

1.9 There is a clear preference, irrespective of whether using the IOF or IPF to invest at this stage within District unless:

- a) The level of return required necessitates investment in a wider geographical area – possibly to include the wider Greater Exeter area.
- b) The availability of investment opportunities within East Devon limit the availability to invest.
- c) A wider geographical spread is needed to ensure acceptable balance of property investment portfolio risk.

Note: A recent survey by The Local Government Chronicle found that of those authorities investing in commercial property, 37% invested outside of area.

What is fundamental to this approach is that a net return of £450,000 is recognised as a key element of the Transformation Strategy by 2020/2021 and decisions will need to be made with this in mind.

1.10 It is anticipated that direct investment intervention by the Council can also unlock and / or accelerate development by third parties at the same time as:

- Generating a good level of rental return
- Enabling the Council to benefit from marriage value where perhaps the Council already has an interest in land.
- Enable increases in NHB and Business Rates income to the Council.

This is a key benefit of direct commercial investment but is a medium term objective due to longer lead-in time but demonstrates how targeted investment can not only deliver an annual return but also an uplift in capital values on other assets.

- 1.11 This aligns with the Council's objectives in Regeneration, Enterprise Zone delivery and the employment and productivity priorities of HOSW LEP, GESP and Local Plans. IOF and IPF are a practical means by which the Council will have a direct role in delivery of wider strategic and policy ambitions.
- 1.12 The shorter term objective of £450,000 by 2020/21 needs to be realised by investment in assets which can generate a return in-year whilst at the same time developing an ambitious pipeline of future investment which supports not only income generation but other Council objectives around growth in productivity, place making, sustainable communities, economic development and regeneration. This future pipeline is envisaged would require further financial commitment.
- 1.13 Investments can be financed through Public Works Loan Board (PWLB), capital receipts or internal borrowing. The Council's current favoured route is generally through PWLB.
- 1.14 Since 2015, an estimated £2.7 billion (recorded and as at Summer 2018) has been invested by Local Authorities in commercial property transactions across the country. See attached Appendix A – Strategy and Transactions Examples.
- 1.15 Commercial property investment opportunities often arise unexpectedly and it is important to be agile in terms of allocation of resource (internal and external) but also decision making to take advantage of opportunities when they arise. The Council therefore needs to be in a position to assess investment opportunities in a systematic manner but should also be able to move quickly when a compelling opportunity arises and to do this through a dedicated Investment Assessment Team of Officers and Councillors with the necessary delegated authority in place to progress acquisitions which meet the objectives agreed by the Council.

2.0 Legal & Regulatory Powers

- 2.1 The Council has a range of legal powers that can be relied on to invest in commercial and other types of property, and to borrow in order to do so. Whilst it is clear that the Council has such powers, their application should be considered as part of the decision-making process when specific investment opportunities arise.
- 2.2 The Council has the power to acquire through s.120 of the Local Government Act 1972 and to invest through s.12 of the Local Government Act 2003.
- 2.3 The Council has statutory powers to invest for:

- a) any purpose relevant to its functions; or
 - b) the purposes of the prudent management of its financial affairs.
- 2.4 This power does not place a geographic limit on where the investment activity can take place; together with the associated power to acquire property under section 120, Local Government Act 1972, there is clear authority for purchasing land within and outside of the Council's area.
- 2.5 Potential investments would need to be considered in light of:
- a) The Statutory Guidance on Local Government Investments (3rd Edition), which came into force from 1st April 2018
 - b) The Prudential Code
 - c) The Treasury Management Code
- 2.6 The use of the above powers should be considered in conjunction with the framework for borrowing as the Council may borrow from the Public Works Loan Board to fund acquisitions. As a local authority, it has a clear power to borrow for "any purpose relevant to its functions or for the purpose of the prudent management of its financial affairs".

3.0 Key Objectives of Commercial Investment Framework

- 3.1 In summary, the key objectives of this Commercial Investment Framework are:
- Income generation to contribute to reducing future funding shortfall
 - Investing in and optimising the effectiveness of the existing council asset and new acquisitions
 - Promoting new opportunities for local economic growth, wealth creation and productivity improvement
 - Applying a clear, costed, risk managed and structured programme of investment using rigorous criteria and with appropriate decision making capabilities to respond to market opportunities in an agile but safe manner.
- 3.2 The shorter term objective is to generate a net return of £450,000 per annum by 2020/21 to be realised by investment in assets which can generate a return in-year whilst at the same time developing an ambitious pipeline of future investment which supports not only income generation but other Council objectives around growth in productivity, place making, sustainable communities, economic development and regeneration.

4.0 Different Types of Commercial Property Investment

- 4.1 There are potentially 5 different forms of investment the Council can consider under this Framework, as follows:
1. Management of Existing Assets
 2. Acquisition for Commercial Income (IOF)
 3. Acquisition for District wide benefits (IPF)

4. Direct Development – both Housing & Commercial (IPF)
5. Strategic Partnerships and Joint Ventures (IPF)

- 4.2 This Framework should not be viewed in isolation from the management of the existing portfolio. Whilst opportunities might be more limited, income can be increased either through greater commercialism in respect of ensuring market rents are generated for a greater number of assets (and kept current), assets are void for shorter times, but also through managing costs more robustly, including through more proactive capital planning, and recovering costs from tenants via service charges. There is also potential through developing out opportunities within the existing portfolio e.g. Colyford Road and Fosseyway Park (both Seaton) although the driver for these will not be purely income generation.
- 4.3 The investment criteria and risk / reward profiles are different for each category; particularly where local social / economic benefits can be reflected alongside commercial considerations. As such, there is a different scoring matrix prepared for each of the above, excluding the 1st.

5.0 Informing Investment Criteria

- 5.1 Reflecting the different aims and objectives for each type of investment, a matrix approach has been adopted to determine what is / what is not generally acceptable in terms of anticipated risk/ reward. Also, in shaping the Commercial Investment Framework, consideration must also be given to achieving a balanced portfolio of different investments, reflecting the Treasury Management Code which prioritises, in order of importance:
- Security – protecting the capital sums invested from loss
 - Liquidity – ensuring the funds invested are available when needed i.e. asset could be disposed
 - Yield – an acceptable rate of return from investment
- 5.2 The portfolio will take time to grow and ensure the longer term ideal split of asset types is achieved.
- 5.3 The Council could potentially borrow funds from PWLB at a rate of around 3%, use internal borrowing or capital receipts.
- 5.4 One-off and on-going costs would be incurred in order to deliver the Framework, including, where acquiring assets, estimated average costs as follows:
- Finders Fees (0.5-1% if appoint consultants)
 - Legal Fees (0.5%-0.75% if external)
 - Stamp Duty (0% up to £150,000, 2% for the amount between £150,001 and £250,000, and 5% for the amount over £250,000)
 - Finance Costs (circa 3% PWLB) on borrowed funding
 - Business Rates (should be covered by tenant as long as not void)
 - Repairs and maintenance (should be covered by tenant through service charge as long as not void)

- Running costs of building, including building management (depending on lease type, again probably covered by service charge)
 - Additional staff costs or consultant fees if acquisition is externalised
 - Ongoing management costs – staff costs or consultant costs
- 5.5 The Council will also need to consider the level of reserves that should be maintained, the effect of borrowing on its credit score and its overall borrowing limits. In short the Council must get the right balance between risk and reward in a prudent manner to ensure the costs from commercial investment does not fall on the tax payer.
- 5.6 Ongoing management of acquired assets. The scale of this task and importance depends on the nature of assets and importance of service charge regimes for recovery of costs. Based on the nature of assets a decision needs to be made on whether this would be dealt with in-house or by consultants who would be experienced at maximising value and have the skillsets and systems to do so.
- 5.7 Exit strategy. Assets should have good and marketable title although along with this, success in disposing of the asset will depend on market conditions at the time. It should be acknowledged that disposal of assets can be a protracted and uncertain process.

6.0 Risks

- 6.1 Property investment brings with it the potential for significant risk if things go wrong. Risks can be mitigated but ultimately some risks are externally driven.

Listed below are typical risks:

- Voids – these will reduce average yield. In addition to lost rental income, the Council could find itself liable for on-going costs which would otherwise be the tenant's responsibility and including maintenance liabilities.
 - Disputes with tenants – particularly in respect of service charge type issues.
 - External factors such as failure of tenants, micro and macro market downturns and increased borrowing costs.
 - Where the Council is seeking to develop or change a use, it needs to be mindful of the planning process, inevitable delays and public perception. With planning, there is rarely absolute certainty.
 - Government support for local authorities investing in commercial assets to derive an income to support essential services being withdrawn.
 - The opportunity cost of investing these funds here rather than elsewhere on other income generating opportunities
 - The impact on the Council's borrowing limit.
- 6.2 The Council must take a prudent approach to the management of its financial affairs and therefore when assessing investments will need to consider such factors as the security against loss, the liquidity of the investment, the yield and risk of change of interest rates, property values and voids.

6.3 Assessing the risk of individual investment opportunities will be a key element of both the Outline Business Case and Full Business Case detailed within section 10 of this Framework.

7.0 Required Skillsets

7.1 Whilst an initial assessment of potential opportunities will be managed in-house, additional specialist investment agency, valuation and building surveying services might need to be procured through external consultants. As for specialist finance and legal advice, again external consultants might be needed.

7.2 Once the investment fund is established and investment criteria confirmed, external property investment agents can be appointed to assist in sourcing, evaluating and completing the acquisition process. Furthermore, the Council should consider retaining an external property management company to pro-actively manage future commercial assets going forward. In return for a fee of typically 5-10% of the rental income, the management company would deal with all landlord & tenant matters, lease events, rent collection and service charge arrangements in addition to dilapidation claims.

7.3 Notwithstanding the need to engage with specialist advisors, it will remain vitally important that the Council retains commercial property expertise in-house and can operate as an effective “informed client” in all negotiations with appointed advisors and to understand the implications of the advice provided. This role will be undertaken by the Council’s Senior Manager – Property & Estates along with other colleagues as necessary but will impact on staff resourcing.

8.0 Management of Existing Assets

8.1 Opportunities need to be identified to:

- Increase revenue income
- Reduce costs – smaller but better performing asset base in terms of both financial and non-financial return
- Invest wisely – component replacement or wider investment by being proactive and by identifying where both financial and non-financial returns can be improved. By being proactive there will be better management of future capital returns.
- Identify poor performing assets and dispose.

9.0 Assessment of Investment Opportunities – Weighted Scoring Matrices

9.1 To ensure investment opportunities can be considered in a structured and objective manner, all such opportunities will be considered using one of the four weighted scoring matrices included in the attached Commercially Confidential appendix B.

10.0 Assessment of Investment Opportunities – Process & Governance

10.1 Commercial property investment opportunities often arise unexpectedly and it is important to be agile in terms of allocation of resource (internal and external) but also

in decision making to take advantage of opportunities when they arise but doing so in a safe, accountable and democratic way. Other Local Authorities with investment portfolios have taken this exact same approach and the proposal set out below is a proven model.

10.2 The process is as follows:

1. Relationships with external agents be developed to ensure that this Council is understood by the market to be an investor.
2. Officers led by Senior Manager – Property & Estates working with external agents, colleagues and Councillors identify investment opportunities. All commercial property investment opportunities will be channelled through the Council's Senior Manager – Property & Estates.
3. Any investment opportunity if considered feasible is considered alongside the criteria of this Framework, and if consistent is then scored against the relevant Scoring Matrix.
4. If the investment opportunity fails to deliver the necessary score and / or indicative return then it is dismissed.
5. If the investment opportunity achieves the necessary score and indicative return then it progresses to a dedicated Investment Assessment Team of Officers (with support of consultants if necessary), these being existing staff with the right skillset and aptitude to think commercially. This Investment Assessment Team is to comprise of:
 - Deputy Chief Executive
 - Strategic Lead – Governance and Licensing
 - Strategic Lead – Finance
 - Senior Manager – Property & Estates
 - Other Officers on a case-by-case basis
6. Outline Business Case is prepared and presented to SMT along with Portfolio Holders for Asset Management, Finance and Economy.
7. If the Outline Business Case is to proceed then a Full Business Case is prepared to enable a final decision to be made on whether to invest is made following consideration by the Commercial Property Investment Decision Making Group. The decision to invest is delegated to Deputy Chief Executive (up to £5,000,000 per transaction) in consultation with Leader, Portfolio Holder for Asset Management, Portfolio Holder for Finance and Portfolio Holder for Economy (Investment Decision Making Group). If an investment opportunity exceeds this £5,000,000 limit then the Council's normal decision making route will apply.

10.3 This approach will ensure that resources are focussed on delivering realistic investment opportunities rather than being diverted onto others that don't meet the agreed investment criteria. The approach will also ensure investments can be delivered in line with market expectations and in accordance with commercial confidentiality.

10.4 For avoidance of doubt, any investment that does not satisfy the objectives and scoring requirements of the Framework can only progress subject to standard decision making arrangements within the constitution.

- 10.5 Wider reporting on investment decisions and performance of investment assets will be through 6 monthly reports to Council, updates to Asset Management Forum and to Senior Management Team.
- 10.6 The decision making and reporting arrangements are shown in appendix C – Commercial Investment Governance.
- 10.7 The key drivers to successful delivery of this Framework are as follows:
- Relationships with key players in the investment market
 - Officer expertise to identify and progress opportunities
 - Of greatest importance – Robust but swift decision making

Item 06 Appendix A - Strategy & Transaction Examples

Strategy Examples

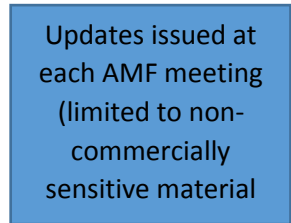
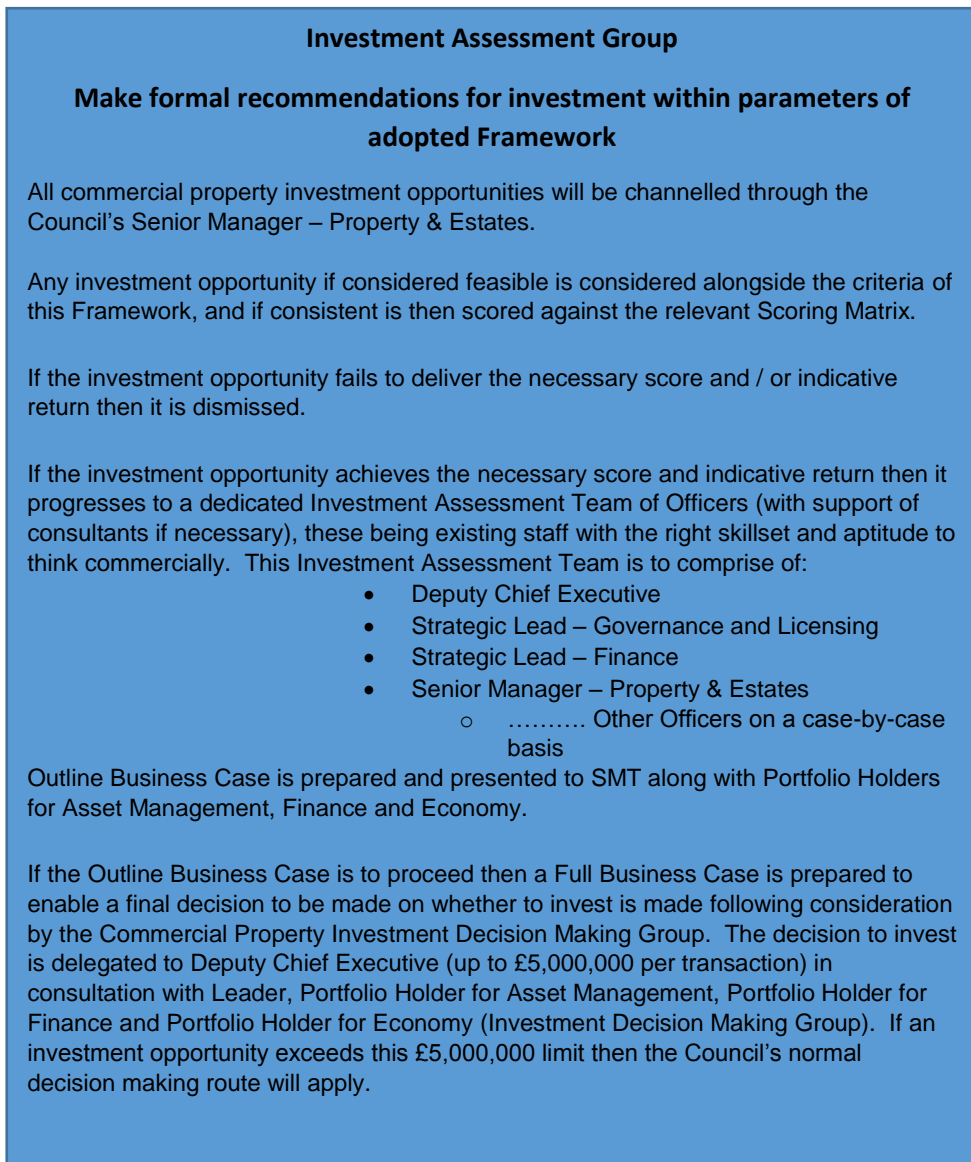
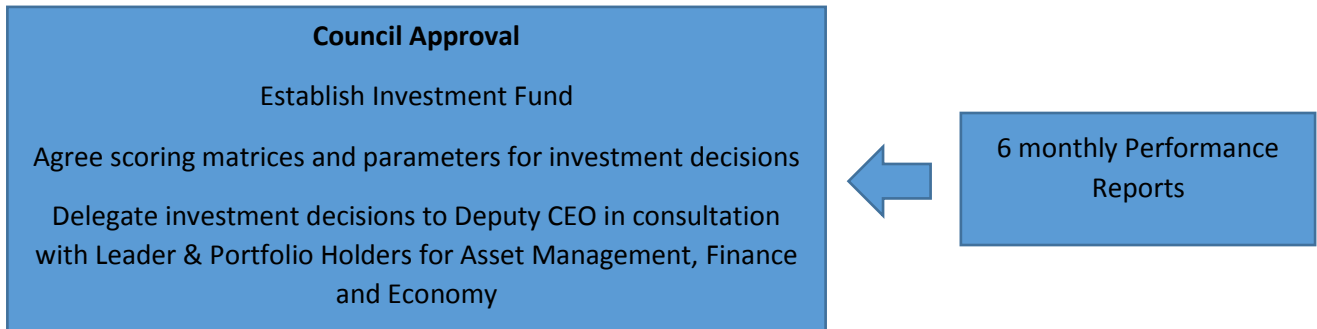
Local Authority	Strategy	Investment Fund
South Somerset District Council	Broad – commercialism of existing assets, regeneration projects, housing development, commercial property and land acquisition	£75,000,000 for commercial property investment
Sedgemoor District Council	Significant emphasis towards town centre regeneration.	£20,000,000 for town centre regeneration £50,000,000 for commercial property investment
Mendip District Council	Both inside and outside of District	£95,000,000 for commercial property investment
Aylesbury Vale District Council	Emphasis towards town centre development and multi-let industrial estates. Delivered through an Asset Management Company.	£200,000,000
Eastleigh Borough Council	Emphasis on blue-chip tenants.	£200,000,000

Transaction Examples

Local Authority	Transaction
Torbay Council	EDF, Gadeon House, Exeter Business Park £16.1m 7.58% return Q3 2017
Teignbridge District Council	Market Walk, Newton Abbot £13,050,000 8% return

	Q1 2016
Plymouth City Council	Cobourg House, Mayflower Street, Plymouth £3,200,000 9.78% return Q2 2017
Plymouth City Council	Royal Mail Regional Mail Centre £19,250,000 5.86% return Q2 2017
South Somerset District Council	Wilkinsons, 88-92 Middle Street, Yeovil £4,100,000 9.95% Q4 2017
Swindon Borough Council	Lysander House, Bristol £7,450,000 7.5% return Q4 2017
Bath & North East Somerset	930 Aztec West, Bristol £8,500,000 6.86% return Q2 2017

Item 06 Appendix C – Commercial Investment Governance



Report to AMF – Special Meeting of 17th January 2019

Item 07 Corporate Ownership of Assets

Recommendations

That AMF notes and endorses the SMT decisions regarding corporate ownership of assets as follows:

- Property & Estates to adopt a Corporate Landlord Model (Light), whereby intelligence and ownership responsibility is centralised with individual service areas continuing to manage and operate assets. This applies to non-housing assets.
- A single data point for all non-housing assets of the Council being created.
- A corporate oversight by Property & Estates managing a consistent and systematic assessment of asset value for purpose of professional guidance on investment, transfer or disposal, to service area, SMT, AMF and Council.

Background

This matter was considered at AMF in June 2018 and then by SMT in August 2018 who tasked Property & Estates with undertaking further work. Subsequently this has been discussed at a corporate workshop of asset managing Services before returning to SMT in early January prior to the preparation of this report. With a better understanding of the proposals, there is now SMT agreement and direction on the need for and benefits of centralising asset data and using this to inform decision making through developing a more comprehensive understanding of assets performance.

That said, there remains concerns from some Services around in particular the decision making arising from more corporate ownership of the non-housing asset portfolio. It will be key to work with Service Leads and other colleagues throughout the adoption of this process to ensure cooperation and an accurate understanding of what this involves, the corporate and wider public benefits and how new arrangements will operate.

What is still to be resolved in detail amongst Officers is the format of the performance assessment including consistent cost and non-financial related considerations. The proposal contained seeks to address this.

Why Change is Needed

- August 2016 SWAP audit – Asset Register & Land Record Management
 - Partial Assurance
 - Central Asset Register needed – integrated, shared system
 - Consider suitability of Uniform

- Review of access rights / user profiles
- AMF, CSAG, new Leader and new Asset Management Portfolio Holder
 - Recognition of role that assets can play in supporting the Council's service delivery but also liabilities attached to holding assets
 - Asset Management Portfolio Holder's vision, supported by AMF
 - Developing Strategy & Policy function through development of a central comprehensive asset database collating key information
 - Key is understanding an asset's performance both financially and non-financially
 - Greater emphasis on transformational type activities – asset rationalisation, modernisation and growth
- Transformation Strategy
 - Be more commercial generally – understand incomes/ costs/ performance and use to inform decision making. Must not ignore factoring in non-financial considerations in asset value assessment.
 - Does EDDC have one list of all assets it is responsible for, and over next 5,10, 20 and 30 years know how much investment is required in those assets versus the estimated income?
 - Strategic planning of future of asset groups
 - Review assets in terms of performance / value – owned by SMT
 - Revenue savings of £200K 2020/21
 - £100K 2021/22
 - £75K 2022/23
 - £75K 2023/24

The Proposal

- This is not about the day-to-day management of those assets, nor indeed the staffing and resources involved in that day-to-day management
- It is about data and use of that data to inform strategic decision making and in a consistent manner around assets and groups of assets
- A Corporate Landlord Model (Light), whereby 'ownership' is centralised but with individual Services managing and operating, but with improved links with Property & Estates, where asset data and guidance sits
 - Ensuring incomes and costs get captured centrally
 - Additional asset intelligence is captured (*note: it is still to be confirmed which IT system/s will enable this*)
 - Consistent interpretation and use of an asset strategy
 - Monitoring and reporting of performance of all assets in a consistent manner
 - Standard policies and procedures operate across the Council

Delivery

- Collating existing datasets and creating ways to measure the financial and non-financial performance of each asset. We will prioritise roll-out to address

income producing and other more significant assets first. This will then enable SMT to forecast likely expenditure needed to maintain existing asset base moving forward along with cashflow portfolio-wide and by asset. For example, why invest in replacing a roof in year 5 when the asset performs poorly and is likely to be disposed of, possibly as a development opportunity? Performance data will drive decisions to dispose, to invest or transfer to communities. Whilst Property & Estates will lead on the financial performance of an asset, individual Services will lead on assessing the non-financial performance of assets i.e. the contribution to the social, economic or environmental wellbeing of a locality or community.

- Once the performance data is known, you know where you are currently and where you need to get to, you then have the grounding for developing an Asset Management Plan which responds to the challenges of the organisation, both corporately and by individual asset.
- As for the decision making, whilst the detail still needs to be finalised, it is intended that Property & Estates provide recommendations to Service areas, SMT, AMF and ultimately to Council. Services would have the opportunity to contribute to this overall performance assessment and would lead on the non-financial element of the assessment.

Next Steps

- Phased implementation – start with income generating assets
- Ensure Systems Thinking is key to any new arrangements and recognition of the customer / service user in the process
- Ensuring corporate buy-in through further workshops, developing a formal cross-service working group and developing a detailed schedule of activities needed
- Reporting progress as a standing item at AMF meetings

Tim Child
Senior Manager – Property & Estates