

# Peterborough City Council

## Asset Management Plan

February 2018



# ASSET MANAGEMENT PLAN

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# ASSET MANAGEMENT PLAN

## Foreword

Local government is re-inventing itself with the whole process of democracy, accountability and service delivery changing. Central to this transformation is the concept of sustainable communities – communities which are vibrant and self-sustaining places in which to live and work. Physical infrastructure, such as buildings are important in creating a sense of place and the property assets which the council owns must make a contribution to creating sustainable communities within Peterborough. This presents the Council with the challenge of critically examining our asset base to ensure that it is optimised in terms of our aspirations, resource efficiency and the contribution it makes to supporting community needs and the Council’s budget.

Property is a key resource of the Council. It has value; costs money to use and maintain, and is a critical component in supporting service delivery. The Council has a vision to improve the economic, environmental and social wellbeing for our communities. To realise this vision we must radically alter our approach to the management of our property portfolio; so that we use it as a catalyst for service improvement and regeneration whilst also ensuring value for money in terms of scarce financial resources. Increasingly we must also exploit the latent value of land and property so that its contribution in supporting the Council’s revenue budget can be maximised. This means treating property as an investment opportunity as well as simply a place through which to provide services; and this in turn will require a more commercial approach to acquiring property assets that can generate revenue.

“This document describes the Council’s asset management policy and practice. It builds upon previous Corporate Asset Management Plans. It is a ‘live’ document subject to review and it is intended to raise awareness of property matters and to seek wide engagement throughout and beyond the Council. It articulates our broad direction to managing our property assets over the medium term and beyond.”

Cllr. Seaton

Cabinet Member for Resources

## Executive Summary

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Nationally the operating context for public services is changing. These changes are driven by factors such as demographics, rising public expectations and in particular financial pressures. This changing context is promoting a transformation in how public services are provided and also changing the funding basis of these services. Locally Peterborough is a rapidly growing city with the pressure this imposes in terms of housing, infrastructure, employment opportunities and Council services.

The Council has a vision for a bigger and better Peterborough that grows in the right way - improving quality of life for all its communities and creating a sustainable and thriving sub-regional centre as an exciting place to live, work and visit; and which is the environmental capital of the UK. To realise this vision, management of the Council's property must change with a revised direction for asset management focussed *on using property to support growth, inward investment and financial security*. Whereas in the past portfolio changes have been incremental in the future the pace of change needs to accelerate with a need for more radical changes in the size, nature and distribution of the portfolio. The critical elements in this are:-

- Segmentation of the portfolio; so that operational, investment and growth assets are clearly identified and their specific management objectives recognised.
- Providing organisational capacity with adequate resources directed to asset management and day to day management of the portfolios.

In practice this means directing investment towards assets that can generate an improved rental yield or support growth and regeneration with use of capital to support acquisitions to the portfolio. It also means lowering the costs of operational buildings through release of poorly performing assets, rationalisation and targeting discretionary elements of property spend. It means supporting provision of seamless, integrated access to public services through commissioning joint working with partner agencies to create multi-agency facilities where opportunities allow.

The most significant change required is to embrace a more innovative approach to the management of property assets with a strong delivery capability to secure change in a short time. Working with its strategic partners this will allow the Council to enhance its investment and growth portfolios whilst improving the utilisation and cost of the core assets retained in its operational portfolio. This allows asset management to optimise its contribution to the revenue budget and meet the Council's growth and regeneration priorities.

## 1 Introduction

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### 1.1 Purpose & Scope of AMP

Property is a key resource of the Council. It has value, costs money to use and maintain, and is critical in supporting service delivery. The Council has a vision for a bigger and better Peterborough that grows in the right way - improving quality of life for all its people and communities and creating a sustainable and thriving sub-regional centre which is an exciting place to live, work and visit; and which is the environmental capital of the UK. To realise this vision, the Council's property must be managed to support growth, inward investment and the Council's financial security.

This Asset Management Plan (AMP) identifies the key strategic policy and resource influences affecting the Council and in response to these sets a broad direction for asset management over the medium term enabling its property portfolio and associated professional support to be optimised to meet identified needs. It facilitates rational property decision making based on Council priorities. The plan has a 5-year horizon with annual reporting on progress, plus revisions or updates according to changes in local or national circumstances. The AMP is restricted to consideration of property assets that the Council owns or uses (excluding residential and school properties) and sets a programme of action over the medium term. It is a practical tool which helps to define, implement and measure how the Council:

- Integrates decision making on property assets with wider Council processes
- Makes its investment decisions
- Enhances the financial value from its property holdings
- Maintains and improves its assets
- Increases the cost effectiveness of its portfolio
- Ensures the property portfolio is 'fit for purpose'
- Promotes innovation and development in asset management
- Supports the Council's aspirations as an environmental city
- Listens and responds to property users evolving needs

### 1.2 Overview of the Portfolio

The Council owns a large and diverse property portfolio. These properties are held;

- in support of direct service provision (the operational portfolio),
- primarily to generate income for the Council (the investment portfolio),
- As strategic development sites to support growth and regeneration (the growth portfolio).

More information about these are amplified through Section 4.

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## 1.3 Links to Other Plans

The AMP does not exist in isolation but is set against wider corporate and service strategies. The AMP itself is amplified through a range of supporting policies.

## 2 Strategic Context & Direction

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### 2.1 Influences for Change

There are a range of influences that are driving change in the city and to which the Council must respond through its portfolio management. These can be recognised nationally and regionally and also locally through the Council's own policies.

#### **National**

In the medium term the national context is shaped by significant national debt which needs to be reduced. This means an era of public spending constraint and a drive for efficiency savings to encourage better use of limited financial resources. This emphasis on efficiency allied with rising public expectations of Council services implies a need for public service transformation and a focus on exploring new ways of delivering services. An implicit assumption through public spending reviews is that property will contribute to efficiency savings through capital receipts from disposals or reduced running costs. There is also a policy drive to promote sustainable communities with an aspiration to create vibrant areas, which are attractive places, to live, work and play. Part of this is concerned with encouraging community participation and place shaping with the Council and community collectively articulating a new vision for the character of the area.

Government's localism agenda has a policy drive around decentralisation – moving resources and decision making towards individuals, communities and councils. Voluntary groups, social enterprises, Parish Councils and others now have a 'community right to challenge' local authorities over their services and in future could compete to provide services. New rights mean communities can ask Councils to list certain assets as being of value to the community. If a listed asset comes up for sale communities have the right to bid to buy it. There is also the potential under Community Asset Transfer (CAT) for the transfer of the management and/or ownership of council land and buildings to a community organisation at less than market value to achieve a local social, economic or environmental benefit.

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There is a strong drive for partnership working. At a national level this is seen as both a policy and resource imperative exemplified through the One Public Estate initiative which is focussed on managing collective public property assets in an area as a single portfolio. The aims of the one public estate initiative are to generate receipts, reduce running costs and liabilities; promote growth; support housing development and encourage more optimal use of assets through co-location and sharing arrangements.

### Regional

Under Government's devolution agenda for a Cambridgeshire & Peterborough Combined Authority has been created. The Combined Authority has a directly elected Mayor and new powers and funding including: funding for new homes; for infrastructure (such as roads and rail) plus more discretion on how services are provided. The Combined Authority also encourages public sector reform. The Council is part of the Local Enterprise Partnership that covers Greater Cambridgeshire and Greater Peterborough. The LEP's role is to provide a broad vision for the area which is facing significant growth in population, to explore ways of funding infrastructure and to encourage the development of local skills.

### Local

From 2002 to 2012 the city's population rose by 27,600 to 186,400 at an annual rate of increase of 1.62% which makes the city one of the fastest growing in the UK. Whilst the number of migrants has contributed to this growth the city also enjoys one of the highest birth rates and lowest death rates in the country. This population growth is projected to continue with an estimate of 192,400 by 2021. This growth requires investment in infrastructure, particularly housing and also imposes demands on services such as schools, social care and health. The population growth in the city to a degree reflects growth in the wider sub-region including Cambridgeshire supported in part by its proximity to London with good transport links.

## 2.2 Council & Service Priorities

The Council recognises that in meeting its aspirations for the community it serves it too has to change. These changes need to improve value for money in services, support growth and promote prosperity across the city. The Council's vision is to create a bigger and better Peterborough that grows the right way, and through truly sustainable development and growth:

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- Improves the quality of life of all its people and communities, and ensures that all communities benefit from growth and the opportunities it brings
- Creates a truly sustainable Peterborough, the urban centre of a thriving sub-regional community of villages and market towns, a healthy, safe and exciting place to live, work and visit, famous as the environment capital of the UK.

The key priorities underpinning this vision are:

- Growth, regeneration and economic development of the city to bring new investment and jobs. Supporting people into work and off benefits is vital to the city's economy and the wellbeing of the people concerned.
- Improving educational attainment and skills for all children and young people, allowing them to seize the opportunities offered by new jobs and our university provision, thereby keeping their talent and skills in the city.
- Safeguarding vulnerable children and adults.
- Pursuing the Environment Capital agenda to position Peterborough as a leading city in environmental matters, including reducing the city's carbon footprint.
- Supporting Peterborough's culture and leisure trust, Vivacity, to continue to deliver arts and culture.
- Keeping our communities safe, cohesive and healthy.
- Achieve the best health and wellbeing for the city.

There are a range of corporate strategies to which the Council's property portfolio must respond in terms of its size, nature and management. The most significant of these are highlighted briefly below.

- ***People & Communities Strategy*** – The Council will develop new models of service delivery in response to the pressures of a growing city but working within constrained financial resources. In the future the focus will be through targeting services rather than universal support using a commissioning model. There will be a need to re-think service delivery with fewer services provided directly by the Council, increasing 'shared services' with partner agencies and more use of community and voluntary bodies to assist with services. Whilst



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the Council will retain a role for regulating and ensuring service standards it in the future is likely to be smaller with less directly employed staff.

- **UK's Environmental Capital** – The Council has a vision to be a sustainable city. Its aspirations are encapsulated in '*Creating the UK's Environmental Capital: Action Plan*'. This sets targets around 10 themes which include: zero carbon energy; sustainable water; land use & wild life; sustainable materials; sustainable local food; waste; transport and heritage. All these will impact to a degree on how the Council manages and uses its property portfolio.
- **Customer Service Strategy** – The council is undergoing a programme of transformation to provide clients greater choice over how they engage with the Council. This will involve improved on-line access through a remodelled web site, access by e-mail or social media and access via 'My Peterborough App'. Whilst there will be a focus on digital access the Council will retain the ability for customers to access the Council by phone or in person through face to face contact. At the heart of this transformation are high service standards with contact provided in the right way, by the right people at the right time.

In response to the challenges identified in above the Council is undertaking a process of transformation. This is focused on better use of scarce resources; re-positioning the Council as a 'commissioner' rather than direct provider of services; streamlining internal processes; working with partner organisations and ensuring responsiveness to client needs. This will provide a blueprint for a leaner Council, with less directly employed staff, use of technology to support self-service and agile working.

### 2.3 Service Strategies & Partnerships

There are a range of existing service strategies and partnerships which directly affect properties to which the AMP will need to respond. These are shown in appendix A.

### 2.4 Resource Context

The Council's budget is set within a national context of continuing uncertainty over public finances. Local government is facing significant funding cuts and the way local authorities are funded will also change. For the Council this means it is facing a rising demand for services whilst at the same time severe reductions in its funding. The Council's priorities continue to be focussed on driving growth and regeneration;

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improving educational attainment; safeguarding vulnerable children and adults; implementing the Environmental Capital agenda; supporting the city's culture and achieving health and well-being for the city.

The Council faces a significant funding gap and to respond to this the will need to pursue efficiency savings; explore new forms of service delivery to reduce costs and generate income by operating more commercially. Whilst savings targets for property have yet to be defined there is an expectation of reducing its costs of ownership; and growing income from the investment portfolio. There is also expectation of capital receipts from property disposals, which can be used to support the revenue budget. The Council has capital available and will consider borrowing to acquire properties subject to a robust business case on an asset by asset basis. Within the operational portfolio there will be a need to bear down on costs through better utilisation, asset sharing and a reduction of discretionary costs such as energy.

### 2.5 Challenges in the Portfolio

A number of issues have been identified which need to be addressed to ensure the effective management of the portfolio as they represent risk to the Council in achieving its objectives

- Ageing Portfolio – The operational portfolio is ageing and thus has increasing maintenance and repair needs as well as being not fully 'fit for purpose'. This is a potential liability for the Council and a drain on scarce capital and revenue resources. There is a need to identify and if appropriate dispose of assets with high maintenance costs. Often buildings have a physical life that exceeds their functional life and it becomes increasingly problematic to accommodate service needs in an ageing, inappropriate building stock. As the Council adopts a more 'commissioning' model for services there will be a need to review the portfolio to optimise its utilisation, reduce costs but also seek to support shared use and provide the flexibility that services will need for the future.
- Portfolio balance – Within the investment portfolio there is a need to ensure balance between different assets types (industrial, offices & retail etc.) in order to create a balanced risk profile for the security of financial returns. There is also a need to ensure there is no ambiguity between social or economic purposes for holding these assets; with a presumption that assets within the investment portfolio are only held to optimise financial returns.

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- ‘Portfolio Intelligence’ – Whilst the Council has robust data at an individual property level through its Technology Forge database the resource capacity to draw this together to provide strategic oversight of the portfolio is constrained. A lack of ‘portfolio intelligence’ means that strategic opportunities within the portfolio may be currently overlooked.
- Profile of Asset Management – There is a need to assert a corporate, strategic role for asset management both to counteract any perception of service ‘ownership’ of assets and to respond to challenges articulated through this AMP. A clear role for asset management is key to delivery of the actions identified in this AMP; and it will be important to provide clarity of roles of the Council’s client function and its strategic partner, NPS Peterborough Ltd.
- Planned Preventative Maintenance – the Council has a good level of information about the condition of the portfolio, and when totalled, the liability is large. However, a more strategic approach to the actual useful life of individual buildings relating to the actual market value and active liaison about the future requirements of service users or the property place within the growth or investment market will see this liability diminish.
- Change – individual properties will move between the three portfolios at different times as their primary purpose changes. For example, Sand Martin House at Fletton Quays will become an operational building whilst Bayard Place will become an Investment building. Such changes in property categorisation are a direct result of active asset management with the changes implying a different management focus and resources as properties are re-classified.

### 2.6 Strategic Direction

The planning context outlined above implies a revised direction for asset management focussed on *using property to support growth, inward investment and financial security*. In the future asset management needs to:

- Promote greater segmentation of the portfolio. The portfolio is not a homogenous set of assets but a series of portfolios each of which are held for a specific need, with specific objectives requiring a specific management focus and a specific set of skills and expertise. The portfolio needs to be segmented to reflect:

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Asset Type	Management Objectives		
<b>Operational</b> – held primarily to support the delivery of council services	Functional suitability	Running cost	condition
<b>Investment</b> – held solely for generating rental income or capital growth	Rate of return	Value	Occupancy rates
<b>Growth</b> – held by the Council to facilitate growth or as a strategic regeneration site.	Planning approval	Development potential	Opportunity cost

- Direct investment towards assets which can generate an improved rental yield for the Council or support strategic developments with the use of ‘ring fenced’ capital to support acquisitions to the Council’s investment and growth portfolios.
- Adopt a robust approach to allocation of scarce capital with investment in planned maintenance directed to supporting Council priorities and to assets which are considered ‘core’ assets which will be retained over the long term.
- Lower the operating costs of property through release of unwanted or poorly performing assets; rationalisation of the operational portfolio and targeting discretionary elements of property spend, such as energy, to lower overall costs.
- Support provision of integrated access to public services through joint working with partners to create multi-agency service facilities where opportunities allow.
- Identify and exploit the latent value of the estate with emphasis on where sites can be more intensively used or where opportunities to generate income / value from alternative uses (commercial and residential) can be realised.
- Minimise future liabilities of the Council by reducing the maintenance backlog of the portfolio or lowering its overall carbon footprint by releasing buildings which are poorly performing in terms of CO<sub>2</sub> emissions or maintenance unless they are service critical; and retro-fitting retained buildings to improve their sustainability.

The nature of the financial pressures facing the Council means that the changes to the portfolio will need to be implemented over a relatively short timescale. This approach will require strong corporate direction in order to drive out potential savings and may also require a greater appetite for risk and reward through strategic investment to enhance the value of the portfolio. Over time this will support a change in the size and nature of the portfolio to one where there is a greater degree of segmentation

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between the operational, investment and growth portfolios and with each having specific management objectives and focus. It will also require the Council to improve its overall delivery capacity (working through its partners) to adopt a more commercial approach to its portfolio management.

### 2.7 Key Themes

This future direction for asset management based on *using property to support growth, inward investment and financial security* is underpinned by four broad themes around which future action and resources need to be coordinated. These themes are briefly amplified below:-

- **Enhancing Portfolio Value** – There is an imperative for the Council to improve its rental yield from property to support the revenue budget. This will require acquisitions to grow the investment portfolio in order to generate a reliable and increasing income stream. An acquisitions strategy setting out criteria for acquiring and reviewing investment assets with access to the ‘invest to save’ budget will be required to support growth of the portfolio. This strategy can also support the acquisition of sites for strategic developments including housing. The Council has already created a joint venture to develop housing sites. For operational property there will be a requirement for action to reduce costs and lower maintenance liabilities.
- **Partnership Working** – Increasingly the Council will seek to work with partners to realise its strategic objectives. This includes both public and private sector partners. As part of its transformation programme the Council will need to review its assets base to promote integrated public services through shared asset use. This is a resource and policy imperative to reduce costs and create modern facilities able to support multiples uses and agencies. Similarly there will be a need to secure expertise from the private sector partners, such as that secure through the Peterborough Investment Partnership, to develop strategic growth and regeneration sites and to assist in service delivery.
- **‘Greening’ the Portfolio** – With the Council’s aspiration to be the UK’s environmental capital it will be important where practicable and affordable to take measures to ‘green the portfolio’. New buildings should be developed to highest sustainability standards available within appropriate budgets using locally sourced material with low embodied energy, maximum recycled content and low maintenance needs. It is recognised that progress on this aspiration will be constrained by resources but practical measures should be taken where

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financially viable. Where possible existing buildings should be optimised in terms of utilisation and retro-fitted to promote improved sustainability.

- ***Developing Delivery Capability*** – The nature and pace of change implied through the context and response above also requires change to the governance, processes, capacity and culture of the Council and its partners. The most significant change is a need to embrace more innovative and commercial approaches capable of delivering radical change in a short time. A re-balancing of priorities towards active growth and management of the investment portfolio will be required. There is a need to move towards a more systematic and planned consideration of services space needs rather than the current approach of responding to needs in a reactive short term way.

### 2.8 Making it Happen - A Framework for Action

Looking forward there are a number of actions required to respond to the challenges identified above. An action plan is included below. The resource implications and timing of these actions are not identified in any detail. Given the Council's resource constraints it will need to determine the relative priority of each action, the risk of not undertaking it and potential scale of benefits which will be delivered. The identified actions are in addition to existing day to day asset management activities.

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Diagram 1 – Summary of Key Actions

KEY ACTIONS <i>Actions identified are strategic initiatives only &amp; are in addition to the normal day to day activities (S) – Short term – with 12 months (M) – Medium Term – 1 to 3 years</i>	KEY THEMES			
	Enhancing Portfolio Value	Partnership Working	‘Greening’ the Portfolio	Developing Delivery Capability
<b>Initial Portfolio Actions</b>				
Segmentation of portfolio into Operational, Investment & Growth portfolios	(S)	●		
Establish a Service Asset Management Forum at Director/Head of Service level	(S)	●		●
Develop and approve an Acquisitions Strategy	(S)	●		
Clarify roles within ‘intelligent client’ and NPS Peterborough	(S)	●	●	●
Complete the H&S organisational responsibilities flow and implement	(M)	●	●	●
Review EPC and DEC requirements in light of forthcoming changes in legislation	(M)		●	
Review Rating services and costs internally and externally across portfolio to reduce costs	(M)	●		●
Assess the leased in Portfolio for possible savings	(M)	●		
Review fire insurance valuations on a rolling programme to ensure costs & risks are managed	(M)	●		
<b>Operational Portfolio</b>				
Implement office rationalisation (Fletton Quays)	(M)	●	●	●
Review to categorise for retention against suitability, maintenance costs, potential for shared use	(M)	●	●	
Develop planned maintenance strategy for ‘core’ retained assets	(M)	●	●	
Ensure current occupiers directorate are included on Technology Forge and review regularly	(M)	●		●
Where assets are not ‘fit for purpose’ - actively look to reuse or replace with new acquisitions	(M)	●	●	
Finalise the Community Asset Transfer strategy on remaining community buildings where possible	(M)	●	●	

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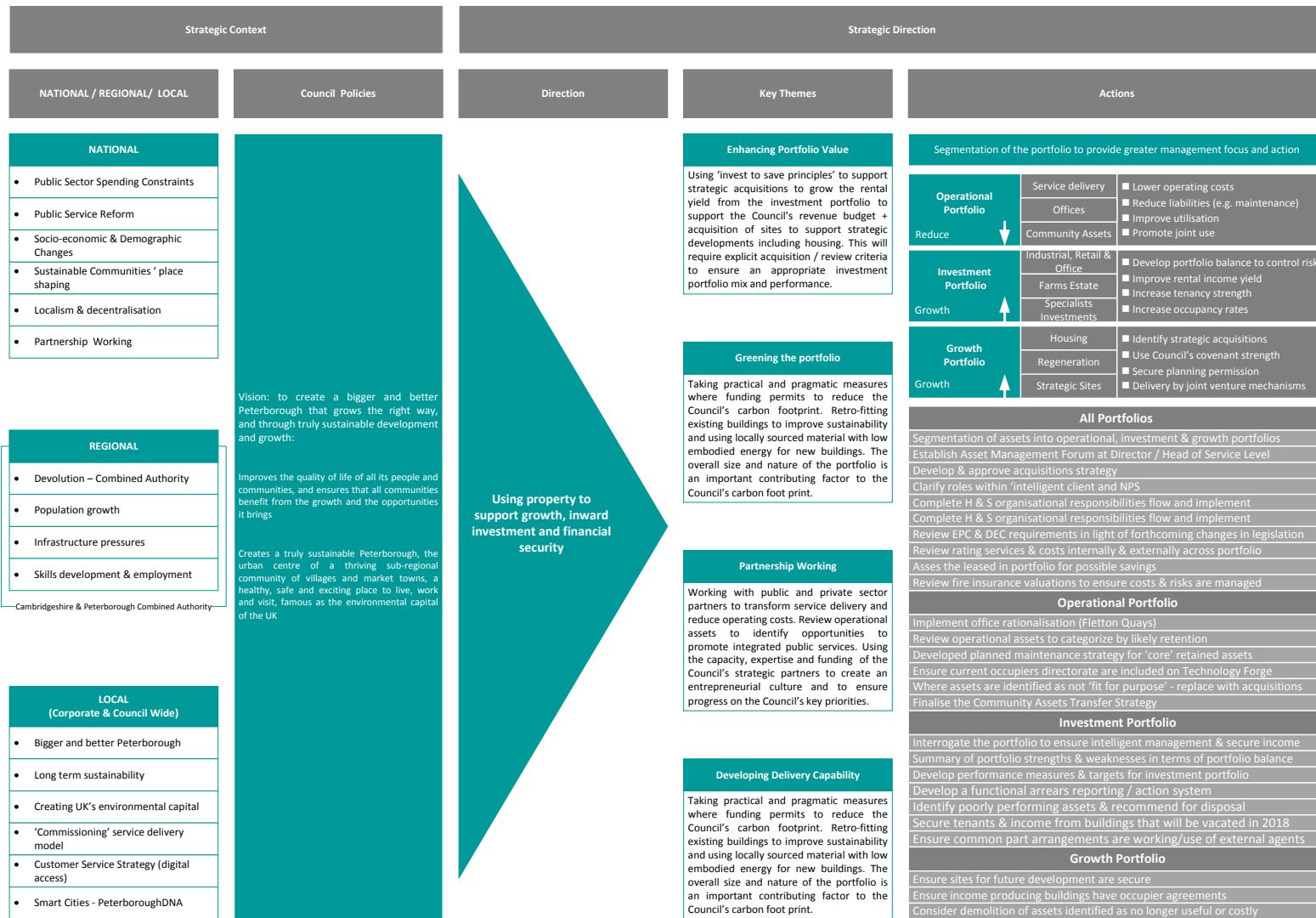
KEY ACTIONS		KEY THEMES			
<i>Actions identified are strategic initiatives only &amp; are in addition to the normal day to day activities (S) – Short term – with 12 months (M) – Medium Term – 1 to 3 years</i>		Enhancing Portfolio Value	Partnership Working	‘Greening’ the Portfolio	Developing Delivery Capability
<b>Investment Portfolio</b>					
Interrogate the portfolio to ensure intelligent management and secure income	(S)	●			●
Prepare a summary of the portfolios strengths and weaknesses in relation to portfolio balance	(S)	●			
Develop performance measures & targets for investment portfolio	(S)	●		●	
Develop and implement a functioning arrears reporting and action system	(S)	●			●
Identify poorly performing assets and recommend for disposal	(M)	●			
Secure tenants and income from buildings that will be vacated in 2018	(M)	●			
Ensure common part financial arrangements are apt & working + consider use of external agents	(M)	●			●
<b>Growth Portfolio</b>					
Ensure sites held for future development are kept secure	(S)	●	●	●	
Ensure buildings capable of being income producing have appropriate occupiers arrangements	(S)	●			
Consider demolition of assets identified as no longer useful / costly to keep to avoid capital spend	(M)	●			

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Diagram 2 – Summary of Strategic Context & Strategic Direction



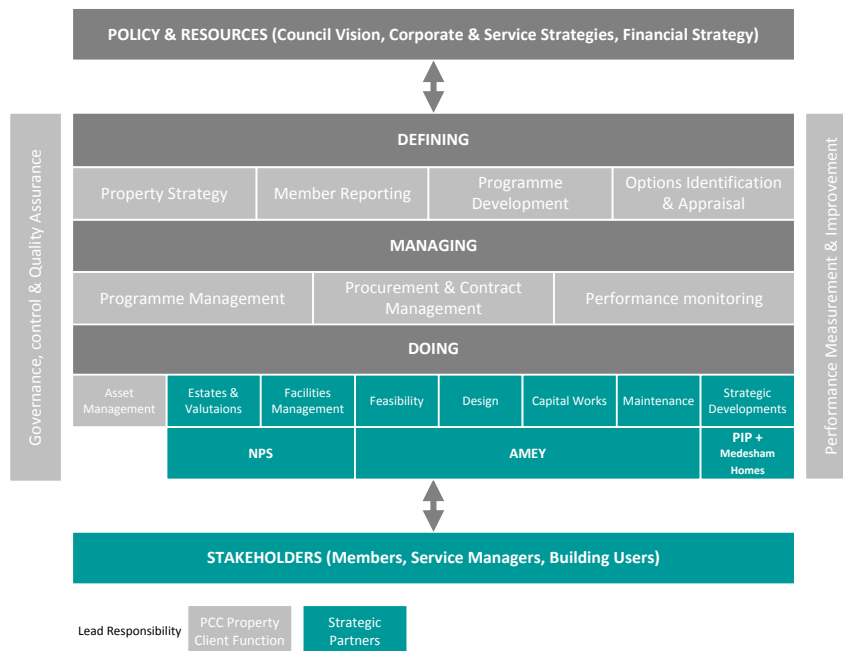
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## 3 Asset Management Policy & Practice

### 3.1 Organisational Arrangements

The CPO (Corporate Property Officer) role is undertaken by the Corporate Director of Growth and Regeneration. Within the Council there is a ‘thin client’ capacity represented by the Head of Property Services with the related professional property activity undertaken through strategic partnerships – NPS Peterborough Ltd (a joint venture partnership) for the broad range of estates and valuation services and Amey for design, capital works and property maintenance. The Peterborough Investment Partnership (PIP) – a 50/50 joint venture with the private sector established in December 2014 supports growth and regeneration through the development of strategic sites. Medesham Homes is a new joint venture company established by the Council and Cross Key Homes to deliver Housing. The Council also has partnerships with Skanska for highways work and Vivacity for culture and leisure services.

This structure gives the Council’s property activities a clear, senior level of accountability and provides clarity of responsibility over the defining – managing – doing aspects of property. It is intended to promote a strengthened corporate property function, helping to ensure that property helps to deliver Council objectives in an effective manner. Within the structure it will be important to promote and build in the role and profile of asset management as a strategic discipline. The operating model is shown in the diagram below.



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### 3.2 Governance & Decision Making

The Cabinet Member for Resources has the lead political role for property matters and acting under delegated powers considers reports on property issues from the CPO. The Cabinet or the Cabinet member acting with the CPO are responsible for decisions on acquisitions, use and disposal of assets and for ensuring asset management policy and actions is consistent with the Council's corporate strategies and objectives.

The prioritisation of projects in the capital programme is undertaken as part of the budget setting process. The responsibility for service buildings and their operating budgets lies with service departments. Service managers can place orders directly with strategic partners, such as Amey without necessarily involving property staff and this may mean at times to times works can be placed without appropriate professional advice. Client managers within the Council oversee the specific contracts and budgets for the various joint ventures that that underpin the delivery of the Council's property activities. This approach will be reviewed.

### 3.3 Consistency with 'Best Practice'

The Council working with East of England LGA undertook a 'health check' of its asset management governance arrangements, processes and practice in 2013; with a further analysis of asset management services in 2015. This review acknowledged the Council's areas of good practice and innovation in asset management but also identified some areas of risk where further development work was required. The Council has made progress in addressing the identified deficiencies. Appendix B provides an updated review of the Council's existing practices against 'best practice' in asset management as a reference point to help clarify further development according to the Council's priorities and resources.

### 3.4 Supporting Policies & Procedures

This AMP is amplified by a range of further property policies and procedures. These are referenced through Appendix C.

## 4 The Property Portfolio

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### 4.1 Summary dimensions of the portfolio

The Council has a diverse property estate spread throughout its administrative area. The bulk of the estate is operational property used for direct delivery of services for which the Council has a statutory or discretionary responsibility and is predominantly freehold. The broad dimensions of the portfolio are:

- The portfolio comprises 1821 land and property assets
- Is worth £442.0M in terms of book value
- Incurs running costs of 17.5M per annum
- Has a repair requirement of £46.5M

### 4.2 Tenure & Use

The portfolio is predominantly in freehold ownership. Leasehold buildings are a charge against the Council's revenue budget and whilst they can be a flexible option over the short term there is a need to continually assess the tenure mix to ensure an appropriate balance between cost and need. The portfolio has a diverse mix of uses. This is illustrated in a summary of the portfolio in Appendix D.

### 4.3 Condition & Fitness for Purpose

It is important to survey and record the condition of the building stock in order to be aware of immediate health and safety issues in the portfolio, incipient risks and liabilities to the Council and the investment needs associated with ensuring buildings are in a reasonable state of repair - as required by the authority to meet its service delivery obligations and statutory requirements. It is also an important element of 'Best Practice' within current asset management guidance. The relationship between relative levels of expenditure on reactive and preventative provides an indication of the effectiveness of an organisation's overall maintenance strategy. Annual expenditure predominantly on planned maintenance with a stable or reducing backlog trend is indicative of a well maintained portfolio, whereas a high proportion

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of spend on reactive maintenance suggests an inadequate budget and maintenance strategy. Currently the Council's maintenance spend is directed predominantly to reactive maintenance. A backlog summary is given in Appendix D.

Buildings need to be suitable ('fit for purpose') in order to support service delivery. A building of the wrong type; in the wrong location can be a major inhibitor to effective service provision. It is important therefore to periodically review the suitability of buildings to see if they are having a beneficial or detrimental effect on services. Suitability assessments for schools have been undertaken; but this has not been extended in a systematic way to the non-schools, operational portfolio.

### 4.4 Value, Cost & Income

There is a recurring cost borne from the revenue budget to own and occupy property. Assuming the portfolio is fit for purpose and in a reasonable state of repair the objective should be to minimise this expenditure in order to release revenue for service priorities. Property running costs represent 3.4% of the Council's gross annual spend with energy costs make up 23% of the annual property running costs.

As well as providing accommodation from which to deliver services, property can also be considered as a 'productive asset' which is capable of releasing value (from property disposals) or generating income (from lettings). This can make a valuable offsetting contribution to capital projects or operating costs. The asset value of the portfolio is £442.0M of which £31.8M is the investment portfolio. The asset value is a 'notional value' required for capital accounting purpose and reported on the Council's Balance Sheet through the annual statement of the accounts. It does not necessarily represent the achievable market value of the portfolio. See Assets Investment Receipts Summary at the end of this report for further details about the capital receipts figures expected in 2018/19 and 2019/20.

Profile of Capital Receipts (£m)							
Achieved				Expected			
13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21
£1.489	£1.769	£1.027	£5,978	£12.738	£2.922	£4.319	Nil

### 4.5 Sustainability & Energy

Energy use in buildings is becoming increasingly important, as organisations lead by example in reducing carbon emissions to meet the UK's national target of reducing carbon emissions by 80% by 2050. The Council also has an aspiration to reduce its carbon emissions and the energy efficiency of Council buildings is important as these represent a significant element of the Council carbon emissions. The Council has entered into an Energy Performance Framework agreement with Honeywell Control Systems with the intention to make energy efficiency improvements to Council properties; with the potential of widening the scheme to other local authorities and partners.

### 4.6 Statutory Compliance

Ensuring the portfolio conforms to statutory obligations is a high priority of the Council. Failure to do so may expose Council staff and clients to health and safety risks or expose the Council to financial risks. The statutory obligations for the portfolio and related professional services are varied and subject to continued revision and therefore need to be monitored closely.

- Asbestos Management - Asbestos surveys of all properties have been undertaken. Asbestos removal work is carried out on a reactive basis as and when required for refurbishment or demolition.
- Display Energy Certificates (DECs) – With changing legislative requirements there will be a need to re-assess DECs over the short to medium term.
- Water Safety – water management testing (including legionella) is undertaken on a systematic basis in accordance with legislative requirements.
- Fire Safety – Fire Risk Assessments are undertaken within the Council's corporate buildings to identify risks, issues and whether mitigation is required. Remedial works to address issues identified from the surveys is undertaken as required. Responsibility for undertaking Fire Risk Assessments is delegated to all schools through the Academies Act and the Education Act. Guidance issued by the Department for Education delegates this to head teachers. However, for community schools the Council, in its capacity as employer has responsibility for ensuring Fire Risk Assessments are in place.

### 5 Performance & Monitoring

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#### 5.1 Key Achievements

The Council has demonstrated its commitment to asset management through a range of initiatives. Whilst not an exhaustive list some of the more significant achievements include: -

- The placement of the CPO (Corporate Property Officer) role with the Corporate Director of Growth and Regeneration to ensure it becomes an integral part of the Council's Growth Strategy.
- Instigated a joint venture partnership with NPS Property Consultants Ltd to provide estates and facilities management services which could be extended to include Asset Management as a Core Function
- Appointed a Head of Property Services as the client side strategic and day to day lead for property matters and for liaison with NPS as the Council's joint venture partner for estates and facilities management services
- Created a joint venture partnership (Medesham Homes LLP with Cross Key Homes) to deliver housing.
- Completed the acquisition of the former Whitworth Flour Mill which has concluded the land assembly for the Fletton Quays development. This is the final piece of the land assembly jigsaw for Fletton Quays meaning, the Council and Peterborough Investment Partnership can bring forward comprehensive development of this key city centre riverside site in a co-ordinated way.
- Continued to secure capital receipts from property asset disposals to support the Council's budget.

#### 5.2 Measurement of Portfolio Performance

The long-term and multi-faceted nature of property as a resource means it is difficult to measure portfolio performance through a single, simple performance measure. Best Practice in asset management recommends that the adoption of national performance measures where these are available plus the development of local indicators to meet specific local priorities. The Council accepts this approach but with

## ASSET MANAGEMENT PLAN

a pragmatic recognition that with its limited resources and capacity progress in developing and reporting on property performance can only be undertaken on an incremental basis.

The Council could adopt a simple reporting approach which is based on each of the principle asset types and within this a range of performance perspectives:

- Asset types - operational, investment and growth.
- Performance perspectives – physical, financial, legal, and functional

These will concentrate on a small number of indicators chosen to provide a rounded perspective of each portfolio. This will provide a framework for the development of a performance led approach to the management of each portfolio.

### 5.3 Review Arrangements

The AMP is a 'live' document and will be kept under review. The AMP will be reported upon annually to Cabinet and updated periodically with progress reported to Cabinet through the Corporate Director of Growth and Regeneration. These will concentrate on the progress of the specific Key Actions identified in the AMP and more general performance of the individual portfolios. This formal reporting will be in addition to the regular formal and informal reporting on property matters which is on-going.



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### Appendix A - Service Strategies and Portfolio Implications

Asset Type	Number Of Assets	Existing & Future Perspectives of the Portfolio
<b>Operational Assets</b>		
Car Parks	24	The Council has 24 designated paying car parking sites, the majority of which as surface car parks. There is a need to review the car parks to assess car parking capacity against current and future demand and to identify whether individual car parking sites may have some strategic development potential.
Offices		Work has progressed on the development of a modern work environment for the Council, along with strategic partners in the form of a new 90,000 approx sqft net office scheme at Fletton Quays. This will be the largest office built in the city for over 20 years. The Council will take a new long term lease, using its covenant strength to support regeneration. This forms a key part of the 17 acre regeneration site adjoining the river, south of the city centres. In addition, it will include a 160 bed hotel, 400 residential units (mainly apartments) a further 60,000 sq. ft. of offices, a 410 space multi-storey car park and 90 space surface car park, new retail units and Listed goods shed which become a distillery and visitor centre. This will be complemented by new public realm including riverside walkways, near public square and improved cycle routes.
Libraries	10	The Council has recently reviewed its library service and implemented Open+ technology enabled facilities which will allow libraries to stay open for longer hours. Libraries are open for a set number of staffed hours with additional hours operating on a self-service basis. The mobile & library at home service has not changed. The Open+ technology is designed to allow libraries to stay open for longer. The future direction for the library service is to encourage greater and more innovative use of the library facilities to promote neighbourhood based multi-use facilities. Reductions in the existing number of libraries are not anticipated.

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Schools Schools are outside the scope of this AMP but included here and in Appendix D for the sake of completeness. Schools are covered by a separate Schools Asset Management Plan.

Community Assets Community assets are those properties in the Council's ownership which have a community use or from which a community based activity or service is delivered. The Community Asset Transfer Strategy aims to encourage retention of local facilities without the use of Council funds; increase effectiveness of community assets through local community management and to explore innovative ways to enhance existing community facilities. The Strategy sets out the Council's objectives for community assets and the process and criteria around the transfer of assets to community bodies.

### Investment Assets

Farms The Council has developed a strategy for its farm estate which is focussed on retaining it as a viable land holding providing benefits to the people of Peterborough with targeted investment as to repair and improve as required. The strategy promotes twin objectives through the management of the farms estate – in financial terms ensuring viable farming units; maintenance of the rental and capital value of the estate; providing opportunities for new farm entrants and seeking sale of units which are not financially viable – in social terms providing opportunities for the people of Peterborough by integrating non-agricultural uses with the farms estate.

Other With a commitment to grow the investment portfolio there is a need for a robust strategy to guide acquisitions, review and performance. This needs to set clear objectives and targets for the investment portfolio and a clear set of governance arrangements and operating criteria. The assumption is that the Council will seek to create a 'balanced' portfolio with a mix of assets types but with an emphasis on those providing high long term yields.

Growth Assets The focus of developing the Growth portfolio is to retain market awareness of potential opportunities and to intervene where there are strategic opportunities to support the regeneration of the city.

# ASSET MANAGEMENT PLAN

## Appendix B – Consistency with ‘Best Practice’

Demonstrating an effective approach to asset management is important to an organisation’s overall performance. Asset management policy and practice needs to be reviewed regularly to ensure it is consistent with latest guidance and relevant to the organisation’s own priorities. As a key resource property underpins service delivery and increasingly a link is being made between effective asset management and organisational capability and reputation.

Roles & Responsibilities		
The council has a designated corporate property function	1	2
There is Corporate Property Officer with defined responsibilities	2	
Corporate Property Officer reports to a strategic committee	2	
Cross-service forum established on property matters	2	
Property occupiers / users role defined	2	
Group to oversee development of AM practice & AMP	2	
Cabinet member lead on property matters	1	2

Decision Making & Consultation		
Clearly defined decision making processes on property matters	2	
Consultation process on the AMP	2	
Views of service users & occupiers sought	2	
Public consultation on property matters	2	
Full member reporting	2	

Identifying Property Needs		
Defined aims & objectives for asset management	2	
Strategic vision and goals	2	

Capital Programme Management		
Option appraisal / prioritisation / whole life costings	1	2
Outcome targets for capital spend	2	
Processes for identifying projects	1	2
Projects assessed using an agreed methodology	1	2
Authority-wide group to oversee programme	2	
Process for post-project evaluation	2	
Projects completed on time & to budget	1	2

Managing Properties in Use		
Maintenance backlog known & reported to members	1	2
Periodic assessment of building condition	1	2
Maintenance spend prioritised	2	

Review of Need, Utilisation & Cost		
3 – 5 Profile of capital receipts	2	
Systematic review programme	2	
Criteria to challenge retention	1	2
Incentives to release property	2	
Identification of under-utilisation	1	2
Specific organisational focus on property review	2	
Disposal processes monitored	2	
Shared use of buildings promoted	1	2
Framework for assessing action in the portfolio	1	2

Data Management		
Inventory & core data available	1	2

Performance Management		
Reporting on national performance indicators	1	2
Portfolio performance reported to members	2	
pPis related to defined property objectives	1	2
Agreed targets for pPis	1	2
Comparisons made with others	2	
Local pPis in place	2	
Improvement plan (informed by performance data)	1	2

Partnership Working		
Integrated approach to assets with other agencies	1	2
Policy on community asset transfer	2	

Current corporate asset management plan	2	
Corporate AMP linked to corporate objectives	2	
Asset management integrated with service planning	2	
Key areas for change (in the portfolio) defined	2	
Commercial portfolio needs identified	2	
Running cost performance known	2	
Statutory obligations met	2	
Targets set for running costs	2	
Suitability of buildings assessed	2	
Satisfaction with buildings measured	2	
Statement of data needs & priorities	2	
Processes to ensure data quality	2	
Organisational focus for data management	2	
Non-core data available (cost, suitability etc.)	1	2
Information easily available to users	2	
Property IT systems Periodically reviewed	2	

Based on English ‘Best Practice’

1 Audit Commission Key Lines of Enquiry under CPA / CAA

2 Wider ‘Best Practice’ (RICS, DCLG & Practitioner Associations)

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## Appendix C – Asset Management Policies & Procedures

	Portfolio		
	Operational	Investment	Growth
<b>Strategies &amp; Policies</b>			
Asset Management Plan	■	■	■
Office Accommodation Strategy	■		
Acquisitions Strategy (to be developed)	■	■	■
Investment Portfolio Strategy (to be developed)	■	■	■
Community Asset Transfer Policy	■		
Farms Estate Strategy		■	
Disposals Strategy (within previous AMP)	■	■	■
Service asset strategies (to be improved)	■		
Carbon Reduction strategy	■	■	■
<b>Protocols, Procedures &amp; Partnerships</b>			
Service Asset Management Forum (to be established)	■	■	■
Corporate Asset Management Group (to be established)	■	■	■
AMEY Strategic Partnership	■		
Skanska Highways Partnership	■		
NPS Peterborough Partnership	■	■	
Cross-Keys Housing Joint Venture Partnership			■
PiP – Peterborough Investment Partnership			■

## ASSET MANAGEMENT PLAN

### Appendix D – Summary of Property Portfolio

Portfolio	Sub-Portfolio	Type / Use	Number
<b>Operational</b>	Operational (excl. Schools)	Car parks Children's Centres Day centres Depots / stores Libraries Sports Centres Play centres Pools Public Conveniences Residential homes Waste / Infill sites Youth Centres	
	Operational (Schools) Administrative Community assets	Offices Allotments Cemeteries Community Centres Community related asset land Open Spaces (incl Section 120) Recreation grounds Community Use	
			<b>744</b>
<b>Investment</b>	Industrial Public Houses Retail		
	Farms Estate	Farms / Agricultural land	
			<b>156</b>
<b>Growth</b>		Options to PIP Dev Partner	<b>3</b>
<b>Miscellaneous</b>		Former housing land Land	<b>838</b>

Summary of Repair Backlog (£000s)					
Condition	Total Value	%	Category	Total Value	%
A-Good	£292.1	0.63	Urgent	£2,812.0	6.05
B-Satisfactory	£8,831.6	18.99	Essential	£11,331.5	24.37
C-Poor	£28,377.3	61.02	Desirable	£23,370.3	50.25
D-Bad	£9,004.4	19.36			
	<b>£46,505.4</b>			<b>£37,513.8</b>	

Note: The backlog figures are based on the assumption that all properties in the portfolio have a useful life of at least 10 years if all works are progressed as scheduled and do not allow for inflation. These assumptions may not be applicable to the existing portfolio and financial budgeting.

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### Asset Investment Receipts Summary from 2018 to 2021

Property Description	2018/19	2019/20
162 Cromwell Road	*	
49 Lincoln Road	*	
5 Royce Road	*	
Barn Conversion Farm Estate	*	
Bayard Place	*	
Caretakers House, Barnack	*	
Farm Estate Building F	*	
Farm Estate Bungalow	*	
Fleet Surplus Land	*	
Land at Angus Court - Large Site		
Land at Angus Court - Small Site	*	
Land at Fengate South	*	
Land at Marholm/Lincoln Rd	*	
London Road (gravel car park)	*	
Land at Stanground Academy	*	
Orton Bowling Green	*	
Plot 7 Fletton Quays	*	
Tenterhill/Thistle Drive		*
Land at Bishops Road Car Park		*
Chauffers Cottage		*
Wellington Street Car Park		*
Wirrina Car Park		*
Dickens Street Car Park		*

### **Properties Under Consideration for Disposal**

Community Asset Transfers  
 The Cresset  
 Thorney Church Street  
 Tank Yard Thorney  
 441 Lincoln Road  
 Substations  
 Allotments - various  
 Heltwate/Newark Road  
 Peterscourt  
 Allia Office Building  
 St Botolphs Caretakers House  
 Peterborough Football Ground