

Peterborough City Council

Asset Management Plan

January 2021



Foreword

Peterborough City Council has a continued commitment to creating vibrant local communities with a strong local economy and good provision of infrastructure, housing and employment. Buildings are important in creating a sense of place and the Council's property assets make an important contribution to creating sustainable communities within Peterborough. The Council needs to regularly review its property portfolio to ensure that it is optimised so that it can contribute to community needs and the Council's budget. This document sets out the Council's asset management policy and practice.

Executive Summary

The operating context for public services continues to be challenging and those challenges are exacerbated by demographic changes and financial pressures due to diminishing central government funding. Peterborough is a rapidly growing city which puts pressure on demand for housing, infrastructure, employment opportunities and council services.

Since March 2020 the COVID-19 emergency has made a significant further impact onto public services, people's working habits and the Council's property portfolio. It is not clear how long the current restrictions relating to the pandemic will last and what the "new normal" way of operating will be, however the effects on Council's finances and provision of public services will be significant and long lasting.

The Council has a vision for improving quality of life in its communities and creating a sustainable thriving place to live, work and visit. It also has aspirations to be the environmental capital of the UK. Accordingly, the asset management plan must have a continued focus on using property to support growth, inward investment and financial security whilst having a positive impact on the environment.

There is a continual assessment of the portfolio to ensure that property is making a contribution either from a financial or community perspective. Where it is not, the Council will invest and refurbish, redevelop or dispose. Property is regularly reviewed to understand whether operational costs can be mitigated. Efficient asset management helps to optimise property's contribution to the revenue budget and meet the Council's growth and regeneration priorities.

1 Introduction

1.1 Purpose & Scope of AMP

This Asset Management Plan (AMP) identifies the key strategic policy and resource influences affecting the Council and sets parameters for asset management over the medium term. The plan has a 5-year horizon with annual reporting on progress.

The AMP is to define how the Council:

- Integrates property decisions with wider Council policy
- Enhances the financial value from its property holdings
- Maintains and improves its assets
- Drives efficiencies within the portfolio
- Supports the Council's aspirations as an environmental city
- Listens and responds to its residents' evolving needs

1.2 Overview of the Portfolio

The Council owns a diverse property portfolio. These properties are:

- Operational – those supporting direct service provision
- Investment – those producing a positive financial return
- Surplus – property no longer used in service provision which are sublet or vacant
- Strategic land or property with growth and regeneration potential

1.3 Links to Other Plans

The AMP is aligned with a number of wider supporting policies, corporate and service strategies which are listed in appendix A.

2 Strategic Context & Direction

2.1 Influences for Change

National

The COVID-19 Emergency has significantly impacted how people work and including how they use their property portfolios. We have seen:

- The requirement for a significant portion of the workforce to work agilely from home since March 2020. The Council has successfully implemented full agile working resulting in reduced use of corporate buildings. Staff are now used to this and like the flexibility;
- The requirement to ensure all buildings comply with COVID-19 regulations when being used.

What we do not know at the moment are the medium and longer term impacts on working practices and specifically:

- How long the emergency will last for and what the “new normal” way of working will be both for Council staff and users of buildings in the Council’s property portfolio;
- The extent of the transition of office space to alternative uses such as residential or community use
- How people will access Council services. This might well accelerate some Community based policies (Think Communities) but could radically affect the makeup of Council property portfolios leading to redundant buildings and the requirement for different types of building.

At a national level there has been and continues to be a drive to promote sustainable communities and an aspiration to create vibrant, attractive places to live and work. Current policy has a strong emphasis upon encouraging community participation and place-shaping with a view to the Council and community working together to improve the character of an area

The government’s localism agenda has a focus on decentralisation – moving resources and decision-making towards individuals, communities and councils. Voluntary groups, social enterprises and parish councils now have a ‘community right’ to challenge local authorities over their services. New rights mean communities can ask councils to list certain assets as being of value to the community. Where a listed asset comes up for sale, communities have the right to bid for it.

Under Community Asset Transfer (CAT) initiatives there is also potential for the transfer of management, sometimes ownership of council property to community organisations in order to achieve a social, economic or environmental benefit.

There is a strong drive for partnership working - a policy exemplified by the One Public Estate (OPE) initiative. OPE is an established national programme coordinated by the Cabinet Office and the Local Government Association. Its objective is to encourage public sector partnerships and a strategic approach to asset management. By bringing national and local government together and supplying the necessary expertise, OPE has been able to achieve tangible results and is now working with over 300 councils. Their main aims and outcomes have been:

- Driving local growth and job creation
- Creating efficiencies and reducing cost

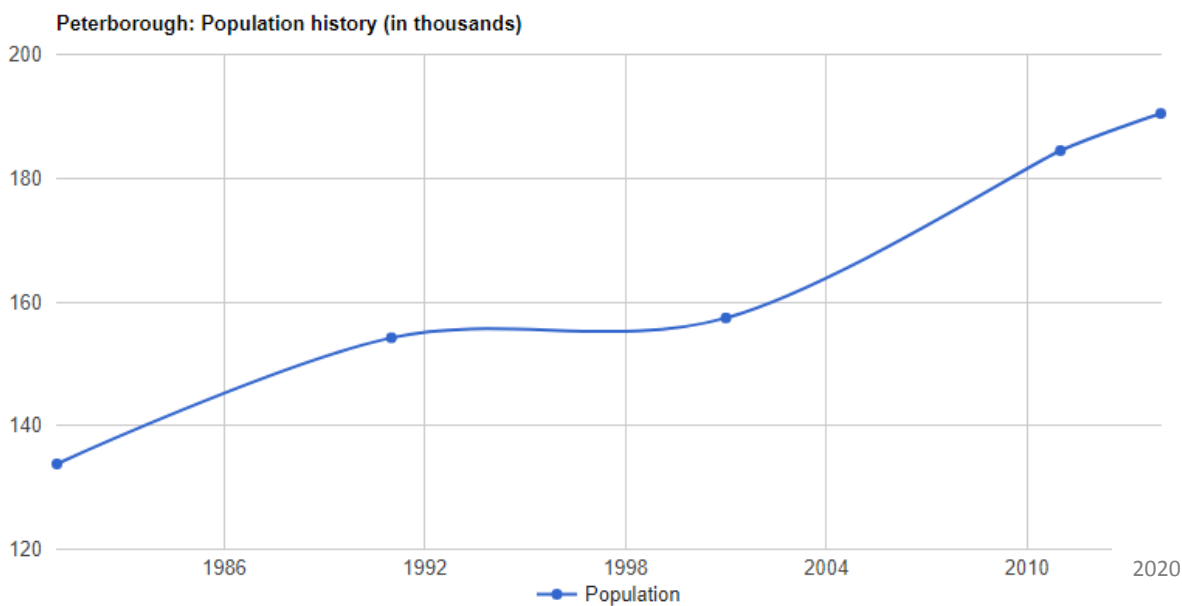
- Releasing capital to reinvest in communities
- Sharing best practice in asset management
- Using dedicated local teams to work on specific projects
- Freeing up sites to promote the building of new homes

Regional

Under the government’s devolution agenda, the Cambridgeshire & Peterborough Combined Authority was created in March 2017; the Combined Authority has a directly elected mayor and more discretion on how services are provided. It has new powers and access to funding for new homes and infrastructure. The Council is part of the Local Enterprise Partnership (LEP) that covers Greater Cambridgeshire and Greater Peterborough. The LEP’s role is to provide a broad vision for the area to explore ways of building infrastructure and to encourage the development of local skills.

Local

Peterborough has seen a period of sustained population growth with population for the Council’s administrative area estimated to be c.200,000 in 2018 and 204,000 by 2020 (source - Office of National Statistics).



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. The area’s proximity to London and good transport links continue to act as a draw to the area. This growth requires investment in infrastructure, especially housing and increases demand on essential services.

2.2 Council & Service Priorities

The key priorities underpinning the Council’s vision are:

- Growth, regeneration and economic development of the city to bring new investment and jobs; supporting people into work and off benefits
- Improving educational attainment by developing university provision and employment opportunities
- Safeguarding vulnerable children and adults
- Pursuing the Environment Capital agenda to position Peterborough as a leading city in environmental standards
- Supporting Peterborough Limited and City Culture Peterborough to deliver arts and culture
- Keeping our communities safe, cohesive and healthy

There are a range of corporate strategies to which the Council's property portfolio must align.

The most significant of these are highlighted briefly below.

- **People & Communities Strategy** – The Council will develop new models of service delivery working with constrained financial resources. The focus will be upon targeting services and moving further towards a commissioning model. There is a need to adapt service delivery with fewer services being provided directly by the Council, increasing 'shared services' provided by partner agencies and more use of community / voluntary resources. The Council will retain a regulatory role but it is likely to employ fewer staff in the future.
- **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 has been exemplified with the Council agreeing to a "Climate Emergency" motion at full Council.

This sets targets out themes which include:

- Reducing carbon emissions
- Sustainable water management
- Protection of wildlife
- Use of sustainable materials
- Sustainable food production
- Sustainable waste management
- Sustainable transport solutions
- Heritage preservation

All of these will impact how the Council manages and uses its property portfolio and will come under greater scrutiny over the next decade.

2.3 Service Strategies & Partnerships

There are a range of existing service strategies and partnerships which directly affect properties which the AMP addresses. These are shown in appendix B.

2.4 Resource Context

The Council's budget is set within a national context of continuing funding cuts and PCC is itself facing a significant funding gap. To meet this challenging environment it will need to operate more commercially and pursue efficiency savings wherever possible. Where there is no commercial, community or strategic case for retaining property, assets will be disposed of; the proceeds of which will be used to support the revenue budget. Within the operational portfolio there is a need to reduce cost through more efficient utilisation, sharing between services and use of energy.

2.5 Challenges in the Portfolio

A number of challenges have been identified in the portfolio which need to be addressed.

- Ageing Portfolio – The operational portfolio is ageing and thus has increasing maintenance and repair needs. There is a need to identify and agree Planned Preventative Maintenance (PPM) programmes and if appropriate dispose of assets which are a drain on resources. The capital expenditure budget for the portfolio is significant and for 2020-21 is £1.8 million for corporate premises and £500,000 for leisure premises.
- 'Portfolio Intelligence' and data management. The council has robust data from managing the property portfolio however it needs to ensure the information is collated to provide the necessary high level reporting. That will allow oversight of the portfolio and ensure strategic opportunities are maximised.
- Asset Management – A clear role for the Council's joint venture Estates and Strategic Asset Services Partner NPS is key to delivery of the AMP, as are clarity of roles within the Council's client function, Peterborough Limited and property services commissioned through Education and Housing . This also includes future regeneration plans for the city and how Council owned assets can be used to facilitate this.

2.6 Strategic Direction

The context outlined suggests a requirement for asset management to focus on using property to support growth, inward investment and financial security and new requirements as we move out of the COVID-19 emergency. Going forward, there are specific objectives for the various elements of the portfolio.

For example:

- Operational portfolio.
 - Focus on core council assets
 - Increase sharing between services
 - Promote agile working
 - Use planned preventative maintenance to spread cost
 - Reduce energy use

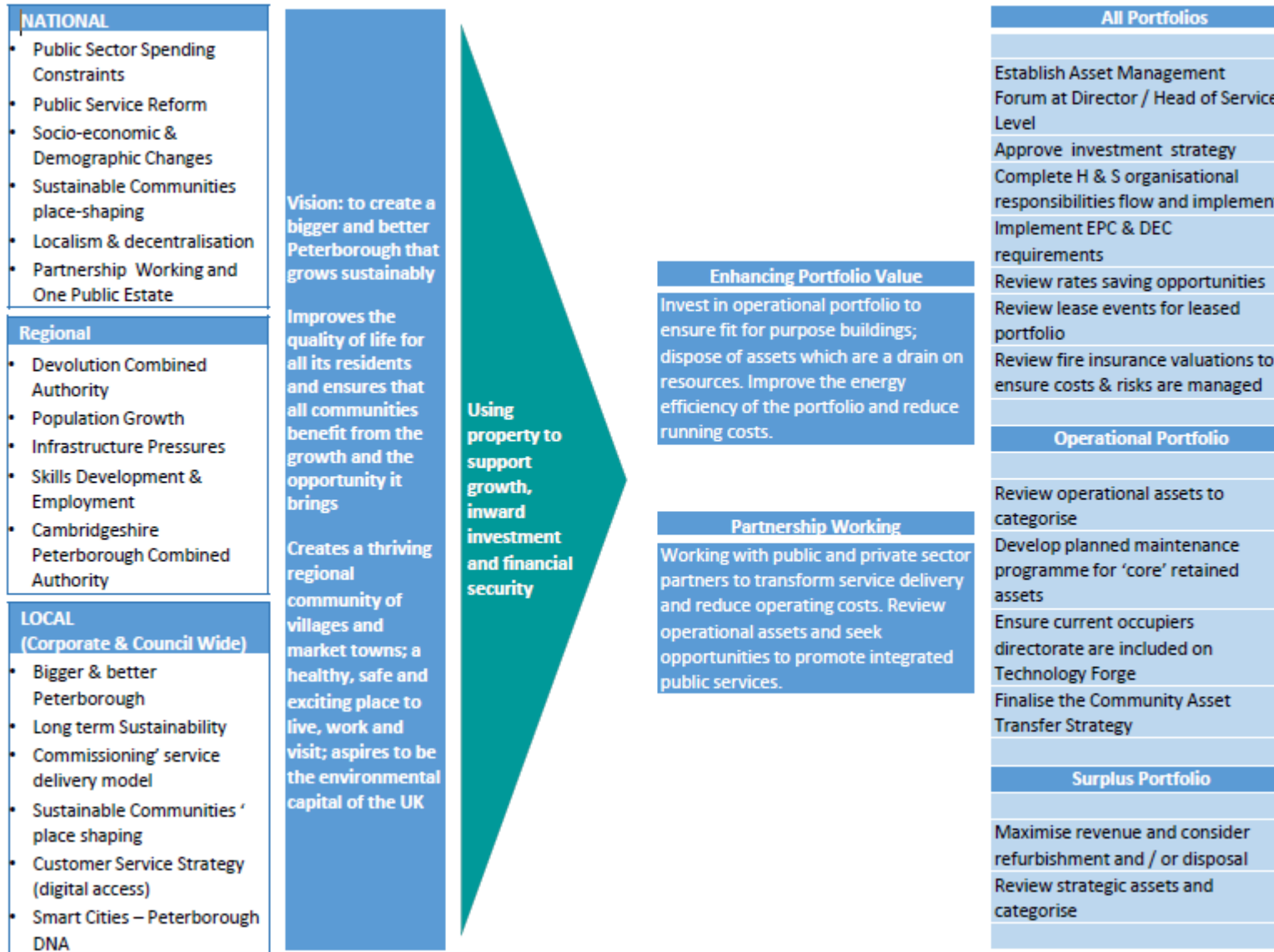
- Support provision of integrated public services with partners to create multi-agency service facilities
- Surplus portfolio:
 - Refurbish property where there is potential to create long term income
 - Dispose of assets that are a drain on the Council's resources and where retention does not present a wider community or strategic benefit
- Strategic land and property
 - Keep reviewing opportunities to meet growth and regeneration objectives, and potential opportunities to create income.

There are a number of actions required to respond to the challenges identified above. Given the Council's resource constraints it will need to determine the priority of each action and analyse the cost / benefit.

Key Actions

- Set out schedule of properties with status showing suitability for retention, disposal or review
- Review potential for shared and community use
- Establish an asset management forum at director level; meet quarterly with NPS to review portfolio
- Assess how the changes to PWLB rules affect property
- Clarify roles across property delivery partners and the Council
- Review forthcoming lease events of leased properties and identify areas for cost reduction
- Review fire insurance valuations on a rolling programme to ensure costs & risks are managed
- Develop planned maintenance strategy for 'core' retained portfolio
- Finalise the Community Asset Transfer strategy for remaining community buildings
- Develop plan for strategic sites

2.7 Making it Happen – A Framework for Action

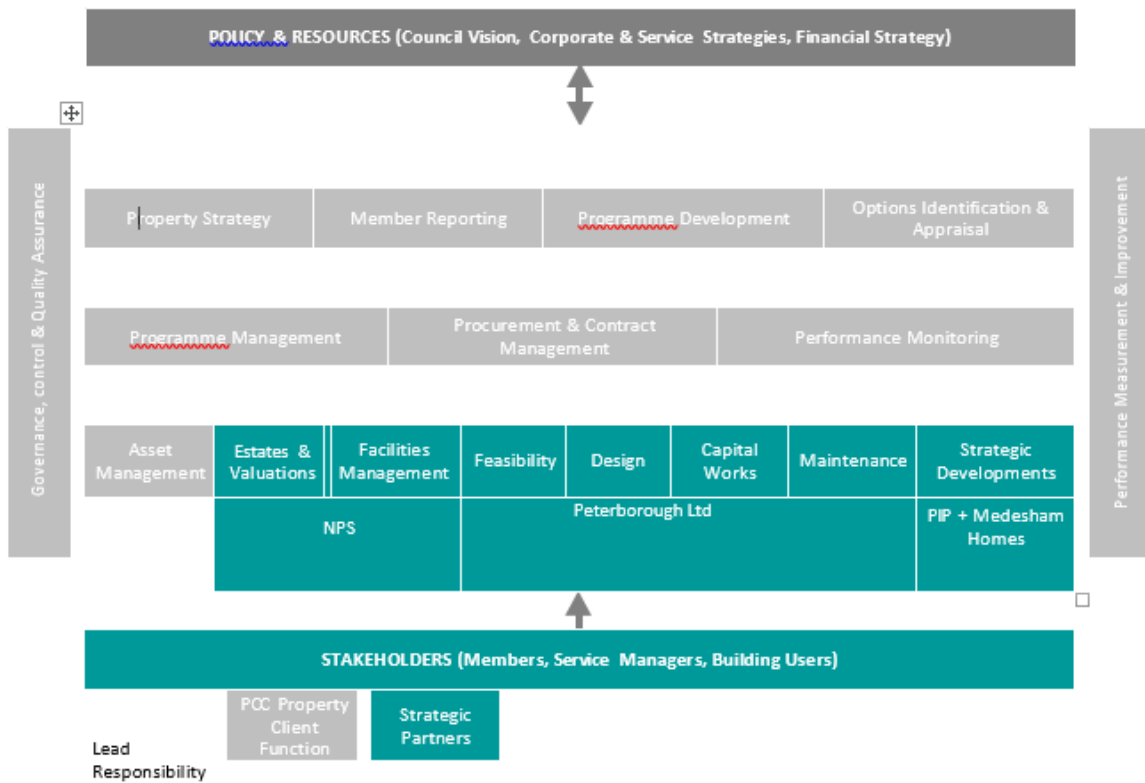


3 Asset Management Policy & Practice

3.1 Organisational Arrangements

The main professional property services are conducted through NPS Peterborough Ltd for the broad range of estates and valuation services and Peterborough Ltd carry out design, capital works, facilities 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 and Cross Key Homes work with PCC to deliver social housing.

The Council’s operating model is shown in the diagram below.



3.2 Governance & Decision Making

The Cabinet Member for Strategic Planning and Commercial Strategy and Investments has the lead political role for property matters and acting under delegated powers reports on property issues. The Cabinet or the Cabinet member acting with the Corporate Property Officer (CPO) are responsible for decisions on acquisitions, use and disposal of assets and for ensuring asset management policy and actions are 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, without necessarily involving property staff and this may mean at 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 underpin the delivery of the Council's property activities.

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. These reviews 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 C provides a 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 A.

4 The Property Portfolio

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 2712 land and property assets
- £3.4m rent generated per annum
- Is worth £602.2m in terms of book value
- Incurs running costs of £17.2m per annum

4.2 Tenure & Use

The portfolio is predominantly in freehold ownership. There are 54 leasehold buildings currently and these will be reviewed to identify what opportunities there may be to terminate leases in order to reduce the running cost of the portfolio.

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, risks and liabilities to the Council, its service delivery obligations and statutory requirements. It is also an important element of 'Best Practice' within current asset management guidance. Currently the Council's maintenance spend is directed predominantly to reactive maintenance. An important aim of the asset management strategy should be to formalise a maintenance programme with a view to reducing reactive maintenance costs. Regular review of property can reveal whether or not a property is fit for purpose or is in need of refurbishment or even replacement.

4.4 Value, Cost & Income

The objective should be to minimise property expenditure in order to release revenue for service priorities. Property running costs for the entire portfolio are £17.2m, whilst the Council's utilities costs for 2019/20 were £4.6m

The asset value of the portfolio is £602.2m (£584.9m Dec 2019). 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 in the Capital Strategy for further details about the capital receipts figures expected in 2021/22 and beyond.

Profile of Capital Receipts (£m)							
Achieved					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	£6,220	£10,874	£3,930

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) and Energy Performance Certificates (EPCs). Ensuring these are kept up to date and property meets the necessary legislative requirements.
- Water Safety – water management testing (including legionella) is under taken 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 are undertaken as required.

5 Performance & Monitoring

5.1 Measurement of Portfolio Performance

The Council will adopt a simple reporting approach which is based on each of the principle asset types:

- Asset types
 - Operational
 - Investment
 - Surplus
 - Strategic

These will concentrate on a small number of indicators chosen to review each portfolio which will provide a framework for the management of each portfolio.

5.2 Review Arrangements

The AMP will be reported upon annually to Cabinet and updated periodically with progress reported to Cabinet through the Corporate Property Officer. These will concentrate on the progress of the specific Key Actions identified in the AMP.

Appendix A – Asset Management Policies and Partnerships

Strategies & Policies

- Asset Management Plan
- Capital Strategy
- Community Asset Transfer Policy
- Farms Estate Strategy
- Disposals Strategy
- Carbon Reduction strategy
- Regeneration Strategy
- School Places Strategy
- Housing Strategy
- Other Service asset strategies being developed (Think Communities)

Protocols, Procedures & Partnerships

- Skanska Highways Partnership
- NPS Peterborough Partnership
- Peterborough Limited Working Arrangements
- Cross-Keys Housing Joint Venture Partnership
- PiP – Peterborough Investment Partnership
- Culture Partnership (Peterborough Limited and City Culture Peterborough)

Appendix B - Service Strategies and Portfolio Implications

Asset Type	Number Of Assets	Existing & Future Perspectives of the Portfolio
Operational Assets		
Car Parks	12	The Council has 12 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		The development of a modern work environment for the Council has been completed, along with strategic partners in the form of a new 90k square foot office scheme at Fletton Quays. This is the largest office built in the city for over 20 years. The Council have taken a new long term lease, using its covenant strength to support regeneration of this part of the city. The office forms a key part of the 17 acre regeneration site adjoining the river, south of the city centre. 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 (now complete), new retail units and Listed goods shed which become a distillery and visitor centre. This will be complemented by new public realm works including riverside walkways, new 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 multiuse facilities. Reductions in the existing number of libraries are not anticipated.

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.

Farms

- The Council has developed a strategy for its Rural Estate which is focussed on retaining it as a viable land holding, providing opportunities for new entrants into farming, farm amalgamations to create larger more financial sustainable holdings and service provision for environmental and educational objectives.
- An annual Action Plan is drawn up from the Management Strategy with input from councillors, Country Land and Business Association and the tenants themselves to explain in practical terms how the Strategy will be delivered each year, and where amalgamations and capital expenditure will be targeted.
- Repairs are proactive rather than reactive, with an emphasis on drainage schemes – this in term supports more robust rents.
- Capital receipts are generated from the disposal of small areas of garden extension land, and realising the potential of old buildings unfit for agriculture which can be converted under Class Q (of permitted development regulations) to residential dwellings.

Strategic Assets

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

Appendix C - Consistency with Best Practice; key themes and requirements

Roles & Responsibilities	Current corporate asset management plan	Running cost performance known
The council has a designated corporate property function	AMP linked to corporate objectives	Statutory obligations met
There is Corporate Property Officer with defined responsibilities	Asset management integrated with service planning	Targets set for running costs
Corporate Property Officer reports to a strategic committee	Key areas for change in the portfolio defined	Suitability of buildings assessed
Cross-service forum established on property matters	Commercial portfolio strategy identified	Satisfaction with buildings measured
Property occupiers / users role defined	Capital programme management	Review of need, utilisation and cost
Group to oversee development of AM practice & AMP	Option appraisal / prioritisation / whole life costings	Profile of capital receipts
Cabinet member lead on property matters	Outcome targets for capital spend	Systematic review programme
Decision making and consultation	Processes for identifying projects	Criteria to challenge retention
Clearly defined decision making processes on property matters	Projects assessed using an agreed methodology	Incentives to release property
Consultation process on the AMP	Authority-wide group to oversee programme	Identification of under-utilisation
Views of service users & occupiers sought	Process for post-project evaluation	Specific organisational focus on property review
Public consultation on property matters	Projects completed on time & to budget	Disposal processes monitored
Full member reporting	Managing properties in use	Shared use of buildings promoted
Partnership Working	Maintenance backlog know and reported to members	Framework for assessing performance of the portfolio
Integrated approach to assets with other agencies	Periodic assessment of building condition	Identifying property needs
Policy on community asset transfer	Maintenance spend prioritised	Defined aims & objectives for asset management