

Appendix J – Asset Management Plan

**Peterborough City Council
Summary and Outline Asset Management Plan
February 2023**



Introduction

The Council has, over the past year or so, managed a significant shift in its financial position to ensure that its budgets and services can be sustainable over the coming years. This has involved significant change in service delivery and saving plans.

The Council's land and property assets make an important contribution to creating sustainable communities within Peterborough, delivering services for residents, helping the Council to meet its budget strategy capital and revenue targets, and supporting the delivery of the capital programme. The Council's Asset Management Plan (AMP) should identify the key strategic policy and resource influences affecting the Council and set parameters for asset management over the medium term. The plan should have a 5-year horizon with annual reporting on progress.

Peterborough is a rapidly growing city which puts pressure on demand for housing, infrastructure, employment opportunities and Council services. This growth will support Peterborough's economy into the future and the Council has been successful in securing government and combined authority funding to support its regeneration programmes including acquisition and investment in assets.

The Council owns 1881 property assets, with an estimated total value of £381m, broken down as follows:

- Land and Buildings - £334m
- Investments - £39m
- Surplus Assets and Assets held for sale- £6m
- Community Assets - £2m

The council leases in 152 properties for service use including 101 housing properties. The Council income from its property holdings is in the region of £3.4m per annum plus income from car parks accounted for separately.

In this context, the Council's AMP will, in the early period, need to focus on ensuring compliance across the estate, rationalisation to reduce costs and liabilities of holding property, maximising income through management of the Council's commercial portfolio, and achieving capital receipts through selling Council land and property at market value. However, where possible this action will be taken alongside providing improved service assets and enabling housing and economic growth through use of land and property.

This summary and outline AMP sets out the work to be carried out over the course of 2023/24 to prepare a new AMP for the 2024-2029 period to support the budget and capital strategy decisions at Cabinet in February 2024.

This Outline Asset Management Plan summarises the key themes and direction of travel over this coming year, and actions which will support the development of the new longer-term AMP to be developed over the coming year.

The Council's AMP sits alongside the Council's Revenue Budget Strategy and Capital Strategy and is a key document in supporting the Council's decision making about change and investment in its land and property assets to deliver Council priorities and services.

The Council's Capital Strategy 2022/23-2025/26 requires a significant level of capital receipts to replace borrowing. The Capital Programme is under review to reprioritise or rephase schemes to minimise the capital receipt requirement. The capital receipts target has been set at £32m over the

three years, including an additional £2.4m requirement identified to fund debt repayments. It is currently anticipated that the timing of the level of receipts achievable in 2022/23 will be lower than the target set, closer to £9m, with the 2023/24 level being higher than planned at between £12.5-15m, so that over the three years the overall level of receipts required will still be achievable.

Work is underway to develop the new AMP for the Council as part of the Budget Strategy for 2023/24. The purpose of the AMP will be to set the strategic direction of the Council's plans for its assets, including disposals and identifying the pipeline of future receipts and investment requirements in retained Council property or for regeneration and growth initiatives.

The new AMP will also focus on achieving a fit for purpose, efficient, compliant estate, which can meet carbon targets. This will involve some investment, but in current circumstances it will be necessary for the Council to place emphasis on the rationalising and disposal of assets to achieve the agreed targets and, in any case, will need to reduce its estate to achieve efficiencies in operating costs and as well as ensure that the Council is able to invest in its retained property.

The new AMP will be prepared for adoption at February 2024 Cabinet meeting with the Outline Asset Management Plan providing key principles and a programme of work set out for agreement in February 2023 as part of the budget setting.

Achievements 2022/23

These include:

- A number of important property disposals, both completed and planned, with significant receipts to support the Council budget and to facilitate growth.
- The agreement of the Disposals Plan, which will form part of the Asset Management Plan, to achieve in excess of £30m of capital receipts from 2022/23-2024/25.
- Establishing a Service Director role to provide corporate oversight and to bring together the Council's property, FM, commercial and asset management planning activities. This will help the Council to plan better how it uses its assets to support service delivery, growth, and financial targets.
- Improving governance in relation to property decisions.
- Termination of the Council's JV with NPS Peterborough Ltd which will generate savings and deliver service improvements.

Asset Plan Reviews 2023/24

In order to develop the new AMP for February 2024 the following are programme areas to develop in more detail over 2023/24 include:

1. A review and realignment of the property structure, governance and decision making. Bringing together property decisions and establishing appropriate corporate assessment and clearance prior to formal decision making has improved over the past year. This will be further developed during 2023/24 under the new arrangements and, in addition, a Scheme of Delegation will be proposed.
2. A disposals and acquisitions policy. This will include guidance about the circumstances under which the Council will consider acquisition of land and property and how proposed acquisitions are assessed. Acquisition proposals will need to demonstrate that they have a

robust business case and are acquired at or below market values. The disposals plan will provide a pipeline of capital receipts to support the capital programme.

3. Review of the Community Asset Transfer policy and assessing those proposals for community asset transfer which have been held pending review. This will link to the Review of Locality Assets to be carried out over 2023/24. The pattern of Council presence or community-based assets is largely historic. The team will support a service-led asset review which will identify where there is under or overprovision, where condition is unsuitable or where the assets are not fit for purpose. This will include District Centre based assets, libraries, leisure, youth, and community centres including the status of assets previously proposed for community asset transfer. The review will aim to ensure these are sufficient, fit for purpose and safe. The review will look for efficiencies in operation, including co-location, in order to release Council resources and assets. This Review will include reviewing any leased-in accommodation with a view to focusing on Council owned assets in future.
4. Review of property compliance and associated Policies and an action plan to address failings or risks. Transparency and prioritisation of property condition surveys to enable prioritisation of any capital and revenue budgets for repairs and maintenance. 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 is 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. Bringing together the property responsibilities and oversight under the new Service Director will support the coherence of the Council's future approach to property maintenance and compliance.
5. Review and improvement of property data and management of property data.

A number of additional thematic asset reviews are either in progress for 2023/24, or will be programmed into the new AMP, these are:

1. Strategic land and property review, currently underway: how the Council can use its land and property assets to support housing growth, in particular affordable and eco-housing and how the Council can use its assets to support sustainable economic growth and regeneration. Ensuring that the Council retains land or interest in land whether there is future growth potential or future proposals to support environmental change or service delivery. This review will include the review of how the Council supports the development of affordable housing in the future following a review of Medesham Homes as a delivery vehicle.
2. The Council is reviewing its Rural Strategy with a view to releasing some of its farmland for sale but retaining some of the estate for future purposes. As a result of an initial review aimed at achieving capital receipts to meet Capital Strategy targets, a number of disposals were agreed, subject to conditions, at Cabinet in December 2022. A wider review of the Rural Strategy will commence as part of the new AMP.
3. Review of the Council's accommodation requirements and use of the Town Hall and Sand Martin House is underway. A long-term view is required in relation to the future of Council accommodation at Sand Martin House and Town Hall.

4. City Centre/Future Growth Assets: a number of major assets which could be retained or released depending on how they contribute to future growth. This includes Key Theatre, Central Library, Car Parks, Town Hall, Regional Pool and Track, land assets in the Embankment area, and properties acquired to deliver the Vine project. Supporting Regeneration colleagues to develop a plan for major assets will add to the Council's cultural life and/or have significant investment requirements including Central Library, the Regional Pool, and the Key Theatre. This will link to the wider Council regeneration plans for the City.
5. Review of the Commercial portfolio will start in 2023 and will ensure the Council retains the best performing assets and releases those which do not support economic growth and employment significantly or do not produce satisfactory income. The Council has a number of freehold or leasehold interests and in some circumstances the Council may need to buy out other interests in order to consolidate its commercial estate. The review will divide property into office, retail and industrial categories and will also review the Council's liabilities and obligations as Landlord to ensure its duties are met. Invest to Save proposals will be prepared as appropriate for the industrial portfolio where the Council can support economic growth and protect employment uses.
6. Undertake a review of the Council's portfolio of specialist housing provision including leased in temporary accommodation and hostel provision to ensure that there is a pipeline of quality provision at reasonable cost available to the Council. A longer-term view about how this accommodation can be provided will aim to identify savings to the Council's currently very high costs in this area. It is anticipated that this will form part of the early activities of the new AMP.
7. Develop a programme in 2023/24 to commence a review of operational and surplus assets considering both use and location-based requirements. Through service change, invest to save and asset rationalisation provide the pipeline for the capital programme investment to ensure the Council's retained operational estate is the best it can be.
8. Develop a programme of costed condition surveys to support decisions about Council property, including understanding what steps need to be taken to improve the environmental impact of the Council's building use. It is likely that the Council will need to make provision for future compliance and planned maintenance of its property assets, which will need to be funded through a self-financing strategy of asset rationalisation with cost reductions, disposals, and any available grants in the future.
9. During 2023/24, undertake a review of the Facilities Management Services delivered to the Council by third party organisations and develop a programme of improvement for subsequent years. Ensuring both the review and future programme delivers robust contracts and operational standards as well as securing best value for money.
10. Continue with collaboration and partnership working to support efficiencies in asset use across the public sector. Reviewing and testing opportunities locally with the support of the One Public Estate programme to produce efficiencies in property use as well as better service delivery and outcomes. This will link to the accommodation review and the locality asset review.

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