

Draft Asset Management Plan 2023/24

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1 Introduction – Function of the Asset Management Plan

The Asset Management Plan (AMP) defines how the Council managed, maintained, acquired and disposed of the Council's property assets over the past financial year and identifies the objectives for the 2023/24 financial year.

Aims and Objectives

The aims and objectives of the Asset Management Plan are to:

- Manage the asset portfolio in accordance with the Council's Strategic Direction, Focus on Five.
- Raise awareness of property as a valuable and workable asset contributing to the Council's revenue and capital receipts;
- Manage the asset portfolio to deliver the needs of the Council's services;
- Maximise asset value and asset use through strategic maintenance and operational planning;
- To identify, plan and deliver energy saving and carbon reduction interventions in line with the Council's Climate Emergency declaration and Strategic Direction.
- Manage the asset portfolio flexibly to ensure optimum financial performance and service delivery to demonstrate continuous service improvement and to support the Capital Programme.

The Asset Management Strategy is summarised at Appendix 1 with the mechanisms for achieving the aims and objectives of the AMP set out at Appendix 2 including the consultation processes for adoption of the AMP.

The Asset Management Strategy is formulated and carried out to support the Council's corporate priorities. The property assets are managed both individually and as an entire portfolio to maximise operation, income generation and capital values at all times in accordance with the requirement to achieve best consideration.

The AMP is subject to external and internal influences which are summarised at Appendix 3.

The Property and Estates Team, through the Estates Manager, Building and Property Manager, the Corporate Property Manager, the Head of Economic Development & Property and the Director of Finance, Policy and Development (S151 Officer), work closely with the Cabinet Member for Finance and Performance to deliver maximum returns from the Council's existing and varied property asset portfolio, whilst complying with the requirements for commercial sensitivity, economic viability, best consideration and probity. The team is delivering a proactive property management service which meets the changing demands of the 21st Century within the current uncertain economic and political climate.

The AMP will support the Council in the delivery of its corporate priorities through ensuring that the portfolio is dynamically managed with focus directed towards priority areas of urgent major repair to relevant assets, investment, disposal of surplus assets, repurposing, redeveloping and refurbishing of existing assets with potential. The AMP will develop a clear pathway for its portfolio to achieve the Council's ambition on being carbon neutral by 2030. It will ensure that asset performance is in support of the Strategic Direction. This is evidenced by a rationalisation review that has been undertaken of the larger non-operational land assets over the past 9 years, which has successfully disposed of non-performing surplus land assets to generate capital income. Maintenance costs will be kept to a sustainable level and strategic decisions will be based on delivering services, ensuring best consideration and optimising financial return.

2 The Council's Property Asset Portfolio

The current asset portfolio was valued at £102.98 million at 31 March 2022, with an annual rental income of £2.09 million (which includes all income from rents, other rents and wayleaves) and had an annual maintenance budget of £1 million (2022/23). The income to capital value ratio reflects the nature of the portfolio and the fact that it is held in the majority as an operational portfolio to enable the Council to deliver its key priorities.

The portfolio comprises a full range of property uses including commercial, residential, light industrial and retail properties, woodland and community land, and footpaths and pieces of ancillary land. The assets form operational, non-operational, and investment assets and are held under both freehold and leasehold title. The Asset Register defines the property portfolio within these categories. In addition, the Council holds a number of leases with Tunbridge Wells Property Holdings Limited which are let for residential uses through the holding company.

Maintenance across the portfolio is divided between Planned and Responsive currently targeting an approximate 60/40 split respectively. Additional to the planned and responsive maintenance works is the regular servicing of plant and equipment. The works and servicing requirement is prioritised to ensure that all legislative compliance needs, as defined by CIPFA (Chartered Institute of Public Finance and Accounting) including Health & Safety, are met followed where funding is available by maintaining a fitness for purpose and the asset value. The AMP identifies the anticipated maintenance budget requirement over the next ten-year period for the property portfolio. This is in excess of the maintenance budget however it is used to assist in financial planning and to indicate ongoing costs related to the individual assets to inform strategic decisions on their future. A copy of the ten-year maintenance plan is contained in Appendix 6.

The Council's Property Asset Portfolio is summarised in the Asset Register at Appendix 7. The current Property Asset Portfolio comprises 64 commercial investments, 151 operational assets of which 13 are allotment sites, 275 non-operational assets. The commercial investment assets comprise those assets that are let to third parties on commercial terms and are therefore subject to the clauses

within their leases for opportunities to maximise income or exploit potential development opportunities.

With regards to the 2020 carbon audit (based on 2018/19 data) of the Councils own estate and operations, the buildings contributed 68% of the total carbon emissions. Tunbridge Wells Sports Centre and the Town Hall contributing 31% and 24% respectively of the total building's emissions. Appendix 5 details the emissions for the Councils top ten assets.

3 Summary of Property Portfolio Asset Management 2022/23

Over the past financial year, the Council has negotiated lease renewals, new lettings and rent reviews to an increased value of approximately £37,549 (28/10/2022) annually on Council property, excluding transfers to the property company. The Council will continue to support the activities of Tunbridge Wells Property Holdings Ltd.

All property rentals that are subject to an annual rental increase at the RPI were increased over this financial year, resulting in a rental increase of approximately £9,366 (28/10/2022) per annum (included in the figure given above). These reviews are usually based on the previous year's RPI figure which was 9 per cent for April 2021/22.

Vacant space on the portfolio has been reduced by letting or licensing space to reduce occupation liabilities and to achieve rental income. However, the retail portfolio element has been impacted by the general decline in the retail market. Notwithstanding the decline there is significant interest in the former Gateway building.

The Council is continuing with the disposal of surplus land held by the Council, continuing to identify and dispose of specific sites for development for residential development.

The Council has now completed the redevelopment of the former Museum and Library building and former Adult Education buildings to develop the Amelia Scott Cultural hub. This was opened in April 2022.

The Planned Maintenance Programme for the financial year 2022/23 completed works to the value of £750,000 to ensure compliance with statutory requirements and to carry out priority repairs and upgrades to maintain assets and prevent dilapidation. Reactive Maintenance was undertaken to the value of approximately £450,000.

Capital projects to the value of £2.9m have been progressed or completed in this financial year.

The Council can demonstrate significant contributions to its priorities through property asset management over the last financial year (2022/23) The Council has:

Strategic Asset Management

- Successfully worked with Kent County Council to complete the development of The Amelia Scott.
- Completed the acquisition of the Coneyburrow Wood and Lake.
- Provided ongoing support for regeneration of Royal Tunbridge Wells, Cranbrook, Southborough and Paddock Wood Town Centres.
- Continue to work in partnership with Cranbrook and Sissinghurst Parish Council, NHS and Kent County Council to facilitate the delivery of the Cranbrook Community Centre.
- Continue to work in partnership with Paddock Wood Town Council to deliver The Paddock Wood Community Centre.
- Managed the Property Asset Programme (Development Programme) budget to provide specialist professional advice to undertake initial works facilitating redevelopment and delivery of Council priority projects. The overall budget is £2.9 million.
- Continued to monitor changes in compliance legislation relevant to the property portfolio and maintain and manage accordingly to ensure statutory compliance in accordance with CIPFA guidance.
- Continued to update the compliance information and continued to review and where necessary update the asset compliance risk assessments, management plans and registers and carry out any necessary remedial work identified and plan for future corrective measures to improve health and safety compliance to be in line with current regulations. This has been prioritised to cover Fire Risk, Asbestos, Water, Gas and Electrical Safety but will broadly cover all levels of building compliance requirements for all assets.
- Continued the review of published data to meet the Government's transparency objectives on property targets.

Estate Management

- Increased rental income from Council property assets by approximately £37,549 per annum.
- Raised the profile of the property assets and worked them to achieve maximum return meeting Focus on Five. The Council has worked with partners to accommodate business or community needs.
- Structured proactive management of the Royal Victoria Place lease including Meadow Road Car Park and continued to work with British Land to maximise the capital and revenue value of this asset.
- Continued to maximise the rental income from the property portfolio by proactively managing rent reviews and exploiting viable opportunities for rental and capital income.
- Provided professional support to Tunbridge Wells Property Holdings Limited in reviewing and updating assured shorthold tenancies (ASTs).

Property and Projects

- Prepared for and commenced undertaking maintenance and compliance for the operation of The Amelia.
- Continued with a programme of R22 refrigerant gas phase-out on the Council's air conditioning plant.
- Progressed and or completed the approved capital projects to various assets within the portfolio.
- Undertook condition surveys of some built assets, following a full audit completed 2020.
- Continued procurement for property consultancy arrangements for professional services as required – e.g. structural engineers, retender of asbestos management and surveys.
- Commenced data transfer and implementation of a Property Asset Management System that integrates with other Council IT systems, including GIS and provides Estates, Property, Housing and Finance information.
- Carried out £1.2 million focussed planned, cyclical and reactive maintenance prioritising Health & Safety, Statutory Compliance, and structural issues.
- Delivered Projects from the Capital Programme as amended post COVID-19, where some projects were held back due to funding constraints.
- Facilitated safe and compliant building shutdowns, ongoing compliance and reopening arising from the ever changing COVID-19 situation.
- Successfully obtained funding from BEIS for capital carbon reduction schemes and progressed implementation.
- Completed replacement of a major Term Contractor that entered administration within procurement requirements and without significant disruption to service.
- Completed the successful Funding Applications and refurbishments to Housing for Crescent Road property refurbishment – properties now occupied.

4 Forward Projection and Management Strategy for the Property Asset Portfolio 2023/24

The Council will build on these achievements during 2023/24 in the following areas:

Strategic Asset Management

- Continue to explore and secure new property investment opportunities within the Borough for expansion of the property investment portfolio and explore any potential benefits of expanding/varying the investment criteria taking into account market changes as they unfold.
- Review the tenure, existing use, obsolescence and strategy of all operational property assets to identify opportunities for increased income, operational use or asset disposal.
- Manage assets to support the delivery of Focus on Five and the recently declared Climate Emergency ambition to make the Council's operations carbon neutral by 2030.
- Continue to develop the Property Asset Management System and integrate with requirements of the Estates, Facilities, GIS, Housing, Finance and Theatre Teams. Potential expansion to use by other services.
- Work with the Parish and Town Councils to progress community facility projects in:
 - Cranbrook – support the parish council in their desire to enter into contract for a Pre-Construction Services Agreement to see the design brought forward to planning
 - Paddock Wood – ensure the defect liability period runs smoothly
- Continue to review the asset base of non-performing land and property assets identifying assets for disposal to realise capital return and finalise disposal of outstanding identified sites. (See Appendix 4 for approach).
- Progress agreements to secure a Co-working Partner to operate space within the Town Hall.
- Continue to dispose of surplus land identified including the former Gateway building.
- Explore the impact of obsolescence on the Council's operational portfolio and acquire, dispose of and develop the asset portfolio to reflect this.
- Continue to identify refurbishment and development opportunities within the Council's asset portfolio and act on these to achieve the Council's objectives.
- Continue to look to acquire assets to assist in the delivery of the Council's objectives.
- Review and revise the asset management plan in accordance with the results of the Property Performance Indicators.

- Support the implementation of the Sports and Active Recreation Strategy 2016-2021 and continue to explore the acquisition and disposal of sites to deliver the sports strategy including use of statutory powers if required.
- Car parks sites to be reviewed and development potential explored in tandem with car park strategy.
- All developments, land acquisitions and management of green spaces will include an assessment for carbon reduction and opportunities for meeting the Councils carbon neutral ambition.
- Continue to work with British Land to increase the capital and revenue value of the Royal Victoria Place shopping centre.
- Work with public and private sector organisations on a number of sites including continuing to build on successful relationships with KCC, Nevill Estate, Targetfollow and AXA PPP.
- Continue to work with other developers to deliver place shaping and regeneration to the borough.

Estate Management

- Review all rents and licence fees due to be reviewed in 2023/24 to optimise the increase in income due for that financial year.
- Manage all existing leases and grant new leases to optimise the return from rental income and to ensure that proper care, maintenance and use is made of the property assets.
- Identify targets and performance indicators to demonstrate the efficient and effective management of the property asset portfolio to ensure maximum capital and operational benefit and to present these to Management Board and Cabinet where appropriate as part of the Property Transaction Reports.
- Assist the Sustainability team to provide a clear pathway of carbon reduction for the portfolio to support in delivering on the Council's ambition on being carbon neutral by 2030.
- Seek viable opportunities to work with local community groups to improve community facilities and encourage localism.

Property and Projects

- Review the 10-year planned maintenance needs in consultation with the respective site managers, heads of service and management team, to provide a medium and longer-term maintenance strategy for the Council's assets, coordinating with the Estates team to ensure effective and efficient portfolio management within budgetary constraints.
- Continue to work with the supply chain to deliver an efficient and cost-effective service across both planned and responsive maintenance requirements having regard to the future potential obsolescence of identified property assets on the estate.

- Develop use of Property Asset Management System for improved Statutory Compliance, and to provide better management information for Strategic Asset Management, Planned Maintenance Programme etc.
- Continue to operate and manage the property maintenance and servicing term contracts commenced January 2020 to deliver, best value and statutory compliance ensuring the best use of available budgets to meet current and future portfolio maintenance needs.
- Continue delivery of SALIX/BEIS part funded projects in support of the Council's Carbon Descent Plan.
- Continue to monitor changes in legislation and put in place the most appropriate action to ensure compliance across the property portfolio in particular anticipated changes relating to climate change and the Building Safety Act 2022.
- Continue to develop the proposal to replace the life-expired buildings on the Benhall Mill Road Depot site and maximise the development potential of that site.
- Review the current maintenance requirements and future development options for the Mount Pleasant Avenue car park, Great Hall car park, Town Hall, Assembly Hall Theatre and 9/10 Calverley Terrace (and car park) assets in line with the parking strategy.
- Undertake a detailed carbon assessment for each project to identify costs and savings including the financial and the trajectory pathway impacts of not meeting the climate emergency ambition.
- Continue to successfully progress the reduction of carbon emissions from local authority operations and managing its property assets to achieve the targets set out in the Corporate Carbon Descent Plan including rolling out the delivery of LED lighting in TWBC properties, having regards to the requirements to emerge from the declaration of a Climate Emergency ambition to make the Council's operations carbon neutral by 2030.
- Monitor funding opportunities, specifically for Carbon reduction related projects.
- Ensure that the property strategy and maintenance programmes support the Council's commitment to sustainability with budgetary constraints identified and clearly set out.
- Work alongside Parking colleagues to develop future maintenance strategy for Royal Victoria Place and Meadow Road car parks, currently managed by British Land.
- Provide speedy professional and cost-effective response to changes in the COVID-19 situation.
- Ensure a smooth transition from the end of the Defect Liability Period for the WDI contract to business as usual including planned maintenance on the Amelia Scott.
- Integrate the Pantiles Car Park, Yew Tree Car Park and the additional Housing lease-in properties into the Planned Maintenance programme.
- Progress the potential development of various property assets in the portfolio for commercial, community and environmental opportunities including options for the Kevin Lynes site.

Appendix 1 - Property Management Strategy

Asset Management is significant throughout the public sector, as a means of optimising financial and social returns from property assets whilst, at the same time, creating a leaner estate in a modern environment.

The Council manages the portfolio in accordance with the following principles:

- Ensuring reporting arrangements are in place to enable members to fulfil legal, strategic and service duties;
- Maintaining an up-to-date asset register with complete records;
- Ensuring future property needs are regularly assessed to meet the Council's service requirements and priorities;
- Ensuring that the shape of the asset portfolio is reviewed at least annually; that the shape of its structure and the contribution of its component assets are challenged and that disposal and acquisition strategies are identified and recommended;
- Ensuring that assets that are surplus to requirements are identified as such and disposed of as appropriate;
- Ensuring that assets that would assist in the delivery of the Council's objectives are identified and acquired where appropriate and where funds are available;
- Ensuring opportunities to share property with other bodies are explored;
- Ensuring that opportunities to develop and enhance property assets, including opportunities in partnership with other public and private sector owners are identified, examined and progressed;
- Ensuring office accommodation is reviewed to meet organisation and service needs;
- Ensuring an appropriate maintenance programme based on condition surveys, is developed and implemented, carrying out quinquennial condition and maintenance surveys in a rolling programme;
- Formulating a ten-year maintenance budget projection based on the maintenance of assets for current use and at required standards to inform the Focus on Five;
- Undertaking option appraisals to ensure optimum use of all assets;
- Ensuring Property Services focus upon both customers and commercial opportunities;
- Ensuring measurable targets are set and property performance monitored including risk versus reward;
- Optimising income from property having regard to economic, social and environmental policies and property market conditions;
- Ensuring best practice in procurement and project management;
- Ensuring investment and disposal decisions are based on full option appraisals and whole-life, costing including carbon accounting;

- Ensuring all property assets are managed at operational level to provide accommodation, community and wellbeing facilities;
- Ensuring investments maximise returns from individual properties and from the whole portfolio;
- Ensuring the Council considers the impact of sustainability on the value of its property portfolio, including political, economic, social and technological issues in producing its property management strategy;
- Ensuring that decisions for strategic management of Council owned assets are made on a case-by-case based on comprehensive options analysis:
 - Is the property required for the Council's core business?
 - Is there a robust community need for the property?
 - Are there strategic reasons for retaining/acquiring the property?
 - Is retention/disposal/acquisition of the property likely to have a beneficial effect on a likely future development or investment initiative of the Council?
 - Does the property generate a sustainable good rate of return and if so, is this likely to continue for the next ten years in the light of any future costs that may be applicable to the premises?
- Ensuring that Property and Estates Service reports to Management Board on portfolio performance as to:
 - rental income, asset value and maintenance liability;
 - vacant property and vacancy timescale;
 - service need and space occupation;
 - service needs and maintenance liability;
 - progress on achieving carbon neutral ambition;
 - performance of tenants and compliance with lease obligations.
- Maintaining in an appropriate state of repair, based upon a priority hierarchy system focusing on Statutory & Health and Safety Compliance within the financial constraints;
- Ensuring that the assets are fit for purpose (including accessibility, suitability, statutory compliance, space utilisation); to be efficient and environmentally sustainable (including running costs and CO2 emissions). Our approach will support sustainable improvements, especially in maintenance and new buildings. Meeting the targets as set out in the Corporate Carbon Descent Plan will demonstrate our leadership in carbon reduction ensuring long term, the Council meets its ambition to be carbon neutral by 2030;
- Working the portfolio to deliver the Council's objectives and the Focus on Five using appropriate legislative powers including compulsory purchase powers if necessary;
- Ensuring that the portfolio is managed in accordance with the Council's Equalities Policy, with Equalities Impact Assessments being undertaken as and when appropriate.

Appendix 2 – Mechanisms for Achieving the Aims and Objectives of the AMP

Property & Estates Team

The Property & Estates Team comprises estates and property surveyors and officers providing the professional and support expertise to manage, maintain, develop and maximise the Council's property asset portfolio.

Management Board

The Management Board is attended by the Director of Finance, Policy and Development (Section 151 Officer) and includes representatives of the Property and Estates Service for property, estates and development items as and when required, which demonstrates the commitment of the whole Council to the management of its assets.

Property Asset Programme Structures

Programme Management Board

The Programme Management Board (PMB) manages and monitors the effective prioritisation of the development, community and transformation programmes within budgetary and resource constraints in order to optimise Programme delivery.

The PMB will receive information via three main areas Property Asset Programme, Community and Transformation programmes. Community and Transformation while requiring significant support from the Property and Estates team and others in the Directorate of Finance, Policy and Development are structured under the Directorate of Change and Communities.

Property Asset Programme

Development Programme Officers Group (DOG)

Officers in attendance: Director of Finance, Policy and Development (S151 Officer), Head of Economic Development & Property, the Corporate Property Manager, the Estates Manager and representatives from BDU, Finance and Legal.

The Development Programme Officers Group (DOG) is the primary officers meeting to oversee the delivery of the development and disposals programmes. Scheduled on a monthly cycle this meeting will oversee the programme receiving progress reports on specific projects, oversee the budget, risks, legal aspects and ensure approvals in place. For the purposes of this the DOG will cover the full Property Asset Programme budget which includes Hubs, Sports Facilities and significant asset development and disposal.

Attendance by other Property & Estates officers and internal services including Communications will be as appropriate and consultants may also be invited as appropriate.

Property Asset Oversight Panel

The Property Asset Oversight Panel (PAOP) is an informal working group established by and chaired by the Leader of the Council to:

- Oversee the Council's programme regenerating the borough and advising on development of key sites in accordance with the Asset Management Plan;
- Receive updates on key sites and recommend the appropriate next steps for the sites;
- Receive updates on the progress of asset disposals.

The PAOP is an informal working group established by Cabinet on 29 July 2021. It has no delegated decision-making powers and its advice and recommendations will be reported to the relevant decision maker (Leader and Cabinet Member). The Leader/Cabinet Member will report back to Cabinet at Cabinet/ Management Board meetings on a regular basis. The constitutional position regarding asset disposal will remain unaltered.

The PAOP will have 4 meetings a year scheduled, on-going schedule to be established. Other meetings can be arranged on an ad hoc basis when required. All meetings will be held in private session in view of the informal status of the group with materials available to all Members of the Council on request and on a confidential basis. Visiting Members will be able to attend at the discretion of the Chairman. The request should be made in advance of the meeting.

Estates/Finance Review Meetings

Senior Finance, Property and Estates officers meet regularly and not less than quarterly to review projected income against actual income received, and to review a remedial strategy for arrears.

Royal Victoria Place Officer Group

Senior Finance, Legal, Property and Estates officers meet on a quarterly basis to cover financial, maintenance and property issues relating to the RVP lease.

RVP Maintenance Group

The Corporate Property Manager supported by Property Services and Estate surveyors, Parking Officers and representatives of British Land meet monthly to discuss the operational management and maintenance of the RVP and the Meadow Road and RVP car parks.

Compliance Management Group

This group, chaired by the Head of Economic Development and Property and attended by representatives of the Services, Property and Estates Service and the Corporate Health and Safety Advisor meets quarterly to review, update and improve the Compliance processes and policies of the Council, making recommendations to Health and Safety Committee and Management Board.

Affordable Housing Group

This group has been established to replace the Empty and Difficult Property Group to reflect the changing priorities of the Housing service.

This group will meet when needed but not less than quarterly and will comprise of the representatives of the Housing team and the Corporate Property Manager.

Data Management

The data management approach is informed by the principles of the Council's Data Quality Policy. The Council has purchased and is currently implementing the introduction of a new Property Asset Management System (PAMS). The Council procured, in October 2020 via the government GCloud Framework, a Property Asset Management System (TF Cloud supplied by Technology Forge) to be used to manage Property Management Information. The process of migrating data into TF cloud and integrating with other Council systems including GIS, Housing, Finance, Facilities etc. is ongoing and the system modules will be brought into use in phases during 2021-23.

Data is held as part of the IDOX Uniform Estates Management System, which is linked to the GIS system. The Council continues to review the use and content of its Estate data system to ensure that it is used to its full potential. In 2023-24 this will continue to be migrated to the new PAMS as will dates in respect of ongoing maintenance on Council land and buildings which is held on an Access Database System and monitored by Property & Estates. Each building is surveyed on a regular five yearly cycle and the building elements are individually assessed for condition to enable the Ten Year Planned Maintenance Programme to be determined.

Income due and received in respect of Rent and Licence Fees are monitored and collected through the Financial Management System. The Estates Manager is responsible for any arrears and will monitor accordingly. By working closely with Finance and Legal teams, Property and Estates assures that rental, service charge

and maintenance provisions in leases and licences are observed. Control is maintained on income streams and expenditure in this way.

The consolidation of the systems that hold property and asset related data into one combined system that overcomes gaps or mismatches in the supply of full and accurate information is underway. The PAMS system has therefore been directly linked to the Council's Geographical Information System (GIS) facilitating integration with Land Registry, Planning & Conservation, Land Ownership and others, as well as coordinating with Central Government data. Housing & Finance tenancy data was added late 2022 and is used for billing and other information. Facilities run the responsive maintenance Helpdesk through PAMS.

Current modules being added include the Contractor Portal to integrate statutory compliance testing and maintenance work records with our Maintenance Term Contractors and other suppliers.

The central database held by the UK Government is known as the Electronic Property Information Mapping Service (e-PIMS). The Council's maps are held on the Geographical Information System (GIS) and on e-PIMS, which means the Council is compliant with the annual governance report 2015. By featuring on e-PIMS, the Council's portfolio complies with the Government's One Public Estate initiative.

All data is collected, stored and managed in accordance with GDPR.

Consultation Process

The Asset Management Plan is considered annually by:

- The Cabinet Member for Finance and Performance
- Management Board
- Finance and Governance Cabinet Advisory Board (CAB)
- Cabinet
- Council

It is also subject to internal and external consultation.

Statutory Powers

The Council will investigate and look to use all statutory powers including Compulsory Purchase Orders (CPO) to achieve the delivery of the corporate objectives and key priority projects.

Appendix 3 - External and Internal Influences

National Context

This statement is produced against the backdrop of what continues to be an extremely challenging time for local government with a combination of demand pressures and reduced resources placing significant pressure on the revenue and capital budgets of local authorities. Most local authorities are seeking to leverage property assets to reduce costs and deliver capital receipts. The Government has established the 'One Public Estate programme' in partnership by the Local Government Association and the Office of Government Property (OGP) within the Cabinet Office with a view to helping in this endeavour. TWBC contributes actively to the programme and has sought funding to assist in a number of its property-related priorities.

The property market has continued, over the course of the past year, to be impacted by the ongoing effects of the COVID-19 pandemic, the UK leaving the European Union, Government fiscal event decisions, the conflict between Russia and Ukraine, changes to the high street and a slowing down of the global economy. This has resulted in an increase in vacant property, increasing energy costs, a general reduction in asking rents, an increase in tenant defaults, softening of yields and increased construction costs and uncertainty in the construction sector.

The UK economy remains one large recession short of its pre-COVID-19 trajectory. The re-opening of businesses resulted in demand generally exceeding supply in some sectors of the economy but falling short in others. Many firms now are expecting and preparing for a different economy with a protracted period of change. Inflation is expected to increase significantly with the CPI increasing to 10.7% in the 12 months leading up to November 2022.

COVID-19 has necessitated a rise in remote working, where this is possible, but the challenges to its broader adoption remain. Many companies are now reviewing the space they occupy both in terms of location and quantity. The extent of the changes this will produce and the economical effects both nationally and regionally have yet to be established. The shift to remote working has significantly affected the Council's car park revenue income from Royal Victoria Place (RVP) and other car parks owned by the Council.

Regional/County

Kent local authorities work together through a number of forums to discuss and prioritise property-related issues. This includes Kent Leaders and Joint Kent Chief Executive meetings but also includes the Kent Estates Partnership. The Kent Estates Partnership seeks to promote a collaborative approach to estate management across the County and to support a more integrated, flexible and affordable public estate.

The property market in the borough generally reflects the national position.

Mid-Kent Services

The Mid Kent Services Partnership (MKS) between Maidstone Borough Council, Swale Borough Council and Tunbridge Wells Borough Council was set up in 2008 to:

- Improve the quality of service to communities;
- Improve the resilience of service delivery;
- Deliver efficiency savings in the procurement, management and delivery of services;
- Explore opportunities for trading in the medium to long term; and
- Share best practice.

MKS sees staff working from a range of offices across the partnership area and, in time, should lead to the potential to rationalise accommodation. The Council is working proactively with partners and partnership services such as ICT both to facilitate flexible and mobile working and to help in the longer-term objectives of reducing the cost of our operational estate.

Partnership Working

The Council works with a range of partners in delivering its priorities and services including Town and Country Housing (TCH), Kent Police and Kent County Council. Through these and other partnerships, the Council will continue to explore, develop and exploit opportunities for collaborative working with public and quasi-public bodies by amalgamating asset knowledge to help promote economies of scale, sustainable levels of occupation and better working practices.

Legislation

Localism

The Localism Act 2011 meant to offer more opportunity for smaller groups and local governments' lowest tiers to exercise powers locally. The legislation is wide ranging

and deals with multiple community issues. One particular change was the introduction of a 'Community Right to Bid' which enables community groups to apply for local buildings or land to be put on a register. Once on the register of Community Assets, an asset cannot be sold without first allowing a community group a period of up to 6 weeks to decide whether to make an offer and if they decide to make an offer a further period of 6 months to raise funds to make an offer based upon its market value.

Local Context

The Asset Management Plan should be read in conjunction with the Council's "Focus on Five" and associated plans and strategies. These documents can be read on the Council website, whose mission is as follows:

"To encourage investment and sustainable growth and to enhance quality of life for all"

This strategy accounts for issues identified through the community planning process and through regular consultation and surveys with residents. In property terms the Asset Management Plan is a strategy that delivers improvements in all areas and services for the purpose of meeting local community needs.

The main aim of the AMP is for Council assets to be recognised as a principal resource, thereby ensuring continuous strengthening in the organisational arrangements set out above.

Sustainability

The Council provides a leading role on sustainability by addressing its own asset base. Legislation and a number of sustainability initiatives, especially energy and carbon reduction, have been put in place in the past few years.

Following the declaration of a Climate and Biodiversity Emergency in July 2019 the Council agreed an ambition to make the Council's operations carbon neutral by 2030. The future assessment, maintenance, upgrades and renovation of the Council's assets will therefore be critical to enable the delivery of the best possible environmentally sustainable buildings, include energy efficiency, exploring use of renewables, and keeping the use of re-sources such as water to a minimum.

Projects, including maintenance schemes that flow from the AMP, will need to include a sustainability assessment to ensure that the impact of projects are fully understood and that mitigation measures are put in place and support a continued reduction in the carbon emissions. Thereby, ensuring long term, the Council meets its ambition to be carbon neutral by 2030. With the added benefit of corporate energy bills being minimised and resources used as sustainably as practicable.

Economic Position

Instability in the global economy, where major adjustments continue, is in marked contrast with the local property market. The local effect of global instability converts mainly into a corset upon the growth in property rents and capital values. The national context is of historically low interest rates with weak banks, a gradual removal of quantitative easing, and record investment in the FTSE 250. The current approach to the UK's relationship with the EU is generally seen as being likely to accentuate a general pattern of low growth and is likely to apply for the whole period of the AMP 2023/24. Furthermore the long-term effects of COVID-19 continue to impact all sectors of the economy and it is likely that this will still be the case in 2023.

The strength and weakness of the UK property market will impact upon the policies and processes that the Council needs for managing its asset portfolio for optimising efficiency and effectiveness.

For surplus property assets with development potential, market conditions will be assessed in deciding the future of each asset. Market shifts will require the Council to maintain a flexible approach in managing the portfolio.

Market impact is anticipated in the following areas:

- Property vacancies (more anticipated);
- Emphasis upon maintenance;
- Obsolescence in building fabric and services;
- Rebalancing of tenants in contractual default;
- Softening of yields;
- Lowering of asking rents and/increased incentives;
- Avoidance of defaulting contractors; and
- Increasing demand upon the supply chain of contractors and consultants;
- Material shortages, increasing costs and longer delivery periods;
- Labour shortages and increased costs.

The Property and Estates Team will review all assets held by the Council to ensure that every opportunity for return is exploited to achieve its wellbeing or financial objectives. This will include:

- A full review of land and assets held and use made of them;
- Short, medium and long term strategic requirement;
- Maximisation through partnership working; and
- Maximisation of easements, licences and rights granted and benefits received.

To work its property assets harder, both financially and in the provision of facilities, the Council will continue to consider and exercise both disposal of surplus assets and acquisition for investment purposes to secure future income streams and to assist the local economy.

Performance Management and Monitoring

The following performance indicators are reported to Cabinet:

- Total rental income for the financial year;
- Capital income from property asset disposal for financial year;
- 6 monthly property transactions reports completed under delegated authority.

Additional performance indicators are monitored by the Head of Economic Development and Property and Management Board as and where appropriate.

Transparency

The Local Government Transparency Code 2015 provides guidance on the expected minimum level of information made available to the public. This includes how local authorities publish details of all land and assets held by them. The base position is publishing a list of all land and property annually, including a unique property reference number, unique asset identity, name, address and map reference.

The Electronic Property Information Management Scheme (e-PIMS) has been populated with data complying with the One Public Estate initiative. Property officers are in contact with counterparts in Kent County Council and with departments of central government to assist in promoting this initiative.

The Council currently publishes the Asset Register within the Asset Management Plan on an annual basis.

Appendix 4 – Property Asset Programme

The Council has a strong record over a number of years in reviewing and disposing of various non-performing land and property assets. In 2023/24 the Council will progress outstanding actions from those reviews and continue to review all assets towards a leaner and more productive estate.

2023/24 Sites to be Reviewed

The Council will continue to identify sites appropriate for disposal undertaking feasibility studies on the future uses of the assets. Subject to full analysis including the potential for planning permission, a recommendation for the route to disposal - lease or sale - will be made to Cabinet, or the Section 151 Officer in consultation with the Cabinet Member for Finance & Performance. The potential disposal list includes a number of town centre car parks. These will be considered within a new parking strategy with sites selected identified for review and potential disposal. The future volume of parking and its geographical location will need to be considered within this review. Some sites may be disposed with a proportion of parking to be reprovided as part of the strategy.

The feasibility studies will be undertaken in two stages:

Stage 1 - Feasibility:

- Detailed analysis of the land title;
- Detailed analysis of the physical site;
- Detailed analysis of the planning status and likely grant of planning permission;
- Marketing and disposal if planning permission is not recommended.

Stage 2 - Feasibility:

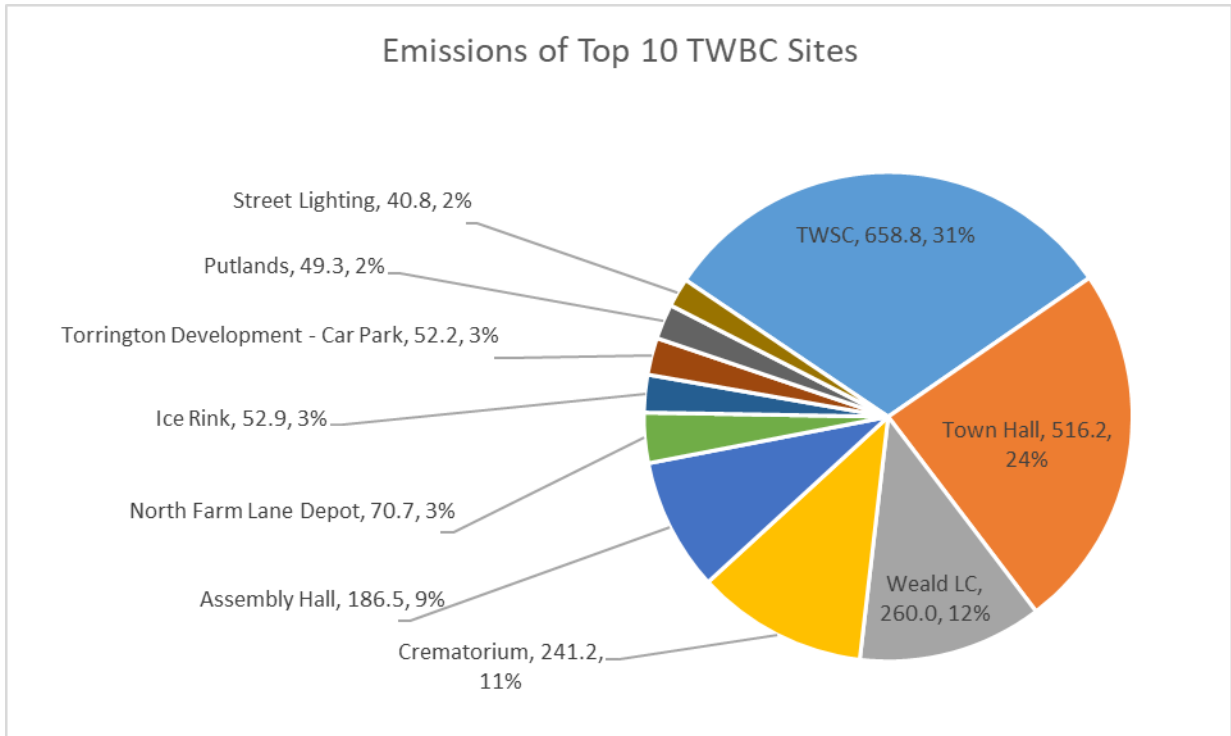
- Production of development scheme;
- Valuation of land;
- Application for planning permission (if appropriate);
- Marketing and disposal of site.

All disposals will be in accordance with the Constitution and local government legislation. Where appropriate Ward Members and parish and town councils will be informed of the intention to lease or dispose of these assets.

The following assets have been declared surplus and identified for potential disposal in 2023/24.

Address	Status
Great Hall Car Park, Tunbridge Wells	Site to be reviewed for development potential in tandem with a car parking strategy
Mount Pleasant Car Park, Tunbridge Wells	Site to be reviewed for development potential in tandem with a car parking strategy
Meadow Road Car Park, Tunbridge Wells	Site to be reviewed for development potential in tandem with a car parking strategy
Torrington Car Park, Tunbridge Wells	Site to be reviewed for development potential in tandem with a car parking strategy
8 Grosvenor Road (Gateway), Tunbridge Wells	Freehold/leasehold being marketed
9-10 Calverley Terrace, Tunbridge Wells	Site to be reviewed for development
33-36 Crescent Road, Tunbridge Wells	Site to be reviewed for development
Land at Warwick Park	Freehold to be disposed
The Wesley Centre, Paddock Wood	Site to be reviewed for development & sale
Linden Road Car Park (auction house), Tunbridge Wells	Site to be reviewed for development potential in tandem with a car parking strategy
TN2, Sherwood	To surrender TWBC lease

Appendix 5 - Carbon Emissions for the Councils top ten sites:



Appendix 6 – Ten Year Property Maintenance Plan

Background

The condition of the TWBC estate has deteriorated over several years where the optimum required investment has not been possible due to budgetary pressures on Council funding.

The emphasis has as a consequence changed from planned preventative maintenance to reactive response maintenance as building elements fail. Historic and ongoing funding issues have resulted in an increased maintenance backlog and a high reactive spend, circa 40%.

The strategy of this Asset Management Plan is to address this and endeavour to meet the Audit Commission's benchmark of 70% planned, 30% reactive and reduce backlog subject to funding. As an example: the historic condition surveys for the Town Hall alone from 2014 indicated an average required annual planned maintenance spend of £180,000 per annum from 2014 - 2020, totalling £900,000. The actual spend of c£400,000 total over this period has resulted in a backlog of maintenance issues, as well as some secondary damage as a result of the building element failures.

There are issues with both costs and availability of plant, labour and materials as well as changes to the supply chain capability to respond due in part to the impact of Brexit, energy price rises, and many other external factors. Industry costs continue to rise at a rate of c15% per annum.

Current 2022-23 budgets are:	Amount (in £)
Planned Maintenance	863,380
Responsive Repairs	181,630
Maintenance/ Servicing Plant	101,760
Fire & Security	73,190
Total	1,219,960

Note the 10-year planned maintenance budget required, developed from Condition Surveys for 2023-33 averages over £7m per annum.

Recent Activity

A number of Capital Applications have been applied for, in 2020-21, 2021-22, and 2022-23 to improve several properties. The impact of the covid pandemic on budgets was to postpone some larger Capital projects therefore increasing the strain on the maintenance budget.

In 2020 Aecom, a consultancy appointed via the SCAPE Framework, completed portfolio wide elemental condition surveys with indicative costings and this provided a focus for future Planned Maintenance works. The data has been entered on the new Property Asset Management System (PAMS), along with Property & Estates data.

Current Activity

The data from the Condition Surveys is being checked, augmented and updated by detailed surveys as Capital, Planned & Reactive works are organised. Priorities are informed by these surveys, known issues and element failures. A 5-year cyclical programme of Condition Surveys will be introduced through the PAMS system.

Full Asbestos Management Surveys for the whole portfolio were completed in 2020-21, and the Statutory reviews undertaken in subsequent years. Full structural surveys of Council managed car parks were undertaken in 2021 with a further programme to continue these to be put in place using PAMS.

All works undertaken by the Council are subject to evaluation for their ability to deliver carbon savings in the Council's Carbon Descent Plan identified as a result of its Climate Emergency Declaration. The immediate impact of this is increased costs of works – however the Council has been successful in obtaining external grant funding for some projects.

Future Activity

The information collated will be reviewed alongside the rest of the Asset Management Plan, including any indications of continued building occupation arising from further political decisions, such as the building sharing strategy for the Town Hall.

With the migration of data from and linkages to several other Council systems into the PAMS still taking place the attached Planned Maintenance Programme is based upon historic spend and the elemental condition surveys. Available funds will limit the extent of Planned Maintenance able to be completed and therefore increase both reactive and backlog maintenance.

Actual maintenance spend will be based on a Risk Management approach and in practice will likely be restricted to items 1-3 below. This is based upon the recommendations and priorities of the Chartered Institute of Public Finance & Accounting (CIPFA). Risks associated with maintenance will be managed in the following order of priority:-

1. Maintenance in respect of health and safety issues;
2. Statutory maintenance requirements; security, fire, gas, electrical and access systems, listed building requirements;
3. Structural maintenance for all Council owned property assets;
4. Building fabric maintenance for all Council owned building assets (except 5 below);

5. Maintenance of unoccupied assets, assets identified for disposal and ancillary assets.

The maintenance of the Council's property assets should be directed towards:

- meeting changing department service delivery needs which are reflected in the standards to which assets are to be maintained;
- priorities based on the impact of condition on service delivery and risk;
- ensuring the most effective use of maintenance resources to at least meet the Audit Commission's benchmark of 70% planned, 30% reactive spend; and
- ensuring appropriate information exists at department and Council levels.

The key outcomes to be achieved from undertaking maintenance are:

- functional and operational requirements of the working environment are met;
- the physical condition and efficient operation of assets is kept to a standard appropriate to their service function and value to the community; and
- all statutory and technical requirements to ensure health, safety, security and reliability are met.