

EAST HERTS COUNCIL

PERFORMANCE, AUDIT AND GOVERNANCE COMMITTEE – 16
JANUARY 2018

REPORT BY ISABEL BRITTAIN

ASSET MANAGEMENT UPDATE

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- To review the asset management plan 2017 to 2020 and the processes for reviewing the property assets to seize opportunities to rationalise the estate in order to make savings and generate revenue and capital.

**RECOMMENDATIONS FOR Performance Audit and Governance
Scrutiny Committee**

That:

(A)	The report be noted, and
(B)	Any comments are directed to the Head of Strategic Finance and Property.

1.0 Background

- 1.1 The Asset Management Plan was adopted for 2017-2020 and is published on the Council website
- 1.2 It is reviewed on an annual basis, but only formally updated every 4 years.
- 1.3 The Property portfolio is continually reviewed both on an informal basis as opportunity arises and formally.

2.0 Report

- 2.1 As a part of the One Public Estate (OPE) considerations a Locality Review was instructed. Consultants from East of England Local

Government Association considered property interests held by East Herts Council alongside interests held by other public sector organisations in order to establish any potential through collaboration to improve assets, services and income.

- 2.2 Initial findings of the Locality review have been reported and conclude that East Herts Council are good at exploring opportunities within their property portfolio, which is limited in size, and recommended that the scope of the review be extended from Hertford and Ware to include Bishop's Stortford in the spring of 2018.
- 2.3 The Assets Team completed the upload of Council property onto the Central Government e-PIMS (electronic property information mapping service) in order to help with the locality review. Information of all public sector land and property is available for registered users to consider prior to reverting to the open market and private sector.
- 2.4 Migration of property data to the IDOX system is complete and the system being adapted to allow for specific reports to be generated, which will also support the locality review process.
- 2.5 The Asset Management Group has been reinstated and meets regularly to present, discuss and provide guidance on prospective opportunities.
 - AMG provides property updates on lettings, ownership, proposals and projects
 - The meetings are arranged by the Head of Assets and Estates who invites Members and Officers according to the extent of the agenda.
 - Officers may be invited to discuss their service provision in relation to the use of property assets or seek guidance.
- 2.5 The asset and estates team liaise with the accounts sundry debtors section to ensure that persistent late rent payers are monitored and dealt with. There is not a significant arrears list and no issues have arisen.
- 2.6 The Corporate Property Services Manager attends the Hertfordshire Property Forum on a quarterly basis. This is a gathering all Chief Estate Surveyors in order to support the OPE Board but also to swap information and experiences to drive efficiencies across the Local Government capital and revenue generating and service supporting estate.
- 2.7 East Herts Council has already disposed of a number of property assets to generate receipts which have been used to support the capital programme in the past, thus there are relatively few assets left that are not used for operational purposes. Many of the remaining assets offer more complex

management issues and fewer opportunities to drive improvement without substantial inward investment. Many of the remaining assets held are let on a fully insuring and repairing basis on secure tenancies, thus offering little opportunities other than to ensure that the best rent possible is collected by ensuring rents are reviewed as leases allow and lease renewals are on good terms and conditions.

- 2.8 The Assets and Estates Team provide advice and guidance to project boards with regard to tenancies, title and management issues. In order to do this all estates surveyors are members of the RICS and up to date with CPD. Complex matters would be referred to the legal department.
- 2.9 The property estate can be roughly divided into 3 categories; operational buildings, such as Wallfields, leisure centres, hostels and the depot building; investment property, some of which may also perform a community function, such as neighbourhood shopping parades, or potential development sites, such as Charringtons House as part of the wider Old River Lane scheme; and surplus property which might adopt temporary uses such as informal parking etc.
- 2.10 The portfolio is further characterised by the inclusion of many small parcels of land often only resulting in a liability to repair and maintain. They are of insufficient benefit or scale to dispose of generally, although they are kept under review for potential disposal as garden land for local residents etc.
- 2.11 The annual Valuation of the property portfolio has been carried out externally in the past recent years due to a lack of suitably qualified internal staff. The audit process for the 2016/2017 valuation was extensive. Therefore the 2017/2018 annual Valuation will be carried out internally.
- 2.11 The Assets and Estates Team has recently successfully recruited and is now sufficiently resourced with the ability to deal with more tasks internally, in particular the Valuation report and more generally property reviews.

3.0 Implications/Consultations

- 3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper ‘A’**. Notes of the Asset Management Group Meeting are set out in **Essential Reference Paper “B”**

Background Papers - None

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