



Asset Management Strategy Progress Report & Update

**Development Sub
Committee**

6th November 2023

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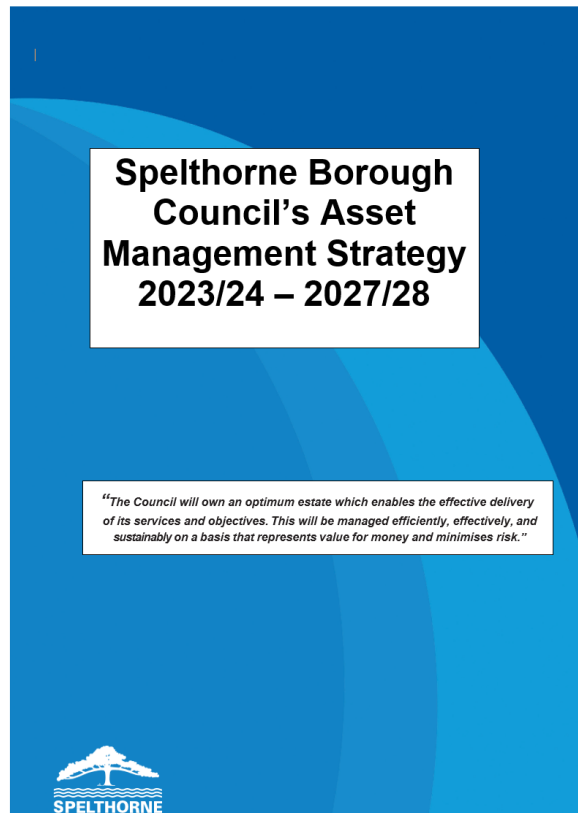
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Progress since update to DSC on 2nd October



- ▶ Further workshop held with Councillors to shape and refine Asset Management Strategy on 16th October
- ▶ Development Delivery Mechanisms now brought in to reporting process
- ▶ Subject to DSC approval it is proposed to take the Strategy forward to CPRC in November and Full Council in December

Asset Monitoring & Reporting

Asset Management Strategy

Asset Management Plan
(5 year portfolio level plan)

Business Plans
(Annual)

Asset
Investment
Strategy
(Annual)

Investment
Report
(Annual & Six
Month review)

Sinking Fund
Monitoring
(Quarterly)

Development
Delivery
Strategy
(Annual & Six
Month review)

Budget
Monitoring
(Quarterly)

Overriding Objective for all Three Portfolios

Asset Management Strategy



- ▶ *“The Council will own an optimum estate which enables the effective delivery of its services and objectives. This will be managed efficiently, effectively and sustainably on a basis that represents value for money, minimises risk and has the interests of the local community at heart.”*

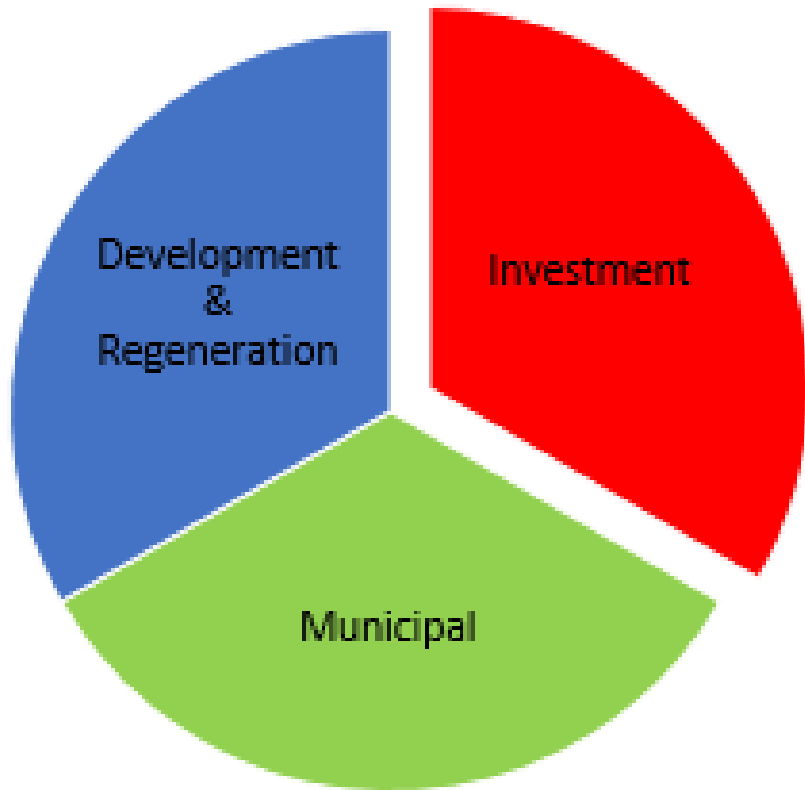
Strategy Overview

Asset Management Strategy



- ▶ The Asset Management Strategy covers all of the Council's property estate, which are held in three distinct portfolios.
- ▶ Assets may be transferred between portfolios as required (e.g. if alternative use is more beneficial to the Council's need than as an income producing asset).

Investment Portfolio - Strategic Purpose



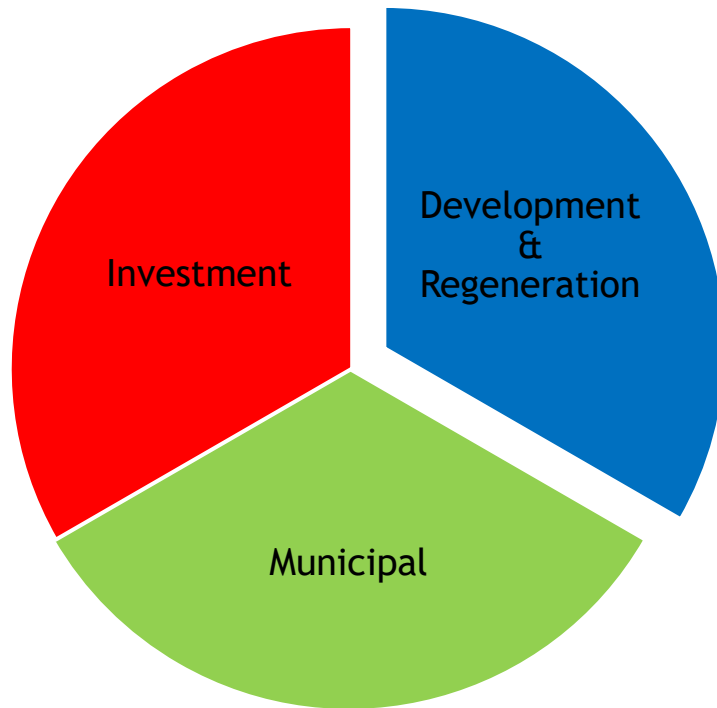
- ▶ *“To deliver positive net returns to support the Council’s Revenue Budget and support the Council’s ability to provide services, particularly discretionary, for its residents.”*

Investment Portfolio - Strategic Priorities

The portfolio will seek to:-

- ▶ Deliver a secure and sustainable income net of all attributable costs
- ▶ Maintain capital value in real terms over the ownership period
- ▶ Generate a net profit over medium and long term after deduction of attributable costs and with appropriate sinking fund contributions
- ▶ Ensure that income returns meet or exceed budget targets and wider industry-standard benchmarks on a medium and long term basis, with an expectation of long term income growth
- ▶ Diversify risk through leasing assets to a broad range of tenants operating across different business sectors and with a mixture of income lengths (i.e. between 5 and 15 years)
- ▶ Make a positive contribution to the Council's commitment to reach Net Zero for Scope 1 & 2 emissions by 2030
- ▶ The Council to retain these assets if they perform to required criteria, but will continually assess alternative options in the event of under-performance or reasonable expectation of adverse future circumstances.

Development & Regeneration Portfolio - Strategic Purpose



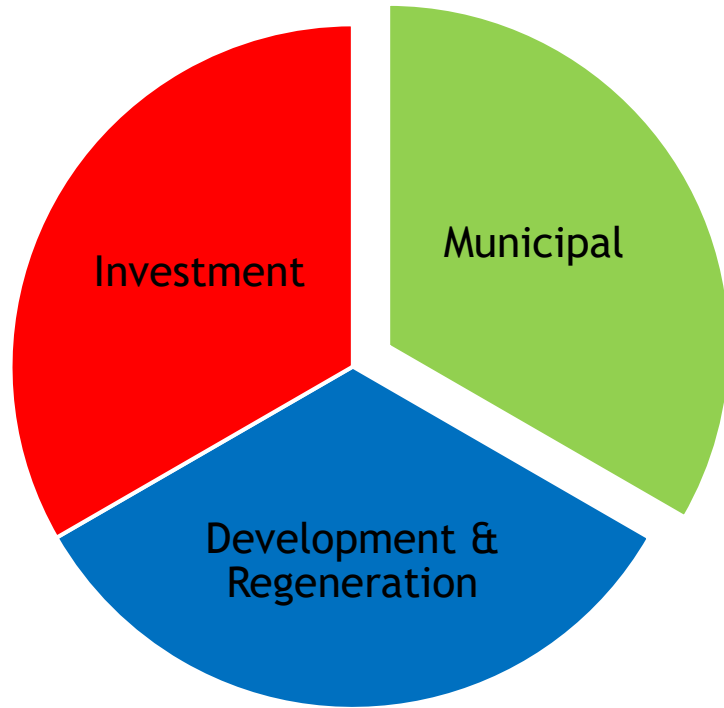
- ▶ *“To ensure the borough remains an attractive place to live, work and undertake leisure activities through the delivery of high quality affordable housing, social infrastructure and commercial property that meets the needs and requirements of residents and local businesses.”*

Development & Regeneration Portfolio

Strategic Priorities

- ▶ Ensure all development / schemes / partnerships meet the Council's corporate objectives ("CARES"), and aim to deliver high quality housing and other economic and community places in a timely and financially efficient manner.
- ▶ Prioritise delivery of affordable housing and mixed use projects to meet the needs of Spelthorne residents.
- ▶ All significant proposed developments will be subject to meaningful public consultation
- ▶ Delivery mechanisms and longer term buy/hold/sell decisions will be decided by Councillors on a basis that meets the needs of our residents, businesses and wider communities
- ▶ All developments will contribute to the Council's commitment to reach Net Zero for Scope 1 & 2 emissions by 2030.

Municipal Portfolio - Strategic Purpose



- ▶ *“To manage all property assets within the borough professionally and effectively to support service delivery, the voluntary, charitable and community sectors and provide amenity and community benefit to residents and support our CARES corporate priorities.”*



Municipal Portfolio - Strategic Priorities

- ▶ To provide well maintained and accessible assets that benefit all who live in the borough, and support local community groups and vulnerable residents.
- ▶ To promote the use by residents of our attractive parks, open spaces and public places, with a focus on bio-diversity.
- ▶ To consult with our residents, where appropriate, on the best use for municipal assets in the borough.
- ▶ The granting of occupational agreements to third parties by the Council will be dealt with in a fair and open manner, and where required in accordance with the Community Letting Policy.
- ▶ Good relationships will be maintained with our tenants to ensure compliance with lease obligations.
- ▶ The portfolio will contribute to the Council's commitment to reach Net Zero for Scope 1 & 2 emissions by 2030.

Contacts and Further Information

- ▶ This Asset Management Strategy has been developed by Councillors. Any queries should be directed to the Chair or Vice Chair of the Development Sub-Committee.
- ▶ Further information on the Council's property portfolio can be found using the link <https://www.spelthorne.gov.uk/article/16779/Property-and-investments>

Next Steps

- ▶ Take reports to CPRC on 27th November and Full Council in mid December with following recommendations:
- Asset Management Strategy (AMS) and Asset Management Plan (AMP) to be publicly available documents
- Business Plans; Asset Investment Strategy; Investment, Sinking Fund and Budget reporting, Development delivery programme to remain confidential Councillor and Officer documents (links to all documents will be included within section 6 of the AMS)
- Agree future Reporting and Governance of investment portfolio via either:
 - New Sub Committee (previously requested CASC) who report into CPRC, potential to include an external advisor
 - New Working Group Structure (similar to APWG) with a smaller number of members (4 or 5) to include an independent external advisor who also report into CPRC
- Current/New Working group to review and build on current KPIs and Risk Register for Investment Portfolio