

Asset Management Strategy and Management Plan 2016-2021

October 2016



Hylands House

Contents

Foreword	3
Asset Management Strategy Introduction	4
Purpose and format of the strategy	5
Organisational arrangements	
Asset Monitoring Framework	
Transparency Agenda / Essex Map	
Capital Strategy and Medium Term Financial Strategy	
Whole-life costing of assets	
Acquisitions and disposals strategy	
Operational Asset Management Plan	9
Service planning and building a fit for purpose portfolio	
Working in partnership with others	
Asset review	
Appendices	10
1 Organisational Arrangements	
2 Asset monitoring structure	
3 Roles and responsibility levels of Members and Officers	
4 Acquisitions - from 2011 onwards	
5 Disposals - from 2011 onwards	
6 Working with others	

Foreword

Property assets form the essential foundations on which the Council delivers its services. They play a key role in shaping the social, environmental and economic wellbeing of the local community, influencing the quality of life for local people.

This Asset Management Strategy provides a “golden thread” to align our property management and investment practices with our corporate priorities and is designed to help Chelmsford to become the economic, cultural, leisure and retail heart of Essex and a leading regional centre in the East of England. Ensuring the effective and targeted use of City Council assets will help to deliver a sustainable future for the City, its businesses and residents. This will be achieved by focusing on the following strategic priorities:

- Attracting investment and delivering infrastructure to support the growth of the City
- Facilitating suitable housing for local needs
- Providing high quality public spaces
- Promoting a more sustainable environment
- Promoting healthier and more active lives
- Enhancing participation in cultural activities

In order to deliver outcomes that are important to all our residents, we must develop and maintain high quality standards and effective services at affordable levels and make the best use of all our resources, (people, finance, land and property) through effective planning, deployment and management. Given that the City Council's principal land and property assets number over 400 and are valued in excess of £185 million, the effective use of our assets will clearly impact on the successful delivery of these outcomes.



Councillor Roy Whitehead
Leader of Chelmsford City Council

Asset Management Strategy Introduction

Chelmsford City Council's Asset Management Strategy sets the high level strategic framework for managing the Council's property portfolio. The Strategy will guide our decisions to ensure that our land and property holdings are fit for purpose and aid the delivery of the Council's overarching priorities helping to meet our residents' expectations.

Asset Management is a process that seeks to ensure that best value for money is secured from property assets in serving the Council's strategic needs, and this requirement is even more essential in periods of financial uncertainty.

This Asset Management Strategy sets the property context for the City and the Council's property function within its corporate priorities and strategic goals. The corporate property objectives will provide a cohesive rationale for the ownership, occupation and management of the Council's assets in order to;

- Optimise the contribution our land and property assets make to successfully realising the Council's strategic priorities and service objectives.
- Prioritise investment in our operational assets to meet current and future service demand and delivery needs.
- Ensure the maximum return from our commercial portfolio and landholdings to generate income and to help support the delivery of core services
- Reduce the environmental impact of our operational property assets.
- Through the tactical use of our assets encourage the redevelopment of more difficult sites and help to encourage new developments to take place within the Borough



Purpose and format of the Strategy

The Strategy

The Asset Management Strategy is structured as set out below with detailed information contained in supporting appendices.

1. Organisational Arrangements

The Council's asset base is central to the delivery of high quality services to the community, and in this respect, the authority needs to ensure that it holds appropriate assets that are fit for purpose.

Assets are held to help the Council to deliver on its operational objectives, which ultimately feed into the corporate vision and objectives. Through performance monitoring, the Council is able to demonstrate whether the asset base is working effectively and adjust it as required, in order to meet the overarching corporate objectives.

Appendix 1 shows how the delivery of the Council's vision is supported by the Asset Management Strategy.

2. Asset Monitoring Framework

Responsibilities for assets are clearly designated to functions and roles within the Council. Appendices 2 and 3 show the

structure of the Council's asset management framework and the roles and responsibility levels of Members and Officers involved in the process.

3. Transparency Agenda / Essex Map

As part of the Communities & Local Government published Code of Practice on Data Transparency, the Council is required to make details about its land and building assets publicly available. The following links provide information about the Council's land and building assets:

Interactive Essex Map An on-line searchable and interactive map of our assets. This was developed along with other public sector bodies and not only gives information about our assets, but information on public sector and government owned land and property assets across Essex,

Chelmsford City Council's Land and Buildings Asset Register

4. Capital Strategy and Medium Term Financial Strategy

In February each year, full Council agrees the capital and medium term financial strategies, both of which are essential to the effective management of the Council's assets.



The decision to undertake additional capital expenditure is based on the expected benefits from a project weighted against:

- Availability of capital resources
- The affordability of the revenue consequence of undertaking the scheme (including loss of interest)
- The ability to generate new asset sales to finance capital expenditure or the willingness of the Council to become indebted i.e. borrow to fund capital expenditure.

The Leader's Property Panel looks at the Council's property holdings. A capital bid process was introduced to ensure that the majority of new schemes are considered at the same time to allow for proper prioritisation. Once a project is running, monthly projections of the anticipated total cost and any slippage in the completion date are reported regularly to Cabinet, and Audit Committee.

5. Whole life costing

The decision to let, dispose, keep, repair or redevelop the Council's assets is assessed against how the decision will contribute to the Council's strategic goals. Before making a final decision, alternative options will be identified and considered.

A 'whole life' approach is used, in order for the Authority to determine the impact of decisions affecting assets. This means that we consider the asset over its anticipated useful life to ensure that it delivers the Council's objectives.

Qualitative aspects are just as important as financial targets and should be explored during initial consideration, and also during a more detailed business case phase. The qualitative aspects will influence the asset's use and therefore influence all factors of the whole life assessment.

An assessment is made of:

- the capital costs
- how long the asset can be used for and remain cost and operationally effective i.e. identifying the period that the 'whole life' assessment covers operational costs and income for the whole life should be made, including the alternative options identified
- sensitivity analysis is performed on key variables to predict best and worst case scenarios
- operational costs of the different options are exemplified to provide the most cost effective outcome
- the sustainability (including replacement costs) and affordability.

Options are evaluated against cost effectiveness and achievement of corporate priorities, in order that a project outcome can be selected, further evaluation should be undertaken as the scheme develops through its various design stages, to ensure that any decision covers whole life costs.

As part of an increased focus on strategic property, the authority will need to ensure that it provides value for money through developing option appraisals and a whole life costing approach.

6. Acquisitions and Disposals Strategy

The Council owns assets valued at over £185m and over a number of years has disposed of and acquired significant property and sites within the City, with the aim of ensuring that they are fully utilised for the benefit of our residents and that the Council maximises its income earning capacity. See **Appendices 4 and 5** for details.

Acquisitions

The Council will seek to acquire property if there is a business case to support:

- Improvement to service delivery
- Future potential
- Positive return on the asset
- The asset will assist in the economic regeneration of the Borough and there is a case to support this
- The asset acquired enhances a neighbouring asset's value i.e adjoining land acquisition.



Disposals

Sites for possible disposal may be identified in the following ways through:

- The periodic review of the Asset Management Plan
- Annual Service Planning and declaring specific sites as surplus to service needs
- Identification of surplus land from the land terriers and land registry searches
- A Local Plan designation
- Service reviews or other strategies highlighting assets that are surplus to requirements.

A site will be deemed potentially surplus to requirements if either/or:

- It no longer makes a contribution to the efficient and effective delivery of Council Services
- It has no potential for future strategic or redevelopment purposes by the Council
- An alternative available site has been identified which would achieve a more cost effective service delivery
- Its disposal would help facilitate the achievement of the Council's corporate objectives.

In addition, a site or interest in land will be deemed potentially suitable for disposal if the asset is under-utilised and it is established that the income generated is below that which could be achieved from:

- A suitable alternative use
- Disposing of the site and investing the income.
- Intensifying the existing use.

Disposals are to be carried out on the following basis:

- All sites will be sold for the best consideration reasonably obtainable as required under Section 123 of the Local Government Act 1972. The method of disposal to be the most appropriate in accordance with the RICS Valuation and Appraisal manual
- Sites to have outline planning permission or a planning/design brief if appropriate
- Terms and conditions agreed in the Heads of Terms to be in accordance with commercial practice.



The Operational Asset Management Plan

Operational Asset Management is the means by which the Council uses its assets to meet Service objectives and deliver services to its customers. These assets will require continued investment to ensure that they remain fit for purpose. The key elements of the Operational Plan include the following:

Service Planning and Building a Fit for Purpose Portfolio

Through forward service planning, it is important that Premises Managers, the Corporate Property Team and the Building Maintenance Team, work closely together to ensure that the Council's assets are not only fit for purpose but also meet evolving operational requirements.

Working with others

Transferring or sharing of assets is not uncommon in Chelmsford. Appendix 6 shows that a number of the Council's sites and properties (many in rural areas) have been successfully transferred, are managed by others or are shared or leased, for the benefit of the community as a whole.

Asset Review

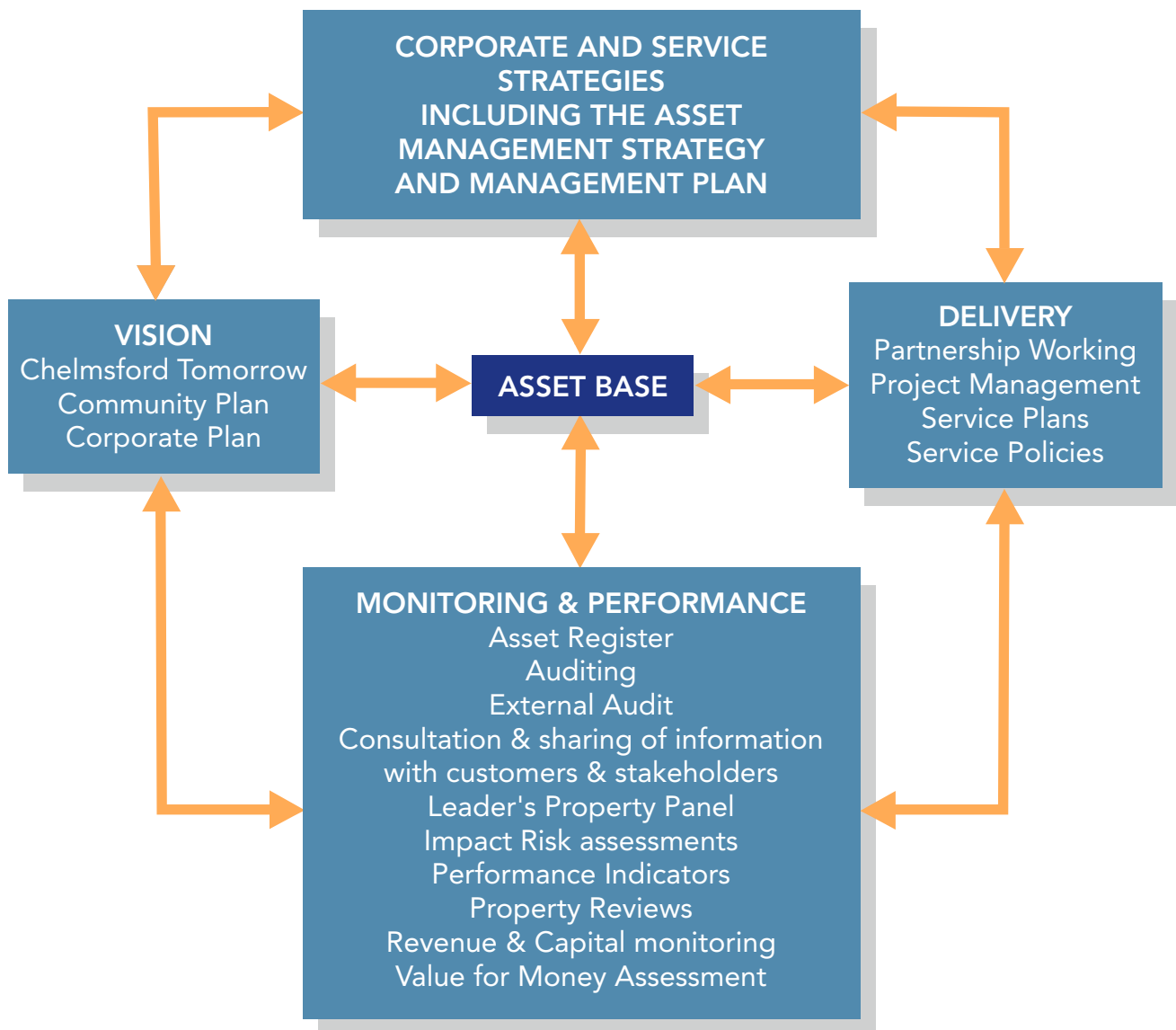
As part of the service planning process and in order to make decisions about the future of the Council's assets, all assets will be reviewed based on a priority order and will be categorised as either High, Medium or Low priority and split between major and minor sites. When undertaking the review the following criteria will be considered.

- Fitness for purpose
- Value for money i.e. condition, sustainability and compliance with DDA and other statutory requirements
- Location
- Tenure
- Development opportunities
- Space utilisation
- More/Other appropriate uses

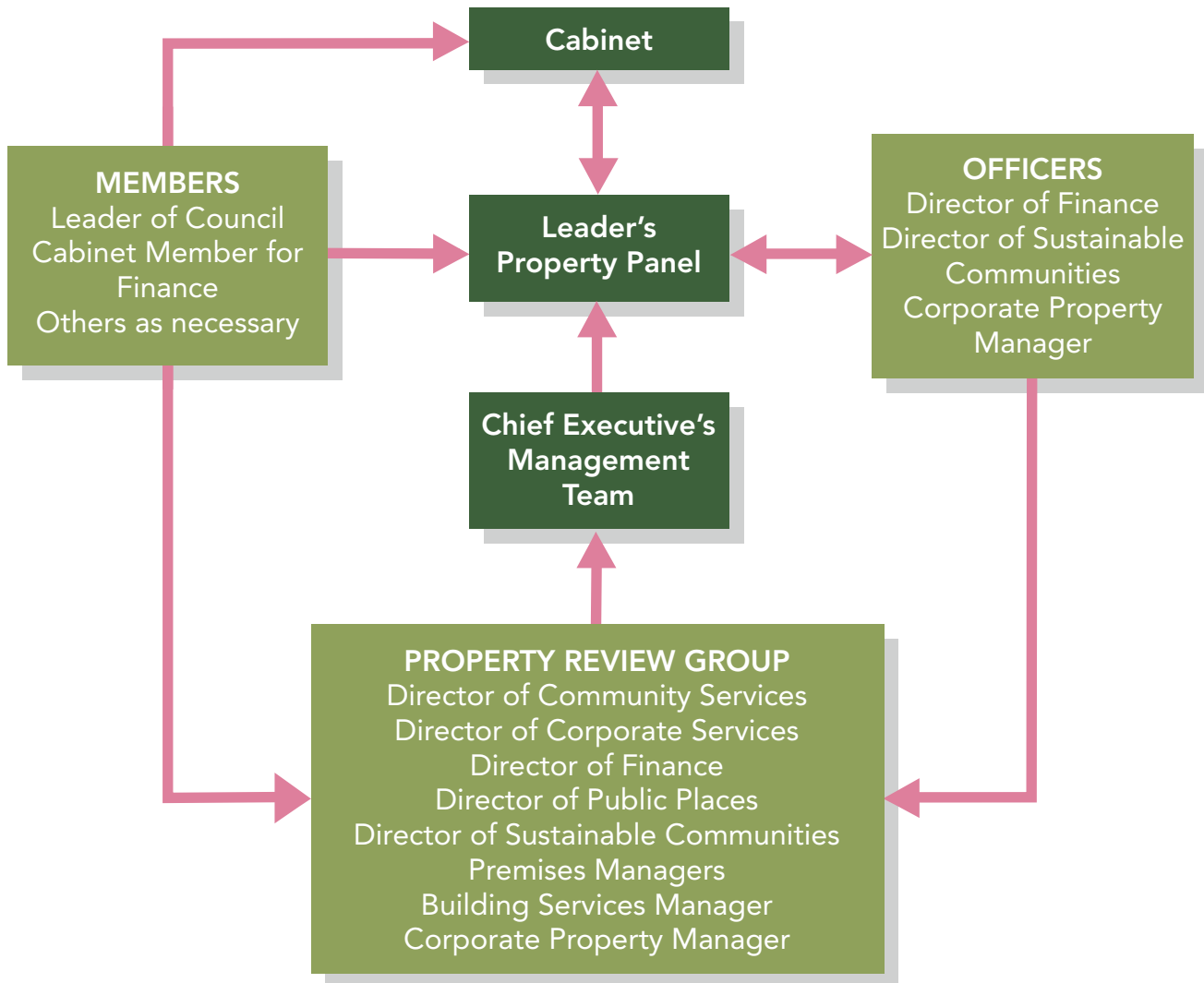


Appendix 1 Organisational Arrangements

To demonstrate clear links between the strategic aims of the Council and the operational or 'front-end' delivery of Asset Management



Appendix 2 Asset Monitoring Structure



Appendix 3 Roles and responsibility levels of Members and Officers involved in the asset monitoring process

Strategic	
Cabinet	<ul style="list-style-type: none"> Executive responsibility for the implementation and operation of policies relating to corporate assets including land and property Formerly approve recommendations from the Leader's Property Panel Oversee and agree the Asset Management Plan Authorise disposals and acquisitions
Leader's Property Panel	<ul style="list-style-type: none"> To monitor and make recommendations on the Council's strategic corporate property projects To receive reports from the property review process and make recommendations as necessary. Ensure best use of assets and safeguard assets for future use Recommendations to Cabinet on disposals and acquisitions Support Officers in implementing outcomes of property reviews and Asset Management Strategy Challenge and encourage joint working and sharing with other public bodies Monitoring of major property transactions to ensure they are being developed and implemented in a timely and cost effective manner
Corporate Management Team	<ul style="list-style-type: none"> Champion Asset Management and allocate the lead to Director of Finance Raise awareness in the strategic use of assets Provide leadership in terms of change management Develop and monitor the Asset Management Strategy and Management Plan

Operational	
Property Review Group	<ul style="list-style-type: none"> To systematically review the property portfolio in the context of the Asset Management Strategy Make recommendations to the Leader's Property Panel
Corporate Property Manager	<ul style="list-style-type: none"> Lead on development of the Asset Management Strategy Lead on the Property Review process Responsibility for all property transactions as directed by the Director for Finance Support the economic development activity
Building Services Manager	<ul style="list-style-type: none"> To help service managers ensure that assets are fit for purpose by identifying, managing, monitoring & reporting on maintenance needs Lead on the Development of the Repairs & Maintenance Strategy Energy management To ensure that health and safety and other legislative requirements are complied with
Service Managers	<ul style="list-style-type: none"> To ensure that assets are fit for purpose and properly maintained. To ensure that they meet operational requirements and are safe to use for both staff and customers To ensure that the assets are used to their maximum potential within constraints of policy & budget.

Appendix 4 Acquisitions - from 2011 onwards

Acquisitions	Amount £	Reason	Estimated Annual Revenue £	Yield %
2011/12				
Cornells Industrial Estate	2,275,000	Investment for long-term re-development (generates revenue in meantime)	117,236	5.15
77 Byron Road and garage 72	150,000	To facilitate housing development on the council's surplus garage site		
Garages 16, 18 & 73 Byron Road	15,000	To facilitate housing development on the council's surplus garage site		
	2,440,000		117,236	
2012/13				
Garage at Brookmans Road	5,000	To facilitate housing development on the council's surplus garage site		
Garage at Cherwell Drive	5,000	To facilitate housing development on the council's surplus garage site		
Southwood, adjacent to Hylands Park	5,000	To enhance the community value of a neighbouring asset		
Aquila House, Waterloo Lane	3,100,000	Investment to generate revenue	304,646	9.83
Visteon, Chelmsford Business Park	3,000,000	Investment to generate revenue and aid regeneration	212,870	7.10
High Chelmer (Primark development)	2,650,000	Investment to enhance the value and return on the asset	300,000	11.32
22 Eastern Crescent	175,000	Residential property for temporary homeless use		
7 Mersey Way	167,750	Residential property for temporary homeless use		

Acquisitions	Amount £	Reason	Estimated Annual Revenue £	Yield %
2012/13 continued				
Workshops at 4 & 5 Brockley Road	76,000	Investment for long-term re-development (generates revenue in meantime)	8,750	11.51
	9,183,750		826,266	
2013/14				
22 Cheviot Drive	168,000	Residential property for temporary homeless use		
64 Salerno Way	184,000	Residential property for temporary homeless use		
34 Fox Crescent	172,500	Residential property for temporary homeless use		
20 Pennine Road	173,000	Residential property for temporary homeless use		
Galleywood Hall	400,000	Investment for long-term re-development		
Three Stars	130,000	To facilitate housing development (following surrender of the lease)		
1 Madeline Place	180,000	Residential property for temporary homeless use		
72 Pines Road	208,500	Residential property for temporary homeless use		
	1,616,000			
2014/15				
Hankins Wood, Swan Lane, Stock	80,000	To enhance community value		
72 Wicklow Avenue	220,000	Residential property for temporary homeless use		
47 Baddow Road	480,000	Investment for long-term re-development of neighbouring asset		
67 Avon Road	250,000	Residential property for temporary homeless use		

Acquisitions	Amount £	Reason	Estimated Annual Revenue £	Yield %
2014/15 continued				
46 Queensland Crescent	205,000	Residential property for temporary homeless use		
90 Pines Road	186,000	Residential property for temporary homeless use		
60 Archers Way	210,000	Residential property for temporary homeless use		
1 Albany Close	225,000	Residential property for temporary homeless use		
	1,856,000			
2015/16				
66 Wicklow Avenue	220,000	Residential property for temporary homeless use		
Land at Woodhall Road	200,000	Investment for long-term re-development of neighbouring asset		
	420,000			
Total of acquisitions	15,515,75			
Total of estimated annual revenue			943,502	

Appendix 5 Disposals - from 2011 onwards

Disposals	Amount £	Reason
2011/12		
Land at Legg Street	50,000	Surplus land
Kings Road/West Avenue Allotments	500,000	To facilitate housing development on surplus land
Writtle Toilets	25,000	To enhance community value
Land at Bramwoods Farm	70,000	Surplus Land
Hunts Drive Garage Compound	335,000	To facilitate housing development on surplus land
97-99 Noakes Avenue Garage Compound	104,000	To facilitate housing development on surplus land
Wykeham Road	112,500	To facilitate housing development on surplus land
1,196,500		
2012/13		
Chancellor Hall	0	Surrender of lease. (Rent income agreed at £120,000 per annum)
Land rear of 49 Cumberland Crescent	14,500	Deed of release
47 Broomfield Road	680,000	Surplus Property
New Street Magistrates Court	81,818	Overage provision
776,318		
2013/14		
Galleywood Toilets	1	To enhance community value
Land at former Danbury Toilets	0	To enhance community value
Land at Bond Street (East of High Street)	10,000	To facilitate housing development on surplus land
Land at former ARU site (Green Triangle)	2,117,584	To facilitate housing development on surplus land

Disposals	Amount £	Reason
2013/14 continued		
Land at 13-17 Elm Way Boreham	285,000	To facilitate housing development on surplus land
Generals Lane (Part 20.57 acres of land)	1,200,000	To facilitate housing development on surplus land
Land at Winsford Way	1,773,000	For waste transfer station
New Writtle Street Car Park	0	To facilitate housing development (Receiving £110,000 per annum for loss of income)
<hr/>		
5,385,585		
2014/15		
Castle Close Garage Compound	165,000	To facilitate housing development on surplus land
Byron Road Garage Site & 77 Byron Road	630,000	To facilitate housing development on surplus land
Land at rear of 6a-7a Corporation Road	7,200	To enhance neighbouring residential properties
291-293 Baddow Road	20,000	To enhance neighbouring residential properties
Brookmans Road Garage Compound	787,500	To facilitate housing development on surplus land
Gemini Centre	25,000	Removal of Restrictive Covenant
Essex Cricket Club Crane Oversail	12,500	To facilitate housing development
Three Stars	340,000	To facilitate housing development on surplus land
Sparrows Close Play Area & Garage Compound	15,000	To enhance community value
<hr/>		
2,002,200		

Disposals	Amount	£	Reason
2015/16			
Land at School Lane, Broomfield Scout Hut	14,000		To enhance community value
All Saints Church Kings Road	69,500		Removal of restrictive covenant to facilitate housing development
Catherine Close East Hanningfield	1		To enhance community value
Britvic	3,000,000		Sale of Britvic site for development
	3,083,501		
Total of Disposals	12,444,104		

Appendix 6 Working with others

Assets shared or leased

- Hylands Estate – café & retail units
- Pitch & Putt concession in park
- Car parking for Essex County Council
- Premises leased to voluntary organisations such as Citizens Advice Bureau, Helping Hands, British Legion, Chelmsford Food bank
- Various ground lease sites for community groups and clubs such as bowling, scouts, drama, cricket, rugby, football and athletics
- Land and premises leased to Parish Councils such as Galleywood Heritage Centre, village car parks, allotment sites, public open spaces, playing fields and play areas
- Hankins Wood in Stock was purchased by the Council for use by the local community



This publication is available in
alternative formats including large
print, audio and other languages

Please call 01245 606330

Corporate Property Services Team
Financial Services
Chelmsford City Council
Civic Centre
Duke Street
Chelmsford
Essex
CM1 1JE

Telephone 01245 606928
property.enquiries@chelmsford.gov.uk
www.chelmsford.gov.uk