

Ashford Borough Council
Corporate Property Management Strategy
2018 to 2021



April 2018



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“Strategic Property Asset Management is the process which aligns business and property asset strategies, ensuring the optimisation of an organisation’s property assets in a way which best supports its key business goals and objectives”

RICS Public Sector Asset Management Guidelines 2nd Edition

1. Portfolio Holder's Introduction

The Council's property asset portfolio has grown significantly in the last 5 years. The reasons for this increase are threefold, firstly our continued commitment to the social wellbeing of Ashford residents which is exemplified by our sports facilities. Secondly, because of our commitment to regenerate parts of the Borough as we have with Park Mall, and lastly to secure a sustainable funding stream to replace Government grants which are being phased out.

Each of our investments in property requires management at many levels to ensure it continues to serve the purpose for which it was procured or constructed and this document sets out how this must take place. It requires a unanimity of commitment from all members and officers of the Council to adhere to the strategy and its related software management, thereby ensuring that our residents are best served by our property portfolio.

A handwritten signature in black ink, appearing to read 'Graham Poff', with a stylized flourish at the end.

2. Introduction

- 1.1. This strategy sets out the Council's high level strategic framework for managing its corporate property portfolio. It, together with the other strategy documents referred to within this document, replace the Council's Property Strategy 2009 to 2012.
- 1.2. The strategy will be subjected to initial review twelve months from the date of this document and every three years thereafter. The relatively short period before first review is a consequence of two factors. First, the Council's recent adoption of a new asset and property management software package, '*assetmanager.net*', and second, the recent reorganisation of the Council's property and asset management team. The twelve month review will allow for early cross-service assessment of the software package which will include appraisal by the newly reorganised team. It will also allow for any **recommendations** proposed in this strategy to be implemented and reviewed at the earliest opportunity.
- 1.3. This strategy recognises the critical role that real estate plays both in service delivery and in supporting the delivery of the Council's Corporate Plan 2015 to 2020 and seeks to align property management in the wider sense to the corporate vision, plan and policies.
- 1.4. The strategy identifies five overarching principles which will be adhered to and implemented through management practices and techniques ensuring the Council meets its overriding objective of maintaining a corporate property portfolio which is both fit for purpose and achieving its potential in terms of efficiency and sustainability.
- 1.5. The strategy has been prepared against a backdrop of unprecedented change in local government. In March 2016 the Government produced a four year financial settlement the net effect of which will be to reduce revenue support grant funding to zero by 2019/20.

- 1.6. The Council, with a view to mitigating the impact of this and ensuring the continued and uninterrupted delivery of Council services has looked at real estate to provide part of the solution. Maximising cost saving efficiencies and returns on the Council's strategic property portfolio were quite rightly seen as a key to achieving long-term financial stability.
- 1.7. In addition to this, more recently, the Council began to focus on the role that commercial real estate investment could play both in income generation and delivering the wider economic regeneration of the borough. As a consequence, in recent years, the Council has accelerated its acquisition programme.
- 1.8. The obvious effect of this is that the Council has a far larger and more diverse corporate property portfolio to manage than it did in 2009. This brings with it both greater complexity and also greater opportunity. The complexity comes from both the scale of the task and the different management requirements across the portfolio. This gives rise to the opportunity both to increase and improve the Council's skill-set in respect of property and asset management and also to take advantage of economies of scale previously unavailable.

3. Strategy Context

- 3.1 A well maintained and properly operated corporate property portfolio is critical both to service delivery and the delivery of the Council's Corporate Plan 2015 to 2020.
- 3.2 Property management, whilst the main focus of this strategy, is part of a larger asset and project management approach which incorporates many other functions including: project management, debt recovery, transaction management, disposal and acquisition strategy, procurement, contract management, borrowing policy and treasury management.
- 3.3 As a consequence, there are some matters which, whilst relevant to property and asset management, are beyond the scope of this document and also other Council strategies that are linked to, and should be read alongside, this strategy. These include the documents listed below:
- The Corporate Plan 2015 to 2020
 - The Garage Commercialisation Strategy
 - The Project Management Tool-Kit
 - The Energy Efficiency Strategy
 - The Borrowing, Acquisitions and Disposals Strategy
 - The Contract Standing Orders
 - The emerging Housing Revenue Account Asset Management Strategy
- 3.4 The management of the Council's Housing Revenue Account (HRA) housing stock and the housing stock of the Council's residential property development company, A Better Choice for Property, are not the subject of this strategy however, cross-service working and the sharing of information and ideas wherever appropriate is recognised as key to improving practices and enabling learning from a larger pool of experience. It could also result in economies of scale and efficiencies which would otherwise be missed.

4 Property Management Principles

4.1 The following five principles are seen as key to the Council achieving its wider objective of protecting the value and ensuring the continued operational suitability of the Council's corporate property portfolio. These principles are present throughout the Council's approach to property and asset management and are implemented through the various practices and techniques employed.

i. A Central Shared Property Asset Database

Establishing and maintaining a shared central property asset database is crucial to enabling informed and synchronised decision making which can subsequently feed in to review processes. This will assist with identifying asset specific compliance and risk assessment and will help with efficient and consistent property management and reporting.

ii. Safe and Efficient Data Management

Once property data, which will include everything from condition schedules and leases to asset valuations and asbestos surveys, is collated it is imperative that it is kept up-to-date and secure.

Whilst viewing access should be shared cross-service, data input rights should be designated and limited to specific post holders and deputies ensuring that roles and responsibilities are clearly understood as they relate to each property. It is also essential that data is protected against both input error and cyber-attack.

Over the course of the next twelve months it is essential that roles and responsibilities charts are prepared in respect of each of the Council's properties allocating the various management functions.

It is also imperative that the stored data works pro-actively during the management process so that alarms are activated at key event dates

such as rent review and statutory compliance events. Reacting to these alarms will then be the responsibility of the designated person.

Both of the above form an essential part of the Council's risk management strategy.

iii. A Consistent Approach to Property Management

A synchronised, uniform and consistent cross-service approach to property management will ensure that recommended practices and techniques are used and standards maintained throughout the Council. It will also ensure that like for like cross service comparison and review is possible.

Where an asset is to be managed by a service that is not the Corporate Property and Projects team a protocol must be agreed between the two services allocating the management roles and responsibilities.

iv. Transparent and Open Decision Making

Transparent decision making that is strategy and policy compliant is at the root of all Council decisions. Every decision is taken by the appropriate body or person in accordance with the Council's Constitution and delegation of powers with minutes of all decisions taken published. It is only in exceptional circumstances, such as commercial sensitivity or legal privilege, that information will be withheld from the public domain.

Mindful of the need to be able to operate on an equal footing with commercial investors and developers, and to be able to make quick and informed decisions in relation to investment opportunities, in 2014 the Council established the Property Acquisition, Investment and Disposal Panel. Its aim was to establish a panel which could assist the Council in taking decisions in respect of the acquisition of commercial real estate in a timely and efficient manner following strict criteria. The panel has

evolved first into the Town Centre Regeneration Board and most recently the Economic, Regeneration and Investment Board (ERIB), all with the same focus, albeit slightly different approaches. ERIB will continue to play an important role in the Council's property investment activity.

v. Ongoing Monitoring and Review

Ongoing strategic review is essential to ensure that this strategy continues to align with the Council's corporate aims and objectives and also that it fits with the corporate property portfolio which will change over time. This strategy will be subject to an initial twelve-month review and review every three years thereafter.

In recognition of the increasing significance of commercial real estate investment on the Council's Medium Term Financial Plan, in September 2016 Cabinet received the Council's first Corporate Property Performance Annual Report which reported on the financial performance of the property portfolio during the preceding twelve months. Such a report will go to Cabinet annually.

The Council has established, and will continue to establish over the next twelve months, a series of property performance indicators which go beyond legal and statutory compliance obligations. This will include the consideration of such matters as:

- occupancy and financial return
- maintenance costs
- energy performance
- rent arrears recovery
- voids
- management costs

Benchmarking results against similar properties and/or industry markers will allow for comparison, analysis and intervention when necessary.

5. Property Management Practices - the CIPFA 'assetmanager.net' Software

5.1 Identified as key to implementing and developing management practices which achieve the Council's objective and deliver on the principles identified above was a single IT software package which could deal with many of the day-to-day management activities required keep the corporate property portfolio operational.

Property Management - Day to Day Activities								
Lease Events	Health and Safety	Financial Management	Facilities Management	Occupational Management	FM Supply	Energy Management	Planned Maintenance	Tenant Churn

5.2 These activities are sometimes carried out by contractors procured by the Council, or by the Council's in-house teams of facilities management staff. The efficient delivery of these services is critical to ensuring that the properties remain fit-for-purpose meeting the requirements of both occupiers and the Council alike.

5.3 Consequently, the Council has acquired the Chartered Institute of Public Finance and Accountancy's ("CIPFA") '*assetmanager.net*' a fully integrated finance and asset management software package which has been specifically designed for the public sector.

5.4 The Council's Finance Team has been utilising the software for the last twelve months for capital accounting and valuation work including in the preparation of the annual statement of account. The software has been found to be effective and simple to use and the flexibility it affords has allowed for asset and property management modules to be added.

5.5 The software will provide for the following:

- A core central database which;
 - allows for the electronic storage of a range of current and historical documents and records as they relate to individual properties including but not exclusively; Lease Agreements, Condition Schedules, Condition Surveys, Service Charge Schedules, Property Deeds, Heads of Terms, Fire Safety and Asbestos surveys and reports, Tenancy Schedules, HVAC documentation,
 - allows for changes to be made in real time so maintaining up-to-date records at all times,
 - provides for a seamless interface between different management modules at a property level,
 - allows access for multiple authorised users to view, add and edit asset records according to their user and access rights,
- An integrated diary function which will be linked with the data records to provide alarms at key event dates such as rent review and dilapidations claims,
- A benchmarking facility which will provide performance indicator methodology across a range of similar properties so that asset management plans can include benchmark comparators.

5.6 The software is fully web enabled allowing flexibility for users at remote sites and providing convenient access for officers and the Council's partners and contractors.

6. Property Disposal and Acquisition

6.1 Property Disposal

The regular annual assessment and review of the performance of each Council owned property is required to ensure that it still has a place in the Council's corporate property portfolio and where it doesn't, a disposal process will be triggered.

Performance is multifaceted and must be appraised accordingly with reference to the Council's Corporate Plan and policy objectives and its property benchmarking exercises.

6.2 Acquisition

The Council's continued investment in property is seen as key both to income generation and in delivering the wider economic regeneration of the borough.

All acquisitions are subject to full legal and other appropriate due diligence and obtaining the appropriate Council authorities.

In respect of acquisitions made purely for financial return particular emphasis is placed on tenant covenant strength and trading history, unexpired lease term, the expected rate of return which must both fit with the Council's measured appetite for risk and be commensurate with prevailing market/sector conditions and ensuring investment portfolio diversification.

Equally important considerations in respect of properties acquired for regeneration purposes are the following matters:

- the creation of job and training opportunities,
- the control of key assets within the borough and the chance to ensure the attractive appearance of the built environment through building and space management,
- wider financial gains including business rates for example,
- the fact that primary local authority investment can act as a catalyst for wider private inward investment,
- the marriage value which the Council can benefit from given existing land and property holdings.

Appropriate consideration will be given to all of these matters when appraising and reporting to Members on a potential land or property acquisition.

7. Conclusion and Recommendations

- 7.1 The strategy has introduced property management principles and practices the aim of which are to ensure that the Council meets its key property management objectives.
- 7.2 The following recommendations are made which are to be completed by the time of the first review of the strategy:
- A series of benchmarking performance indicators are to be compiled and Council asset data collected to enable a benchmarking exercise to be undertaken,
 - Post Holder Roles and Responsibilities charts are to be prepared in respect of each of the Council's properties.
- 7.3 This strategy will be reviewed twelve months from now by which time the '*assetmanager.net*' property management software will be in service use by the restructured property and asset management team and cross-service.

