

AUDIT AND RESOURCES COMMITTEE

Tuesday, 8 February 2022

ASSET MANAGEMENT STRATEGY AND PLAN UPDATE

Report of the Lead Asset Manager

Recommendation(s)

It is recommended that the Audit and Resources Committee note the progress against the Asset Management Strategy 2020-25 and Asset Management Plan 2021/22 as set out in Appendix 1.

Summary

The Council owns a successful commercial property portfolio that is forecast to deliver a net revenue surplus to the Council of £9m in 2021/22 as well as owning multiple operational buildings allowing the Council to deliver a wide range of front-line services and community benefits.

Cabinet approved the Asset Management Strategy 2020-25 and agreed a set of key actions for delivery in 2020-21 in April 2020. Due to the Covid 19 pandemic a number of these were rolled forward to the Asset Management Plan 2021-22 to enable staff to increase debt management focus on the Council's property portfolio. This report provides progress updates on delivery of each action, as set out in Appendix 1.

Statutory Powers

Local Government Act 1972.

Section 1 of the Localism Act 2011 i.e., the Local Authority's general power of competence, including power to act for the benefit of its area or persons resident or present in its area

Strategic Implications

1. The Asset Management Plan 2021-22 contains actions aligned to delivery of the Asset Management Strategy 2020-25 and objectives of the Corporate Plan 2020-25.
2. Income generated by the Council's Property Portfolio helps to support delivery of strategic objectives set out in the Council's Corporate Plan 2015-2025 and wider corporate objectives, including social and physical regeneration, economic development and, safeguarding strategic influence and future development opportunities.

Background

3. Cabinet approved the Asset Management Strategy 2020-25 and agreed a set of key actions for delivery in 2020-21. In April 2020, due to the Covid 19 pandemic a number of these were rolled forward to the Asset Management Plan 2021-22 to enable staff to increase debt management focus of the Council's property portfolio. This report provides progress updates on delivery of each action, as set out in Appendix 1.
4. Actions are generated during the annual planning cycle from discussions with Cabinet members and senior staff, facilitated by the Strategic Planning and Development Team.

Update on Asset Management Plan 2021-22

5. This report provides an update on the progress made against the Asset Management Plan 2021-22 as shown in Appendix 1. In many cases the action is due to be actioned and completed across the whole year or into 2022-23.

Financial Implications

6. The Asset Management Strategy 2020-25 and Asset Management Plan 2021-22 is one of the key elements in delivering the Council's Medium Term Financial Plan.
7. The present Covid-19 pandemic led to ongoing difficulties for some tenants in payment of rent. The Asset Management team continue to work closely with the Finance and Economy teams with agreed approaches to providing support.
8. There has been an increased focus on debt management ensuring arrears of rent and other payments are kept to a minimum, payment plans are adhered to and regular communications maintained.

Risk Assessment

9. Property is a riskier asset than some investment classes due to its physical characteristics which make the asset less liquid. As with all investment types, the expected return increases with the level of risk. In relation to the property market, rental and capital values can fluctuate upwards or downwards over time according to the market and wider economic circumstances. Due to these risks, property is a long-term investment where it is expected to be held for 5 to 10 years or more.
10. The main risks are reputational concerning the failure to progress transactions, financial relating to fluctuations in property capital and rental values due to market or wider economic circumstances including the impacts of the Covid 19 pandemic, financial failure of tenants, a lack of suitable investments or potential occupiers for vacant properties.

11. These risks are managed at portfolio and asset levels through focussed proactive asset management and are kept under review and mitigated as far as possible by the in-house specialist Asset Management team with support from external consultants as required.

Equality and Diversity Implications

12. The Equality Act is not relevant to the decision in this report because it is a report dealing with internal or procedural matters only.
13. Therefore, it is considered that for this decision the Equality Duty does not need to be addressed and an Equality Impact Assessment (EqIA) has not been carried out.

Climate Change and Environmental Implications

14. The Asset Management Strategy 2020-25 and Asset Management Action Plan 2021-22 aim to have a positive carbon impact due to the specific focus during the review of assets to reduce the carbon footprint of the property portfolio as part of the maintenance and repairs plans and Capital projects for properties and actions that are taken as a result.

Conclusion

15. This report demonstrates the progress to date against the Asset Management Strategy and Action Plan 2021-22 in Appendix 1 for Councillors to note and provide any comments.

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Appendices Attached: 1

LOCAL GOVERNMENT ACT 1972 - SECTION 100D

The following is a list of documents which disclose facts or matters on which this report or an important part of it is based and have been relied upon to a material extent in the preparation of this report. This list does not include any published works or documents which would disclose exempt or confidential information.

* List Background Papers or state None.