



Epsom and Ewell Borough Council Asset Management Plan

2012 - 2016



Updated March 2015

Introduction

The 2009-12 Property Asset Management Plan (AMP) introduced itself by stating:

‘Effective asset management ensures that the property estate is in the optimum condition to enable the Council to meet its objectives and to provide the best service by the most economic and sustainable means’.

This still holds true and has become ever more important in a demanding environment of reduced funding coupled with the need to maintain essential public services at an acceptable level.

Since 2009 more guidance has been issued by Central Government and others, notably HM Treasury’s *Operational Efficiency Review (2009)* and *Property Asset Management Capability Assessment Model (2009)* by OGC (now the Government Property Unit or ‘GPU’) and the National Audit Office (NAO). These publications set out the principles of strategic financial management and identify areas where the public sector still needs to improve.

On a more property specific level the Royal Institution of Chartered Surveyors has recently published the second edition of its *RICS Public Sector Property Asset Management Guidelines (2012)*, which provides an overview of progress made in the field since 2008 and updated advice on effective asset management structures and techniques.

Much of this recent literature reflects the radically changing economic circumstances which have increased pressure on public finances and dictated new approaches to improve management and reduce costs. One of the results of this has been the ‘total place’ concept developed by HM Treasury and Department for Communities and Local Government in 2010. This promotes a collaborative approach in space provision between central and local government, and other partners in the public, private and third sectors to deliver a ‘true transformation in space provision and sharing’.

The Council will continue to deploy its property assets to support the aims of the new Corporate Plan and to build on the progress made so far under the previous AMP.

Scope and Content

This AMP outlines the Council’s asset strategy and the practical means by which its objectives will be achieved. It provides a procedural framework for decision making and identifies action to fulfil these aims. In this context ‘asset’ has a limited definition of legal interests in land and property.

Property is fundamental to the delivery of the Council's Corporate Plan Objectives and the AMP is designed to ensure that it supports them in the most efficient and cost effective way. Appendix 1 provides a summary of the strategic framework. Management structure and responsibilities are outlined in Appendix 2.

1. Asset Strategy

The Asset Strategy will support the Council's Ambition and Key Priorities as follows:

- **Managing resources**
 - by creating a property estate which is fully recorded, efficient, flexible, well maintained and run on sound financial criteria, and
 - Identifying opportunities for partnership and sharing by development of initiatives via the Local Strategic Partnership (LSP), co-location, flexible leasing and community asset transfers
- **Sustainability** minimising energy consumption and promoting the maintenance and management of land and buildings in accordance with sustainable principles.
- **Safer and stronger communities**
 - ensuring that all Council property is suitable, safe and accessible,
 - regularly reviewing space utilisation in Council venues and managing parks and open spaces to broaden social, recreational and sporting opportunities, and
 - Tackling anti-social behaviour by ensuring that property is well designed, in good repair, secure and enhances the local environment.
- **Visual appearance** by the application of rigorous maintenance standards and re-use or disposal of redundant or under-utilised assets.

How will we will do this?

We will:

Action	Objective	Date
General		
Deliver and develop the updated AMP.	Managing resources	Ongoing
Update the asset register to ensure that all assets are accurately recorded.	Managing resources	Ongoing
Improve the coverage and accuracy of all property performance data.	Managing resources	Ongoing
Challenge the need to retain assets which no longer support strategic objectives and identifying opportunities for capital receipts.	Managing resources	Ongoing
Review suitability and performance to identify surplus property.	Managing resources	Annually
Identify opportunities for shared use of property, partnership arrangements and asset transfers.	Managing resources Safer & stronger communities	Ongoing
Operational Property		
Undertake a regular review of space utilisation and seek opportunities for further investment or letting opportunities.	Managing resources	Ongoing
Review maintenance budgets.	Managing resources	Annually
Maintain a five year rolling programme of condition surveys of all operational assets.	Managing resources	Ongoing
Update and implement the backlog maintenance programme.	Visual appearance	Annually
Ensure that all property is maintained and repaired within the limits set by the budget.	Managing resources	Ongoing
Extend sustainable energy policies and energy efficiency measures to all Council buildings.	Sustainability	Ongoing
Continue to improve accessibility in accordance with the Equality Act 2010.	Managing resources Safer and stronger communities Quality of life	Ongoing

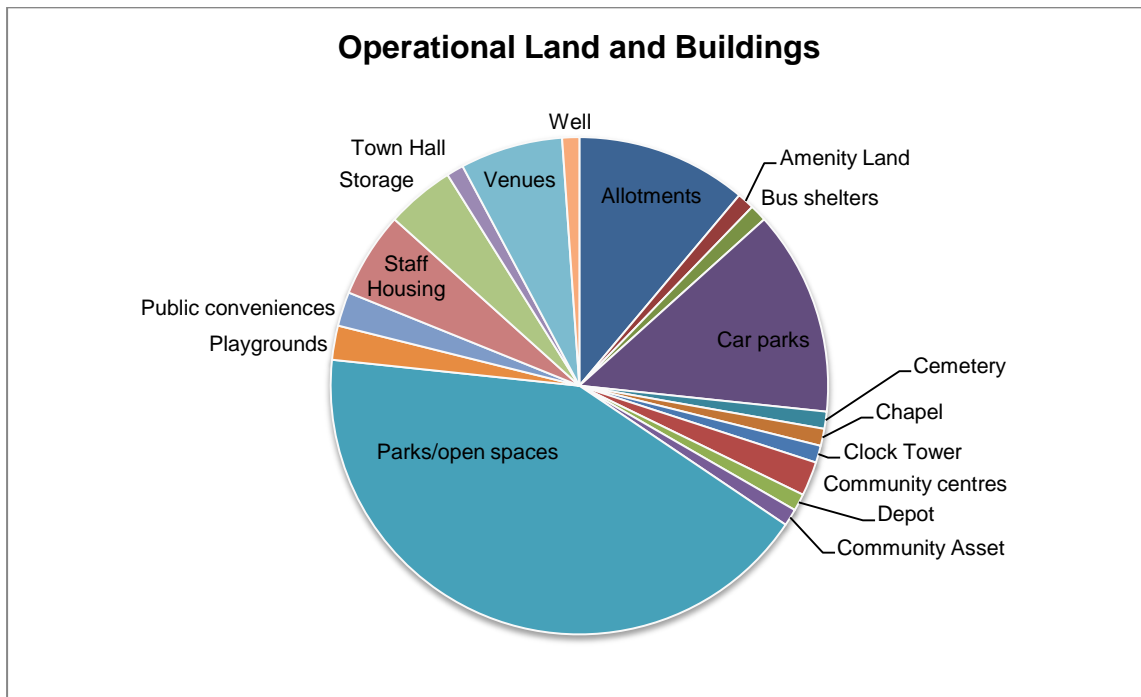
Action	Objective	Date
General		
Improve co-ordination with departments and external bodies and ensure that property issues are included in Service Reviews.	Managing resources Safer & stronger communities	Ongoing
Non-operational Property		
Ensure that all Tenanted Non-Residential Properties (TNRPs) make the maximum contribution to revenue targets or other non-fiscal objectives.	Managing resources	Ongoing
Maintain occupancy levels and ensure prompt implementation of key events (e.g. rent reviews, lease renewals).	Managing resources	Ongoing
Measure energy costs and other outgoings efficiently and recharge in accordance with lease terms where necessary.	Sustainability	Ongoing
Promote sustainable policies as part of lease and service charge regimes.	Sustainability	Ongoing
Continually review opportunities for revenue and capital improvement by lease restructures and variation of terms.	Managing resources	Ongoing

Appendix 6 summarises the specific objectives for individual properties.

2. The Property Estate

Property Assets

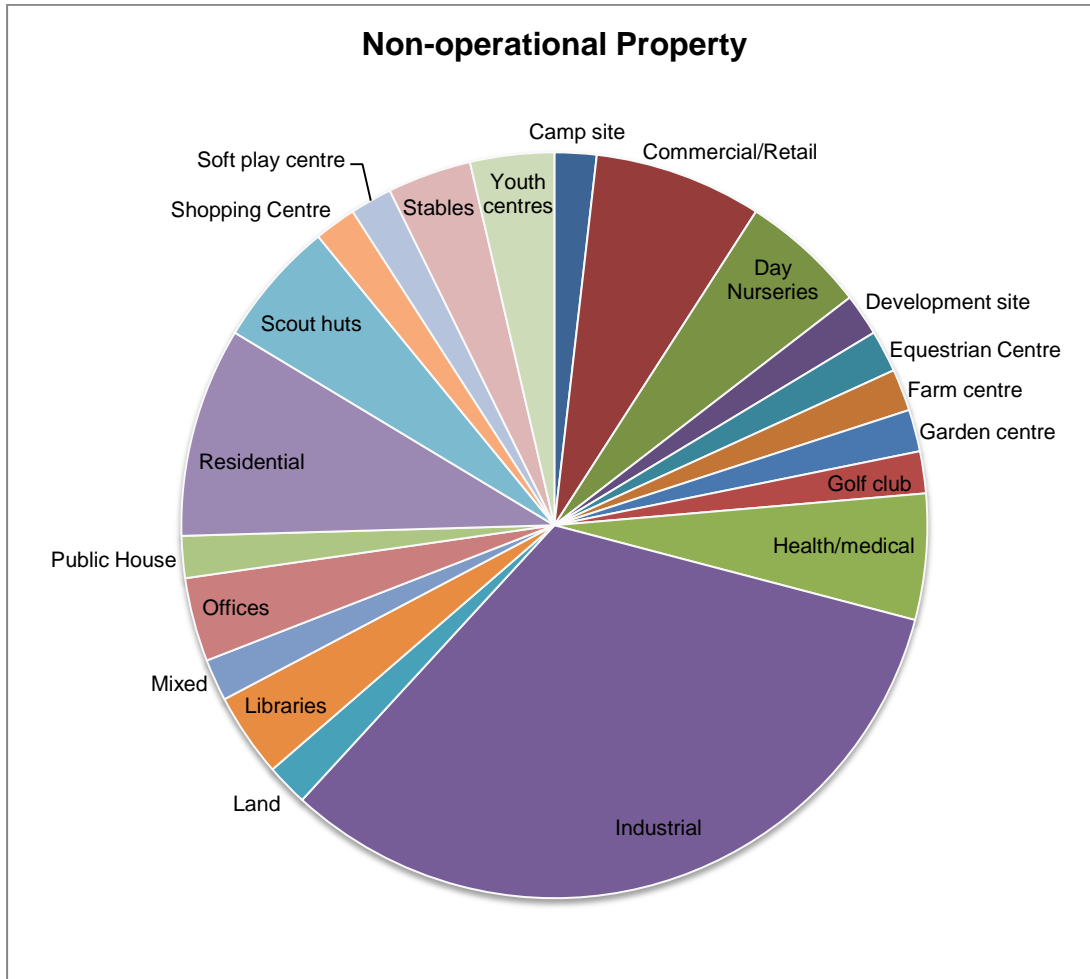
The Council's property holdings are summarised in Appendix 7. The portfolio includes 38 major operational properties, including allotments and car parks and 37 investment properties, as well as numerous smaller sites and buildings (see charts below).



The property estate includes a large number of parks and open spaces (38), Epsom and Ewell having the highest percentage of land in this category of any district or borough in England. In 2012 six of the Council's open spaces were selected as Queen Elizabeth II Playing Fields in celebration of the Queen's Diamond Jubilee, ensuring their use in perpetuity as open space for public recreation, similar to the three King George V Playing Fields which already exist in the Borough.

As would be expected a significant number of Council properties have direct or indirect associations with horse racing and riding - for example stabling and grazing land.

Leisure and venue properties also constitute a larger proportion than might be expected for an authority of this size, although most are in mixed use, including libraries, health centres and other public services.



In the non-operational category the largest single property by value is the Ashley Centre, of which the Council owns the freehold subject to a long ground lease.

There is also a considerable industrial holding with 18 separate tenancies concentrated in the Longmead and Nonsuch Industrial Estates. Most of these properties are also let on long ground leases.

In contrast the Council owns only two traditional high street properties and no significant office accommodation outside the Town Hall complex.

There are 61 leases and licences in the investment portfolio, excluding minor

agreements, wayleaves etc. Appendix 8 (confidential) provides a summary of let properties showing basic terms and current rents and charges.

Vacancy rates are low, with the only long term voids being Unit 2 The Clock Tower (currently being utilised by Operational Services) and parts of Nonsuch Mansion House which requires major capital investment to render the space habitable. The low void rate is partly reflective of the character of the property estate, which has only a small proportion of retail and business uses.

Data Management

The Council uses a number of property related databases as summarised in Appendix 9.

The UNI-form Estates software has historically been the core of the property asset management function but there has been an increased use of Excel based spreadsheets and other media for the handling and presentation of property information and reports, as they are more widely accessible to non-specialist users.

3. Condition

Repairs and Maintenance

The repair and maintenance requirement for each property should be determined by a condition survey undertaken on a five year rolling programme. Based on this information the Procurement and Projects Team should undertake an annual review of the planned maintenance programme within the budget parameters set by the Financial Plan. Details of the process of classification and implementation of works are provided in Appendix 10.

In the long term the Council's aim is to reduce the backlog maintenance programme to levels which can be fully met within the limits of the funds available. The primary objectives for the period to 2016 are

- to spend the maintenance allocation in the most cost effective manner in a climate of reduced funding in real terms
- to integrate the repairs and maintenance programme more closely with other property performance criteria such as energy costs
- To compile and organise the necessary data to allow accurate comparison with national property performance benchmarking
- As part of the maintenance strategy identify obsolete or inefficient buildings for improvement, disposal or demolition before they become a significant drain on resources.

Asbestos

The relevant controls have recently been updated and consolidated in the Control of Asbestos Regulations 2012. These impose a 'duty to manage' asbestos in non-domestic buildings. Asbestos surveys have been undertaken on all of the Council's properties and are updated on a regular basis as applicable. The incidence of asbestos containing materials and the remedial measures taken are recorded in the Asbestos Register maintained by the Procurement and Projects team. This is updated to ensure that works to affected buildings are undertaken in accordance with approved procedures.

Legionella

Property owners and managers have a duty under statute¹ to control the incidence of Legionella contamination in water systems. The Council's buildings are currently monitored and maintained under the facilities management contract by Keir. They have replaced ISS Coflex as the appointed supplier with effect from 1 October 2013.

Fire Risk Assessments

Fire risk assessments (FRAs) replaced the old system of fire certificates in October 2006². FRAs and a fire management plan are required in all non-domestic premises, and common parts of flats and houses in multiple occupation. The Procurement and Projects team is responsible for undertaking FRAs and implementing any necessary fire safety measures in Council controlled properties. In wholly leased properties FRAs are generally the responsibility of the tenant and their preparation is a requirement of the lease.

Sustainability and Energy Strategy

One of the Council's Key Priorities is '**Sustainability**'.

This is consistent with Central Government policy as enunciated in 'Strong and Prosperous Communities - The Local Government White Paper' (CLG 2006) and subsequent guidance which stresses the need for local authorities to develop sustainable communities while rigorously pursuing best value for money.

Sustainability in the context of asset management focuses mainly on buildings in use (i.e. post construction) and on the environmental impact of

- energy use
- water consumption
- waste management
- mode of travel and distance to the building.

Sustainability also embraces values such as accessibility, visual impact, flexibility and efficiency/suitability as well as energy and climate considerations. In the main these criteria will be applied in managing the existing asset base but it also makes sense for them to be employed in the procurement process so that new buildings are well designed, energy efficient and flexible.

Over the lifetime of this Plan we will seek to extend data collection to encompass more of these values. This information will be used to challenge whether assets are performing efficiently and provide value for money, and if not whether there is a case

¹ 'Control of Legionella bacteria in water systems'. (Health and Safety Executive, 2001)

² Regulatory Reform (Fire Safety) Order 2005

for new investment or disposal.

Appendix 11 provides a summary of progress which has been made in this area to date.

Accessibility

The requirements of the Disability Discrimination Act 1995 have been incorporated into the Equality Act 2010 although the term 'DDA' is still used for convenience. Under this legislation all providers of goods, facilities and services are required to take reasonable steps to avoid discriminating against disabled people. In the property context this usually entails altering or improving accessibility to buildings either by changing management methods or by physical alteration. Access audits are used to assess what measures are needed.

The effectiveness of the Council's accessibility strategy is assessed against two performance indicators:

- The first, BVPI I56, measures the percentage of local authority buildings which are open to the public in which all public areas are suitable for and accessible to disabled people, as defined in Approved Document Part M under the Building Regulations.
- The second, PMI 4 of the National Property Performance Management Indicators (NaPPMI), monitors progress in providing access to all operational buildings for disabled people by measuring the number of buildings for which a DDA access audit has been undertaken and for which an accessibility plan is in place, in overall terms and by percentage of gross internal area.

Appendix 12 shows Council buildings to which the public have access where access audits have been completed and accessibility plans are in place. Nonsuch Mansion House will be subject to full audit in due course but measures have been taken to ensure that public areas are compliant.

Listed buildings are not exempt from statutory requirements on accessibility. However the extent of compliance will be a balance between the DDA requirements and the historical and architectural significance of the building.

4. Measuring Performance

'Gap' Analysis, Suitability and Sufficiency

Does the Council's property ownership reflect its existing requirements and future needs? Many of the factors already described contribute to an assessment of how well the portfolio meets current objectives: repair, energy consumption etc. In addition it is also necessary to maintain a strategy for adapting and, where necessary, restructuring of the property portfolio to ensure that it is suitable and sufficient to meet future requirements. These are articulated at a strategic level in the Council's Key Objectives and Core Values. Within this framework operational needs are set out in individual service delivery plans and reports.

This 'gap' between existing provision and current or future needs is quantified partly by using the standard performance indicators which are described elsewhere. These provide an impartial measure against commonly recognised benchmarks. In addition we are commencing an assessment of operational property against the following criteria:

- Tenure (including, if leasehold, rent and other liabilities)
- Location
- Use type, proportion in operational/non-operational use
- Floor Area (Gross/Net)
- Accessibility
- Vacancy level/space utilisation
- Layout/efficiency
- Scope for alternative use/expansion

Most of these values can be objectively measured but the last two are a subjective opinion of the building design, age and location agreed by the Estates and Procurement teams in conjunction with the service 'owner'.

This data will help to determine whether a building is suitable and sufficient to meet service needs and contribute to the process of deciding whether it should be retained, adapted or sold.

Different criteria are applied to non-operational or investment property. These may have been acquired and held for operational purposes, or for some other objective which is no longer relevant. The decision of whether to retain ownership is determined by the evidence of expected capital growth and /or revenue streams which can be used to support Council services. The alternative is to disinvest and deploy the funds directly elsewhere. The Property and Estate Manager will continue to review the investment portfolio during the AMP period and beyond to establish

whether asset performance is satisfactory or whether it is necessary to recommend a sale or other action.

Property Performance Indicators

The previous AMP proposed the use of National Property Performance Indicators, ('NaPPMI') to gauge the effectiveness of the asset strategy in a number of defined areas such as condition, cost of maintenance etc. against recognised benchmarks.

While significant progress has been made in the collection and management of property data, and in energy conservation and accessibility, the limited funding available for backlog maintenance and for the commissioning of up to date condition surveys has meant that the introduction of a formalised benchmarking system will be deferred until the financial situation improves

5. Risk Analysis

All informed commentary suggests that adverse economic conditions will continue to prevail during the currency of this AMP and will present a challenge to all aspects of its implementation. Restricted or reduced funding and the poor general economic outlook remain the major risk factors, but there are also insidious risks which arise from a gradual loss of capability and knowledge as functions previously considered essential are either underfunded or cut altogether.

A summary of property-specific risks follows:

Risk: The asset register is not updated and maintained.

Result:

- Property data and tenancy information is inaccurate.
- Buildings are not used to maximum efficiency.
- Opportunities for revenue generation are missed.
- Ownership may be questioned and ultimately lost.

Action: Ensure that the necessary property and financial data are identified and recorded in an accessible format.

Risk: Building income and costs are not effectively recorded and charged.

Result:

- Revenue is not maximised and avoidable outgoings are incurred.

- Financial targets are not met.
- Shortfall in funding means that risks of disrepair and other management objectives are not met.

Action: Maintain an accurate property accounting system and ensure that lease events (rent reviews etc.) are promptly implemented and recorded.

Risk: The property estate is allowed to fall into disrepair.

Result:

- Building efficiency and sustainability are reduced.
- Disrepair will eventually present a threat to health and safety.
- Dilapidated property detracts from the environment and attracts anti-social behaviour.
- Investment value will be damaged.

Action: Maintain regular condition surveys and implement essential repairs in accordance with the maintenance programme.

Risk: Energy efficiency measures are not implemented.

Result:

- Energy costs increase.
- Carbon reduction targets are not met.
- Funds are diverted from other priorities.
- Increased carbon emissions and adverse impact on climate change.
- Attraction on sale and letting is reduced.

Action: Monitor energy use and ensure that current energy reduction targets are achieved.

Risk: Accessibility audits and compliance are not pursued.

Result:

- Building flexibility is impaired.
- User satisfaction is reduced.
- Equality policy is undermined.
- Exposure to civil and statutory proceedings.

Action: Continue to extend and maintain DDA compliance by management and physical improvements.

Risk: Fire risk assessments, asbestos registers and health and safety

assessments are not maintained.

Result:

- Buildings fabric is at risk.
- Insurance cover may be reduced, invalidated or withdrawn.
- Threat to user health and safety.
- Exposure to civil or statutory proceedings.

Action: Ensure that all risk assessments are reviewed and improvement measures are implemented.

Risk: Reviews of space utilisation and gap analysis are not undertaken.

Result:

- Property is not fully utilised and running costs are uncontrolled.
- User satisfaction is reduced.
- Opportunities for increased revenue may be lost.
- Long term impact on sustainability and partnership strategies.

Action: Complete space survey of existing portfolio and staff satisfaction.

6. Conclusion

There are two distinct arms to asset management³.

One deals with process and planning: the articulation of strategy, the setting of specific objectives, implementation and delivery. This AMP is designed to address those issues.

The second arm is the development of a culture, structure and resource base which are able to ensure that the principles of good asset management are applied at all stages of the management process as a 'whole organisation' activity. During the life of this AMP it is hoped that further progress will be made towards this goal so that the principles of good asset management will become a fundamental aspect of all strategic thinking.

• ³ Public Sector Asset Management Guidelines (RICS)

Appendices

1. **Strategic Framework**
2. **Management Structure**
3. **Sharing and Partnerships**
4. **Acquisitions and Disposals**
5. **Delegation of Functions – Property**
6. **Property Specific Objectives**
7. **Council’s Property Ownership**
8. **Investment Properties and Lettings (Confidential)**
9. **Property Data Management Systems**
10. **Repairs and Maintenance**
11. **Sustainability and Energy Strategy**
12. **Accessibility**

Appendix 1

Strategic Framework

The Corporate Plan 2012-2016 sets out the Council's Ambition, Key Priorities and Core Values. The Council's Ambition is:

“making Epsom and Ewell an excellent place to live and work.”

Property is one of the four resources ('Finance, Property, People and Information') which are central to delivery of the Corporate Plan objectives. The composition, condition and deployment of these resources are described in four service plans: the Medium Term Financial Strategy, the AMP, the HR Strategy and the ICT Strategy respectively. These service plans, together with the annual Key Service Priorities and annual cost centre targets, each contribute to an integrated vision of how resources will be deployed to meet the Key Priorities.

Core Values are central to delivery of the Key Priorities and all Council services. They are:

- Customer focus
- Valuing staff
- Continuous improvement
- Value for money
- Equality and diversity
- Openness and honesty

The Corporate Plan identifies how the Core Values are linked to the various supporting plans and strategies.

Links with the Financial Plan (2012-2016), Medium Term Financial Strategy and the Capital Programme

The Medium Term Financial Strategy sets out the approach which the Council has agreed to manage its finances between 1 April 2012 and 31 March 2016, to ensure that the Council Tax policy is maintained whilst the Council fulfils its other ambitions in the Corporate Plan.

The Financial Plan assumes that a £500,000 per annum improvement is required to the budget forecast through extra income generation, service cost reduction and efficiency savings.

The property review component of the Medium Term Financial Strategy encompasses a rolling review of the Council's property assets to generate additional funds for investment, to ensure that retained Council property is effectively used for service delivery or generates a net rent income in excess of cash investment returns, or is sold.

The AMP is tasked with assisting in these objectives by

- Undertaking a review of all property assets
- Prioritisation of the planned maintenance base budget of £210,000
- Identifying surplus property for disposal
- Creation of an energy management plan for all Council owned buildings.

HR Strategy

The Council's HR Strategy supports the Corporate Plan and Medium Term Financial Strategy by maintaining a focus on the contribution of both Councillors and Staff to local services through

- Developing leadership capacity
- Organisation
- Workforce skills
- Recruiting and retaining good employees
- Modernising pay and rewards to support performance

ICT Strategy

The ICT Strategy is designed to set the direction of ICT in support of the Corporate Plan objectives by:

- Delivery of high quality services
- Improved access to services
- Cost effective and efficient service delivery
- Sound ICT governance.

Asset Management has a major role to play in support of these goals by ensuring that property assets are suitable, well located and in good repair so as to afford a safe, convenient and pleasant environment for the provision of Council services. Conversely, an effective and informed workforce supported by an efficient ICT framework underpins the AMP objectives by providing

- The necessary skills and knowledge for consistent and effective decision making
- A responsive and focused property management regime
- The data handling facilities required to create and maintain a comprehensive asset register
- A comprehensive information storage and recovery system which supports the financial and legal aspects of property ownership

Sharing and Partnerships

The Council has been implementing a policy of shared use of its property assets in a wide range of contexts for a number of years, in pursuit of its ambition to work with others. It has also been engaged in joint working arrangements on procurement and sustainability with Elmbridge Borough Council for several years.

We will continue to seek similar opportunities wherever possible and this will be a standard criterion to be applied in the review of the estate.

A summary of all current sharing and partnership arrangements is provided in Appendix 3 .

Community Asset Transfers

Complementary to sharing and partnerships is the principle of Community Asset Transfers (CATs), as described in *Making Assets Work - The Quirk Review of community management and ownership of public assets*. This states that

‘local government needs to focus more on the overall welfare of its communities: their cohesion and harmony and the capacity for self- management...’

The benefits of this approach may be summarised as

- bringing people together
- enhancing the local environment
- giving residents a bigger stake
- delivering more responsible community services ⁴

As part of our disposal policy and strategy of challenging ownership we will consider whether there are opportunities for transfer of assets, and if so the most appropriate legal structure to use - for example a short lease or licence, a longer term lease or an outright sale or transfer for market value or other consideration.

Localism Act 2011

The Localism Act is a development of the philosophy of sharing and partnerships and proposes more extensive changes which will influence the way in which public property is managed, owned and funded, to allow increased freedom and powers for local communities. For example:

- Greater local control over housing and regeneration
- Community right to challenge
- Assets of community value
- Local neighbourhood plans
- Reform of the local planning system
- Community right to build⁵

⁴ Public Sector Asset Management Guidelines. (RICS 2008)

⁵ Public Sector Asset Management Guidelines (RICS 2012)

The resultant reduction of central controls and management which these changes will bring is likely to result in more fragmentation of responsibility. It will be necessary to ensure close co-ordination with partners to maintain efficiency and reinforces the need for up to date and comprehensive property data.

Appendix 2

Management Structure

Committee Structure

The Strategy and Resources Committee is responsible for the Council's property assets, asset planning and review and for approving strategic estates and property policy. It receives and authorises all key financial and property related papers. The Committee meets five times per year.

The four policy committees which control the provision of Council services utilise and manage operational property on a day to day basis to facilitate service provision. They are responsible for identifying annual Service Targets and the need for new investment driven by service requirements via the Capital Programme and by way of the provision of individual reports and business cases to the Strategy and Resources Committee.

Direction and execution of asset strategy is therefore a product of the changing needs and aspirations of the respective service providers within the limitations set by the Capital Programme and Financial Plan.

The Financial Policy Panel (FPP) advises the Strategy and Resources Committee on property issues and oversees service expenditure reviews and performance management.

The Capital Member Group, composed of Council Members, liaises with the FPP on review and development of the Capital Programme.

Officer Structure

There are two officer groups which are integral to asset strategy and decision making. Each group provides advice at the appropriate level and the means for creation and implementation of asset management strategy.

The Corporate Management Board (CMB) comprises the Chief Executive and the three departmental directors. It has first line responsibility to the Council for policy implementation and governance and oversees the work of the Capital Management Group (CMG).

The CMG is composed of those service heads with a specific financial and property remit and the Senior Accountant, together with input from other directors and heads

of service from time to time as circumstances require. This group engages in detailed assessment of property issues and objectives and ensures that these are considered in the wider context of the Council's Key Priorities and other policy objectives.

Broadly speaking this division of roles reflects the executive and professional/advisory functions respectively.

Corporate Property Officer

The role of Corporate Property Officer (CPO) is undertaken by the Property and Estate Manager. The CPO's main responsibilities are

- To lead on the creation, implementation and review of the AMP
- To assist service heads via the Capital Management Group in their property decisions and the identification of future requirements
- Compilation and maintenance of the property asset register and the preparation or commissioning of asset valuations
- Negotiation of sales, acquisitions and other transactions or the appointment of external consultants in this role
- Reporting and advising on general property policy and decisions
- Management of the Council's non-operational land and property holdings
- Property performance measurement and review
- Main point of contact for advice on asset management standards in Council property

Procurement and Projects

The Procurement and Projects Team is responsible for capital projects, the maintenance of operational property and for other Council managed buildings in mixed occupation, construction and building services, contract and project management and the Council's energy management and accessibility strategies. It also administers the external facilities management and planned property maintenance (FMPPM) contract under which the Council's properties are cleaned and day to day maintenance is carried out. It ensures that all contracts are awarded and managed in accordance with the Council's approved procedures.

All of these activities are important contributors to effective property management.

Appendix 3

Sharing and Partnerships

Property	Partner	Comments
Bourne Hall	Surrey County Council	Library and shared facilities
	Epsom & St Helier Hospitals	Lease of health centre
	Friends of Bourne Hall	Licence for museum space
Cox Lane Centre	East Elmbridge and Mid-Surrey PCT	Lease of doctors' surgery
Ebbisham Centre	Surrey County Council	Sublease of library and shared facilities management
Ewell Court House	Surrey County Council	Lease of library
	Girl Guides Association	Lease of store
	Ewell Court House Organisation (ECHO)	Representation on Management Committee
Horton Country Park	Surrey County Council/Lower Mole Countryside Project	Lease of offices and shared use of workshops, parking and stores
	Girl Guides Association	Licence for use of Little Acres Campsite
Horton Footpath	The Scouts Association	Lease of Scout Hut
London Road, Ewell	The Scouts Association	Lease of Scout Hall
Scotts Farm Road	The Scouts Association	Lease of Scout Hut
Nonsuch Park and Mansion House	LB of Sutton	Joint head-lease of park and buildings
Nonsuch Park and Mansion House	Friends of Nonsuch Park	Consultation and representation on Joint Management Committee Management of Nonsuch Museum
Town Hall	Surrey County Council	Sublease of part second floor
	Surrey Police	Sublease of part second floor

Property	Partner	Comments
	Age Concern	Use of offices
	Voluntary Action Mid-Surrey	Use of offices
	Citizens' Advice Bureau	Use of offices
	Carers of Epsom	Use of offices

Appendix 4

Acquisitions and Disposals

A significant part of the Council's property review strategy is driven by the theme of questioning the need for continued holding of assets which, if sold, could release capital and assist in closing the gap between existing ownership and future needs. Recently this has become more difficult to achieve because as a result of previous reviews many of the most saleable properties - those which are better located and easily convertible to residential or business use, say - have already been sold.

When combined with a more challenging economic environment it is obvious that the disposal of surplus property in future is likely to be more uncertain. In this harsher climate opportunities for sale may still arise but it seems probable in the short to medium term that greater emphasis will be placed on good management of existing holdings to ensure that they are maintained and ready for disposal when circumstances are more favourable. This will entail an adequate repair regime, careful management of short term lease provisions and further development of gap analysis and suitability tests.

The council completed the acquisition of a freehold property at 102 Upper High Street, Epsom in 2014. A detached freehold building divided into 8 units the acquisition has been made to partly address the increased demand for temporary accommodation for the homeless. The council is seeking an agreement with a Housing Association to manage this property on behalf of EEBC whilst retaining nomination rights.

The need for further acquisitions will be kept under review and we will identify suitable opportunities in pursuit of service or investment needs which can be justified on the grounds of exceptional value for money and as supportive of strategic objectives. We will employ the most appropriate method of acquisition for the case, e.g. via Section 106 agreements, compulsory powers or by private treaty.

The following tables summarise the main steps in acquisitions and disposals

Acquisition Criteria

- Property requirements are identified by the Capital Management Group in compliance with the Capital Strategy.
- A business case is prepared, including a whole life costing exercise and a review of existing holdings to determine whether the need can be met from the current portfolio.
- A briefing note including location, size, specification and other relevant requirements is produced and agreed. At this stage, based on funding and other constraints a decision is made on the appropriate interest to be acquired (freehold, long lease etc.).
- The Corporate Property Officer, in liaison with the service head or other appropriate nominee, leads in the search and acquisition process, instructing external agents where necessary, through the negotiation of terms, reporting and final approval by Strategy and Resources Committee.
- Strategy and Resources Committee must approve the terms of all acquisitions.

Disposal Criteria

- All disposals are governed by the obligation to secure the best consideration which can reasonably be obtained pursuant to Section 123 of the Local Government Act 1972, although non-financial benefits may form part of the consideration.
- The property is declared surplus to requirements by the relevant service department, after concluding that operational life cannot be extended by repair, adaptation or other measures. The decision to be confirmed by Corporate Management Board.
- An option appraisal is carried out to determine alternative operational use or other reason to retain the property. This exercise would encompass potential for income generation with or without further investment and whether it is possible to improve efficiency by a part or split disposal.
- Is there scope for a Community Asset Transfer or sharing option?
- If there is no potential for alternative use or Community Asset Transfer the preferred option should be a sale but this should be governed by an assessment of current market conditions and a review of longer term operational requirements.
- The Strategy and Resources Committee determines the best means of disposal - sale, long lease or short term lease/licence based on advice from the Corporate Property Officer or external agent
- In the case of development land or property for refurbishment the requirement for an overage provision ('claw back') should be considered
- The Strategy and Resources Committee must approve the method and terms of all sales and of other disposals where a decision has not been delegated to Officers.

Appendix 5

Delegation of Functions - Property

All sales, acquisitions and major contract commitments are subject to reporting and decision by the relevant Council Committee. The basic decision making matrix is summarised below together with a brief summary of the functions and powers which must be exercised by the Council or Committee. Functions which are not listed may be exercised by officers as specified under delegated authority but subject to the obligation to consult and inform Members and others as set out in the Constitution.

The following functions must be exercised by the Strategy and Resources Committee or referred to Council as appropriate. Functions not listed or transactions whose value falls below the levels specified may be exercised by officers (see below). In all cases officers may refer to Strategy and Resources Committee for decision where it is considered that there is sufficient political or public interest or if it is unclear whether a function is delegated. Officers have a duty to report progress of all projects which have been subject to Committee approval at suitable intervals.

- All acquisitions
- All sales
- The grant of rights in or over Council property to a third party for a fixed term in excess of ten years
- Any grant or disposal for a once and for all consideration in excess of £50,000
- Lease renewals, whether to or by the Council, for a term exceeding five years, unless the term granted is controlled by statute
- Rents and licence fees, excluding rent reviews and lease renewals, with a value exceeding £50,000 per annum, payable to or by the Council
- Any proposed change of use, development, demolition or redevelopment of Council property

Officers' Delegated Functions

Any of the delegated functions may be exercised by the Corporate Property Officer, the Head of Legal Services or the Principal Solicitor subject to obtaining suitable external advice and subject to consultation with the relevant service head or director where appropriate.

For the avoidance of doubt the following functions may be exercised by officers under delegated authority:

- Any individual case where the decision is normally exercised by a committee or

Council but which has been expressly delegated to officers.

- The grant of any variation, permission or licence under an existing lease or agreement where consent of the Council is required by any clauses contained in those documents which does not require a fine or cash payment as a consideration to or by the Council and is not envisaged to have a negative impact on the value of the asset.
- Licences for use or occupation of land or buildings of any duration which are terminable at any time without penalty.
- To make and settle proposals in respect of the rateable value of any Council property.
- To submit applications for planning permission, building regulations and listed building consents on properties owned by the Council.

Appendix 6

Property Specific Objectives 2015/2016

Property	Objective
The Ashley Centre	<ul style="list-style-type: none"> Finalise head rent calculation Consider options for a new lease structure on terms that will protect the Council's long term interests.
The Ashley Centre Car Park	<ul style="list-style-type: none"> Continue phased maintenance regime as funds become available
Downs House	<ul style="list-style-type: none"> Complete freehold disposal on terms agreed and approved
Ebbisham Centre	<ul style="list-style-type: none"> Review existing space usage and service provision and identify economies Continue short term leasing strategy to reduce subsidy
Hollymoor Lane	<ul style="list-style-type: none"> Complete agreement with Housing Association to enable commencement of redevelopment process. Complete legal agreement with Retailer.
Hook Road Car Park	<ul style="list-style-type: none"> Continue to monitor structure and undertake repairs as necessary
Horton Chapel	<ul style="list-style-type: none"> Continue negotiations with CSH and community groups Submit planning and listed building applications if legal agreements can be achieved
Horton Country Park	<ul style="list-style-type: none"> Prepare analysis of current building usage and potential for conversion Explore options for release and re-use of surplus buildings
Longmead Industrial Estate	<ul style="list-style-type: none"> Modernisation and restructuring of ground-leases Open negotiations with lessees as opportunity arise
Nonsuch Park	<ul style="list-style-type: none"> Secure additional funding for backlog repairs to property and hard surfaces London Road Lodge - Complete disposal to Veterinary Surgery on terms agreed

Property	Objective
Town Hall	<ul style="list-style-type: none"> Review use of areas by partners and explore potential for efficiencies and other partnering opportunities.
Upper High Street Car Park	<ul style="list-style-type: none"> Complete negotiations with adjoining landowner for sale of land for redevelopment of joint site to provide a supermarket and car park with a separate car park deck leased back to council.

Appendix 7

Council's Property Ownership

Key:

CA: Community Asset

IP: Non-operational / Investment Property

OLB: Operational / Other Land and Buildings

Appendix 8 (Confidential)

Investment Properties and Lettings

This category, also known as Tenanted Non-Residential Property (TNRP), covers non-operational assets let to third parties other than under housing provision e.g. retail, industrial and other commercial concerns.

The Council's properties are let under a wide variety of lease and rental structures. These reflect changing estate and fiscal policies over the years and to some extent the great variety of property types which are to be found in an area with large amounts of open space and specialised property related to local activities such as horse racing and training. Many properties are subject to long term leases, up to 150 years, at a nominal ground rent or peppercorn, although a significant number of these also incorporate rent reviews at five yearly or greater intervals. Typical examples of this are to be found in the Longmead and Nonsuch Industrial Estates.

Nationally, with some exceptions in parts of London and the South-East, rental and capital growth in all sectors has remained poor with no prospect of an early respite. This is especially applicable to property which is not in a prime location or which is functionally or physically obsolescent. In many of those cases a return to growth can never be expected at all and the ultimate likely solution is a change of use and/or redevelopment. While the Council has little direct exposure to these factors as a property owner/ investor, it has significant indirect interest by way of ground leases of sites, some of which accommodate outdated or specialised buildings, and by its ownership of land which may be subject to development in the future.

To achieve the targets set out in the Capital Programme it will be necessary to continue to add value by reviewing existing lease terms and structures. This will allow opportunities for re-gearing by changing rent review intervals, offering longer lease terms to facilitate redevelopment and identifying new letting opportunities in under-used and surplus operational property.

Appendix 9

Property Data Management Systems

- An electronic GIS (Geographic Information System) mapping service covers the entire borough. This enables identification of any property in the Borough by way of a Unique Property Reference Number (UPRN) and also records highways, planning and other information.
- A complete archive of deeds, plans and other documents is maintained by Legal Services. These are catalogued and regularly updated by the Legal Secretary.
- The Council's official property database is 'UNI-form, Estate Management' (formerly known as 'CAPS'). UNI-form has the capacity to provide a complete record of ownership, leases and other property data. It has also been a management and diary system for events such as acquisitions, sales, lettings, rent reviews and lease renewals. It can also provide a mapping system to enable production of maps for licences and lease documents. However the flexibility of the Excel database and accessibility to all users has led to its adoption as the primary vehicle for routine updating of information.
- The Procurement and Projects team maintains records on condition and repair, asbestos audits and fire risk assessments, partly as paper based condition surveys and in spread-sheet form, and is responsible for the safekeeping of building operating and maintenance manuals.
- The Corporate Finance team maintains the Asset Register, copies of valuation reports and supporting data. This is regularly reviewed and updated annually in liaison with the CPO and external valuers.
- The Corporate Finance team manages all accounting information in relation to property to ensure accurate and timely invoicing, payment and collection of charges. Updated and amended information on lease dates and rents is provided by the CPO and Legal Services.

Appendix 10

Repairs and Maintenance

The Financial Plan includes the following funding sources for maintenance and repair:

Policy Committee Budgets – Service Cost Centres

- Reactive repairs
- Planned routine maintenance

Strategy and Resources Committee Budget – Corporate Programme

- Backlog repairs and maintenance
- Emergency Works (funded from Property Maintenance Reserve)

Capital Programme

- Major projects

Routine maintenance and repairs are a mixture of planned and reactive works which are met from the revenue budget. Minor day to day repairs are covered under the facilities management contract.

Backlog maintenance works are currently categorised in three levels of priority. Priority 1 works (i.e. those which present significant health and safety concerns, risks to services or an immediate cost liability) are completed as soon as possible but funding constraints mean that it is unlikely that all Priority 1 works for the year can be completed in accordance with the programme. Lower priority works are kept under review and dealt with as funds become available or as their priority increases. There may also be wider asset management objectives for a property which override the immediate requirement for work to be done.

A report is prepared for approval by Strategy and Resources Committee at the beginning of the financial year. This identifies the significant maintenance items for the year with estimates of cost. Following a review of progress a mid-year report is submitted to FPP or S&R to account for adjustments to the original estimates and newly arising priorities.

Approval for major capital works and improvements is obtained via a departmental bidding process and subsequently by formal report on a project by project basis. Any

monies which are approved but not spent during the current year are subject to a further committee report to allow carrying over to the following year.

In 2014-15 the budget, including amounts carried forward, was £388k. Works undertaken included resurfacing of car park at TownHall (70k); Hard surface repairs (£72k); LED lighting to the concourse at the Ebbisham Centre (£5k) and replacement of fan coils for heating and cooling (48k); emergency repairs to walls and fences(20k); upgrading intruder alarms(15k); energy reduction measures(£12k); remedial electrical works and 5 yearly tests(11k); Hook Road car park alterations(10k)

There are some projects planned but yet to be completed including Cox lane replacement windows and external decorations (30k), Town Hall external decorations(35k)and completion of surface repairs to various sites.

The base budget for backlog maintenance and repairs is £210,000 each year including emergency repairs..

Appendix 11

Sustainability and Energy Strategy

The 2009 AMP summarised measures taken following the 2005 Best Value Review on Sustainability. The Council has continued to improve energy efficiency and the eradication of waste, and to minimise CO2 emissions in all Council properties.

In 2009/2010 the Department of Energy and Climate Change (DECC) requested local authorities to report on Greenhouse gas emissions from own operations taking 2008/2009 as the base year. Since then, the Council has sought to lower emissions by reducing energy in Council buildings.

Electricity consumption has been reduced by 40% and gas by 33% since the base year. Some of the key actions implemented to achieve these results are as follows:

- Installation of smart meters (100% monitoring of gas consumption and c.90% of electricity)
- Analysis of consumption patterns against building use
- Application of smart meter data collected daily
- Installation of 7 day timers (i.e. water heating), extension timers, lighting and movement sensors
- LED lighting, efficient boilers and split heating systems, adjusting thermostats and A/C temperatures. Upgrading of control units
- Installation of voltage and power optimisers in seven Council buildings
- Three energy management teams created for Venues, Town Hall and pavilions, cemetery, depot and car parks.
- Insulation programme developed and implemented
- Installation of innovative cooling systems and replacement of air conditioning units with more efficient models

Most of these works have been funded via the Council's capital programme; further initiatives are proposed for 2015-2016.

With effect from 1 October 2008 all public buildings with a floor area in excess of 1,000 square metres were required to have Display Energy Certificates (DECs). The four Council buildings (the Town Hall, Bourne Hall, the Ebbisham Centre and the Playhouse) which fall in that category have all been assessed and now exhibit DECs. From 1 January 2013 buildings with a floor area in excess of 500 square metres required a DEC.

Since October 2008 all non-residential buildings, subject to minor exceptions, must

have an Energy Performance Certificate (EPC) on construction, sale, letting or when certain modifications are made. Responsibility for the EPC rests with the developer, seller or lessor and accordingly the Council has commissioned EPCs on sales and new lettings since that date.

Capital Bid for solar panels at Longmead was successful in 2014 and further capital bids are proposed for 2015/2016.

Appendix 12

Accessibility – Buildings Open to the Public: BVPI 156

Building	Compliant with Approved Document M?
Alexandra Park Pavilion	✓
Ashley Centre Car Park	✓
Auriol Park Pavilion	✓
Bourne Hall	✓
Cemetery Chapel	✓
Cox Lane Centre	✓
Court Recreation Ground Pavilion	✓
Ebbisham Centre	✓
Ewell Court House	✓
Gibraltar Recreation Ground Pavilion	✓
Hook Road Multi-storey Car Park	✓
Horton Country Park Community Hall	✓
Horton Country Park Information Centre	✓
Longmead Community Centre	✓
Nonsuch Mansion House	x
Playhouse, Epsom	✓
Poole Road Recreation Ground Pavilion	✓
Rainbow Centre	✓
Town Hall	✓
Wells Social Centre	✓
Total no. of compliant buildings	19/20
BVPI 156 compliance	95%

Definition: BVPI 156 is the percentage of local authority buildings open to the public in which all public areas are suitable for and accessible to disabled people as defined in Approved Document M of the Building Regulations.