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TONBRIDGE & MALLING BOROUGH COUNCIL

Asset Management Plan 2020-24

Document Control

Reference	Asset Management Plan
Date	25 November 2019
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Approved by	Management Team (2 December 2019)

Version History

Date	Version Number	Revision Notes
25 November 2019	V1	

Contents

PART 1 – INTRODUCTION & BACKGROUND

PART 2 – KEY PRINCIPLES & OBJECTIVES

PART 3 – KEY OBJECTIVES RELATING TO SPECIFIC PARTS OF ESTATE

PART 4 – DECISION MAKING

PART 5 - MONITORING AND REVIEWING THE ASSET MANAGEMENT PLAN

ANNEX 1 – LIST OF CURRENT ASSETS

ANNEX 2 – RISK MANAGEMENT POLICY

ANNEX 3 – DISPOSAL POLICY

PART ONE – INTRODUCTION & BACKGROUND

The aim of this Asset management Plan (AMP) is to set out how the Council will manage its property portfolio in the period 2020 to 2024.

It is imperative that the Council's current property portfolio is fit for purpose of supporting the continued delivery of services to our residents and supporting the growth and inward investment aspirations of the Borough, whilst offering good value for money.

This plan sets out how the Council will:

- Establish a strong asset management culture – through robust challenge of whether assets need to be retained.
- Improve the understanding of how retained assets perform
- Dispose of assets that are no longer required
- Explore alternative uses to maximise both value in monetary terms and use
- Develop a clear disposal policy, covering small garden land sites to high value commercial sites
- Improve the decision making process in respect of our assets
- Maintain and invest (as required) in our retained assets
- Maximise the efficiency of and better utilise retained assets
- Where considered appropriate, acquire new assets

This plan should be read in conjunction with the Council's adopted Corporate Strategy and Savings and Transformation Strategy. It seeks to support the vision and values set out in the Corporate Strategy, and in particular to assist in the delivery of the following key themes:-

- generating new income and cost recovery
- looking at ways of delivering retained services more efficiently
- investing the proceeds gained from the release of assets.

Property portfolio

TMBC has a relatively small but varied property portfolio. With an asset base of circa 450 properties and parcels of land, which include Tonbridge Castle, the Council offices at Kings Hill, car parks, Country Parks, parks and open spaces a list of our current assets can be found in **ANNEX 1**. The Council own a mixture of operational properties (these are properties that are held for the delivery of service, i.e. Gibson Building) and non-operational properties (investment and surplus property i.e. shop units at Martin Square). The portfolio includes leisure facilities, car parks, civic buildings, retail premises, public conveniences, parks and other land. A number of the Council's properties are listed structures and scheduled ancient monuments. These listed and scheduled structures are expensive to operate, maintain, repair and improve. Flexibility for use and type of use is restricted with these type of buildings. However these buildings are important district landmarks and do attract a lot of

interest and attention from the general public and various other organisations. The total value of the estate as determined for accounting purposes is £82.1 million. It should be noted that this valuation is an accounting valuation and does not necessarily represent the actual open market value of the estate.

The Council disposed of its housing stock in 1991 and no housing stock is currently held, save four maisonette units located at Martin Square, Larkfield which are connected to the retail premises and are let on business tenancies, and six units in Tonbridge which are held and used for temporary accommodation.

The Council seeks to ensure that its portfolio is fit for purpose to be used to deliver the Council's wide ranging objectives that are contained within our Corporate Strategy. The Council implemented a capital investment programme and a five year rolling programme of planned repairs and maintenance, which has left the Council with no repairs and maintenance backlog since 1991.

Whilst small and varied, our property portfolio faces challenges;

- A property portfolio that contains listed buildings (Gibson Building and Tonbridge Castle offices) an ancient monument (Tonbridge Castle) – restrictions and cost implications.
- A property portfolio that is ageing, with this comes an increase in liabilities for repairs and maintenance
- Tertiary locations of retail. Low rental opportunities, difficulty in maintaining existing tenants and attracting new when units become vacant
- Historic leases to community tenants that often do not have the financial means to repair and maintain leased property.
- High number of leases and agreements to sporting and community groups that pay less than an open market rent
- No ownership of High street premises, thus limiting influence on regeneration

Progress in Recent Years

- Maintained 100% occupation on our retail properties
- Maintained 100% occupation of our office premises
- Rent reviews completed for all our investment ground rent properties
- New leases completed on our Retail Properties
- Shared space of Council Offices with Kent Police
- Reorganisation of use of; Castle Lodge, River Walk offices and Tonbridge Castle offices, resulting in surplus buildings (leasehold and freehold disposal) better service to the community having the Citizen's Advice Bureau, Council services and Gateway under one roof.
- Disposal of the former Teen and Twenty building to Tonbridge Medical Group for the development of a new, state of the art medical centre.
- Sub lease of space to private business at Gibson Building
- Continued review of surplus assets, resulting in disposals to extend gardens and identifying areas for disposal for alternative use
- Purchase of 6 flats for use as temporary accommodation

- Review of the Councils Public Conveniences and transfer to Parish Councils – ongoing
- External decoration of Gibson West, Larkfield Leisure Centre, Leybourne Lakes Country Park, Tonbridge Pool, Tonbridge Cemetery and Tonbridge Farm Pavilion in 2018
- Removal of asbestos pre-fab building at Gibson West 2016
- Two new dance studios and refurbished gym at Larkfield Leisure Centre 2017/18
- Refurbishment of the health suite at Larkfield Leisure Centre 2015
- Installation of UV disinfection at Larkfield Leisure Centre 2015
- Renewal of flat roof areas at Poulton Wood Golf Centre 2018

One Public Estate

The One Public Estate Programme is being delivered in partnership by the Local Government Association and the Cabinet Office. Setting out strategic objectives for Local Authorities and associated Public Sector Organisations. All partners have as part of the programme, submitted their property ownership details which have been collated onto a single database, therefore enabling any partner to view other partners property and land interests within a given area.

PART 2 –OBJECTIVES

Due to the challenges set out earlier, the Council, through its AMP needs to adopt some key objectives to assist the achievement of greater value from its portfolio, both in terms of best use and financial value. These will include;

- Using property in different ways to support regeneration and growth within the Borough
- Maintaining revenue streams from our investment properties in an increasingly competitive market where tenant default and insolvency remain key concerns.
- Maintaining occupation of our investment properties
- Robustly assessing the option for the development of land holdings to achieve capital receipts
- Better public service provision by co-location of services and partners. Co locating similar uses into the same property.
- Ensuring that property is in good condition and compliant with legislation
- Considering the transfer of assets to community bodies
- Adoption of principles when leasing assets to community and sporting bodies.
- Moving from the historic legacy to a more modern, balanced and sustainable portfolio to meet future financial and corporative objectives

In the delivery of the objectives set out above, the Council will be guided by the following principles -

(i) Suitability

Using the information that we have captured on our assets, the Council will ensure that the delivery of services is supported by properties that are fit for purpose to deliver the Corporate Plan objectives. Where appropriate accommodation will be reviewed and rationalised to facilitate more efficient ways of working.

(ii) Repair and maintenance

TMBC has a strong track record of maintaining the condition of its portfolio, complying with legislation and maintaining strong occupation levels. Our track record of having low rates of empty properties and voids is strong.

The Council will continue to maintain its property assets in a condition that is fit for purpose. Maintenance budgets will continue to be reviewed annually as part of the budget setting process. Expenditure will be focused particularly where public health and safety may be compromised.

(iii) Consultation

Planned property matters will involve consultation of stakeholders at an early stage, to ensure where possible that their reasonable expectations and requirements are met. Local ward Members, the Portfolio Holder and interested services will also be informed and consulted at the earliest stage.

(iv) Risk Management

The assessment of any risks related to the delivery of property related matters will be made in accordance with the Council's Risk Management Policy **ANNEX 2**

DISPOSAL OF LAND AND PROPERTY

Disposal of land and property by the Council can be a complex process, as it is subject to a broad range of statutory controls in addition to the Council's own internal procedures. In accordance with Section 123 of the Local Government Act 1972 the Council must not, except with the consent of the Secretary of State, dispose of land (other than by way of a short tenancy) for consideration less than the best that can reasonably be obtained. The overriding consideration in determining what constitutes the best consideration is the commercial value of the disposition to the Council. However, the Council does not need to seek the specific consent of the Secretary of State for a disposal of any interest on land which it considers is likely to contribute to the economic, social or environmental well-being of the Borough provided the amount of undervalue of the related transaction does not exceed two million pounds.

A Disposal policy is attached at **ANNEX 3**

The Council's policy for Community Asset Transfer is forthcoming and will set out simply guidelines to identify and transfer suitable assets

Acquisition of Assets

Historically this Council has not acquired property, there have been occasions where property has been acquired for the purpose of achieving objectives, i.e. completion of land parcels / tidying boundaries, but we have not tended to acquire property.

There are many costs and risks in holding property assets, in concluding if to acquire assets, the Council would need to satisfy whether it is absolutely essential to own the property concerned, or whether an alternative arrangement would be satisfactory and more appropriate. When considering alternatives to actual purchase, the Council could consider other methods, such as "option" agreements that would then give the Council the ability and right to complete a purchase on an agreed fixed basis, later down the line if so required. Acquisition of less than freehold, such as lease could be considered, or a share of occupation. However these also come with risks and costs and therefore a strict policy on acquisition is not best practice, as each case needs to be considered on its own merits

In October 2018, the Council considered and agreed to adhere to the Revised Statutory Investment Guidance Code. *The revised Guidance and Codes impose additional requirements on local authorities aimed to address concerns arising from the commercialism agenda, in particular the use of loans and the purchase of property to generate a profit.*

Where the need to acquire a property has been identified as required in order to fulfil the Council's duties or objectives, the Council will formulate a strategy for the acquisition dependent upon the particular case in hand. The preferred method of acquisition would be through direct negotiation, thus avoid a completion or auction situation which could potentially inflate the price paid. Compulsory Purchase powers can be deployed, but should be avoided and used as a last resort if all other avenues have been explored and exhausted. Compulsory Purchase is recognised as costly in both actual monies spent and in officer and professionals' time. Specific objectives in relation to discrete parts of our property portfolio are set out in Part 3 below.

PART 3 - KEY OBJECTIVES RELATING TO SPECIFIC PARTS OF ESTATE

For the purpose of the Asset management plan our portfolio can be grouped into three categories, to ensure that they are considered in terms of asset key features and performance requirements. The properties leased to the Tonbridge & Malling Leisure Trust fall into a separate category.

Operational Properties

These are the properties which are used to deliver services and supporting administration. The Council will adopt a rigorous approach in looking at our operational property. Do we have the right property? In the right location? Is it cost effective? Examples of operational property would be the Gibson Building at Kings Hill and Tonbridge Castle Offices.

To test this we will apply the following criteria

- The service needed to be delivered
- The location for the service to be delivered
- Alternative provision in the locality
- Usage of current provision
- Costs to the Council (property maintenance and management)
- Benefits of alternative provision.

The key objectives for these properties are;

- Optimise occupancy and look at maximising our income via subletting and the grant of new leases.
- Providing appropriate space for our own staff and services
- Ensure statutory compliance.
- Minimise expenditure and increase efficiency

Investment Properties

These are assets that the Borough Council owns, but are holding purely for their investment value or future potential (income generation, rental or capital), which may provide a return. Where a capital receipt is raised, this may be used to reinvest in other investment / development or used to support

the Capital Investment Programme. Examples of investment properties are commercially tenanted property, our car parks and operational assets where part is let on open market terms.

In terms of our investment property and land, the Council will apply the following tests in order to review and make an informed decision on their future.

- Is the holding of the property the most appropriate way of using capital and revenue to maximise benefits to the Council?
- How is the property's performance in comparison against other similar properties?
- Is good estate management being followed, maximising income and minimising expenditure?
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Key objectives for these properties;

- Increase and optimise income
- Enforce terms of the tenancy agreement in accordance with the lease
- Optimise capital value and development return within agreed risk parameters
- Disposal and / or redevelopment in accordance with disposal policy

Leased Properties

These properties are made up of those that are leased out or occupied by tenants who are a charity or perform a community function. There may be instances, that when reviewed these properties are considered investment properties. Examples of our leased properties would be the retail units at Martin Square Larkfield. Key objectives for these properties are:

- Reduce costs to Borough Council
- Ensure that the tenancy agreement terms are fulfilled
- Meet best value (commercial and / or community)

The Leisure Trust

Retained within the Council's property portfolio are leisure premises that are under lease to Tonbridge Leisure Trust. Leases of; Tonbridge Pool, Tonbridge Angel Centre, Poult Wood Golf Course and Larkfield Leisure centre were granted to the Leisure Trust in 2013, on 20 year terms. Under the term of the lease, we remain responsible for all external building maintenance and building services.

PART 4 – DECISION MAKING

The Council's Cabinet is corporately responsible for the management of all Council land and buildings, with specific responsibility falling to the Cabinet Member for Finance, Innovation and Property. The Finance, Innovation & Property Advisory Board will advise the Cabinet on the discharge of their property functions.

A number of property related decisions and responsibilities are delegated to Officers, with the Director of Central Services having delegated authority to exercise specific functions in relation to property and land assets and facilities. These are set out in Part 3 of the Council's constitution. In particular, the Director of Central Services is responsible for the management of the Council's

property portfolio in accordance with the adopted Asset Management Plan. He is assisted in this regard by the Council's Estates Manager.

PART 5 - MONITORING AND REVIEWING THE ASSET MANAGEMENT PLAN

The AMP provides a framework and guidance for the vision of managing the Council's estate. It is imperative to maintain flexibility, as property transactions are very much individual and there is no "one size fits all" policy that should be enforced. Regular review and consultation is paramount. The Council will manage and monitor the use of its property resources to ensure that the Portfolio continues to meet the objectives set for holding that property and delivers performance improvements linked to corporate and service objectives. Any changes to the AMP will be reported to the Finance, Property & Innovation Advisory Board.