

DRAFT

Asset Management Plan  
For Corporate Properties  
and Assets  
2024 – 2029

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## 1. Introduction

The purpose of the Asset Management Plan (AMP) is to provide a framework to support the development and management of the Council's corporate land and property assets to achieve the priorities set out in the Council's Corporate Strategy. The Plan outlines the Council's approach to resource planning for effective management of all corporate assets. As outlined in the RICS (Royal Institute of Chartered Surveyors) Public Sector Asset Management Guidelines, the AMP articulates key objectives and identifies prioritised activities and resources to deliver the objectives. The AMP primarily focuses on land and buildings (fixed assets) within the General Fund (GF) and Special Expenses (SE) budgets. This excludes assets within the Housing Revenue Account (HRA). It also excludes items managed and maintained on daily operational basis by the Environmental Maintenance (EMT) service such as open spaces, country park, play areas and cemetery. It also excludes IT, street furniture and other movable assets owned by the Council.

Since the previous management plan was agreed in 2015, there has been significant change within the authority which has required the council to take a renewed commercial view regarding how the property & assets which sit within the general fund are managed.

The corporate land assets and buildings are an important resource for the Council and if used wisely, can be a powerful tool to not only enable the council to deliver excellent customer services across all areas, but also support regeneration and economic growth by leveraging public and private sector investment. One of the key recommendations from the Local Government Association (LGA) finance review (2021) is for the Council to take a more strategic long-term approach to Financial Planning and the delivery of transformation using Council's assets and a requirement to at times take a hard-nosed commercial view.

An internal audit was undertaken for the corporate property and assets (CPA) service in December 2021 that identified the control framework and compliance levels to be satisfactory. One of the key actions recommended by the audit plan was to prepare an Asset management Plan.

The Asset Management Plan covers the period of 2024 to 2029 and includes a five year programme for investment in corporate assets. This investment plan is informed by analysis of risks and an agreed approach with members in managing them.

The AMP is informed by the work undertaken by the Council in the past few years, current challenges faced by the Council as well as the potential

opportunities identified by horizon scanning. It proposes the means to fund the works that need to be undertaken over the medium and long term future by considering a risk based approach.

It is proposed to review the AMP on annual basis in line with strategic objectives, risks and budget pressures. This work will inform the planned maintenance programme and allocation of capital and revenue budgets for the management of corporate assets.

The AMP sits alongside the Council's capital strategy and the Asset Development Programme and together these documents provide a robust plan for the management and investment in Council's assets.

Key objectives for the Asset Management Plan are:

- **Regulatory compliance:** To be compliant to regulatory standards and provide a safe environment for the Council's staff, tenants and visitors
- **Enabling service delivery:** Effective utilisation of corporate assets for enabling excellent service delivery for all our residents and businesses.
- **Financial stability:** Efficient management of Council owned assets to contribute to the financial stability of the Council
- **Value for money:** Balancing community needs with commercial aspirations to achieve the best value for money for the Council
- **Leverage of investment:** Use of assets as a leverage to attract further investment from public and private sector partners
- **Supporting economic growth:** Support delivery of housing and economic growth and town centre regeneration
- **Energy efficiency:** Contribute towards the Council's ambition for being carbon neutral by 2030.

## **2. Background and Context:**

### **2.1 National context- legislation, property market, construction industry, regulatory**

There are some regulatory, strategic and policy initiatives that impact on the asset management strategy at a national level. Ensuring that our asset management plan acknowledges these and maps out how we can ensure compliance where required will help to deliver these wider outcomes.

Some examples of these are:

- Local Government Act 1974 (and any subsequent revisions)
- Minimum Energy Efficiency Standards (MEES) 2018 as revised in April 2023 requiring all commercial property to have a minimum E rating
- Health & Safety at Work Act 1974 (and any subsequent revisions)
- Localism Act 2011
- Royal Institution of Chartered Surveyors
- GDPR 2016

### **2.2 Local market- summary info from demand analysis**

The Melton commercial property market within Leicestershire is relatively small in comparison to other boroughs in the county. Information provided by a leading commercial database (co-star, May 2023) summarises the performance of our key comparator areas:

**Office :** The current office market contains around 520k sq.ft of office space in the borough at present, where vacancy rates have fallen slightly by less than 1% below the 10 average. Rents grew by 2.3% in the past 12 months. No new office developments are currently under construction, since the last development over 5 years ago.

**Retail :** Retail vacancies have increased above the market average in the last 12 months. Retail rents have remained static. There is little investment in retail as properties are not traded regularly, thus there is little in the way of any new supply.

**Industrial :** Melton has around 4.9m sq.ft of industrial space and the vacancy rate has climbed by over 12% over the last year. Rents have increased by 5.3% over the same period which is just below the national average. There is

some new development underway, circa 14k sq. ft with 23k sq. ft added in the last 3 years.

The council is continually reviewing its understanding of the local and national market in order to take a commercial approach to the management of its assets. A key area is the Snow Hill industrial units which are a notable revenue generator for the general fund portfolio. By ensuring vacant units are marketed at competitive rates and new leases are consistent with a commercial approach, the council will maximise its returns.

### **2.3 Planning context**

The Council Local Plan was adopted in 2018 and covers the period from 2011 – 2036. It sets out the Council's policies for the use and development of land across the whole of the Borough. A review of the Local Plan was triggered by the Council in 2022. Any future development of the Council's assets need to give due consideration to the Local Plan and the respective Neighbourhood Plans when considering alternative uses and disposals of its assets.

### **2.4 Alignment with Corporate Policy, Strategy and Plans**

The Council's current Corporate Strategy which cover the period 2020 to 2024 (a new Corporate Strategy 2024 to 2028 with a 2036 Vision will come into effect from April 2024), ) commits the Council to take a commercial approach to the management of assets to deliver jobs, homes, and income. The key focus for priority 3 – Delivering sustainable and inclusive growth in Melton is to confirm plans, secure funding and develop our assets to generate income and provide housing and jobs.

This focussed action informs and drives the actions to be included in the Asset Management Plan.

The Asset Management Plan influences a range of Council wide policies and strategies and is also informed by:

- The Way We Work Strategy
- Medium Term Financial Strategy
- Capital Strategy
- Health & Safety Policy
- Performance management framework
- Regeneration initiatives

Any changes to the Council Plans or policies of the Council will be monitored and incorporated at either the yearly AMP review or with a specific update should any fundamental changes occur.

## 2.5 Corporate Property and Assets Team

To fulfil the Council’s Shaping Places agenda and deliver the Corporate priorities and objectives, the council separated the corporate property and assets function from the housing assets and established a new Corporate Property & Assets (CPA) team in 2019. This has provided a much needed focus on management and development of the Council’s assets with a view to achieve financial efficiencies and additional income. The CPA team delivers four key functions:

- Estate Management
- Facilities Management
- Building Surveying
- Asset Development

There are currently 8.5 FTE permanent staff in the CPA team with all the above three functions managed in-house with external specialist advice sought when and where relevant.

Though the team has grown since 2019, there is a clear on going need for additional resource to assist with the day to day running and maintenance of the corporate estate. There are currently two vacant posts which need to be filled and once recruited to, will offer greater resilience to manage the day to day operations of the corporate estate.



### 3 Key Areas of Focus

#### 3.1 Assets Overview

The key assets in the Council's corporate portfolio are included in a comprehensive asset register. There are at present 84 assets (including contingent liabilities) on the Asset register, including:

- 20 industrial units
- 2 council office buildings
- 3 community centres
- 5 allotment sites
- 9 pay and display car parks
- 5 residential car parks
- 16 play areas
- 2 public toilets
- 2 leisure centres
- 1 Country Park
- 1 Cattle market
- 1 Retail shop
- 1 Waste depot
- 1 Cemetery
- Miscellaneous- paths, bridges, embankment, playing fields, public open spaces, utility substations, skate park, light columns, cycle shelters etc

A complete list of assets managed by the corporate property and assets service is provided in Appendix B. Most of these assets are in Melton Mowbray town area with an exception of the Walford road car park in Bottesford.

The assets within Special Expenses budgets such as open spaces, play areas, closed churchyards and cemetery are managed by the Environmental Maintenance Team (EMT) on day to day basis. A full list of these assets is being prepared which will be subject to a separate management plan.

Following the fire in 2009 at the Nottingham Road council offices, some of the original council land ownership deeds were destroyed. The CPA team is working with legal officers and the Land Registry on a project to ensure all council assets are registered. There are currently 99 titles registered with Land Registry for the above mentioned assets. 9 titles are either not registered or being queried with the legal team. Currently the asset registered is managed and updated manually exposing the Council to the risk of human errors, gaps



of knowledge caused by sickness/vacancy and inconsistent approach to management of data.

To avoid the risk, it is recommended to acquire a digital asset management module, similar to the Northgate system being used by the HRA assets. This would help creating a robust and consistent approach across the council for asset management and also link with financial system for improved monitoring of costs, income and debts.

The corporate assets accommodate and provide space for delivery of services to all teams within the Council. The Corporate Property and Assets team actively engages with all internal teams, commercial tenants, partner organisations and visitors to all council buildings in a meaningful way to ensure safe and effective management of the buildings. The management of corporate assets is guided and informed by a range of policies, procedures and guidance notes for day to day operations and interactions with stakeholders.

All assets are included within an annual asset valuation for financial management purposes. Insurance valuations are undertaken periodically to ensure the assets are valued appropriately for insurance purposes. Insurance covers the council for like for like replacement for fixed assets.

	<b>Proposed action</b>	<b>Timescales</b>
1.	Prepare and maintain a comprehensive asset register with all relevant details and review it on annual basis.	End of 2023/24
2.	Establish a document management system for filing and retaining GIS information and legal documents related to all assets.	End of 2024/25
3.	Link the estate management module for corporate assets with the financial system to streamline processes and eliminate human error or oversight in managing assets and related budgets.	End of 2024/25
4.	Undertake book valuations of assets by working closely with finance team and support the work of external auditors.	Annual review
5.	Undertake insurance valuations of all assets and review them every three to five years.	End of 2023/24
6.	Review, update and / or create procedures and guidance notes for all the relevant areas related to the operation and management of the corporate estate.	End of 2024/25

### **3.2 Asset Rationalisation:**

Preparation of a comprehensive asset register has identified gaps in information available as well as overlaps and duplication of responsibilities with other service areas within the council.

All assets included in the council's general fund assets register can be categorised as below:

- Functional assets being used for the Council's service delivery
  - Parkside – additional space is identified following rationalisation of space requirement in accordance with the council's 'way we work' strategy
  - Snow Hill – archive storage is moved from Snow Hill to create an additional commercial unit for revenue income
  - Leisure Centre – the procurement of new operator has resulted in rationalisation of services between two sites.
- Income generating assets with external occupiers paying rent/ service charge
  - Section 3.4 of this asset management plan identifies how income is being maximised for Phoenix House and Snow Hill commercial units
- Land and buildings with opportunity for development
  - Section 3.7 of this asset management plan identifies actions for how these assets will be developed as part of the Council's Asset Development Programme
- Operationally surplus assets considered for disposal with a view to reduce liability and generate capital receipts to fund other priorities
  - A list of such assets is being prepared in accordance with the disposal policy for council approval
- Assets that need further consideration and rationalisation with ring fenced accounts such as HRA and Special Expenses
  - Fairmead and the Cove community centre are proposed for appropriation to ensure best value is achieved from these assets for the community
  - It is noted that there are some assets held in HRA portfolio that no longer serve the purpose for HRA and should be transferred

to corporate assets. Proposals are being developed for consideration by cabinet and council later in 2024-25.

- Land assets that are part of corporate assets but maintained and managed by environmental maintenance team (EMT), such as country park, open spaces, cemetery, play areas, foot paths, closed churchyards etc.
  - It is acknowledged that a separate asset management and investment plan needs to be prepared for assets in this category, led by the EMT and supported by the CPA and finance teams.
  - There are gaps identified in the current information available, specifically regarding the list of land parcels that are being managed and maintained by the Environmental Maintenance team. There is lack of digital records of ownership, maintenance liabilities and insurance levels that potentially creates a risk for the council. Additional admin support is proposed to be created for undertaking works to create comprehensive records and reduce this risk.
  - Compilation of records may identify some assets that are maintained by the council, but not owned by the council. A proposal for appropriation, disposal or transfer of these will be prepared following further work undertaken in preparation of the management plan.
  - A procedure note is proposed to be prepared for adoption of open spaces through planning process linking with corporate property, legal, planning and environmental maintenance teams.
- Street furniture in council ownership, but may not be on council owned land or property – such as light columns, cycle shelters, bus shelters, bins, signage etc.
  - A comprehensive inventory of all items owned and maintained by the Council is proposed to be prepared.
  - A management plan for maintenance, replacement and enhancement of these items will need to be prepared. This will also identify removal, relocation or discontinued use of some of the assets where appropriate.
  - This work will be undertaken in parallel to the preparation of a town centre design guide by working closely with other stakeholders, partners and voluntary sector.

Proposals for rationalisation of assets with HRA, Special Expenses and environmental maintenance are being prepared and will be considered by the Cabinet and Council separately following further detailed work.

The Council approved its Asset Disposal Policy in August 2020. It provides a framework to consider property matters and ensures a consistent approach is adopted in identifying and disposing the assets. It also helps to demonstrate compliance with

the obligation to obtain best value under s. 123 of the Local Government Act 1972. A further exercise will be undertaken to identify operationally surplus assets to generate capital receipts to help support the delivery of the Asset Management Plan and enhance service delivery. Proposals for the disposal of assets will be dealt with in accordance with the Council's Assets disposal policy and council approvals.

The Council gets requests from community groups and voluntary sector partners for asset transfer or working in partnership for the use of assets for community benefits. These will be considered on their merit.

	<b>Proposed action</b>	<b>Timescales</b>
7.	Update the asset disposal register and implement actions as per Council approvals.	End of 2023/24
8.	Identify assets that require interface with HRA and work with finance and HRA teams for appropriation and transfer.	End of 2024/25
9.	Establish additional admin resource to work with CPA and EMT and prepare a register of assets with maintenance liabilities.	End of 2024/25
10.	EMT to prepare a management plan for all assets maintained by the team	End of 2025/26
11.	Prepare a procedure notes for adoption of open spaces by working closely with planning, finance, legal and property teams	End of 2023/24
12.	Establish a comprehensive register of all street furniture items maintained by the Council	End of 2024/25
13.	Rationalise assets between GF and SE as per Cabinet/Council approval.	End of 2024/25

### **3.3 Property/Regulatory Safety Compliance:**

The CPA team works closely with the Council's strategic lead for health and safety on ensuring the corporate estate always remains compliant to all necessary requirements and the council's overarching health and safety policy. The council has developed safety management standards to document our methodology for managing key areas of compliance. Currently we have the following in place that cover H&S compliance:

- Fire safety
- Water hygiene
- Asbestos
- Electrical safety

- Gas safety
- Lift management
- DDA
- FENSA

All Facilities Management Health & Safety risk assessments are monitored continuously and updated periodically as required. The council operates a traffic light system regarding compliance.

Appendix E demonstrates the status of our Health and Safety Compliance as of January 2024.

It is proposed to develop and manage compliance plans for each area to include:

- What our operational processes are.
- How we track actions.
- How we maintain our data.
- How we report compliance.
- How we manage risk.
- How we plan our financial and budgetary management.
- How we communicate with the occupiers and visitors of our buildings and properties.

In accordance with the Council's Health and Safety policy framework, the responsibility for ensuring the compliance of the estate rests with all senior officers at the Council from the chief executive, director of growth & regeneration, the CPA manager and officers. This outlines that it is a collective responsibility from all officers.

Aside from the building requirements, it is imperative that staff tasked with managing the estate are also adequately trained to undertake the day to day tasks which allow the estate to operate. Individual and group training in respective areas is regularly undertaken to ensure staff at all levels are competent to undertake their daily tasks.

Maintaining and enhancing accessibility of all council buildings and sites is an important part of managing safety. Accessibility audit of all occupied buildings need to be undertaken and any refurbishment/ redevelopment work needs to take this into account. Accessible parking bays are included in all car parks and will be monitored to ensure they meet the needs of the users.

	<b>Proposed action</b>	<b>Timescales</b>
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14.	Continue monitor all statutory compliance matters and update compliance procedures in line with statutory guidance.	Ongoing
15.	Undertake regular training / professional development of officers to ensure they are able to undertake work tasks competently	Ongoing
16.	Ensure continual dialogue with the Council's strategic lead for health and safety to ensure councils policies and procedures are up to date and align with departmental and council requirements.	Ongoing
17.	Develop and manage compliance plans for each compliance are and provide regular updates.	Ongoing
18.	Implement the action plan for property health and safety audit.	End of 2023/24
19.	Undertake accessibility audit of all relevant assets and implement actions arising from it.	On going

### 3.4 Planned Proactive Maintenance

Condition surveys of 26 key assets have been undertaken in 2021. A detailed list of works required has informed a costed planned maintenance schedule. The total cost of works for the next 5 years as identified by the condition surveys undertaken so far is approximately £4m. While these works need to be done, not all works are necessary. The current resources available to the Council are also not sufficient to cover all the costs. It is agreed following consultation with cabinet and assets working group members to adopt a risk management based approach for prioritisation of action and allocation of resources.

The table below summarises the approach to prioritisation:

<b>Priority 1 – High Risk (red)</b>	H&S / Statutory Compliance/Structural issues
<b>Priority 2 – Essential works (amber)</b>	Essential repairs; may not need urgent attention, but at risk of causing more damage/ risk later.
<b>Priority 3 – Poor quality (green)</b>	Desirable – Nice to do, but not a critical risk. Would like/ need to do within the AMP plan period. Strategic priority.
<b>Priority 4 – Under consideration (business case development)</b>	Under review - To be carried out as and when required if resources permit and subject to relevant business cases.

This prioritisation exercise has informed the budget setting process for 2024/25 as well as the Medium Term Financial Plan (MTFP). The key risk arising as a result of this reactive approach is that lower priority items may not get dealt with which over a period of time materialise as high risk. If not monitored properly, this could result into the council having to identify large sums of money to deal with the risk as and when it rises. Therefore to manage this risk proactively, it is proposed to monitor the conditions and planned maintenance schedule on annual basis and re-visit the prioritisation criteria. Going forward, full surveys of all assets will be undertaken on 5 year periodic cycle from 2025 onwards.

The property team works closely with economic development, regeneration, planning and climate change team to identify opportunities for additional income generation, external grant funding and capital receipts through disposals to help fund the gap for proactive asset management.

A detailed action plan has been prepared from the condition surveys identifying works to be taken over the 5 year period with estimated costs (Appendix F). These costs will be finalised following procurement of works. This schedule also identifies prioritisation, associated risks and mitigation measures. There is £200k allocated in the budget for current financial year and phase 1 of work was completed in August 2023 with the rest of the works planned to be completed on site by the end of march 2024.

The high risk/ high liability items are proposed to be considered as part of the asset rationalisation process for potential disposal, transfer or development opportunities. Key 'high maintenance' assets identified through the condition surveys include:

- Issues regarding balancing pond at MSV
- Maintenance liability for culvert behind Freeby close
- Asfordby railway embankment and footbridge
- Drainage at Lake terrace depot
- Heritage asset of King Street and repair costs
- Maintenance issues at Phoenix House
- High cost of works as per expectations from users of allotments

These are added to the risk register and are being monitored proactively.

It is proposed to prepare detailed business cases for investment in council's assets with a view to increase income, reduce costs and liabilities and improve the quality of service delivery and user experience. For example, it is noted that the car parks are essential to town centre vibrancy and economy. They require improvements which are not prioritised as they are not classed as high risk or essential works, but could positively improve the customer experience. It is proposed to prepare detailed business cases identifying costs of the works and also potential sources for income generation to justify the investment.

	<b>Proposed action</b>	<b>Timescales</b>
20.	Undertake condition surveys for all assets and arrange for periodic reviews	Ongoing
21.	Maintain and update the schedule of PPM works with costs following annual reviews	Annually reviewed
22.	Procure contractors and implement the current and ongoing programme of works	Annually reviewed
23.	Identify key risks and prepare a prioritisation plan with identified impact and resource requirements	Annually reviewed
24.	Identify the schedule of works for the forthcoming year during budget setting, identify funding sources of funding, and seek council approvals	Annually reviewed
25.	Plan how the future PPM works will be budgeted for beyond 2024/25 to inform MTFS and Capital Strategy	Annually reviewed
26.	Prepare proposals and business cases for proactive investment in assets for further budget and council approvals.	On going

### **3.5 Estate Management - Lease, Licence, Rents, Service charges, Business rates and Fees and charges**

Review of leases, licences and service charges forms part of the core of our proactive estate management work and is an ongoing process which will continue to be monitored and executed as appropriate. The CPA team has been reviewing all lease agreements and has begun a process of renewals, rent reviews and new lettings. There are currently 36 direct tenants/occupiers and 128 allotment holders being managed by the Council.

A list of all occupiers and the status of leases is identified in Appendix C.

A list of all rents and service charges paid by all occupiers is identified in Appendix D.

A list of all costs including staffing, rates, repair and maintenance is included in Appendix D.

Service charges are reviewed annually in arrears. Service charges are based on the costs of operating the buildings (utilities, maintenance etc) and then recharged on a pro rata basis according to the areas occupied by those tenants or licensees whose agreements allow for a Service Charge to be levied. Where



possible, sinking fund reserves are set up to cover repairs and on going maintenance costs.

A review of business rates was undertaken with a view to submit a challenge to Valuation Agency (VoA) for reduction in liabilities. This has successfully achieved reduction in liabilities for the Council.

**Snow Hill Industrial Estate:**

There are 20 commercial (light industrial) units at Snow Hill Industrial Estate. The estate is currently fully occupied.

**Parkside:**

Parkside is occupied by the Registrars Service (LCC), DWP Job Centre Plus, Probation Services and the Borough Council. Following the departure of the LCC (office staff) in 2021 from Parkside, a new agreement has been established with Probation services and service charges have been revised. Unclaimed service charges going back to 2016 have been collected from occupiers and the revised agreements have increased the collection rate. Opportunities for increasing income and sharing maintenance costs with other occupiers is continually being explored; for example, a fixed short term arrangement with the contractor for MMDR. The agreement for the former sidings car park has been terminated to reduce rental cost and maintenance liability following reduced need for staff car parking post-COVID.

**Phoenix House:**

There are four commercial rent paying occupiers in the Phoenix House along with the Council's case management service and its delivery partners. A new service charge collection schedule has been established and updated for Phoenix House to ensure costs incurred in operation of the estate is recovered from tenants as per their legal agreements. In 2022, instances of undercharging were identified, and work is underway to regularise the arrangements and recollect charges due back to 2017.

**King Street**

5-7 King Street is a Grade II\* Listed building and incorporates substantial parts of 14th and 16th century timber frame and masonry structures. The property was restored by the Council in 2019 and is leased to a hospitality operator as a bar. The property is need of some remedial works and investment.

**Leisure Centres:**

The two Leisure Centres are operated and managed by an external leisure operator procured by the Council. The current contract is due to expire at the end of March 2024. A re procurement exercise is in its final stages to secure a new Leisure Provider for a minimum term of 10 year from April 2024. As part of

the new procurement both centres will benefit from significant investment to improve the existing facilities and the current offer at both sites. Funding for the works will come from the new operator along with support from a £2m grant funded from Leicester and Leicestershire Economic Partnership (LLEP) through the Business Rate Pool money. The contractual arrangements with the leisure operator are managed on day to day basis by colleagues in leisure services. The Corporate Property and Assets Team remain responsible for overseeing the agreements with the Melton Mowbray Rugby Football Club, Melton Town Football Club and Melton Tennis Club.

#### **Cattle market:**

The Council own the freehold of part of the cattle market site and occupy the remainder of the site under a 999 year lease from The Melton Mowbray Town Estate (MMTE) that started in 1870. MMTE does levy Charter Right charges based on the number of market stalls occupied throughout the year. The Cattle Market site is operated by Gillstream (Melton Mowbray Markets) who were selected through open procurement process in 2017. Gillstream have two leases from MBC which cover the majority of the site. The principal lease covers the new livestock buildings and the land north of the building for access, parking and washing areas and the second lease, referred to as the Southern Opportunity Area covers part of site, to the south of the livestock market. Gillstream have a number of sub tenants and occupiers within the principal leased area who occupy the trade units underneath the sheep building. The rents and basis of occupation are negotiated between the occupier and Gillstream Markets. New commercial units being created with Levelling Up Fund are expected to increase revenue income from this site.

#### **Community and children's centres:**

The Cove community centre has been vacant since LCC left the building in 2019 and not generating any income, but costing the Council in maintenance costs and business rates. The development of The Edge was funded by the County Council who have a lease agreement for community and children's centre use for 40 years. The Edge community centre is part of special expenses and annual running costs are split 50/50 between both authorities. The Fairmead community centre is part of HRA asset and is used by housing teams to provide tenants support based in the community.

#### **Car Parks:**

The Council operates 9 pay and display car parks within the town centre offering approx. 858 spaces to visitors either in a long or short stay basis. Parkside Pay and Display is mainly used for the Council's service delivery and only available to paying public on Saturdays. The car park at Phoenix House is only used by the occupiers and visitors to the building. The Thorpe End car park is leased to a commercial business and a recent lease renewal has resulted in

additional rental income. Car parks at Algernon road, Saxby Road and Regent Street are used by local residents and do not generate any income. The Fernie Avenue car park is used by residents with permits administered by LCC. In addition to these, the council also owns the Walford Close car park at Bottesford and offer 8 spaces at no charge to local visitors.

The charging rates for these spaces are determined by an Off Street Parking Places Order and is approved by the council following public consultation. The enforcement of the car parks is carried out by Harborough District Council. The car parks are served by pay and display machines that accept cash, cards and also include pay by the phone option. A range of improvement works are included in the planned maintenance programme and business cases are being prepared for installation of ANPR system and EV charging points. It is proposed to review the parking enforcement function as part of the ANPR works.

#### **Allotments:**

There are 92 full plots (250 sq mts) and 101 half plots (125 sq mts) across 5 sites within the Council's ownership, all with access to a mains water supply. The two managed sites are formally leased (The Crescent from 1st August 2016 for 10 years, and Victoria Street on a lease that is to be renewed) to the allotment associations who collect the income which is used towards the management and maintenance of the allotment sites as per their constitution. No rent or monies are paid to the Council from the managed sites. Currently there are 90 people on the waiting list which indicates the provision is in high demand. The charges for allotment plots are reviewed on annual basis and benchmarked against the neighbouring councils as well as local parishes. Current level of charges do not cover the maintenance and management costs, but cover the water supply costs.

#### **Waste Collection Depot:**

The waste collection depot is located at Lake Terrace where the site is shared with Biffa, our waste collection service provider. Elements of responsibilities for repairs and maintenance is shared and the Council is undertaking capital works for drainage improvement in order to ensure that the site is compliant to EA regulations.

#### **Miscellaneous:**

Agreements for a telecoms mast, broadband cabin, digital advertising hoarding, and the Country Park Café have helped reduce the council liability towards statutory and utility costs together with bringing in additional income.

Whilst the planned maintenance is picked up via the PPM, the nature of unplanned / reactive works is difficult to predict. In order to avoid unforeseen and unplanned works resulting in budget pressures, the team works closely

with the tenants for monitoring and enforcing contractual obligations regarding repairs and maintenance during and towards the end of their lease term. This is referred to a dilapidation claim where the tenant may undertake works to ensure a property is handed back to the Council in an acceptable condition or both parties agree a financial settlement prior to the end of the lease.

	<b>Proposed action</b>	<b>Timescales</b>
27.	Maintain and monitor a comprehensive register of all leases, rentals and service charges for all assets.	Ongoing
28.	Prepare a prioritisation plan for review of all leases and licences due to expire or have expired.	Ongoing
29.	Undertake any outstanding reviews of rents, and ensure any back payments are billed and collected.	Ongoing
30.	Review annual service charges and create RICS compliant accounts for all tenant to review and collect the appropriate proportion.	Ongoing
31.	Review insurance requirements and update as necessary.	On going
32.	Review fees and charges where applicable to increase income.	Annual review

### **3.6 Facilities management**

The Facilities management function of the Council includes the following key areas of responsibilities:

- Cleaning of all council premises (Parkside, Phoenix House, Community Centres)
- Caretaking functions including opening and closing buildings (including Parkside, Phoenix House, Community centres, public toilets at St Mary's Way and Wilton Road)
- Managing and undertaking checks and actions for property health and safety for all premises
- Appointing contractors for utilities and services, minor repair and maintenance works
- Managing room booking, car parking tickets, refreshments, landscaping and supporting Council teams in all building related matters.

The Council also has procured professional services contracts to assist in the delivery of projects and professional matters regarding the estate. Frameworks are set up in accordance with contract procedure rules, any call off, in accordance with its terms and conditions will be compliant, therefore allowing the council to arrange works quicker as it is an alternative to a tendering exercise.

The CPA team manage/oversee a significant number of repair budgets and sinking funds. These are used to maintain the corporate assets and the Council planned proactive maintenance has allowed the council to manage the spend on repairs rather than undertaking reactive maintenance.

A summary of service agreements are in place for maintenance of:

- Lights
- Lifts
- Doors
- Boilers
- Appliances
- Cleaning & sanitary
- Plant & machinery
- Electrical testing
- Building Management Systems
- Grounds maintenance
- Car parking enforcement
- Utilities
- Fire safety
- Health and safety compliance
- Out of hours

A comprehensive review of all FM functions has been undertaken and a new structure for the team is proposed for effective service delivery going forward. Resilience in staffing levels to cover cleaning and care taking services to support council functions outside normal working hours and across all buildings is an on going issue. The FM functions will need to be reviewed as part of development plans. Opportunities to explore potential for outsourcing the service or extending the service to other councils at cost are proposed to be considered going forward.

	<b>Proposed action</b>	<b>Timescales</b>
33.	Conclude the FM review and implement actions.	Ongoing
34.	Explore future commercial opportunities.	Ongoing

35.	Continue effective implementation of all tasks in accordance with the approved policies, procedures and guidance notes.	On going
36.	Identify frameworks for reactive services and seek to procure relevant services from them	Ongoing
37.	Continue to review and update contracts and the contracts register	Ongoing
38.	Complete the re-procurement of FM contracts and achieve savings where possible	Ongoing

### 3.7 Asset Development Programme

The Asset Development Programme has been established to support financial sustainability by taking a strategic and long-term approach, rather than short-term and reactive approach to managing our assets. The Council has undertaken an exercise to assess development potential of its key assets, with £500,000 of grant funding from Business Rate Pool (BRP) secured from the Leicester and Leicestershire Economic Partnership (LLEP) in 2020 and £385k match funding from the Council. The Council's approval for Phase 1 work included disposal of North Cattle market in two phases, development options and delivery mechanism for Phoenix House and design and costing for refurbishment of Parkside and The Cove to accommodate relocations from Phoenix House.

Key objectives of the Asset Development Programme are:

- Rationalisation, effective utilisation and efficient use of Council owned assets
- Generate capital receipts and commercial revenue income
- Self-sustaining financial model, phased approach to delivery
- Balancing community needs with commercial aspirations
- Use it as a leverage to attract further investment and support regeneration activities
- Support delivery of housing and economic growth and town centre regeneration
- Contribute towards the Council's ambition for being carbon neutral by 2030

The Asset Development Programme is informed by the demand analysis study undertaken in 2019 that identified the need for the following uses in Melton Mowbray. It is proposed to keep reviewing the assets with a view to maximise commercial opportunities in future.

Any proposals developed through this programme will have significant level of impact on the work pattern of the employees as well as the ability to deliver services and hence will require close working with HR and affected services to minimise negative impact and maximise benefits.

Key projects emerging from the Asset development Programme are:

- Stockyard development (funded through Levelling Up Fund)
- Development of health, leisure and well-being facility
- County Park masterplan
- Refurbishment of the Cove Community Centre
- Redevelopment of Parkside and Phoenix House
- Disposal of Cattle Market North

A range of uses including bowling alley, homelessness accommodation, private housing, social housing, hotel, office space, managed workspace, GP Surgery as well as full disposals have been considered for the above assets. The Council is currently working with the health partnership for developing a second GP surgery in Melton and the Integrated Care Board (ICB) have confirmed Parkside as their preferred location, subject to preparation of detailed proposals and a viable business case.

A set of criteria are used to analyse the options and agree a preferred position going forward:

- Corporate and political priorities (impact on the image, perception, effectiveness of the Council)
- Economic and regeneration impact (town centre as well as wider borough)
- Cost of implementation and income potential (net financial impact)
- Market demand and need
- Ease of delivery (balancing constraints, risks and opportunities)

A members working group is set up to provide steer for the direction for travel going forward.

	<b>Proposed action</b>	<b>Timescales</b>
39.	Continue work on ADP and implement actions as approved by the Cabinet and the Council.	2024/25
40.	Prepare detailed business cases for further development works.	2024/25
41.	Explore opportunities for additional grant funding to support the business cases and improve viability.	Ongoing

### **3.8 Climate change and energy efficiency**

Priority 4 of our Corporate Strategy 2020-2024, sets out our ambition for our own operations and functions to be carbon neutral by 2036, and to promote sustainability within the community with the aim for the Borough to be net-zero by 2050. The Council has produced a baseline study to map the council's carbon emissions through service delivery in the financial year 2019/20. This study has identified that the Council's assets are a lead contributor to the carbon emissions.

Improving the energy efficiency of the buildings and reducing the use of fossil fuels need to be prioritised to achieve the Council's aspiration towards carbon neutrality. In order to have a detailed understanding of energy performance of the existing buildings, it is proposed to undertake energy assessments of all buildings in Council ownership. This is anticipated to support any funding bids for the Government's decarbonisation grants. Any refurbishment works identified through the asset development programme will need to consider energy efficiency measures as part of the business case.

It is also proposed to explore feasibility and business cases for installation of electric vehicle charging points in council owned car parks for staff, members and residents/visitors to use.

	<b>Proposed action</b>	<b>Timescales</b>
42.	Undertake energy audits for all buildings.	2023/24
43.	Prepare costed decarbonisation plans informed by the energy audits.	2024/25
44.	Identify resources and explore opportunities for grant funding to implement actions identified in the decarbonisation plans.	Ongoing
45.	Include energy efficiency works as part of the ADP and PPM.	Ongoing
46.	Explore ways to reduce the use of energy in the buildings by working closely with the occupiers.	Ongoing

#### **4. Delivery**

Delivery of the Asset Management Plan will be led and managed by the Corporate Property and Assets team. The CPA service manager will be responsible for the delivery of all actions as identified in the plan. The Plan will be reviewed and monitored on annual basis and updates on progress will be reported as part of the Council's performance management framework. The resource requirements for delivery of the plan will be kept under review and will be updated as part of the budget process on annual basis. The effective delivery of this plan will require close



working with all teams across the Council including finance, procurement, communication and legal teams.

Contractors will be procured in accordance with the Council's procurement policy for implementation of planned maintenance works. Where appropriate and subject to budget approvals external expertise will be sought to bridge the gaps in capacity and capability within the team.

Risk management is an essential part of asset management. The action plan is devised to address key known risks faced by the Council and also help mitigate any potential risks in future. A detailed risk register is attached in Appendix G. This will be reviewed and updated in alignment with the annual review of the plan and resource allocation.

An Assets working group of members is established for oversight, review and engagement from members in preparing this plan. Scrutiny committee will be asked to provide comments on the plan prior to seeking approval from the Cabinet. A set of performance indicators are included in the Council's performance framework to help monitor the performance of corporate assets and provide corporate and members oversight.

#### **Financial summary:**

The total cost of running the assets services including staffing is circa £1.69m pa. Total income generated by corporate assets is circa £1.37m pa. This leaves a deficit which represents the overhead cost of council's service delivery. The key purpose of the asset management plan is to reduce this deficit by increasing income and reducing costs.

Since setting up the corporate assets team in 2020, the Council has received capital receipts by undertaking disposal of 4 operationally surplus assets. This has reduced the council's business rates liability and also reduced costs for ongoing maintenance. Disposal of North cattle market is underway and will help deliver approx. 26 affordable homes on the site. £1m of the capital receipt of this transaction is ear marked for match funding towards the development of Stockyard with LUF grant funding.

A review of rents, service charges, business rates and lease conditions has resulted in revised and improved terms generating additional income for the Council. Commencement of a programme of preventative maintenance works has helped improving condition of assets and therefore reducing risks for unplanned budget pressures in future.

External grant funding received from LLEP and LUF is being invested in developing the key assets for securing long term financial sustainability. A funding bid for the Government's One Public Estate grant money is submitted jointly with Health authority to explore shared service delivery from Parkside. Further funding opportunities such

as decarbonisation grants are being explored to maximise the benefits of Council's investment into assets.

Following the procurement of leisure operator, a further £2m investment is planned in partnership with the private sector operator over the next 10 years in Melton Sports Village and Waterfield sites to improve facilities.

A list of assets identified as operationally surplus are being considered for disposals which have the potential to generate capital receipts and reduce maintenance liabilities. Appropriation of assets with HRA and Special Expense accounts will further align the financial management of assets with its appropriate use.

In terms of delivering the Asset Management Plan, as outlined previously, the focus is based on the prioritisation work undertaken on essential works only due to affordability. The plan identifies a total spend of £1.64m that the Council will be investing on its assets over the next 5 years on both revenue and capital for general fund assets as summarised in the table below:

#### General Fund

	2024/25	2025/26	2026/27	2027/28	2028/29	Total
<b>Revenue</b>	£427k	£224k	£184k	£242k	£219k	£1,296k
<b>Capital</b>	£145k	£50k	£50k	£50k	£50k	£345k
<b>Total</b>	£572k	£274k	£234k	£292k	£269k	£1,641k

In terms of the Special Expenses a number of one-off costs have been identified to be undertaken in 2024/25 totalling £31.5k.

In order to fund the investment outlined above the council has a number of potential funding sources:

- Corporate Repairs and Maintenance budget (Revenue)
- Sinking Funds for specific assets such as leisure centres, Parkside and Cattle Market (Revenue and Capital)
- General Property Repair Fund (Revenue and Capital)
- Capital receipts (Capital)

The core revenue repairs and maintenance budget has been modelled against the future investment required to ensure essential planned items are funded with an allowance for reactive works as well. Within 2024/25 there are a number of urgent back log works required which has increased in the spend in that year of which some of this will be funded from the General Property repair fund but this will leave the balance on that reserve as nil.

Works required on assets with sinking funds are able to fully meet the investment required but the annual refresh of the AMP will be important to check ongoing annual contribution into the reserve are sufficient to meet future costs.

General Fund capital items have been included in capital programme for 2024/25 and future years outlined in the capital strategy which will be funded from Capital Receipts which is estimated to be £506k at the end of 2024/25. Whilst this doesn't take into account any further capital receipts that may be generated it does show that the Councils resources are limited to fund future capital schemes. Once capital receipts are exhausted this leaves the Corporate Priorities Reserve which is a revenue fund available to support capital or borrowing which would have revenue implications. Therefore, the prioritisation of capital schemes and the need to focus on the Asset Development Programme will be key, including generation of further capital receipts. If insufficient capital funds are available the Council would then need to consider borrowing to fund such investments and would need to ensure any schemes are affordable in revenue terms through reductions in net expenditure.

For Special Expenses the estimated balance on Capital Receipts will be £217k if the one scheme is approved for 2024/25 and whilst there are no further schemes identified at present there is an emerging need to identify land for future cemetery provision which coupled with the associated development costs will require significantly more funding than the estimated balance currently.

	<b>Proposed action</b>	<b>Timescales</b>
47.	Establish performance indicators in accordance with the new corporate strategy for regular monitoring and reporting of performance of corporate assets.	End of 2023/24
48.	Update risk register and prepare a risk mitigation plan for managing corporate assets.	End of 2023/24
49.	Update budgets in accordance with FPR on annual basis	Annual review
50.	Provide updates and seek steer from SLT, Asset management working group and Cabinet on regular basis.	On going