
Meeting: Customer & Central Services Overview & Scrutiny Committee
Date: 15 November 2010
Subject: Property Portfolio
Report of: Councillor Steve Male, Portfolio Holder for Customers and Systems and Assets
Summary: The report proposes to advise members of the make up of the Council's land and property portfolio

Advising Officer: Richard Ellis, Director of Customer and Shared Services
Contact Officer: Ian Brown, Assistant Director – Assets (Interim)
Public/Exempt: Public
Wards Affected: All
Function of: Council

CORPORATE IMPLICATIONS

Council Priorities:

Sound strategic management of the corporate property portfolio contributes to the service needs, stewardship by, and efficiencies required by the Council.

Financial:

The Council's investment portfolio provides much needed revenue income. Effective rationalisation of the portfolio will provide capital receipts to support the capital programme. The portfolio will be managed strategically to enable the Council's service development strategies.

Legal:

None directly.

Risk Management:

Business Cases will be prepared for all major changes to use and utilisation of the portfolio.

Staffing (including Trades Unions):

None.

Equalities/Human Rights:

Management of the portfolio will take into account Disability Discrimination Act and other property related legal requirements.

Community Safety:

None.

Sustainability:

The portfolio will be managed to meet the Council's sustainability priorities.

RECOMMENDATION(S):

1. that the Customer and Central Services Overview and Scrutiny Committee note the make up of the Councils land and property portfolio.

1. Purpose of report

- 1.1 To provide C&CS O&SC with information relating to the Council's land and property portfolio.

2. Background Information

- 2.1 The Council's Property Portfolio comprises land and property assets from the two legacy District Councils and a disaggregated portion of the legacy County Council

3. Property Portfolio

- 3.1 The Council's land and property portfolio, inclusive of Council Housing comprises of individual properties with a total book value of £1,536,853,556. The properties are revalued over a five year period with 20% carried out each year in accordance with accounting regulations.
- 3.2 The breakdown of the Portfolio is:

Operational	Number	Value £
Educational units (139 schools)	253	683,163,093
Corporate	36	12,667,792
Libraries	13	7,484,787
Residential Homes	22	9,707,207
Leisure Centres	6	44,135,000
Houses	5215	645,484,080
Car Parks	12	2,693,000
Miscellaneous		40,884,498
		£1,446,219,457

Non Operational	Number	Value £
Farms and farmland	307	75,992,939
Commercial and Industrial	11	11,187,300
Highways Land – (parcels)	425	701,460
Ex Depots	4	839,000
Electricity Sub Stations	23	3,300
Commons and Parks	42	1,746,500
Commons, Grazing (plots)	11	163,600
		£90,634,099

4. Portfolio Information

- 4.1 **Schools** form a major part of CBC's portfolio, they are valued on the basis of Depreciated Replacement Cost (DRC) and this does not reflect their open market value (OMV). With the progression of Trust and Academy schools some of the Council's property will have to be transferred on a Freehold or Long Leasehold basis respectively. The balance of 114 properties in this part of the portfolio are homes on school sites for site agents.
- 4.2 **Corporate Offices** will be under scrutiny over the next four years as decisions about the number of fixed and flexible workstations required are taken. Most of the buildings the Council leases in Bedford are likely to be vacated by the end of 2014. With potential reductions in staff, and home and flexible working being introduced the number of fixed desk spaces required in Central Bedfordshire will be substantially reduced. This will permit the disposal of surplus properties and reduce revenue outgoings on unwanted leases. This will be managed to exercise lease breaks, obtain optimum value for surplus property and arrange the beneficial relocation of the Council's staff.
- 4.3 **Libraries** may be undergoing change in the foreseeable future with technology replacing the need to physically store books. The implications of this will be evaluated with the Library Service for this part of the portfolio. This may allow a reorganisation of some of CBC's assets and produce revenue savings and potential capital gains.
- 4.4 The strategic changes for meeting the needs of the elderly may create opportunities for redevelopment of CBC's **Residential Homes** and produce capital receipts in excess of the book values which are based on Existing Use Value (EUV).
- 4.5 **Leisure Centres**, like schools, are valued on a DRC method. All of CBC's centres, apart from the Grove Theatre, are of an age when money has to be spent to maintain them to a reasonable standard.

- 4.6 **Housing** stock is also a major part of the portfolio and is currently managed by the Housing Revenue Account (HRA). All income through this account has in the past had to be accounted to Central Government including sales. The Coalition Government has announced that Local Authorities will be allowed to keep this income to meet housing needs in the locality.
- 4.7 **Car parks** are valued on an existing use basis.
- 4.8 **Miscellaneous** comprises areas of land and buildings not classified elsewhere and include, for example, garages, public conveniences and community centres.
- 4.9 The **Central Farms Estate** realises important revenue income from both farm tenancies and licences to extract minerals. As part of the Disaggregation Agreement CBC has to transfer 37% of its income to Bedford Borough but receives 63% of the income received by the Borough from their ex County farmland. As part of the Central Bedfordshire Local Development Framework some areas of our farmland are being allocated for development to meet the need for homes in this region. This gives CBC the ability to realise substantial capital receipts within the next three to five years on receipt of planning consents. These receipts will also be subject to the Disaggregation Agreement with the Borough.
- 4.10 CBC's **Commercial and Industrial** holdings comprise shops, offices and industrial units and with the farms form the investment properties creating revenue income to support the Council's expenditure. Management is centred on maximising the net income for these properties; the Assets team are endeavouring to reduce voids and where appropriate increase rents. Any properties that are considered to be underperforming will be considered for disposal to produce capital receipts. The principal decision making criteria on performance is to be able to reinvest the capital receipt at a better return than the property investment is producing.
- 4.11 **Highway Land** is largely the result of acquisitions for road improvements and therefore are principally strips of roadside land having relatively low individual values.
- 4.12 The **Commons, Parks and Grazing** are managed by Countryside and Access for the benefit of the community, **ex-Depots** and **Sub Stations** bring in small amounts of revenue.

5. Summary

- 5.1 This information forms a key part of the holistic picture the Council needs to inform the strategic and tactical decisions about the future use of the portfolio in supporting service provision.

Background Papers: None

Location of papers: N/A