

	Resources and Public Realm Scrutiny Committee 3 July 2018
	Report from the Strategic Director Resources
Assets and Property Overview & Strategy Brief (2019-2023) ‘Making property assets work for Brent’	

Wards Affected:	All
Key or Non-Key Decision:	Non-key
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
No. of Appendices:	None
Background Papers:	None
Contact Officer(s): (Name, Title, Contact Details)	Oliver Judges Interim Director of Assets and Property oliver.judges@brent.gov.uk

1. Purpose of the Report

- 1.1 With the current asset strategy running from 2016 to 2019, this paper is intended to give Overview and Scrutiny Committee an outline of the scale of property assets (excluding Housing Revenue Account properties) and a brief outline of the main focus areas for the new property strategy being developed for 2020 onwards.
- 1.2 The contents are provided for information, feedback and discussion to help guide and support the development of the new strategy.
- 1.3 The final strategy is due to be developed and delivered during 2019.

2. Recommendation

- 2.1 This report is for information and discussion.

3. Detail

3.1 Property and Assets Background

- 3.1.1 The Property and Assets team (Property) forms part of the Resources Directorate and manages the Corporate property requirements of the Council (e.g. offices such as the Civic Centre) and other non-Council housing assets. The facilities management team have responsibility for day to day operational management of the main corporate buildings including maintenance, cleaning and contract management and assist other Services in facilities management delivery at other smaller operational buildings.

Property is currently set up into the following sections:

- | | | |
|------------------------------|-------------------------|--------------------------|
| • Commercial Property | • Capital Projects | • Knowledge and Strategy |
| • Acquisitions and Disposals | • Facilities Management | • Health and Safety |
| | | • Civil Contingencies |

Property also supports services including housing and regeneration in the acquisition and disposal of property, including, for example, the residential acquisitions programme for I4B; leasehold buy backs and CPO work in South Kilburn; delivery of non-education capital schemes; and other professional property advice.

- 3.1.2 As the above would suggest Property is, in the main, 'client facing', working for internal departments to support delivery of their wider objectives. The new strategy will reinforce this position as an internal service provider, and focus on ensuring the right people and skills are in place to provide the support and advice that internal clients require to meet corporate objectives, and actively manage the core property portfolio.

3.2 The Current Portfolio:

240 properties (including 48 school properties) are currently managed by the property team with a total asset value of c.£498m. This includes:

- | | | |
|-----------|--------------|-----------|
| • Land | • Industrial | • Retail |
| • Leisure | • Car Parks | • Offices |

- 3.2.1 The portfolio can be split into 3 key areas:

1. Corporate – Offices and other buildings used for the delivery of services;
2. Commercial – Held for income and an investment return;

3. Buildings Occupied by Groups Providing Social Value– let to community groups, charities etc.

There is also a still significant schools portfolio, although increasingly such buildings have moved away from Council direct control.

3.2.2

The table below outlines the number of properties in each category, their value and the income generated in rents from each area. Two additional categories are shown which are sites currently managed by property as part of a programme for internal clients such as regeneration (e.g. sites awaiting development or regeneration).

Property Type	No of Assets	Value	Income (pa)
Operational	48	£165m	£841k
Commercial Assets	34	£8.6m	£553k
Occupied by groups delivering social value	40	£15m	£181k
Education Assets	48	£280m	-
Regeneration/Opportunity Sites	34	£25m	£119k
Non HRA Residential	7	£3.9m	£5k
TOTAL	240	£498m	£1.7m

3.2.3

82% of income (£1.4m) is generated from the Operational and Commercial property portfolios. The Operational portfolio generates rents from co-locations of other services or businesses based within key corporate offices for example the civic centre.

3.2.4

The Commercial portfolio currently delivers 33% (£553k) of property income delivering a yield of c.6.4%.

3.3 Focus for the Future – Strategy 2020 -2024:

3.3.1 With savings or new sources of income needed in the future it is essential that the property portfolio provides best value to the organisation and goes a step further to innovate and to deliver new value creating projects and income streams.

3.3.2 To do this the strategy will be divided into key 'Themes' which will focus teams on clear outcomes and goals for each portfolio area. The Themes will also clearly state the ambition to deliver the best service to internal clients, active asset management and identification/delivery of new opportunities.

3.3.3 The main themes will focus on:

- Efficient **utilisation** of offices and corporate property
- **Cost reduction** in the running of property (including energy efficiency programmes);

- **Increase Income** (rents) through the commercial portfolio and potential opportunities (this includes increases in income from the Corporate portfolio where possible);
- **Effective Delivery** of Capital Projects (reducing timescales to delivering the required outcomes);
- **Value** Creation through active asset management and seeking new opportunities;
- **Service Offer** - Clear outline of service support for internal clients delivering key projects and services for Brent and the community;

3.3.4 To ensure Brent gets the best from its assets (socially and financially) each portfolio will have clear aims and goals that relate to the strategic themes.

- Commercial – income generating assets
 - Delivering income for the Council to support delivery of services where they are needed;
 - Clear yield requirements/ returns for commercial property and benchmarking;
 - Active asset management to dispose of underperforming properties and deliver clear acquisition strategies to support corporate objectives;
 - Clear targets and best management of key dates.
- Corporate – operational buildings
 - Efficient management of property facilities ensuring they are maintained and managed for the long term;
 - Clear and effective cost management of the portfolio;
 - Utilisation maintained at high levels giving a balance between efficiency and a suitable working environment;
 - Appropriate buildings in the right places enabling services to support the communities they serve effectively and co-locating with partners where possible (reducing costs and improving holistic service delivery);
- Community – groups delivering social value
 - Clearly define community buildings within the portfolio, support with appropriate agreements and work with key internal client services to define and support possible future need (social value);

3.4 Vacant Land and Buildings:

3.4.1 Currently Property holds 36 properties that are vacant (including 11 Bridge Park starter units and redevelopment projects).

The strategy will include a programme to identify all vacant land and buildings ensuring there is a clear plan and strategy in place for each to bring them back into

3.4.2 use as quickly as possible, redevelop or to dispose of them where appropriate.

3.5 How Brent can use its properties to generate workspace and office space for local SMEs.

3.5.1 A paper was delivered to the Scrutiny Committee by Regeneration and Environment on 26th March 2018 'Supporting Business Growth in Brent' and outlined the following:

'The council has supported and secured funding for the establishment of the Granville Enterprise Hub, led and managed by the South Kilburn Trust. Additionally, low cost employment space has been secured in Wembley Park and Alperton – now managed workspace and makerspace.'

3.5.2 The Property team has and will continue to support services, in this case Regeneration and Environment, to deliver their key aims and objectives through the delivery of projects and ensuring that opportunities in the portfolio are highlighted.

3.6 Timescales:

3.6.1 The New Strategy will be launched in late 2019 and cover the period from 2020-2024.

3.7 Summary:

3.7.1 The strategy will focus on delivering the best value for Brent by making property assets work and deliver.

3.7.2 The strategy will focus on key areas around savings/income; utilisation; Project delivery; Service to internal clients; and innovative and active asset management.

4. Financial Implications

4.1 There are no specific legal implications arising out of the contents of this report and any projects costs that arise out of the strategy will be considered separately.

5. Legal Implications

5.1 There are no specific legal implications arising out of the contents of this report

6. Equality Implications

6.1 N/A

7. Consultation with Ward Members and Stakeholders

7.1 As this paper is a brief for discussion no consultation with Ward members has taken place

Report sign off:

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