
Asset Management Strategy 2024-2030



Elmbridge
Borough Council

Contents

Executive Summary	3
Introduction	4
Key Asset Management Principles	5
Strategy Scope	6
Strategic Context	8
Asset Management Strategy	12
Property Portfolio	17
Operational Portfolio Overview	22
Investment (Non-Operational) Property Portfolio Overview	27
Individual Asset Review	33

Executive Summary

The council's new Asset Management Strategy (AMS) 2024-2030 sets out how the council will use its land and buildings portfolio to help deliver its corporate priorities and objectives.

Elmbridge Borough Council has an evolved property service, which acts as Corporate Landlord to our council colleagues. Our property service delivery is robust and makes a significant contribution to the medium to long term financial sustainability of the council. We are ambitious and continuously aspiring to improve our asset base and services to our colleagues, members, residents, and community.

Our Asset Management Strategy 2024-2030 describes our primary objectives and how we will seek to achieve these to support and deliver the council's strategic priorities and Vision 2030.

There are two appendices: Appendix A is a separate 'Property Policies' document which will be updated as and when required. Appendix B is our Action Plan which outlines the property department's key property projects and targets for the year ahead. The core AMS is unlikely to change throughout the term.

The strategy sets out how we aim to support the council's key challenges of meeting the supply of affordable housing, increased demand for temporary accommodation, net zero carbon targets and resource availability (relating to finances and our people). We aim to maintain and develop an efficient, effective, economic property and land portfolio.

At the outset of this reporting period our Land and Buildings portfolio has a total net book value of approximately **£219 million** - £140 million operational and £79 million investment property. Our gross annual rental income is in the order of **£5.55 million** across our investment and 'tenanted operational' estates. After deductions, the net income is used to support the vital services provided by the council.

We do not plan to acquire new investment properties for the short/medium term unless under exceptional circumstances. Our priority is to protect and grow our existing income through asset management. We will also support the many and varied community uses throughout the borough which add significant social value.

Introduction

‘Strategic asset management’ is the activity that seeks to align the asset base with the organisation’s corporate goals and objectives. It ensures that the land and buildings asset base of an organisation is optimally structured in the best corporate interest of the organisation concerned.’ (RICS’s 2008 Public Sector Asset Management Guidelines).

This is the Council’s Asset Management Strategy 2024 - 2030. It sets out how the Council will use its land and buildings portfolio to help deliver its corporate priorities and objectives.

Alongside our corporate Vision 2030 it supports the delivery of property solutions to achieve Council objectives and can be used to improve and enhance the borough and increase prosperity for our communities. Through this Asset Management Strategy, the Council will have a structure and an understanding of the role its property portfolio can play in achieving its objectives over the next six years.

“Our Vision is for a sustainable, thriving Elmbridge driven by the power of our community. To deliver this Vision, we will be a high performing, environmentally and financially sustainable organisation.”

Key Asset Management Principles

Our primary objective is to optimise our property and land assets for the benefit of the people of Elmbridge – to contribute to an overall effective and efficient public service which supports our local communities.

We will seek to do this in the following ways:

- 1.** To organise and oversee our operational portfolio as a corporate resource for the benefit of residents - through the provision of facilities whether it is for recreation and social interaction or fulfilling a statutory requirement.
- 2.** To ensure our operational portfolio is fit for purpose to meet current service needs and to plan for changing future needs.
- 3.** To manage the assets in our investment portfolio to optimise financial return through capital growth and rental income, which will help pay for the council's service delivery.
- 4.** To help to reduce the council's carbon footprint which includes emissions from the use and occupation of buildings as well as to manage and maintain property in an effective, efficient, and sustainable manner.
- 5.** To recognise opportunities for a financial return from the rationalisation and disposal of land and buildings, whilst also protecting the borough's land ownership.
- 6.** Seek opportunities to work in partnership with Surrey County Council and other strategic bodies such as the NHS and Homes England to deliver housing and health services.

Strategy Scope

This Strategy covers all land and building assets owned, occupied, managed, used, and shared by the Council.

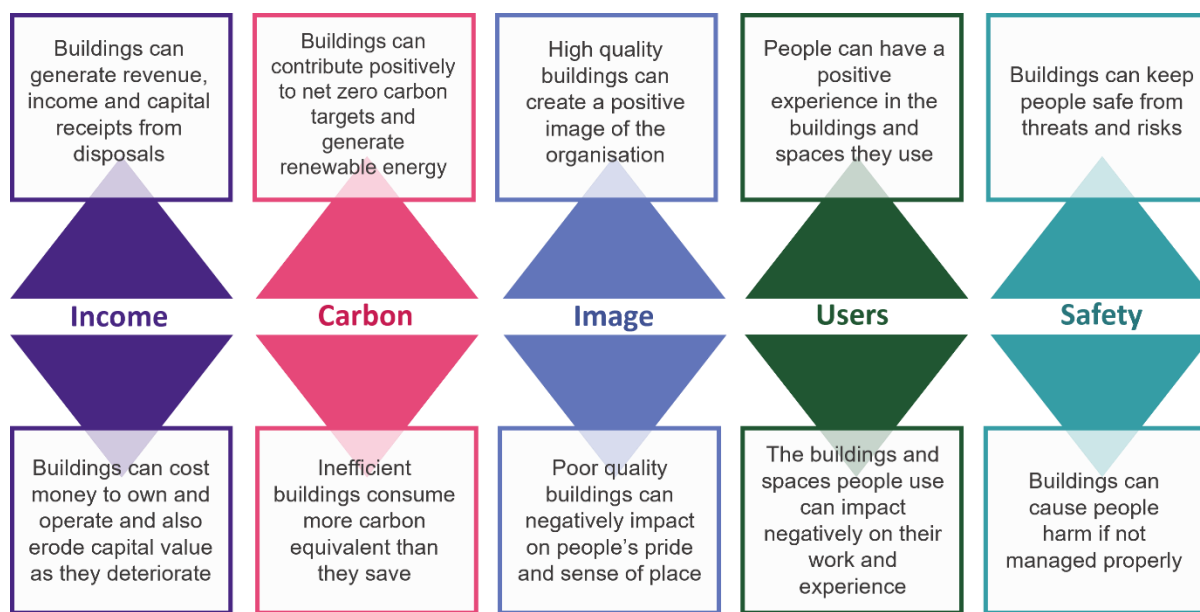
It also includes broad objectives for assets outside the Council's ownership and recognises that for the purposes of regeneration and the development of the Council's property portfolio, the acquisition or disposal of assets may be desirable.

Our property assets fall broadly into the following elements:

- **Operational portfolio** – these properties enable us to deliver services and activities administered directly by the council on behalf of our residents. This includes our land holdings as well as a newly increasing amount of housing stock.
- **Non-operational portfolio** – these properties are wide and varied and have come into the council's ownership from a variety of sources. There is an appreciable difference between assets bought or held solely for income purposes and those used for other purposes, which may also serve a community purpose or one that might otherwise have been carried out by the council:
 - **Investment property assets** comprising strategic assets specifically purchased by the Council for either long term investment and rental income, regeneration/strategic economic benefit, or both.
 - **'Tenanted Operational' property assets** – this is an 'internal' term used by the council's property team to refer to other properties which are not, or have ceased to be, used by the council to deliver services. These could also be referred to as a Tenanted Non-Residential Portfolio (TNRP) which includes 'Non-Commercial' (not for profit/Community) assets and 'Commercial' assets. The majority are occupied by non-commercial organisations; however, in some instances, these are let to commercial organisations and can provide good rental income, but they were not purchased specifically for this purpose.
- **Surplus assets** – these fall under the Non-Operational classification.

Our land and buildings estate is important to supporting the delivery of the council's 2030 Vision. Property has the potential to make both a positive and negative impact on our surroundings, as illustrated in this model:

The Property Asset Impact Model



Copyright: Chris Brain Associates

Why We Hold Property Assets

- To operate as a corporate resource, seeking the best overall outcome for the borough as a whole
- To ensure that service delivery demands can be met.
- To provide income generation: to optimise financial return and commercial opportunities where appropriate.
- To support community capacity and well-being, including health, leisure, sport, and culture which is socially inclusive for all our customers and clients.
- To provide public green space across the Borough.
- To assist in the provision of Temporary Accommodation in Elmbridge.
- To provide car parking and support sustainable transport arrangements for residents and visitors.

- To promote partnership working and collaboration with other public sector organisations as appropriate.
- Surplus pending disposal in accordance with our Disposal Strategy.

Strategic Context

The role of the Council's Asset Management Strategy is to support the achievement of the Council's strategic priorities and Council Vision 2030.

Council Vision 2030 & Delivering the Council's Priorities

In November 2022, Elmbridge launched Vision 2030, outlining the intent behind the vision, and shaping the strategic direction of the council. Our Vision for 2030 is 'A sustainable, thriving Elmbridge driven by the power of our community'.

Sustainable: Being carbon neutral, enhancing our natural environment, as well as supporting and engaging our community with biodiversity, active travel, and sustainable living.

Thriving: A thriving borough has vibrant towns and villages, offering residents and visitors the chance to visit the theatre, have a coffee with friends, shop and relax. Our support of the local economy will not only enable businesses to grow but that positive impact will also benefit local amenities such as parks, libraries, leisure facilities.

Community: We are a borough of thriving communities, each with their own passions and priorities. In our role as a community leader, convenor and connector we will engage and empower our communities, while also supporting independence, enhancing health and wellbeing and always striving to keep Elmbridge safe.

A High Performing Organisation: To deliver on our Vision for community, Elmbridge Borough Council itself needs to continue to be a high performing council. What we do matters to the lives of many in our community, especially when it comes to sustainability and carbon reduction. The stakes are high which is why the needs of the community must come first.

Medium Term Financial Strategy 2024/25 – 2029/30

The Medium-Term Financial Strategy (MTFS) provides a financial framework within

which financial stability can be achieved and sustained in the medium term to deliver the Council's Vision, key strategic outcomes, priorities and sustainable services.

It is central to the delivery of the Council's priorities in an affordable and sustainable way over the medium term. It aids robust and methodical planning as it forecasts the Council's financial position, considering known pressures, major factors affecting council finances, including external economic influences as well as local priorities and factors.

It helps the Council to respond, in a considered manner, to pressures and changes because of many internal and external influences. This is particularly important during a period when the Council faces considerable pressures and challenges, such as those relating to the continuing impact of the pandemic, the cost-of-living crisis and the outlook for the economy.

The Finance Department maintains a list of property assets for accounting purposes and collaborates with the Property Department for valuation, maintenance, insurance risks and investment. A 'Revenue Contingency and rent risk reserve' covers rental income risks. The council budgets for Capital Expenditure and Repairs & Maintenance Reserve.

Carbon Management and Reduction Plan

In 2019 Elmbridge Borough Council declared a climate emergency and pledged to become a carbon neutral council by 2030. We are taking steps to reduce carbon emissions and improve sustainability and to encourage our community to do so too, with the aim of becoming a carbon neutral borough by 2050.

The Carbon Management and Reduction Plan is the first step on our journey to becoming a carbon neutral organisation by 2030.

The plan proposes carbon reduction actions in a number of areas, including our property assets. Further information, including the actions we are taking to improve and manage our property assets in line with this strategy is outlined later in this document.

Equality, Diversity, and Inclusion Strategy 2024-2030

This outlines our aspiration and commitment towards reducing inequality across all Elmbridge communities. It commits to fairness, equality, diversity, and

inclusivity. The council supports this through local planning policies and adherence to building regulations and safety requirements.

The council can help create accessible and inclusive environments by learning from our diverse communities. The Royal Institute of Chartered Surveyors defines an inclusive environment as one that recognises differences, facilitates equal use, avoids discrimination, and provides safe, dignified spaces.

Specific examples include ramps, wider doorways, accessible public transport, and using appropriate language in discussions. Operational buildings have accessibility surveys and plans in place, and the council supports equalities initiatives in property management and construction. Our operational buildings have had accessibility surveys and have accessibility Plans in place.

Wherever appropriate the Council will also support equalities initiatives in property management and construction.

Housing Homelessness and Rough Sleeping Strategy 2020 - 2024

This strategy is being updated, a new strategy is being developed for 2025 onwards. A key objective will be an increase in the supply of Affordable Housing and provision of Temporary Accommodation for homeless households.

An asset management policy is being prepared to ensure that our houses are provided to Decent Homes Standard, which will include stock condition surveys, decarbonisation, and planned maintenance.

Our strategy will support this by making housing/affordable housing our number one priority for redevelopment of surplus or underutilised sites or buildings, as well as continuing to purchase single or multiple assets where required.

Local Plan

The Local Plan is a document which sets out planning policies and proposals for how the communities and places in the borough will develop over at least 15 years. It includes policies and site allocations to guide the development and use of land in the borough and defining the Green Belt and areas that will be protected and enhanced for heritage or nature conservation purposes. As at August 2024, the draft Local Plan is at Examination.

As part of the preparation of a local plan, the council needs to consider and allocate land available within the borough to meet its development needs. All underutilised

land owned by the council will be assessed for potential residential, commercial, and other forms of development where appropriate, as part of this process.

Our Constitution

The constitution sets out how the council operates, how decisions are made and the procedures which should be followed to ensure that the council is efficient, transparent, and accountable to local people. The document sets out clear rules for our property decision making processes including the role of procurement (where applicable) and the authority for making financial decisions which affect how our property portfolio is owned and managed.

Physical Activity and Leisure Facilities Strategy

The council's aim is to provide diverse opportunities for residents to engage in physical activities, promoting both physical and mental well-being. Our property portfolio supports this strategy by providing buildings and land to encourage physical activity among new and inactive individuals, sustain and increase activity levels among current participants, promote healthier lifestyles, reduce health disparities, reduce social isolation, create active environments, and support local sports and leisure groups in Elmbridge.

Our properties are home to a huge variety of sports clubs, including football, cricket, hockey, golf, bowling, swimming, sailing/yacht clubs and girl guiding and scouts facilities, as well as our state of the art facilities at the Xcel Leisure Complex and Sports Hub in Walton

We have hundreds of hectares of green spaces including recreational grounds, common land and public open space which encourage walking, socializing, and overall well-being, whilst our allotments provide social and physical activity opportunities for residents without gardens, benefiting mental health.

Asset Management Strategy

Key Challenges

Affordable Housing Supply / Increased Demand for Temporary

Accommodation: Over the last 3 years the council has increased its housing stock as an urgent response to the housing crisis. Our strategy has had to change dramatically following the transfer of the housing operated by our housing company, EBC Homes Limited, back to the Council in early 2024. The council is now becoming more involved in direct delivery, in both the ownership and management of its housing stock. This is a change in direction for our asset holdings and will require close collaboration with Housing Service to ensure the level of service and support is of a high standard.

Availability of land: Policy pressures from the new Government will require even greater review of the council's land holdings to identify 'grey belt' land to reach the increased mandatory housing targets. Whilst underused or vacant property represents an actual and opportunity cost to the council, the council's land ownership of surplus sites in this relatively affluent borough is limited. Achieving our housing targets will be a huge challenge to the council but our utmost priority.

Net Zero Carbon Targets: The council is moving towards achieving carbon reduction across its property estate; this will need to be carried out in three stages to include our civic centre, managed operational and finally the non-operational portfolio. As well as the practical work which will be required, much of it falling within our in-house property department, the council is proposing to engage with homeowners, landlords and residents to promote green measures, as well as making sustainability integral in the development of the new Local Plan.

Resource Availability: With an aging property estate, an additional strain is put on the capital programme against a background of rising construction costs, increased borrowing costs, and staffing pressures as well as the carbon reduction programme mentioned above. It is imperative that our property receipts are maximised where possible, whilst also having regard to the sometimes-conflicting pressures from the users of our buildings.

Key Objectives

To support delivery of our strategic outcomes we have set out six main objectives which will support the council's commitment to property asset management.

We will maintain an effective, efficient and economic operational and non-operational portfolio which:

1. Is managed centrally to support the council's priorities.
2. Generates income to fund local services and benefit the community.
3. Provides value for money and promotes future efficiencies.
4. Fosters partnerships with local associations and businesses for mutual opportunities.
5. Contributes to achieving our carbon reduction goals.
6. Identifies and explores surplus land for potential development.

Objective	Detail
1. Is managed centrally to support the council's priorities	<ul style="list-style-type: none"> • Ensure that assets are managed to meet all statutory requirements, are fit for the purpose for their current use and forward looking to deliver the relevant service to suit the needs of the local residents and wider community. • Manage assets in the most cost-effective way, where possible reducing costs and in line with the financial strategy. • Streamline our utilities via the LASER framework (2024-2029): Renewable Energy Guarantee of Origin (REGO) certificates are used to offset carbon consumption. Fully green energy options will be monitored throughout the contract term. • Protect and optimise the value of the Council's assets whether operational or non-operational • We will seek to ensure effective balance between corporate and service priorities across the council's various estates.

Objective	Detail
	<ul style="list-style-type: none"> • To have a clear corporate decision-making process on all property matters. • Property budgets are managed by the Asset Management and Property Services team in conjunction with the Place and Community teams and reviewed annually with the Finance team. • We will work to ensure that property information is accurate, current, and comprehensive using our property database system (Civica TechForge). • Identify all opportunities to contribute to the provision of affordable housing in the borough. • Where appropriate all opportunities for assets to be used for affordable housing provision in the borough will be actively pursued.
2. Provides income to support local services and people	<ul style="list-style-type: none"> • Ensures assets retained assist in service delivery, generate a suitable level of income and/or have the potential in future to deliver significant increased income or capital receipt;
3. Provides value for money and future efficiencies	<ul style="list-style-type: none"> • Offers low-cost premises where applicable to support community projects. • Design flexible spaces that can be economically adjusted to meet service needs, including collaboration with partner agencies. • Manage assets, considering increased revenue or reduced costs for both operational and non-operational properties. • Maintain assets in compliance with statutory regulations, based on existing condition surveys, and review them every 5 years for capital and revenue planning.

Objective	Detail
	<ul style="list-style-type: none"> Continuously assess key performance indicators, engage with managing agents, and create new indicators as needed to enhance asset management
4. Supports local associations and business for shared opportunities whilst also striving to protect the council's assets	<ul style="list-style-type: none"> Identify and develop opportunities for joint working with partners. Engage in community asset transfers, including short term ('meanwhile') use of assets by and for communities, such as Community Interest Companies (CIC), Charitable Incorporated Organisations (CIO) or other organisations with community focus. Enabling and supporting Community Rights to Bid under the Localism Act 2011.
5. Explores opportunities to identify surplus land for development	<ul style="list-style-type: none"> To reach our 2030 goals, we have identified a number of key projects that shape the places that we live and work. This is an ambitious programme of projects which will support the delivery of the Vision 2030 and support the MTFS. The priority property projects identified in the Vision 2030 annual action plan for 2024/25 update are: <ul style="list-style-type: none"> Elm Grove site development A new joint waste depot with Mole Valley District Council Lower Green regeneration project Civic Centre accommodation and wider site development
6. Supports our Carbon Reduction targets	<ul style="list-style-type: none"> Capital Projects will be managed efficiently and effectively and prioritised to support the council's Carbon Reduction policy. Energy Performance Certificates (EPC) targets – The Council is proactively working towards the Minimum Energy Efficiency Standard of ensuring all properties within

Objective	Detail
	<p>scope have a minimum EPC rating of a B by 2030.</p> <ul style="list-style-type: none"> • See further details on our Sustainability Targets below this section.

Sustainability Targets

The Carbon Management and Reduction Plan 2030 (CMRP) sets out to reduce our organisational carbon emissions for our direct operations and reach our target to become a carbon neutral organisation by 2030.

Our organisational carbon emissions footprint for these direct operations covers Scope 1, Scope 2, and selected Scope 3 emissions:

- Scope 1: refers to direct emissions from owned or controlled sources such as gas heating and fleet operations.
- Scope 2: covers indirect emissions from the generation of purchased electricity consumed.
- Scope 3: includes all other indirect emissions that occur in the organisation's value chain, for example, water supply and treatment, waste, business travel & commuting.

The proposed carbon reductions for asset management are:

- Organisation emissions: proposing actions such as solar photovoltaic (solar panel) installations.
- Housing and planning: proposing to engage with homeowners, landlords and residents to promote retrofitting measures and funding opportunities.
- Buildings and infrastructure: making sustainability and carbon considerations integral in the development of the new Local Plan.

To date, analysis and actions have been taken on the first phase of properties (the Civic Centre and Centres for the Community) where we have installed LED lights, electric vehicle charge points (EVC), solar panels, etc. We have also worked in partnership to reduce the carbon emissions from our largest Scope 3 property, Xcel Leisure Centre, by installing solar panels on the roof.

We have recently completed the analysis on the second phase of properties - other operational managed sites - e.g., pavilions, cemeteries, toilets, Walton hub and the splashpad. The CMRP is being updated to reflect the actions required for these

sites. We are also working in partnership on further carbon reduction measures at the Xcel Leisure Centre and Hurst Pool.

The third phase, which will cover further Scope 3 properties, will be the non-operational portfolio (timescales to be agreed). This will form part of our Asset Management Action Plan (annexed to this document and updated annually).

As part of the third phase, we will also be assessing and creating a carbon reduction retrofit programme for the housing stock which is coming into the portfolio as well.

Property Portfolio

Our property portfolio has a total 'net book value' of approximately £219 million, as at 31 March 2024.

- **Operational** assets– for account reporting purposes of this Plan, this includes council run properties and dwellings, as well as our 'Tenanted Operational' estate. These have a value of approximately **£140 million**.
 - The 'Tenanted Operational' properties in this part of this estate provides a gross rental income of approximately **£1.15 million** per annum (excluding residential income).
- **Investment** assets worth approximately **£79 million** (properties bought and/or held for providing income).
 - This provides a gross rental income of approximately **£4.4 million** per annum.

Council Dwellings now amount to around 5% of the total value, following an increase in purchasing of housing assets over the last 3 years in response to the housing crisis.

The investment portfolio is valued annually by external valuers together with our larger operational assets, whilst smaller operational assets are grouped by class and valued on a rotational basis.

A publicly available report on our investment properties is provided to Cabinet every year. This outlines the performance of the portfolio recording rental income and capital growth and provides members with year-on-year comparisons. It also highlights any forthcoming issues such as upcoming voids and rent collection.

Going forward we will include more detail about the operational portfolio within this annual update.

Over time, some of our operational buildings have been reassigned and their primary function has moved from service delivery to income production. The reason for holding these assets has therefore changed and they are gradually being reclassified.

Classification of our Assets

Classification of each property helps with understanding the purpose of holding the assets and the ability to monitor their performance. Like most local authorities, our property portfolio has been held for many years, with the origins of acquisition unknown by most of the current incumbents. The portfolio therefore needs continual review to establish what's in it, what it's for and how suitable it is for the delivery of modern services, now or in the future.

Modern databases allow for many different property categories, and these can get mixed over the years, as properties move from one purpose to another. This makes property strategy difficult: a classic 'Pavilion' can be classified as Leisure, Café, Sports, Nursery, Commercial (community), or Commercial (investment). All these are correct but do not help when reviewing the asset for performance and can confuse asset management targets.

Our property data needs to be structured to support our strategy: the council's property department (Asset Management and Property Services – 'AMPS') is committed to reviewing our database, to recategorize our assets to enable improved performance assessment.

Our portfolio categories will be linked to our Council Vision:

- Sustainable
- Community
- Thriving
- High Performing

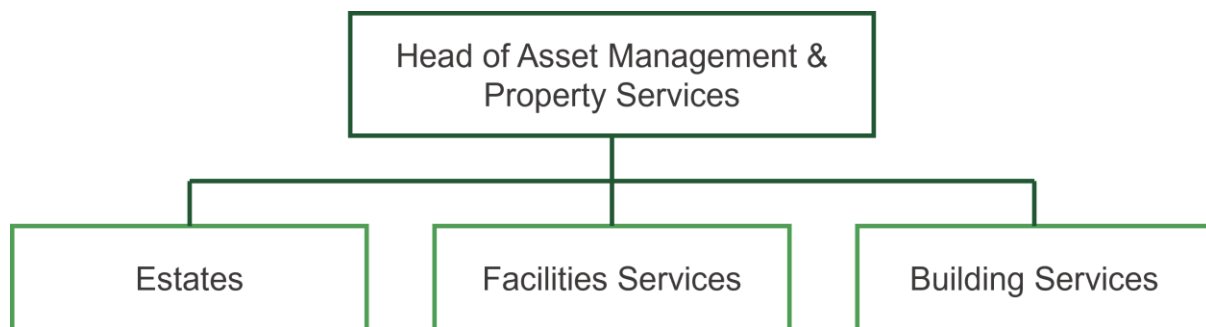
At present our properties are generally classified within the council as Operational or Non-Operational (Investment) – however a large proportion of our operational buildings are former operational, now occupied by third parties – we refer to these internally as 'Tenanted Operational'. We aim to further classify these Tenanted Operational assets to ensure proper performance review.

Management of Assets

The council's property and land assets are managed and maintained by a centralised department - AMPS – which operates as Corporate Landlord on behalf of the council's individual service areas. Under this model, the estate is managed in one place rather than services across the organisation managing their property assets in different ways.

This amalgamates all property related budgets, decision making and activities within a central team.

AMPS is made up of a team of chartered surveyors, experienced property professionals and support staff who oversee day-to-day asset management and provide advice on strategic decisions relating to our property assets. The Head of AMPS reports to the Strategic Director for Services.



AMPS oversees a team of external consultants and works alongside our in-house legal services team.

Estates oversees the daily workings of our corporate property and land, dealing with a variety of work including acquisitions and disposals, landlord and tenant issues, licenses for access to council land, encroachments, rights of way, covenants, wayleaves, trees, and building insurance. Estates provide advice on how to make best use of and extract optimum value from our assets where possible. Estates are also responsible for valuing the property estate, for accounting and insurance purposes.

Facilities services are responsible for the running and maintenance of the Civic Centre ensuring that the building operates effectively and efficiently.

Building services provides advice on all surveying related matters; organises and supervises specific projects relating to planned programmes and major capital works for the council's buildings, estate and ancillary properties; arranges repair and

replacement works as appropriate; ensures that surveying functions are delivered in accordance with council policy and relevant legislative requirements including adopting a sustainable approach; manages the expenditure of the capital projects (in line with our Capital Programme) against budgets and ensure property compliance meets all statutory regulations.

The Capital Programme is for funding large projects such as renovation of buildings and purchase of new assets. The capital programme is financed from the Community Infrastructure Levy (CIL) and other grants and contributions, capital receipts and revenue reserves. Further details can be found on the council website.

Property Policies & Procedures Framework

AMPS implements policies and processes to assist with managing our property assets. These policies are reviewed regularly and evolve over time to provide a clear framework for officers, councilors, and the public to understand how actions and decisions relating to our property will be taken.

Individual circumstances will differ, and officers will need to exercise their discretion in applying the relevant procedures as guidance to each case. A link to our policies & procedures document is attached as an appendix this includes detail and advice on the following situations (for example):

- Community Asset Transfers to the Voluntary Sector
- Assets of Community Value
- Encroachments
- Unauthorised Encampments
- Village Signs
- Overhanging Trees policy
- Telecoms Masts policy
- Allotments policy
- Property Acquisition Process
- Property Disposals Policy including:
 - Surplus Assets
 - Decision making
 - Disposals for Residential Use
 - Method of Disposal
- Water Hygiene and Legionella Policy
- Fire and Security – Civic Centre
- Fire Policy – Community Centres
- Use of Chemicals at Work Policy
- Asbestos Policy

- Employment of Contractors Policy

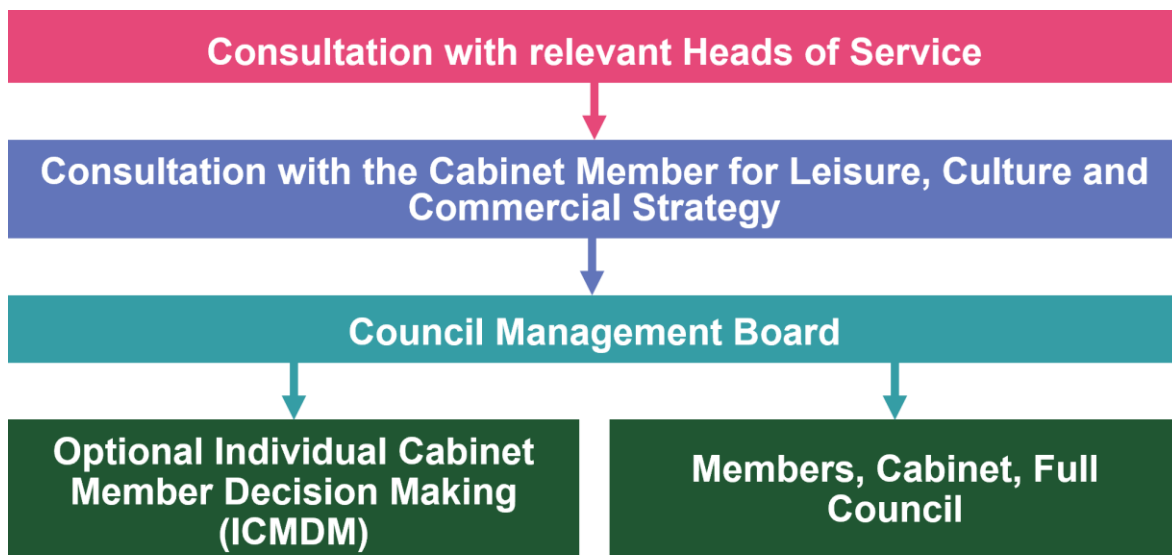
Governance

Our Constitution sets out how the council operates, how decisions are made and the procedures which are followed to ensure that they are efficient, transparent, and accountable to local people. This includes financial decisions relating to our property. The Cabinet are responsible for executive decisions.

The portfolio for the Cabinet Member for Leisure, Culture and Commercial Strategy, includes (among others):

- Strategic Asset Management and Property
- Investment & Operation Property Portfolio
- Sport & Leisure
- Parks, Commons & Recreation
- Museums
- Public Halls (operational)
- Cemeteries

Significant property decisions (as defined in our Constitution) are made following consultation as per the following chart:



Operational Portfolio Overview

The overall strategy for our operational property holdings is to hold the minimum number of buildings and sites that will support service delivery, to support community asset transfers, to reclassify former operational assets where suitable for increased income and to improve the assets we own.

Our property and land holdings will make a positive contribution to the social wellbeing of the community or be of strategic importance.

Heads of Service will be consulted on asset usage to enhance service delivery.

Operational Property Objectives

- Will be maintained in good condition to ensure that service provision is delivered from a sound environment for both staff and customers;
- To be sited in appropriate locations;
- To be of sufficient and suitable size and layout (including ensuring access by people with disabilities);
- To be flexible, to the extent that it can be adapted economically to adjust to changing service needs and accommodate partners in service delivery;
- Will demonstrate 'Value for Money' in terms of a balance between efficiency, effectiveness, and economy in operation, running costs and sustainability.
- Will positively contribute towards reducing the Council's carbon emissions.
- To reclassify some operational assets, where appropriate, as investment properties; to optimise asset performance and maximise revenue income to the council.

The following is a summary of our main assets which fall into the 'operational' category – although many of these are used by third sector groups and commercial community users. Some of these may be reclassified over the course of this AMS.

Portfolio of Main Assets	No. of units
Car Parks (pay & display)	28
Cemetery Chapels	4
Cemetery Houses	2

Portfolio of Main Assets	No. of units
Community Centres (operated by EBC)	6
Former Community Centres (operated by Third Sector)	2
Waste Depot & Salt Barn	2
River Mole Business Park	5
Civic Centre	1
Pavilions – used as sports clubhouses/changing rooms and associated leisure including football, tennis, cricket, rugby, bowls, karate, canoe & kayaking, sailing, gymnastics plus children's day nurseries, community buildings & cafes	26
Leisure – assets (surfaces & car parks)	27
Public Conveniences (buildings)	6
Elmbridge Community Hub	1
Cowey Sale café	1
Public Halls (now operated by Third Sector) for a variety of uses	5
The Heart Shopping Centre Walton – Land only	1
Xcel Leisure Centre and synthetic pitches	1
Xcel Sports Hub	1
Hurst Pool	1
Allotments & Community Gardens	15
Residential	94
Surplus Assets	6
Heritage Assets – War Memorials	12

Our operational estate includes our community centres, leisure facilities, swimming

pools, halls, pavilions, cemeteries, car parks plus our waste depot.

Sports clubs (around 35) using our properties include cricket, football, golf, angling, hockey, rugby league, rifle, sailing, tennis, bowling and rowing.

Our public realm includes parks and recreation grounds, open spaces and common land; within our green spaces we manage allotments, community gardens, splash pads and mobile caterers.

Community Asset Transfers (CAT) & our 'Tenanted Operational' buildings

As part of an ongoing strategy, many of our buildings and halls are occupied by community groups such as scouts and Girl Guiding, Royal British Legion, and Citizens Advice, as well as the sports clubs mentioned above.

These have undergone transfer of ownership (in the form of leasing or management agreements), usually at a discounted price. The goal is to benefit the local community socially, economically, and/or environmentally. This adds social value, rather than financial value.

Elmbridge has a highly engaged and effective community sector and where we can, we enable them to operate from our former operational buildings, to provide a wide variety of services benefitting local residents.

Community Asset Transfers help to empower local communities, create opportunities for greater independence, create financial stability and create lasting change in local neighbourhoods.

This is directly at the heart of the council's Vision 2030 and the council will continue this strategy for the foreseeable future.

See our policy within Appendix 1 on Community Asset Transfers for further details.

The council also has a responsibility to maximise income to pay for its services, and our properties should therefore also be used for this purpose where possible.

These properties all form part of **our 'Tenanted Operational' estate** – those buildings, which were not specifically purchased for rental income and are not used to directly run council services, but are used by third parties (either third sector or commercial) for other uses.

Pavilions

Our pavilions house a wide range of occupiers across the sporting and community spectrum. The council is committed to supporting local clubs, where possible enabling them to take control of the properties and associated land, usually located on or adjacent to recreation grounds. This benefits both parties – permitting clubs the use of public space and buildings at low cost to provide essential leisure activities, whilst also taking over maintenance responsibilities that would otherwise fall to public finances.

Public Halls

Following expiry of the Places Leisure management contract in 2021, the council consolidated its provision of public halls/community facilities.

King Georges Hall, The Playhouse and Vine Hall have been transferred to third sector partners; Ansell Hall formed part of a residential redevelopment opportunity for affordable housing and is now home to a local nursery, and Elm Grove Hall is closed and will form part of a regeneration of the wider area.

Car Parks

The Council operates 28 pay and display car parks. There are a small number of underused car parks. AMPS are continuously reviewing alternative options for these sites considering all other relevant council policies and usage trends.

Residential Property

In 2024 the council took the decision to dissolve EBC Homes Limited, its housing company, and to transfer the leasehold interest in properties back to the Council. The existing stock (at Weybridge Estate and above a few high street shops), plus our two cemetery houses now form part of the council's operational portfolio.

Our residential portfolio has grown, in response to increased demand for temporary accommodation. Over the last two years we have purchased 33 flats and houses. By the end of the 2025 we anticipate holding up to 94 units, which will be used to provide a mix of temporary accommodation and affordable housing. Our short to medium term strategy is to use any vacant units for Temporary Accommodation (TA). The requirement for TA has increased significantly over the last 5 years. The units which were let to private and affordable tenancies are from the date of transfer to the Council are classed as social housing; this can have a short-term detrimental effect on value (up to 66% overall decrease) as these are now all subject to Right to Buy rules, until transferred to TA.

The council will seek to add to this number by strategic development of underused land and property.

Condition Surveys

All operational properties will be maintained in accordance with current statutory legislation and have a full maintenance and condition survey carried out every five years, subject to lease conditions and access. These condition surveys will help determine the future maintenance (budgetary) needs of the building, to help the council plan for the future of our buildings.

All non-operational property will be assessed and surveyed with regards to the tenants' compliance with the terms of the lease on a cyclical basis.

In addition to the regular condition surveys various specialist surveys will be commissioned from time to time to identify or monitor specific problems, e.g., structural, water hygiene, asbestos, subsidence, etc.

Overall Approach

The overall strategy for our operational property holdings **is to hold the minimum number of buildings and sites that will support service delivery, to support Community Asset Transfers, to reclassify former operational assets where suitable for increased income and to improve the assets we own**, by taking the following actions:

- Energy Efficiency upgrades: Efforts will be made to achieve a minimum B energy performance rating for all properties by 2030.
- Working in partnership with local community organisations to ensure the provision of local outlets for services and facilitate strategic economic development.
- Partnering organisations will be encouraged to co-locate and share operating costs to improve service delivery.
- By overhauling our planned maintenance programmes with up-to-date condition surveys.
- Ensuring statutory compliance.
- Enforcing repairing liabilities.
- Minimising voids with robust marketing programmes to attract new tenants.
- Maximising rental income where possible with open market lettings.
- Strategic disposals if deemed necessary.

Investment Property Portfolio Overview

Our short/medium term strategy is to improve the performance of the assets we already own.

Due to the current economic environment and borrowing restrictions, the Council does not plan to purchase any more commercial property investments during this period, unless in exceptional circumstances – for example to facilitate a wider development, regeneration or to support the Vision 2030.

Investment Property

- Will make an appropriate contribution to revenue budgets in terms of rental income and/or capital growth;
- Will positively contribute towards reducing the Council's carbon emissions.

In addition to the numerous operational buildings and land which have been acquired, gifted, or inherited over many years, Elmbridge (in common with many other local authorities) began investing in commercial investment properties in around 2012, to make up government funding shortfall and to avoid reducing vital services. The rental income provides an important revenue stream to the Council's finances and enables it to deliver services we wish to provide and support the Council's Vision 2030.

The council's last purchase was the Aldi in Walton on Thames in 2021, using internal borrowing. Prior to this, we purchased the Weybridge Estate, using competitive borrowing rates via the Public Works Loan Board (PWLB). Since the ability for Local Authorities to use PWLB funding to purchase Investment properties has been removed, the council have ceased new acquisitions of this type. We are now in a period of consolidation of these assets, working to maintain the buildings and in turn, maintain the income these provide.

Our strategy has always been and remains to invest locally – 'in borough'. This has benefits and disadvantages – the benefits (e.g., ease of management, strategic potential) generally outweigh the disadvantages (e.g., a smaller marketplace of opportunities, potential for tenants to take advantage of their 'council as landlord').

The main objective for the council in managing the Investment Property Portfolio

(IPP) is to optimise the financial return to the Council which in turn supports the local community in line with the Council's priorities.

The IPP covers 3 main property sectors - Retail, Industrial and Offices, plus two Children's Day Nurseries, and is focussed on the borough's main towns. Our few residential properties used to form part of our investment portfolio; however, in 2024 the council's houses and flats have been reclassified as 'Operational' stock'

The Council monitors and reports on their performance on a quarterly basis, and the assets are valued annually in line with Chartered Institute of Public Finance and Accountancy (CIPFA) guidance.

Each asset has an individual management plan, setting out a brief synopsis of the key criteria of the investment property, including tracking the value of the property plus a short to medium term strategy for each individual property.

At a glance:

Sector	No. of properties	No. of tenancies	Valuation as at 31/04/2024	% of Total Value	Expected income for 24/25
Industrial	3		£36,500,000	46.2	£2,069,940
Retail	5		£16,420,000	20.8	£588,000
Offices	5		£12,900,000	16.3	£508,000
Mixed Office/retail	1		£10,600,000	13.4	£1,059,430
Day Nurseries	2		£2,550,000	3.2	£164,380
Total	16	78	£78,970,000	100.0	£4,389,750

The overall value of our Investment Portfolio has decreased since 2023 primarily due to upward pressure on yields across the spectrum and stagnant rental growth, plus the removal of the residential stock from the portfolio. Disregarding the latter, the decrease in real terms was 5.16%. In comparison to the property market this is broadly within expectations.

A bias toward industrial properties has been beneficial as this has been the best performing sector for the last three years in the UK.

In support of the MTFS 2024/25 – 2029/30, the Council seeks to maintain and increase the income stream generated through IPP. In addition, where appropriate and on a case-by-case basis, the Council will consider selling investment assets to raise capital or avert financial losses. This is to assist in bridging any funding gap and rebuilding reserves.

The annual income received more than covers the interest payments, Minimum Revenue Provision (MRP) of the loans and other costs associated with managing the portfolio.

Despite the continuing impact of the pandemic and other external factors such as the cost-of-living crisis and international conflicts, the Council maintains a reasonably strong position in the market, with only a small percentage of rental space vacant.

‘Net’ rent receipts from portfolio have contributed over £1.56 million in net income to the Council in the year to 31 March 2024.

The Council retains its long-term commitment to its property assets (unless the costs of holding vacant stock are deemed to be no longer financially viable). Property values fluctuate which is normal, although values have been severely tested in recent years. In most cases, a temporary reduction in value of the properties will not deviate from our strategy to focus on rental income that contributes to the Council’s general fund and supports service delivery. Long term property values do perform positively against other asset classes.

Our short/medium term strategy is to improve the performance of the investment assets we already own, by taking the following actions:

- Improving Energy Efficiency: Efforts will be made to achieve a minimum EPC ‘C’ energy performance rating for all properties by 2030.
- Ensuring statutory compliance.
- Enforcing repairing liabilities.
- Minimising voids with robust marketing programmes to attract new tenants.
- Maximising rental income via rent reviews.
- Strategic disposals if deemed necessary.
- Overhauling our planned maintenance programmes with up-to-date condition surveys.

- Tighter controls over dilapidations.
- Tightening controls over rental debt/ swifter action on rent arrears to avert mounting debt pressure on tenants as well as loss of income to the council.
- Monitoring Performance: Key performance indicators (KPIs) will track property performance, including rent collection, service charge budgets, and property inspections.

The mix of stock across the portfolio is reasonably balanced, albeit the council is unlikely to invest in many more multi-let opportunities for the foreseeable future. The benefit of spreading risk is generally outweighed by the increased day to day management requirements of a multi-let property.

In 2020 the council moved the rent collection and service charge management of the Investment Portfolio to a specialist management company; the benefits of this decision mean that the in-house surveyors can concentrate more on the Operational portfolio and servicing the requirements of our Green Spaces, Leisure and Community Services departments.

The outsourcing of the Investment portfolio management has been largely successful but will be reviewed every three to five years to ensure cost efficiency. The next review will be in September 2025 when the contract expires.

Further details on the investment portfolio assets and performance can be found in our annual Cabinet report.

Property Acquisition Strategy

Our previous Asset Management Plan 2019-24 included a detailed acquisition and investment strategy, which was set against a background of declining central grant funding and access to preferential borrowing rates for local authorities.

Due to the change in market conditions and borrowing restrictions, the council will not be actively acquiring new property assets for the short to medium term unless presented with an exceptional or strategic opportunity to do so.

In principle it should be noted that land and property interests will only be considered for acquisition if, after consultation, the following circumstances apply:

- The acquisition will make a positive contribution to the current delivery of Council services and meets our visions and priorities.
- All other methods for the delivery of this service will be investigated and a full

property options appraisal will be undertaken which highlights this acquisition route as the most economically advantageous and efficient method of service delivery.

- The acquisition of the interest has potential for future strategic regeneration and/or redevelopment purposes in pursuit of the Council Strategic aims and priorities.
- No other available land and property asset can provide a more cost effective and/or efficient point of service delivery.
- There is an adopted Council plan/policy/strategy, with resources identified, which will bring the land or property into beneficial use in the foreseeable future.
- There is potential for advantageous shared use.

See our Acquisition Policy (including Compulsory Purchase powers) for further details. *See Appendix A.*

Property Disposal Strategy

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to income and the proceeds from sale.

We will therefore pursue any disposals for the strategic benefit of the council, in line with our Disposals Policy. *See Appendix A.*

In summary, any disposals will be guided by the following considerations:

Land and property will be classified as surplus or under-used if, following consultation, any of the following statements apply -

- It is currently underused or not fully utilised for Council services.
- It lacks potential for future strategic regeneration or redevelopment aligned with the Vision 2030 priorities.
- An alternative site (either owned by the Council or through the voluntary sector) could offer more cost-effective service delivery.
- It generates income below its potential (compared to alternative/more intensive use or capital investment).
- It cannot be re-gearred or managed more economically.
- It lacks an adopted Council plan/policy/strategy for beneficial use in the foreseeable future.
- It has no potential for advantageous shared use.

Disposals are:

- Managed by AMPS to achieve capital receipts targets.
- Driven by the Council's broader needs and surplus capital potential.
- May exceed the Council's targets.
- Aim for best consideration in property sales, except for specific cases.
- Transfers for community use include "community lock out clauses" to ensure enduring community benefit.

Individual Asset Review

This will be an ongoing process of review of our Operational, Tenanted Operational and Investment assets on an 'ad hoc' rolling programme. This will help us to understand our portfolio and ensure only those assets required or performing to acceptable levels are retained.

The aim is to reduce costs, identify assets that can be retained for use and/or invested in and those that can be considered for disposal. The individual assessment parameters will be finessed over time and will be done in collaboration with our Service departments.

Individual assessment parameters	Detail
Strategic Purpose	<ul style="list-style-type: none"> • Why do we have the asset? • What is its strategic purpose? • How does it fit in with our Vision 2030, is it: <ul style="list-style-type: none"> ○ Sustainable ○ Community ○ Thriving ○ High Performing • Who is accountable for its performance? • What do we expect of it? • Is this financial, nonfinancial or both? • How do we measure its performance against purpose?
Opportunities and Risks	<ul style="list-style-type: none"> • Are there potential opportunities to explore? • Are there obstacles hindering these opportunities? • Are there risks that need to be addressed?
Performance Appraisal	<ul style="list-style-type: none"> • How can we assess the performance financially? • Can we quantify non-financial benefits? • What are the associated management costs? • Are there any hidden costs?
Option Appraisal	<ul style="list-style-type: none"> • Balance of performance opportunities and risks? • What options are available?

Individual assessment parameters	Detail
	<ul style="list-style-type: none"> • What are the relative costs and benefits of these options? • Do any options present increased risks?
Pre-Implementation Consultation	<ul style="list-style-type: none"> • Internal stakeholders • External stakeholders and partners
Outcome	<ul style="list-style-type: none"> • Retained • Repurposed/Recycled • Disposed (Asset Transfer or Open Market)