

## **Milton Keynes Council**

### **Property and Asset Management Strategy (Draft Paper)**

*210599*

#### **Why does the Council need a Property Strategy?**

Best Value and the Council's wish to be a 'Beacon Council' will mean that the Council has an obligation to review the role of land and capital assets in the discharge of its responsibilities to meet performance targets of efficiency, economy and effectiveness. The primary role of capital assets in Local Government should be to support the service delivery functions. The government's consultation paper on the modernisation of the capital finance regime encourages local authorities to take an integrated, corporate approach including the wider use of public/private partnerships, the identification and sale of surplus assets and more generally improved management and use of assets.

Milton Keynes Council is the owner of a substantial and diverse property portfolio which includes land, buildings and rights over them. It consists of almost 17,000 properties valued at approximately £480m in the Council's Asset Register. The HRA housing and shared ownership stock make up over 16,000 units and over £308m of the value.

The Council's non-housing corporate portfolio amounts to approximately 700 interests in land and property with an asset value of over £172m. A description of the portfolio is set out in the **Appendix** hereto. The land and buildings that it owns should be viewed as a corporate asset and, on occasions, a corporate liability.

The Council's property cannot be managed effectively if there is no corporate overview. Ownership of property brings with it responsibilities and opportunities. There must be an approach which looks at the bigger picture if the Council wants to exploit the real potential of its property. Like all bodies with significant property holdings the Council needs a strategy which sets down the principles that support its corporate approach to property management.

### **The Current Situation**

Currently although the legal ownership is vested in the Council this is delegated to various committees for them to carry out their service objectives. This results in a fragmented committee ownership with more than one committee making decisions about property. A more cohesive approach is recommended.

### **Key Principles of the Property Strategy**

#### **The Corporate Ownership of Property**

- 1) All property is to be owned and overseen corporately by the Council. Individual departments may make use of land or buildings to carry out their service objectives but once that property is no longer needed for the purpose for which it was originally used by a service it will be returned to the corporate holding for re-allocation or disposal. This may mean that it is returned to the same service department for a different purpose.

#### **Why the Council owns Property and its performance**

- 2) The Council has acquired property from a number of sources over the years. The property belonging to the former rural and town councils passed to Milton Keynes Borough Council in 1974. Since then there has been a transfer of assets from the Development Corporation which started in 1992 and is continuing through English Partnerships. More recently, property has transferred from the County Council. In addition there have been ad-hoc acquisitions from the private sector.

The Council's property is held for a number of reasons;

- To enable the Council to fulfil its statutory duties.
- To assist the Council in fulfilling its social duties and stated objectives.
- For administrative offices.
- To support partnerships and voluntary groups.
- For investment/development purposes.

The Council should continuously review its property to check the validity of the reason for holding it and to test its performance.

### **Asset Management Planning**

- 3) All property should be reviewed to establish whether it is performing effectively. The Council will embark on a comprehensive Asset Management Plan for each property which will examine its performance against agreed objectives.

A corporate approach will be taken to Asset Management Planning. A review of all property will start as soon as the Strategy is endorsed by the Council. This information will form a key part of an Asset Management Plan. The Asset Management database will be held corporately. It is recognised that AMPs for schools will need to be in place by 2000. This means that the condition surveys will need to be completed by December 1999.

The Review will be based on the principles of Asset Management Plans and will look at the property in terms of its capital and rental value, its level of use, its condition and its current and future operating costs along with opportunities for re-development. An analysis of this information will help to establish the performance of the property.

A full condition survey will be needed for each property and a planned maintenance schedule drawn up to identify current and future expenditure needed. There should be a process for prioritising maintenance and an investment should be made in preventative maintenance. Additional budget provision will need to be made for this work.

The Review will lead to better use of the Council's property assets and should identify surplus properties, development and, possibly, investment opportunities.

### **Information Technology**

The implementation of the property strategy will generate information on property related issues, initially associated with asset management planning. This information will need to be accessed across MKC with the core property data held by Property Services for non HRA property. Compatibility of systems, clear ownership of data and the reduction of manual exchanges of information are key to a successful system. The users, Property Services and the IT Department need to work together to determine the most cost effective method of integrating systems.

### **Leasing Property**

- 4) The Council may need to acquire property from time to time. It is uneconomic for the Council to lease property for more than 10 years due to the impact of the Capital Finance Regulations. A long lease of, say, 99 or 125 years may offer enough long term security to be attractive to the Council but will be treated as capital. Even leases under 10 years may have an impact on capital if the total cost throughout the life of the lease amount to more than 70% of the capital value of the property.

Leasing is therefore only a short term option which should be taken only if the acquisition of a freehold is not possible or desirable. Any proposals to acquire leasehold property should be the subject of a full financial appraisal and should be considered corporately.

Any proposals to acquire freehold or leasehold property should also be considered corporately and the property should be tested against the objectives set down in the Property Review. A financial appraisal which examines the capital, revenue and VAT implications will be carried out before any recommendation is made about the disposal or acquisition of property.

## **Decisions about Capital and Surplus Property**

- 5) All decisions about property that affect the Council's capital budgets should be made corporately. Once a property is identified as surplus for the purpose for which it is currently used an officer working group will make recommendations to a specialist committee about its re-allocation or disposal. If incentives are thought to be necessary to encourage client departments to release property there will be further discussion about the process. It is recognised that incentives are difficult to operate but a link with the priority for future allocation of capital may be worth considering.

The Corporate Capital Programme will be affected by capital decisions about property and it is recommended that the Capital Programme Working Group should be closely involved in the process. The Council is developing a 3 year Capital Programme which will identify the Council's spending priorities. This programme could be funded in part by an agreed disposal programme.

A sub-committee of the Policy and Resources committee will make decisions about surplus property.

## **Letting to Charities and Voluntary Groups**

- 6) The Council has a number of leases and licences to charities and voluntary groups at a range of rents, many concessionary. Any new lettings for such organisations which need grant aid should be by granting annual periodic tenancies at a nominal rent. If the Council needs its property for another purpose it will be able to regain possession within a year. The objective will be for all other lettings to be at market rents.

In practise, the Council will not normally want to give voluntary organisations property rights that significantly exceed the period for which the Council grant-aids them.

A separate paper looks at operational issues arising from these principles and highlights current working practices and areas of concern. A project plan will be developed to ensure that operational difficulties do not undermine the principles of the Property Strategy.

**Summary of the range of uses of the Council's Property**

14,040 Rented Dwellings  
2,134 Shared Ownership Units  
Waste Disposal Sites  
Libraries  
Stacey Hill Farm (used as a museum)  
Arts Centres/Workshops  
Corporate Office Buildings  
Other Office Buildings  
A Registry Office  
A Magistrates Court  
Resource and Family Centres  
Community Bakery  
Day Centres  
Workshops  
Industrial Units  
Starter Offices  
Plant Nursery  
Landscape and Highways Depots  
Shops  
Public Houses  
Market Site  
Public Conveniences  
Children's Centres  
Youth Clubs  
Children's Homes  
Group Homes  
Homes for the Elderly  
Hostels  
Gypsy Sites  
Civic Halls  
Community Centres  
Neighbourhood Houses  
Swimming Pools  
Leisure Centres  
A Social Club  
Day Nurseries  
LEA Nursery Schools

LEA Primary Schools  
GM Middle Schools (will become Foundation Schools - repair and maintenance responsibility)  
LEA Secondary Schools  
GM Secondary Schools (will become Foundation Schools - repair and maintenance responsibility)  
LEA Special Schools  
Adult Education Centres  
1,212 Allotments (managed by MKC)  
874 Allotments (owned by MKC)  
Agricultural Holdings  
Golf Courses  
A Country Park  
Leisure Sites  
Leisure Facilities  
Ancient Monuments  
Parks  
Play Areas  
120 km Maintained Footpath Headlands (200 km under contract)  
1,200 ha Public Open Space and Road Verges  
Recreation Grounds  
Cemeteries  
Crematorium  
An Outdoor Concert Arena  
A Windmill  
1,228 km Maintained Highway  
243 km Maintained Redway  
Car Park Sites  
City Centre Parking Spaces  
Lorry Park Sites  
Bus/Coach Stations  
Bus Shelters  
Helipads  
Street Lights  
Illuminated Signs  
Bridges on Highways and Redways  
A Residential Centre

\*source Facts and Figures 1998/99