



**OVERVIEW AND SCRUTINY COMMITTEE  
(SITTING AS A SELECT COMMITTEE)**

**Date:** Thursday, 8 February 2018  
**Time:** 6.00 pm  
**Location:** Shimkent Room - Daneshill House, Danestrete  
**Contact:** Colin Sweeney Tel: 01438 242706

Members: Councillors: L Martin-Haugh (Chair), P Bibby CC (Vice-Chair), J Brown, H Burrell, M Downing, A Farquharson, ME Gardner, L Harrington, C Latif, J Lloyd, S Mead, A Mitchell CC, R Parker CC and J Fraser

---

**AGENDA**

**PART 1**

**1. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST**

To receive any apologies for absence or declarations of interest by Members.

**2. LGA COMMUNICATIONS PEER REVIEW FEEDBACK**

To consider the attached covering report from the Scrutiny Officer and to receive a presentation and feedback report from David Holdstock, Local Government Association, on SBC Communications Peer Review findings and recommendations. **(Pages 3 to 24)**

**3. POLICY DEVELOPMENT ITEM - ASSET MANAGEMENT STRATEGY**

The Committee are invited to undertake some Policy Development work with the Executive Portfolio Holder for Resources on the Council's Asset Management Strategy ahead of the Draft Strategy document being considered at a meeting of the Executive on 14 February 2018. The Draft Asset Management Strategy and associated Action Plan are attached. **(Pages 25 to 68)**

**4. URGENT PART 1 BUSINESS**

To consider any Part 1 business accepted by the Chair as urgent.

**5. EXCLUSION OF PUBLIC AND PRESS**

To consider the following motions –

1. That under Section 100(A) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as described in paragraphs 1 – 7 of Part 1 of Schedule 12A of the Act as amended by Local Government (Access to Information) (Variation) Order 2006.

2. That Members consider the reasons for the following reports being in Part II and determine whether or not maintaining the exemption from disclosure of the information contained therein outweighs the public interest in disclosure.

**6. URGENT PART II BUSINESS**

To consider any Part II business accepted by the Chair as urgent.

Agenda Published 31 January 2018

**Meeting** Overview & Scrutiny Committee sitting as a Select Committee

**Portfolio Area** Leader

**Date** 8 February 2018



## SCRUTINY OF MEDIA & COMMUNICATIONS

**Authors** Stephen Weaver | 2332

**Lead Officers** Stephen Weaver | 2332

**Contact Officer** Stephen Weaver | 2322

### 1 PURPOSE

- 1.1 This report is to remind Scrutiny Members of the timeline around the scrutiny of this issue to date. Following the LGA Peer Review feedback on the recent review of SBC Communications carried out in November 2017, report attached at Appendix A, Members will be invited to comment on the findings and recommendations and whether they wish to add any further recommendations of their own.

### 2 RECOMMENDATIONS

- 2.1 That Members note the presentation and report and recommendations of the LGA Peer Review.
- 2.2 That any further recommendations that Members wish to add to those that the LGA Peer Team have made are made at the meeting.

### 3 BACKGROUND

- 3.1 The Overview & Scrutiny Committee agreed Media and Communications as a scrutiny review item when it agreed its work programme at its meeting on the 16 March 2015.

- 3.2 Subsequently the Media and Communications Scoping document was considered and agreed by the Overview & Scrutiny Committee when it met on 19 October 2015 (see attached Appendix B).
- 3.3 At a meeting of the Overview & Scrutiny Committee on 16 November 2015 Members received a presentation from the Assistant Director, Corporate Services and Transformation and the Communications Manager. Following this, Members raised a number of points about Communications at which included:
- The importance of intelligence to pre-empt issues and proactively engage with local press.
  - The benefit of positive news, especially with regard to any developing issues which might be of concern to Stevenage residents.
  - The need to build and maintain relationships with local media agencies.
  - The need to exercise caution when using social media such as Twitter or Facebook.
  - The need to strengthen 'out of hours' coverage especially for social media comments.
- 3.3.1 Based on Members comments at the presentation and in accordance with the stated aims of the scoping document, to engage with an expert external critical friend, the Assistant Director agreed to approach the LGA to carry out an independent Peer Review of the Council's communications and Members agreed to keep their review on hold pending the outcome of the Peer Review.

## **4 IMPLICATIONS**

### **Financial Implications**

- 4.1 There are no direct financial implications to this report or Member review.

### **Legal Implications**

- 4.2 There are no direct legal implications to this report or Member review.

## **APPENDICES**

- A Appendix A - LGA Peer Review feedback on the recent review of SBC Communications
- B Appendix B – Media and Communications Scoping Document

# Communications Peer Review **Stevenage Borough Council**

6<sup>th</sup> to 8<sup>th</sup> November 2017

## Feedback Report

## 1. Executive summary

Stevenage Borough Council is a hugely ambitious council and there is an evident will at all levels to deliver change. Its plans for the regeneration of Stevenage demonstrate a level of ambition more typical of a city council than a District. The Council aspires to be a leading co-operative council and already demonstrates many of the qualities of such an organisation in practice, such as how it engages with and listens to its communities. It is developing a new Local Plan and Cultural Strategy and undertaking a series of business reviews to reshape its services as part of the Future Town, Future Council programme.

The Council benefits from strong political leadership. A new officer leadership team has been established which provides an opportunity to refresh the Council's approach to communications, building on the strengths which are already in place to achieve more strategic and effective communications. These include very strong communications leadership from the Council's Leader. The Chief Executive has shown clear staff leadership since his appointment in 2015 and there is a strong commitment to improving communications across the Council's leadership. Communications is now one of the core competencies for appointments at senior management level and is being introduced for other management posts.

The council now needs to step up its communications effort to match the ambition of the Council. Communications effort and resources need to be strategically aligned with the Council's agreed priorities. Those priorities should mandate communications activity, and enable finite resources to be directed towards that which is important, not simply the urgent or familiar. Consideration of communications issues should take place at an earlier stage in the decision-making process, and in the development of policy and strategy.

The starting point for this more strategic approach to communications should be the development of an agreed place narrative for Stevenage and a related corporate narrative for the Council. The key elements for these already exist, they just need to be worked up through the Executive Board and Strategic Leadership Team. The place brand can build on Stevenage's heritage as both the first post war New Town and its medieval history and characterful Old Town; high tech industries and good connectivity by road, rail and air. The corporate narrative needs to articulate what it means to be a co-operative council, the values which underpin this and how these will help deliver the clearly understood priorities of regenerating the town centre and providing more housing. Taken together, the two should help to promote Stevenage to potential investors, visitors and new residents.

A more confident, less risk averse approach to communications is required. The Council should be prepared to promptly rebut inaccurate stories about the area or the authority. It should be prepared to make greater use of leading elected members as spokespeople on behalf of the Council (but not in a party political role).

Communications planning and activities should give greater attention to desired outcomes, not processes or techniques to enable a more flexible response but one which remains driven by Council priorities. It should be informed by evaluation and an understanding of what 'good looks like' for the Council and what work best for

different audiences. The use and deployment of communications resources across the Council needs to be better understood and co-ordinated. Internal communications are clearly seen to have improved, but scope remains for further improvement – in particular across different services and increased networking opportunities for managers.

The credibility of the Council's communications will be determined by delivery. Previous plans to regenerate the Town Centre have been frustrated by external factors, such as the financial crash in 2008. It now needs to make a reality of its regeneration plans – Stevenage Central – to meet residents' expectations. Similarly, the website needs to be enhanced to ensure it is more user friendly and mobile friendly, in keeping with Stevenage's reputation as a home for high-tech industries. Within the authority, implementation of a much more effective intranet soon is seen as a litmus test by staff of its ability to deliver.

## **2. Recommendations**

The following recommendations will enable Stevenage to deliver more effective strategic communications to support its ambitions for the Borough. These include some key recommendations to establish the framework and direction for strategic communications and further, operational, recommendations to make communications both by the Corporate Communications Team and across services in general more effective.

### **Strategic recommendations**

- a) Hold a joint Executive / Strategic Leadership Team visioning session to articulate the Co-operative Council narrative and Stevenage place brand – and share the agreed outputs with Members, staff, residents and partners
- b) Implementation of agreed narrative and place brand to be led strategically by the Corporate Communications Team
- c) The Stevenage narrative and future direction for the Co-operative Council should be jointly communicated by the Leader and Chief Executive
- d) Wider communications activity to be shared at senior Member and officer level, in support of the Leader and Chief Executive
- e) Develop new corporate communications and internal communications strategies to encapsulate the new strategic approach.

### **Operational recommendations**

*Making effective use of communications resources:*

- f) Undertake a full audit of all communications resources across the Council and use the findings to inform consideration of moving all communications resources into one team
- g) Consider account manager / business manager model for the Corporate Communications Team
- h) Review process for design and print

*Planning communications activity:*

- i) Introduce campaigns planning based on the ROSIE model
- j) Introduce a forward planning communications grid
- k) Weekly communications meetings with the Leader, Chief Executive and Communications Manager
- l) Review approach to response and rebuttal, to protect and promote the reputation of the Council in response to adverse media coverage

*Making effective use of different communications channels:*

- m) Make better use of resident insight to inform communications activity, share this and use consistently across all service areas
- n) Analyse the findings of the recent resident survey and, as necessary, undertake a further 'Who reads what survey' to determine the most effective communications channels externally (resident survey) and internally (Members and officers)
- o) Review *The Chronicle* and *Link* and setup editorial boards, to ensure a consistent approach to developing and selecting content and engaging a range of views in this process
- p) Consider social media practices and consider implementing a social media management and monitoring system
- q) Engage staff with the development of the new intranet, to ensure this is implemented effectively to meet high staff expectations
- r) Refresh and review website to reflect the Council's ambitions and meet user expectations, and ensure that this is mobile enabled.



### 3. Scope and terms of reference for the review

The peer review looked at communications activity and the approach to communications across the Council, not just the work of the Corporate Communications Team. Stevenage Borough Council asked that the team focus on the following in particular:

- **Structure, capacity and capability.** Is the current model for delivering communications the right one? How effective are communications? Is there a robust system in place for planning activity, processes and evaluating outcomes?
- **Internal communications.** How effective is the Council at communicating with, informing and engaging all staff members?
- **Place branding.** How effective is the Council in promoting Stevenage as a place?

### 4. Peer review process

The peer review was undertaken by the following team of experienced local government peers:

- David Holdstock, Director of Communications, LGA
- Cllr Michael Payne, Deputy Leader & portfolio holder for Resources & Reputation, Gedling Borough Council
- Jacqui Gay, Head of Communications, Hull City Council
- Jo Moynihan, Communications Manager, Coventry City Council
- David Armin, review manager, LGA

In addition, Ben Smith, LGA Regional Adviser for the East of England, participated in the review as a 'shadow' peer as part of his professional and personal development.

The communications peer review is part of the Local Government Association's (LGA) bespoke sector led improvement offer. It is important to stress that this was not an inspection. Peers offer 'critical friend' support and challenge and reviews are improvement-focused and tailored to meet individual councils' needs. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

The findings presented here are mainly based on the team's discussions with a range of key people from across the council and its partners. People interviewed by the team reflected the focus of the review and included:

- The Council's Leader (and portfolio holder for Communications), other Executive Members and non-executive Members from across the political groups

- Chief Executive
- Senior managers from across different services
- Communications Manager and Corporate Communications team
- Service managers
- Staff focus groups
- Local media representatives
- Resident representatives
- Key partners from the public (including communications leads from neighbouring authorities) and voluntary sector.

The team were made to feel welcome on-site in Stevenage. People were open and honest with the team which has helped us in reaching our conclusions. The team would like to thank those people from Stevenage Borough Council who helped to prepare and plan for the review, and who supported the team during the course of its work.

## 5. Principles of effective communication

In undertaking its work, the team was guided by an understanding of the importance of good communications and how to achieve this. The LGA has found the following to be generally characteristic of effective communications across the councils that it works with. In summary:

### ***Good communication is important because it -***

- articulates the ambition for your area
- improves corporate and personal reputation
- supports good political leadership
- helps engagement – with residents, partners and staff
- builds trust and rallies advocates
- drives change and can deliver savings
- attracts investment (and good people)
- strengthens public support and understanding.

### ***Achieving good communications typically requires the following:***

- **Leadership** - clarity of purpose and commitment
- **A clear brand** - what you stand for, values and trust
- **A clear vision** - be ambitious first...and then realistic!
- Being **authentic**
- **A strategic approach to communications** - communication without strategy does not work
- A corporately agreed, fully evaluated **annual communications plan**
- All **communications activity based on research and insight**
- All **campaigns linked to corporate priorities** and resourced accordingly
- **Investing in evaluation**
- Ensuring **communications is owned by everyone**

These general principles and the experience of the peer team have guided it in formulating findings and in suggesting the actions Stevenage should take in addressing the issues which have been identified.

## **6. Findings**

### **6.1 Context**

Stevenage Borough Council benefits from strong political leadership. It is a hugely ambitious council and there is an evident will at all levels to deliver change. Its plans for the regeneration of Stevenage demonstrate a level of ambition more typical of a city council than a District. These regeneration plans will require a higher profile for the Borough both regionally and nationally. There are several major, high-tech companies in the area whose longer term investment decisions will inevitably be affected by uncertainty arising from Brexit. This is further reason for Stevenage to strengthen its offer to both retain and attract business investment.

The Council aspires to be a leading co-operative council and already demonstrates many of the qualities of such an organisation in practice, such as how it engages with and listens to its communities. Examples of good community engagement include the 'Teddy Bears picnic', bringing together young mothers and families, and the 'Big Knock' whereby Members and officers visited council tenants in their homes to listen to people's issues and concerns. It is developing a number of key plans and strategies which will shape the Council and Borough into the future. It is developing a new Local Plan and Cultural Strategy and undertaking a series of business reviews to reshape its services as part of the Future Town, Future Council programme. A new officer leadership team has been established which provides an opportunity to refresh the Council's approach to communications, building on a number of strengths which are already in place to achieve more strategic and effective communications.

These strengths include very strong communications leadership from the Council's Leader, whose commitment to the Borough is evident and enjoys a high profile locally and more generally. The Chief Executive has shown clear staff leadership since his appointment in 2015 and there is a strong commitment to improving communications across the Council's leadership. There is evidence of good partnership working, such as Stevenage Against Domestic Abuse; The Social Inclusion Partnership and Stevenage First, which is driving its regeneration plans. The Council has continued to undertake regular resident surveys, for example to seek residents' views on priorities for the Borough. A number of councillors are participating in the Modern Member Programme. This is seen as a valued development opportunity and the modules selected by Stevenage include use of ICT and place leadership which are clearly relevant to effective communications.

### **6.2 Place branding**

Stevenage already has a strong basis for developing a place narrative. As noted above, it is home to a number of high-tech industries, indeed the Mars Rover vehicle was made in Stevenage so can reasonably claim to be 'The UK's Houston'. It enjoys very good connectivity - regular train services put it within some 20 minutes of central London and it lies adjacent to the A1(M). Although the first new town created after the war, it also has a long history which can be traced back to the Domesday Book in the 11<sup>th</sup> Century. Stevenage can speak in terms of both having a proud history and a bright future. The Council now needs to fully articulate and share a place brand for Stevenage - across the authority, with partners and potential investors and the wider community. Joint workshops between the Executive Board

and Senior Leadership Team (SLT) have previously been used to develop thinking around housing and regeneration. A similar approach could help to develop both the place and corporate narratives.

There is a good regeneration communications plan to support the redevelopment of Stevenage town centre. However, there needs to be wider buy-in to this and greater co-ordination with the Council's wider communications. There needs to be more joining-up with the Council's wider priorities and messaging – so that residents see that development is intended to benefit the wider community to enhance opportunities and prosperity. There should be more co-ordinated marketing of Stevenage as a place. The review team understand that there are multiple brands and some five or six different websites – which clearly needs to be made more coherent.

There is some understanding at a top level of what being a co-operative council means, but this understanding is not consistently expressed across the organisation. However, the desirability of being such a council is shared and understood in general terms as being one which listens and responds to its residents and works with them to make Stevenage a better place. A more clear and consistent articulation of what makes Stevenage a co-operative council is required. This needs to be illustrated by what this means in practice, to bring its co-operative principles to life, and needs to be embedded in both the new place narrative and in the Council's corporate and other plans.

The team found a high level of understanding of the Council's priorities for Stevenage across Members, staff and residents. The top two are clearly understood as regeneration of the Town centre and building new housing. Creating new jobs and changing the perception of Stevenage are also seen as priorities. It is important to note that Stevenage now needs to be seen to be changing, to give residents and staff the confidence that the Council can and will deliver. Members and staff are keen to be ambassadors for the Council and Stevenage, which will be aided by better alignment of internal and external communications. Previous attempts to regenerate the Town have been seen to falter, sometimes due to external factors such as the financial crash in 2008, which has given some a scepticism that Stevenage can deliver. It needs to take full advantage of the opportunities now being presented to it and to demonstrate that the Council is a key part of the partnership that will enable future delivery.

### **6.3 Internal communications**

People we spoke to were clear that there has been a big improvement over the past 18 months. The top team, in particular the Chief Executive, have demonstrated visible leadership. The Chief Executive's roadshows and briefings are widely welcomed, along with initiatives such as going 'back to the floor' with refuse collection teams. Staff engagement has improved and a number of innovative approaches to internal communications have been adopted, such as a graffiti board and using a burger van to increase attendance at the Chief Executive's early morning briefings at the depot. These have had a positive impact. The Council now needs to consider its capacity to deliver and sustain such a wide range of initiatives alongside other priorities for communications resources.

The Council's internal communications are supported by a range of different communications channels to reach different parts of the organisation. These include

meetings and briefings, e-mail and the intranet. *The Link*, the staff newsletter is published several times a year and distributed via e-mail and in hard copy, in recognition that not all staff can access a computer at work. Consideration should be given to establishing an editorial board including staff from across a number of service areas to give wider ownership of the content. Staff recognition includes celebrating success through a staff awards scheme.

Member communications are seen to have improved. The weekly decisions e-mail, produced by Constitutional Services, recording decisions made across the Council is valued. Members would like to receive *The Link* (although it is available via the intranet) and some would also welcome a regular e-mail briefing on matters of interest.

Staff reported some inconsistencies in the effectiveness of internal communications. It is generally better within a service area, rather than across different services, which suggest the existence of organisational silos. But even communication within services is mixed, such as the frequency of team meetings and the sharing of information more generally, which suggests much may depend on the style of individual managers. The cascade of information through tiers of management does not appear to be effective in all cases. The different response rates across different parts of the Council to the recent staff survey could be explored further, as this may say something about the level of staff engagement.

The inclusion of communications as a core competence for managers at Assistant Director (SLT) level for the recent appointment process is a positive development and we understand it is intended that this will be the case for recruitment to other posts in the management structure. The Council could use this to establish and enforce expectations around team meetings and communications across the organisation. There is a case for greater networking for all levels of management, in addition to SLT. This could include, for example, themed workshops looking at different issues arising from the Future Town, Future Council programme. The frequency of internal communications could be examined, to assess if more frequent circulation of *The Link* or the introduction of more regular e-mail briefings would allow more timely communication of issues.

Improving the Council's intranet is a key issue for staff. It is widely seen as being not fit for purpose. Staff report that previous plans to improve it have not been realised. We understand that the Council, through its ICT partnership arrangements with East Hertfordshire, is procuring a new intranet solution. It is important that staff are involved in the development of the new intranet, to ensure that it works for them. Delivering an effective intranet appears to have become a key test for staff of the Council's ability to improve more generally.

As with all aspects of communications, internal communications should both close the feedback loop and be subject to evaluation. Internal communications should allow the Council to demonstrate to staff that 'You said, We did ...' in response to issues and concerns raised. Evaluation should look at preferred communications channels and how it has helped staff to do their jobs better and feel more informed.

#### **6.4 Structure, capacity and capability**

In the peer team's experience, the Corporate Communications Team at Stevenage is relatively well resourced for a district council. The Communications Team is delivering a high volume of communications activity and materials. It has been

successful in gaining national media coverage, including a feature on BBC1's *The One Show* and in three series of *The Housing Enforcers*. It has also secured some detailed local media coverage, including an in-depth article on housing in the local paper, *The Comet*. The team's relationship with the local media is good. Members feel well prepared in advance of media interviews and value the media briefings they receive.

There are a range of good skills in the team, whose members show a commitment to their own personal development through investing in relevant professional and academic qualifications at their own expense, in accordance with the Council's policy. However, the team are concerned that the approach to communications appears to be based on an out of date competency model which pays insufficient attention to the increasing importance of digital communications and the development of an organisational narrative and place brand.

There are also communications resources and skills in other parts of the organisation, such as in Regeneration, which can help to strengthen Stevenage's communications efforts. However, the lack of strategic oversight means these are not as well co-ordinated or effective as they could be. The approach to communications is insufficiently strategic, and strategic communications advice is often sought at a late stage in the decision making process, by which point its value may well be reduced.

An audit of all communications resources will allow the council to identify spend and resources and will deliver more effective communications and potentially the opportunity to make savings. Such an audit can inform consideration of how these resources are best deployed, which may include the option of bringing all these together in a central team.

Communications activity needs to be planned, more strategic and more clearly linked to the priorities in the Corporate Plan – Future Town, Future Council. Use of a forward planning communications grid may help to better align communications activities and campaigns to the Council's priorities. The team's view is that the Council's approach to planning campaigns is too complex and onerous and may be getting in the way of establishing a communications function that is both strategic and responsive. The team recommends the use of a simpler approach to campaigns planning based on the Government Communications Service 'O.A.S.I.S' or 'R.O.S.I.E' model. In this approach, adequate research allows objectives to be established. The R.O.S.I.E model is based on **R**esearch, **O**bjectives, **S**trategy, **I**mplementation, and **E**valuation.

The approach to measurement and evaluation of communications activity needs to be strengthened, to give assurance that the Council is making the best use of its communications resources and its communications campaigns are having the desired impact. A large proportion of the Corporate Communications Team discretionary budget is spent on the resident's magazine and the community awards scheme. The Council needs to satisfy itself that this is best use of a limited resource. (We understand that the recent residents' survey indicates that *The Chronicle* is one of the most favoured ways for people to receive information about the Council. The Council should undertake additional research as necessary to determine the most effective communications channels).

The Council's approach to communications should be more confident. Currently it is too risk averse. There appears to be some confusion/misunderstanding about the role of Members when speaking on behalf of the Council or community and when they are undertaking party political activity, which it would not be appropriate for the Council's communications function to support. For example, Members are not quoted or featured in stories in the council residents' magazine, *The Chronicle*. The team see no problem in portfolio holders being quoted on behalf of the Council in items relevant to their area of responsibility, indeed this is the practice in many councils. Similarly, the communications function should support Members in vigorous and prompt rebuttal of inaccurate stories which are detrimental to the Council's reputation. In terms of developing the Council's communications capacity, it would now be opportune for other portfolio holders and senior officers to assume a higher profile in the media and take a greater role in communicating the Council's direction and priorities, both internally and externally. If the Council's plans for regenerating Stevenage are to be realised, both the Leader and Chief Executive will need to give greater time to promoting these nationally (and potentially internationally) and other members of the leadership teams (political and managerial) will need to step up to assist them.

The Corporate Communications Team was said by some people to be at times a blockage, to both external and internal communications – for example in the issue of 'all user' e-mails. It is legitimate to act as a control on the appropriate use of communications channels – both in terms of use of resources, time and maintaining the Council's reputation. However, decisions in this area need to be seen as consistent and reasonable or risk managers developing 'work around' solutions. Such considerations partly form our rationale for suggesting an editorial Board for both *The Chronicle* and *The Link*. The Communications team may need to better explain the appropriate communications channels in different circumstances and their effective use.

The team heard of an inconsistent approach to the use of corporate identity. This appears to derive from lack of robust processes for print and design and insufficient understanding of the corporate identity requirements, which can be wasteful of resources and dilute that corporate identity.

With a single digital communications officer, there is a risk of a 'single point of failure' in terms of updating content. This is one of the reasons why the team suggest consideration of an account manager model for the Corporate Communications Team. This would see each member of the Team being the point of contact and support across the full range of communications activity for a group of services, or a theme from the Corporate Plan (which would help to align communications activity to priorities). This would enable all team members to develop their skills and experience across the full range of communications activity and give greater resilience.

In terms of the website more generally, it should be reviewed from the end users' perspective to make it more intuitive and easier to use, particularly if residents are to be expected to undertake more self-service activities as part of channel shift and cost reduction. As Stevenage positions itself as a high-tech town, the Council's website should be mobile-enabled and support agile working. It could be used to more effectively promote the Council's ambitions for Stevenage, drawing on the developing place narrative.



## 7. Next steps and further support available

Further assistance and support, if required, and access to good practice examples, may be arranged by making contact with Matt Nicholls, the LGA's Head of Local Government Communications Support ([matt.nicholls@local.gov.uk](mailto:matt.nicholls@local.gov.uk)) or the LGA's Principal Advisers for the East of England – Rachel Litherland ([rachel.litherland@local.gov.uk](mailto:rachel.litherland@local.gov.uk)) or Gary Hughes ([gary.hughes@local.gov.uk](mailto:gary.hughes@local.gov.uk)).

The LGA provides on-line resources which may be relevant to your response to a number of the issues identified during the review and the recommendations included in this report. The following in particular may be helpful:

- Corporate narrative toolkit - <https://www.local.gov.uk/our-support/guidance-and-resources/communications-support/corporate-narrative-toolkit>
- Place branding toolkit - <https://www.local.gov.uk/our-support/guidance-and-resources/communications-support/place-branding>
- LGA Guide to more effective internal communication - <https://www.local.gov.uk/our-support/guidance-and-resources/communications-support/internal-communications>

Members of the peer team will be happy to further share their experience and understanding of good practice, to help you tackle the issues identified and enhance your approach to communications.

This page is intentionally left blank

Template Scoping Document

*As amended with O&S Member comments 09 10 15*

Page 19

<p><b><u>Overview &amp; Scrutiny Committee</u></b> <b><u>(Sitting as a Select Committee)</u></b></p>	
<p><b><u>Scrutiny Review Title:</u></b></p>	<p><b>Media &amp; Communications</b></p>
<p><b><u>Background issues</u></b> to review – rationale for scrutinising this issue:</p>	<p>Members raised the issue of reviewing Media &amp; Communications, which was agreed by the Overview &amp; Scrutiny Committee at its meeting on 16 March 2015 as the focus of its scrutiny review for 2015/16.</p> <p>It had been agreed in the proceeding municipal year to defer this item from 2014-15 to 2015-16 given the workload of the Committee at the time.</p> <p>Members wish to investigate this matter as they are of the view that Media &amp; Communications plays a vital role in the way the Council communicates with the public and its partners, so consideration of this matter by a scrutiny review would be beneficial to establish what are the current practices and to see if there are any areas that could be improved upon.</p>
<p>Is the issue highlighted as one of the Council’s corporate aims and objectives of the Council’s <b><u>Corporate Strategy</u></b>, – ‘Sharing the Dividends’? If so which one:</p> <p>Is the issue addressed by the Council’s <b><u>Community Strategy</u></b>?</p>	<p>There are no specific references to <b>media and communications</b> within the Council’s Corporate Strategy. However, within the ethos of being a co-operative Council and providing “value for money services” that “put residents first” there are broad commitments that as well as providing an internal service for Members and officers would also support the aspiration of providing a communications service that could benefit the local voluntary sector and other local good causes and events.</p> <p>The Council’s media and communications is not an issue that is directly addressed by the SoStevenage Community Strategy. However, good communications between the Council and its</p>

	<p>partners is a vital component to achieving its goals so consideration of the Council's media and communications should be welcomed by officers.</p> <p>There is a Corporate Communications Strategy which will be considered as part of the evidence for the review.</p>
<p>Is this issue one that raises interest with the public via <b>complaints</b> or Members' surgeries?:</p>	<p>There have been no recorded complaints regarding Media &amp; Communications.</p>
<p><b>Focus of the review:</b> (State what the review focus will be)</p>	<p>To be identified by the Committee at the scoping meeting.</p> <p>Members have so far suggested the following possible Options:</p> <ul style="list-style-type: none"> <li>• <i>Corporate Culture – moving to a collaborative approach with residents, partners and the voluntary sector - Is SBC getting its culture and behaviours round to a positive community support role, not just a telling us what has been decided?</i></li> <li>• <i>Processes – Find out what the normal 'day job' is for the Council's Communications Team? Officers to describe the sort of work the Team undertakes and show examples and how work is signed off. How formalised are these processes and are they regularly adhered to?</i></li> <li>• <i>Is the service proactive or reactive i.e. does the service rely on Executive Members and Senior Officers to approach the Team or are there mechanisms in place to ensure that when they are communicating externally that a corporate standard is maintained?</i></li> <li>• <i>The review could also consider the relationship with the local media; Councils use of Social Media; the increase in the use of Freedom of Information requests; communicating in Plain English;</i></li> <li>• <i>Case Studies - Members to highlight cases of external communications that they are aware of where they consider improvement could be made or which demonstrated good practise: ((i) Recent flash flood on 17 July 2015 and how this issue &amp; response was communicated; (ii) Facebook/online petition re Cemetery; (iii) Stevenage Football Club parking at the showground; and (iv) Town Centre Regeneration)</i></li> </ul> <p>Other issues identified by Members at the scoping meeting: Cllr Sarah Mead <i>"this review is an opportunity to look at the way that letters are worded – communication by letter is one of the most common issues, particularly in the event of a missed payment of rent/council tax. Where letters cross</i></p>

	<i>from separate departments this leads to particular anxiety and there should be scope to acknowledge processes clearly.”</i>
<b>Timing issues:</b> Are there any timing constraints to when the review can be carried out?	None apparent prior to scoping, but the review will have to fit in with the timing of the other Select Committee review work programme items. Officers will advise at the meeting if there are any timing issues to consider.
The Committee will meet on (provide <b>dates</b> if known):	Dates: Day/Month/Time/Venue 22 September 2015 – Consider draft Scoping Document with Head of Business Strategy Community & Customer Services 19 October 2015 – Formally agree scope 16 November 2015 – Presentation of Service & interviews with officers & other witnesses including “critical friend” 16 December 2015 – Interview with Leader & Chief Executive 20 January 2016 - Draw together findings and draft recommendations 15 February 2016 – <b>Provisional date for the Final Report and Recommendations</b>
<b>SBC Leads</b> (list the Executive Portfolio Holders and SD’s Heads of Service who should appear as witnesses):	<i>Officers have suggested the following people:</i> <ul style="list-style-type: none"> <li>• <i>Leader of the Council*– Cllr Sharon Taylor</i></li> <li>• <i>Chief Executive – Scott Crudgington</i></li> <li>• <i>Head of Business Strategy, Community and Customer Services – Richard Protheroe</i></li> <li>• <i>Communications Manager - Lucie Culkin</i></li> <li>• <i>Various “back office” departments to possibly include; the Customer Service Centre (how they handle social media service requests/complaints); Housing Allocations – Jaine Cresser</i></li> </ul> <p><i>*Executive Member with corporate responsibility for Media and Communications</i></p> <p><i>Any other officers or Members? – Members suggested a representative of the Local Media</i></p>
Any <b>other witnesses</b> (external persons/critical friend)?:	To be identified by the Committee at the scoping meeting. <i>Possible options identified by officers:</i> <ul style="list-style-type: none"> <li>• <i>A peer from a neighbouring area to act as a “critical friend” – Richard Protheroe has advised that a contact at the LGA would be invited to attend.</i></li> </ul>

<p><b><u>Allocation of lead Members</u></b> on specific individual issues/questions:</p> <p>Any other Questions Members wish to cover:</p>	<p>To be identified by the Committee at the scoping meeting.</p> <p>Members will ask questions on the following areas XXXXX (list the issues to address during the interviews):</p> <p>Cllr ..... will lead questioning on <b>Corporate Culture</b></p> <p>Cllr <u>Sarah Mead</u> will lead questioning on <b>Processes</b> – <i>Cllr Sarah Mead “I would like to look into ‘process’. I think that there would be enough scope for two members to cover this?”</i></p> <p>Cllr ..... will lead questioning on <b>Case Study</b> – (Officers and Members to agree case study)</p> <p>Cllr <u>Michelle Gardner</u> will lead questioning on <b>Equalities &amp; Diversity Issues</b> – Are there any E&amp;D issues to consider in this review?</p>
<p><b><u>Site visits and evidence gathering in the Community</u></b></p>	<p>Not applicable for this review</p>
<p><b><u>Equalities and Diversity issues:</u></b> The review will consider what the relevant equalities and diversity issues are regarding the Scrutiny subject that is being scrutinised</p>	<p><i>To be identified by the Committee at the scoping meeting.</i></p> <p>What gaps are there? Age / Gender/ Disability.</p>
<p><b><u>Constraints</u></b> (Issues that have been highlighted at the scoping stage but are too broad/detailed to be covered by the review):</p>	<p><i>To be identified by the Committee at the scoping meeting 22 September 2015 (These issues can be captured and dealt with via other means – Briefings/email/officer action etc).</i></p>

<p><b><u>Background Documents/data</u></b> that can be provided to the review</p>	<p><i>To be identified by the Committee at the scoping meeting 22 September 2015.</i></p> <p><i>Possible options suggested by officers:</i></p> <ul style="list-style-type: none"> <li>• <i>Case study documents (when agreed)</i></li> <li>• <i>Evidence of normal practises – showing the process of refining a document prior to publication</i></li> <li>• <i>Communications Strategy</i></li> <li>• <i>Residents Survey data, when published Sep/Oct 2015</i></li> </ul>
<p><b><u>Agreed Milestones and review sign off</u></b> -To be agreed by Members and officers</p>	<p><i>Formal response from Executive Portfolio Holder (Executives have a Statutory requirement to respond to Scrutiny review recommendations two months after receiving a final report and recommendations of a review: <b>Date Executive Portfolio responses are expected</b> (dependent on the final report &amp; executive portfolio response template publishing date – <b>Possibly February 2016</b>):<b>April 2016</b></i></p> <p><b><i>Date for monitoring implementation of recommendations – final sign off (typically one year from completion of the review): February 2017</i></b> (Close to this date the O&amp;S Committee will receive a report at a Committee meeting to agree the final sign off of the review recommendations)</p>

This page is intentionally left blank





## APPENDIX A

### Stevenage Borough Council

# DRAFT ASSET MANAGEMENT STRATEGY

## 2018-2023

### Contents

INTRODUCTION .....	2
OVERVIEW OF THE PROPERTY PORTFOLIO.....	5
OUR ASPIRATIONS .....	7
ACHIEVEMENTS SO FAR.....	9
CHALLENGES WE FACE.....	12
SUMMARY .....	21
CHANGE PROPOSED .....	22
CONCLUSION .....	28
APPENDIX A FTFC PROGRAMME DIAGRAM.....	30
APPENDIX B OVER VIEW OF COUNCIL’S NON HOUSING ASSETS .....	31
APPENDIX C PROFILE OF ESTATE .....	33
APPENDIX D ASSETS AND CAPITAL BOARD TERMS OF REFERENCE .....	37



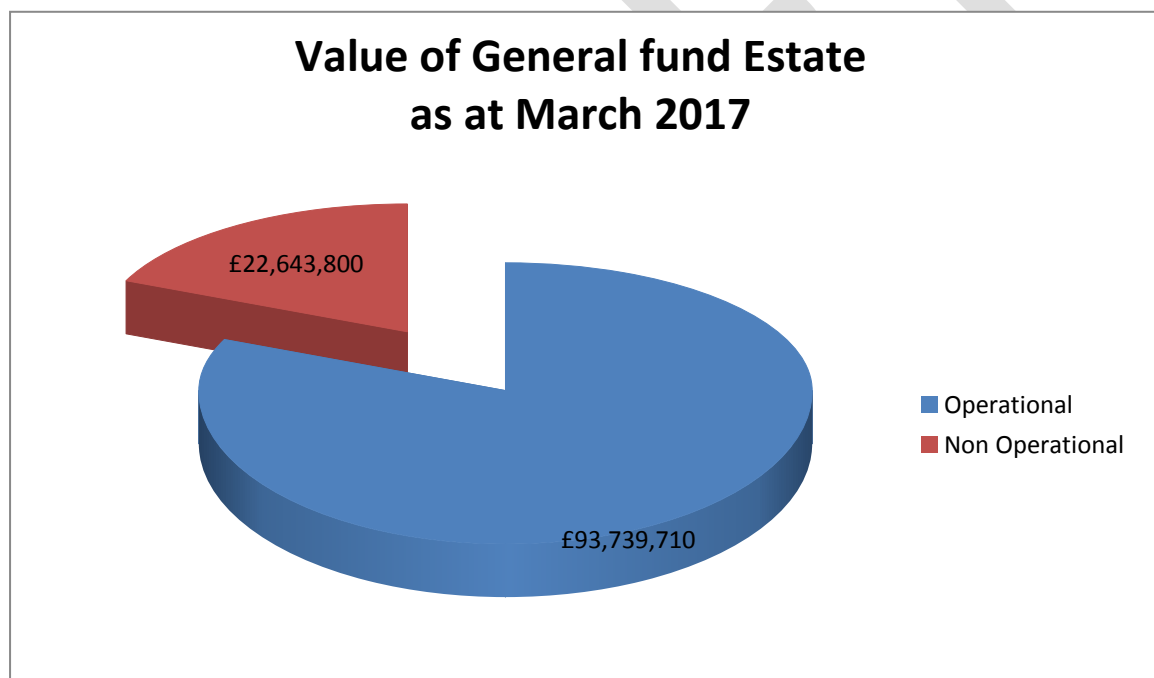
## INTRODUCTION

This document sets out Stevenage Borough Council’s Asset Management Strategy 2018-2023. The Strategy describes the Council’s approach to management of its non-housing assets, land and buildings, and is intended to provide the framework for decision making across the estate (for all operational and non-operational assets).

The central focus is the Council’s buildings which fall into two categories

- (1) **Operational assets** including corporate offices and depots, a wide range of community buildings, leisure facilities, and car parks, and
- (2) **Non-operational assets** including the commercial portfolio, and garages.

The current combined value of the non-housing estate is £116.38m.



The Council can drive change through efficient use of its assets within the Borough, helping to improve local communities and residents quality of life, connect opportunities for regeneration of areas and deliver services from high quality easily accessible corporate buildings.

This new framework is intended to have a life of five years and replaces the previous Asset Management Strategy 2010-2015. The new framework comprises of two key elements - Asset Management Strategy and Asset Management Action Plan. The general approach to asset management is likely to remain constant for this period, but the action plan will be the key change document.



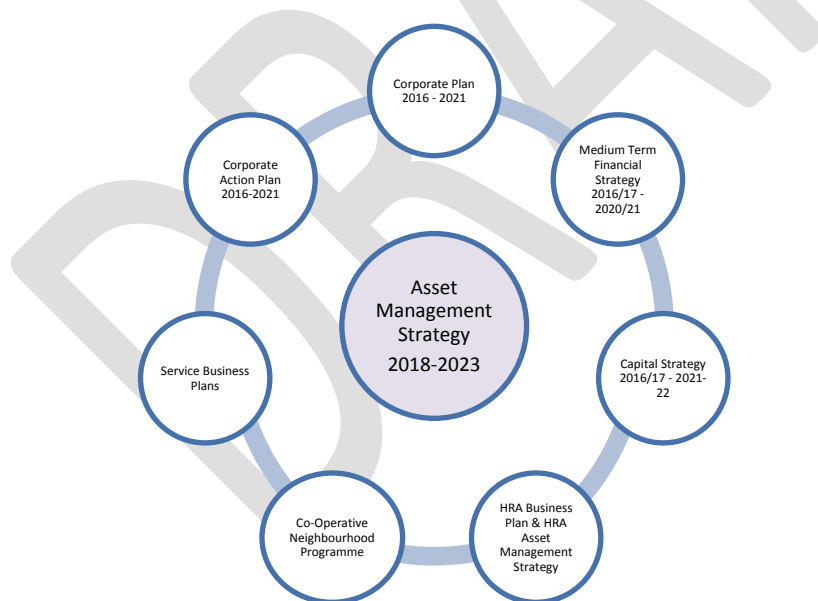
### Why do we need an Asset Management Strategy?

Asset management, in simple terms, is the name given to the strategic management of the property assets that the Council owns or occupies. In this case, non-domestic assets held by the General Fund.

The Asset Management Strategy is intended to be a live road map for its assets setting out the direction of travel for the next five years. This will reveal how the Council intends to maximise available resources (assets and finance) to develop a sustainable well maintained portfolio that helps to support and deliver the Corporate aims and objectives.

### Links to other Corporate Strategies including context

Property assets cannot be managed in isolation to other over-arching Council policies and strategies, as they are closely linked to the achievement of our strategic priorities. These key priorities are summarised within the Council’s Corporate Plan and Summary Action Plan. The diagram below shows the main strategy documents influencing property decisions.



Stevenage Council approved proposals for a new programme called Future Town Future Council in October 2015. It consists of nine key focused programmes that aim to deliver improved outcomes and real change for Stevenage residents over the five year period (up to 2020)(see Appendix A). This forms the basis of the new Corporate Plan. Further details can be obtained via the following link - (<http://www.stevenage.gov.uk/content/15953/33537/20596/Co-op-Future-Council-Corporate-Plan-2017.pdf>)



The **Corporate Plan 2016 – 2021** includes the following ambitions:

- Increase the number of social and affordable homes in Stevenage (FTFC 05)
- Create a vibrant town centre where people want to live, work and play (FTFC 06)
- Improve the accessibility of our services and the customer experience (FTFC 07)
- Work with our communities to improve our neighbourhoods (FTFC 08)
- Provide high quality homes to our tenants and leaseholders. (FTFC 09)

This plan is ambitious and to help deliver on these core values, the Council will need to be:

- A financially resilient Council with enough resource to deliver its priorities (FTFC 01)
- Become a smart Council with improved performance (FTFC 02)
- Have the right people, skills and knowledge (FTFC 03)
- Have stronger partnerships with key agencies to deliver our priorities (FTFC 04)

The Asset Management Strategy will support the delivery of these core objectives. The Council will be using its valuable resources (people and property) to ensure effective and efficient management of the corporate estate.

DRAFT



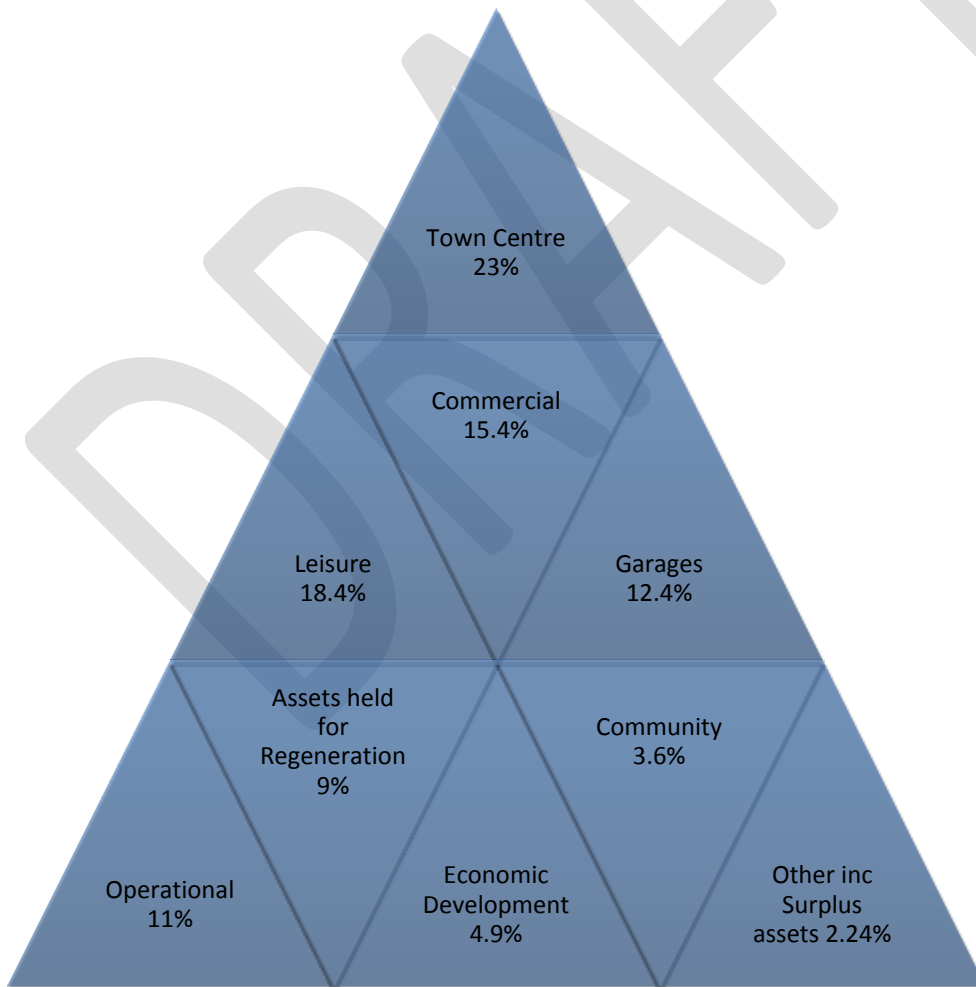
## OVERVIEW OF THE PROPERTY PORTFOLIO

The Council’s property portfolio extends to a non-housing stock of over 377 separate assets plus 6664 general fund garages, with a current aggregate book value of £116.4m as at 31<sup>st</sup> March 2017.

General Fund assets are owned and held for the following reasons:

- to deliver a service, such as play centres or corporate office accommodation
- to generate an income e.g. shops and workshops
- to add value to local communities e.g. shops, park pavilions/changing facilities and community centres
- to enable more control and comprehensive regeneration of the town centre

This is largest portfolio <sup>1</sup>held by any Local Authority in Hertfordshire. A breakdown of the percentage of the total capital value attribute to key groups of assets is given in the diagram below.



<sup>1</sup> Source: e-PIMS presentation by HCC 20 June 2017



This is a valuable resource and one which demands to be managed efficiently and effectively to ensure current income streams of circa £6.24m per annum are protected, and ideally offer rental growth, in order to continue to fund the cost of running Council services, as well as being employed to meet other Corporate Plan aims.

A summary list of property assets is included at Appendix B and C, and this demonstrates the broad spectrum of property assets within the portfolio. It comprises civic offices, depots, community centres, pavilions, play-centres, leisure facilities, surface car parks and one multi storey car park, cemeteries, public conveniences and a significant commercial portfolio. For the avoidance of doubt, this asset management strategy does not cover plant and machinery within the buildings.

Of the 377 assets included within the portfolio, currently 98.6% are wholly owned by the Council, and only 1.40% (6 assets) are leased in by the Council (i.e. the Council is the lessee).

DRAFT



## OUR ASPIRATIONS

This section sets out the key aspirations and ambitions for the Council’s general fund estate:-

1. **To acquire and hold assets that help create and support a vibrant town**
2. **To hold assets that help improve the quality of the environment for the benefit of local residents**
3. **To look at ways of releasing and developing our land assets that enable the Council to provide high quality new homes for our residents, and**
4. **To hold a sustainable, compliant and efficient corporate estate.**

Running through these aspirations, the key objective for the Council is to own “the right assets at the right cost”.

The “right assets” are those that enable the Council to deliver on the promises made under the Future Town Future Council programme that are held or used to:-

- pave the way for regeneration (buying and developing property within the town centre) (Town Centre Regeneration)
- build 300 new homes by 2020/21 (Housing Development)
- complete more flagship mixed residential and commercial schemes (such as the recently completed Archer Road re-development) (Housing Development)
- improve our Co-operative neighbourhood working along side our local residents (Co-Operative Neighbourhood Management – Garage Investment programme)
- generate new rental income streams (Financial Security)
- to improve accessibility to our services and improve the customer experience (Connected to Customers). The right assets need to be environmentally sustainable, health and safety compliant, well maintained and accessible, inviting and attractive. All assets need to be of high quality, offering adaptable/generic/flexible space and fit for purpose.

The Council can only deliver on this agenda with a clear focus on achieving the right assets at the right cost. There must be a response to the current financial landscape which dictates a need to operate within significantly reduced resource. This is discussed in more detail within the Challenge Section of this Strategy. Local Government faces increasing financial challenge over and above the sustained reduction in central government support.

The Council’s financial requirements for setting a balanced revenue budget and funding the Council’s ambitions under the FTFC programme are as follows:

1. Increase income generated from the Council’s commercial assets through a number of ways (i) by investing in our incoming generating assets (ii) through efficient management and (iii) buying new commercial investments which bring in new sustainable rental income streams .
2. Release capital receipts from poorly performing assets or strategic land assets, and reinvest in Council assets to reduce reliance on prudential borrowing.
3. Reduce costs associated with the Council’s assets through a modernisation programme (for instance energy efficiency savings).
4. Effective management of Capital spend.



The primary challenge in balancing Stevenage Council’s books is managing capital spending, by ensuring there is an effective capital programme, where spend is targeted appropriately. Inevitably, this will necessitate a reduction in the asset base over time, because maintaining all the current assets on the basis of fix on fail is not sustainable in the long term. This cost ambition extends to reducing running costs on core operational offices through investment in new and modern construction, which will bring cost and energy efficiencies (not achievable on poorly performing stock).

In order to deliver on the promises for internal changes, the Council is looking at ways through its Employer of Choice ambition to keep and attract the best staff, and under its Performing at our Peak agenda to develop strong staff performance.







## ACHIEVEMENTS SO FAR

### KEY ASPIRATION 1: To acquire and hold assets that help create and support a vibrant town

In 2013 and 2016 respectfully, the Council successfully acquired freehold ownerships of two significant commercial portfolios within the Town Centre (Town Square and The Plaza). These assets are key to helping the Council create a commercially attractive development scheme that it can promote to Developers. The Regeneration Team are actively engaged in competitive dialogue discussions with developers. The selected preferred developer will be announced in early 2018 as one of the first major signals of the redevelopment of SG1, and a phased development programme will follow.

The regeneration of SG1 within the town centre will see a new public sector/civic hub being developed, with the intention of decanting out of the ageing offices at Daneshill House into the new building.

#### Public Realm

The Council have been working to improve the public areas within the town centre with a variety of schemes to make the area a place where people want to spend time. This year improvements were carried out to two public squares in the town introducing new paving, planting, lighting, seating and performance areas to add a fresh look to busy areas in the town centre.

### KEY ASPIRATION 2: To hold assets that help improve the quality of the environment for the benefit of local residents

#### We are investing in Stevenage neighbourhoods

The first phases of the Co-Operative Neighbourhood Management programme have focussed on the residential wards of Pin Green and Shephall. In these areas, new litter bins have been installed, public realm improvement works procured and remedial work to hardstand areas and other public space enhancements have been completed. The programme was formally launched in the summer of 2017, and this seeks to enhance local areas through resident engagement. Further environmental improvement works are proposed for St. Nicholas and Martins Wood during 2018/19 including replacement of litter bins, green space signage, improvements to public realm, plays areas and shrub beds.

#### Improving our 6664 garages to keep them all in top condition

The Council has approved a re-investment programme of circa £9.2m over a ten year period to refurbish its current garage stock. The investment plan will see improvements to the condition of the garage stock within all neighbourhood areas. The refurbishment of five garage blocks (pilot projects) have been completed as part of the first phase of the programme.



## Transferring assets to the third sector

The council provides accommodation for a number of local community and voluntary organisations through its portfolio of assets. The council currently has arrangements with Community and Voluntary Sector organisations to manage and operate council premises on lease arrangements through a partnership approach. The council continues to consider social value and community benefit through the delivery of its asset portfolio.

## KEY ASPIRATION 3: To look at ways of releasing and developing our land assets that enable the Council to provide high quality homes for our residents.

Housing remains a key priority for Stevenage residents and for the Council, and there is a need for more affordable homes.

Recent achievements include the establishment of a new in-house Housing Development Client team to lead a design and development consultant team. An Open Market Acquisitions Programme is underway that will deliver 67 new affordable homes during 2015/16 and 2016/17. 31 of these homes have already been acquired at the time of drafting this Strategy.

Changes to the HRA self-financing regime has allowed the Council to plan for a new build programme of affordable housing across Stevenage. The New Council Housebuilding programme is progressing well and to date 39 new homes have been developed across 3 sites. This effectively means that the Council has taken on the developer role in some instances. This has resulted in delivering 30 new homes at Archer Road under a design and build contract. Another 29 homes are under-way on previously council owned sites on a similar basis. New disposal models include negotiations for the purchase of any affordable element of housing from Private Developers, who have purchased land from the Council for private residential development (such as 14 new homes being acquired on land sold at Gresley Way). The New Council Housebuilding programme is detailed in the table below:

	Estimated Completed Onsite	1 Bed Flat	2 Bed Flat	3 Bed Flat	2 Bed house	3 Bed House	4 Bed House	
Archer Road	Completed	8	9		9	4		30
Vincent Court	Completed				4			4
Kilner Close	Completed	1	2			1	1	5
Twin Foxes	Onsite	6	8					14
Weadwood Way	Onsite				6			6
March Hare	Onsite	10	5					15
Ditchmore Lane	Estimated	4	6					10
Kenilworth	Estimated	80	90		20	16		206
Gresley Way	Onsite	4			7	2	1	14
29 Shephall	Estimated	3	2					5
Symonds Green	Estimated	8	8		2			18
Buy Backs	Completed				2	1		3
Open Market Aq	Completed	13	7	1	5	2		28
<b>Total</b>								<b>358</b>



**CASE STUDY: ARCHER ROAD**



Kingpin Square – This is a redevelopment of an ageing neighbourhood centre with voids and poor public realm. In a phased development (cost £5m), a community centre was relocated to nearby Hampson Park. The second phase of the project, completed in July 2017, consists of development of council homes; 9 apartments and 13 family houses, designed around a central courtyard showcasing the original 1960s sculpture “The Kingpin” with some retail provision.

**KEY ASPIRATION 4: To hold a sustainable, compliant and efficient estate**

**Compliance Contract is underway**

A single supplier framework has been in place since 2014 providing a full comprehensive building compliance and maintenance service to the council’s corporate properties. This contract includes the servicing, maintenance, and health and safety compliance of 69 council buildings. This continues to be managed in collaboration with neighbouring Local authorities, North Herts District Council and Broxbourne Borough Council.

**Steps to address Energy Efficiency of the Council assets**

An energy audit survey was undertaken by external consultants in 2014 on seventeen operational buildings. The survey identified opportunities for investment in cost effective energy efficiency initiatives and energy saving measures, areas of energy waste and provided advice on how these may be reduced or avoided by applying good operational management and awareness.

**Review of Community Buildings**

A review is currently being undertaken of Community Centres. The review is considering opportunities for capital development, on sites where housing development options also exist and where there are opportunities with partners such as HCC and Health to consider joint capital programmes, for example the re-provisioning of HCC day care services. It is envisaged that this review will be completed by Spring 2018.

**New models of investment - Property Investments**

The Council approved £15million investment fund to acquire commercial property investments in May 2017, to support the Financial Security work stream based on a new property investment strategy. This will generate new rental income streams for the Authority, instead of generating income from more traditional gilts and bonds.

**Streamlining the disposal programme**

The Council has streamlined its processes and resources for certain land disposals to bring forward smaller sites for disposal by auction.



## CHALLENGES WE FACE

### 1. Financial landscape

The Council faces a significant challenge to identify and manage priorities including comprehensive spending review and financial pressures on general fund, capital pressures on council assets, housing pressures, welfare reform, change in partnership landscape, regeneration pressures, continuing pressures on local economy and impact on service users, increasing demand for services and need to work co-operatively with residents.

Over the last few years, the General Fund capital programme has faced considerable financial constraints as the projected need to spend outstripped the ability to fund the programme from capital resources, leading to an increasing need to borrow.

The Council has brought in some early short term mitigation, which directly affects property assets, in the form of capital limitations:

- Limit capital works to priority 1&2 works this includes essential health and safety and statutory works and ensure the buildings are watertight, secure, operational and fit for purpose. This assumes that the asset stock is static and is not obviously sustainable in the long term.
- Zero base the capital programme to ensure that all capital schemes are bid for and prioritised based on a set of criteria.
- Limit borrowing to a business case need and those schemes which give a return on investment.
- Assets due for regeneration should have only essential works carried out
- Re-profile spend to latter years if reviews of the service were due
- Include only the initial works to schemes until the business case is proven
- Include in the Strategy recommended option for play area improvements on affordability basis.

The situation is so critical for 2019/20, there is now a moratorium on making any capital commitments against the 2018/19 capital programme until a review of potential land and building disposals is carried out during 2017/18.

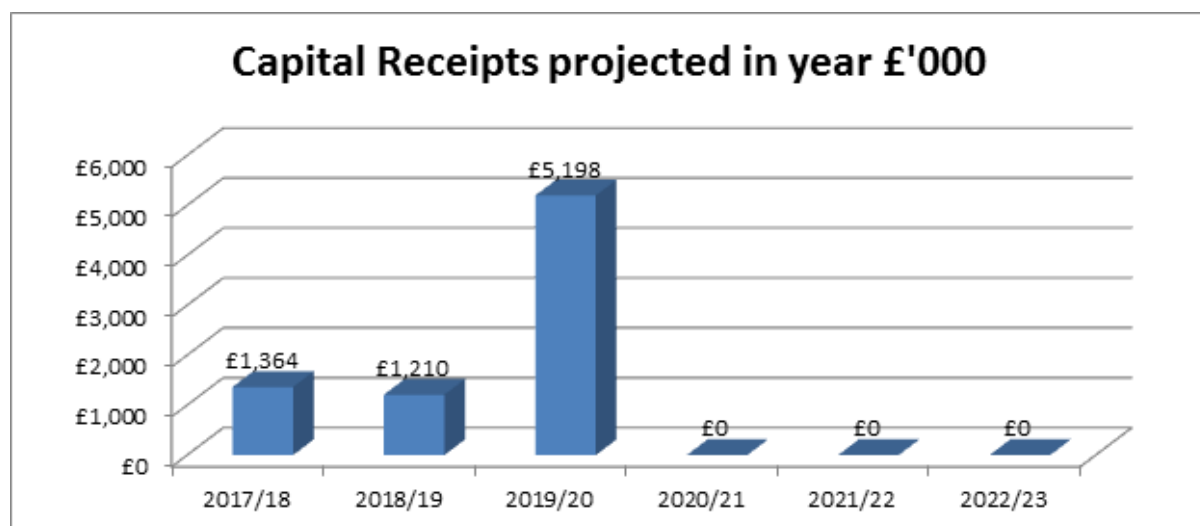
As an outcome of the emerging review of community centres, expenditure has been capped at no more than £200k for any community centre or pavilion until the review is completed.

#### Traditional property disposals

Historically, traditional disposal of property assets (mainly land) has been an important element of the Council's annual capital programme, because this is a main source of funding alongside capital reserves, in order to avoid prudential borrowing per se. However, as forecast, there are now insufficient good quality sites identified in the disposal programme/pipeline to achieve anything like the level of receipts likely to be required to fund the current capital and regeneration programmes. The traditional quick wins have now almost been exhausted, until further land reviews are carried out, and the Council faces a greater challenge of finding land parcels within its existing holdings of any significant value. This situation reaches a critical point in 2021/22 when the capital receipts will



be exhausted, unless new sites are found. The table below is taken from the draft Capital Strategy 2017/18 – 2022/23.



The Asset Review of 2012-14 did include a physical site survey of the Borough, and this produced approximately ten good traditional disposal sites from over 200 surveyed within acceptable existing planning policies. These have been added to the disposal programme and the majority sold. The remaining opportunities either demonstrated poor value due to site constraints or could only be brought forward once planning constraints are relaxed. There is no certainty that other developable land parcels will come forward under future reviews.

### Strategic land disposals

The Council does still hold a small number of potentially high value assets (the strategic land sites referred to earlier) that could be sold generating significant capital receipts, but it is not prudent to rely on these sales coming forward in the early years of this Strategy due to delivery risks. The largest of which will require considerable time in term of years, and up front revenue investment, to complete the necessary feasibility studies and promotion agreements to bring this forward. Once these assets have been sold, and the capital receipt taken, there will be no further sites of this magnitude.

### New models of housing delivery

The Council has also been taking on the developer role within Stevenage through the initiatives of the Housing Development team and making use of the Council's land resources by constructing new council homes on council owned land. Although this is an opportunity for the Council to meet social need aspiration to provide high quality new homes for residents, the challenge here is loss of traditional relatively quick capital receipts to the General Fund, resulting from transfer to the HRA (Housing Revenue Account) by a debt transfer as opposed to a capital sum.

The short and limited disposal programme which has existed for the past few years, and the impact of the lack of a rolling programme of new development sites coming forward to replace those lost to these new models has caused a financial pressure.



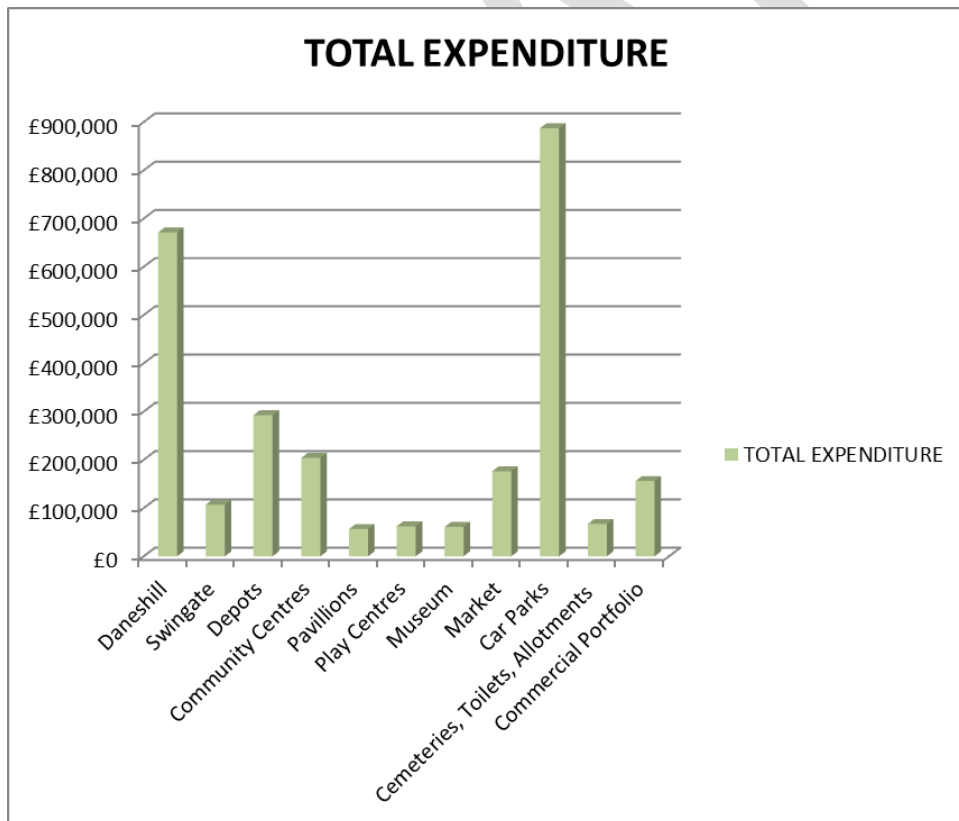
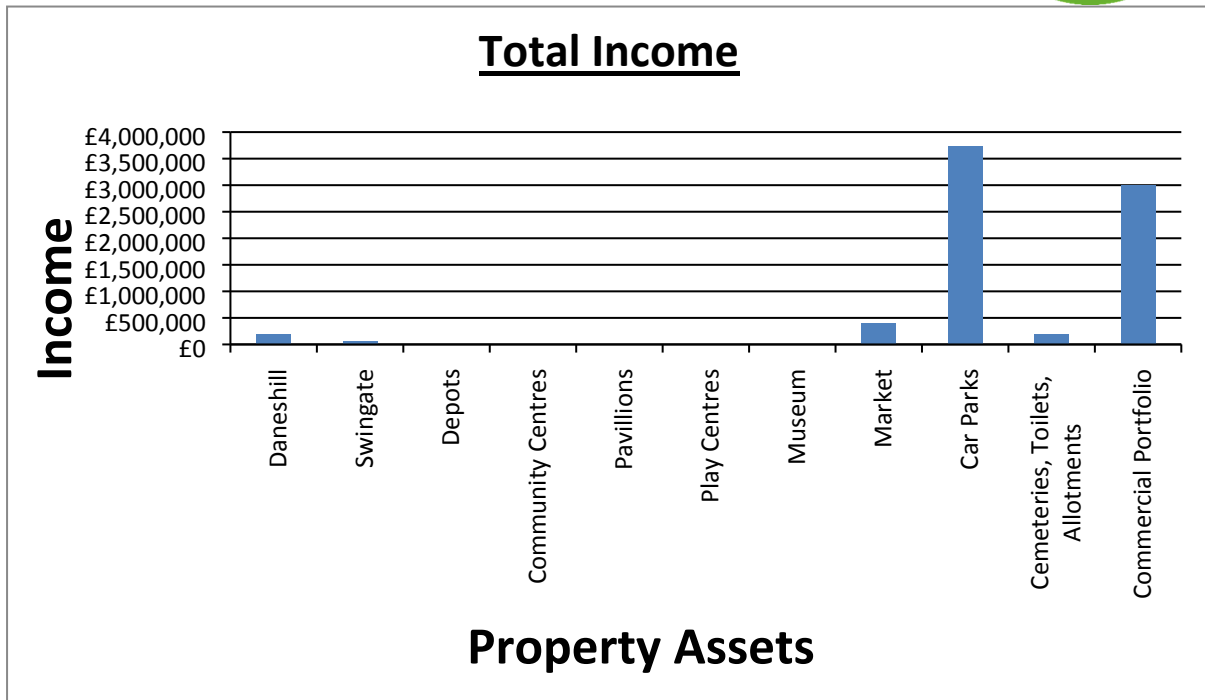
## Asset stock levels

The size of the Council's large asset portfolio has not changed significantly for many years since its origins back to the Development Corporation. The Asset Review of 2012-14 did seek to reduce the number of assets retained through natural loss without impacting on services, and as a result twenty two assets from within the portfolio were released either through re-location, demolition, sale or the surrender of leased in-asset. This resulted in small capital receipt of £286,000 and actual rent savings from the leased-in asset. This however was only a very small percentage compared to the existing portfolio. The previous asset review did not result in the loss of any operational assets. This means that revenue costs are still being met in relation to these assets including compliance and running costs.

The table below highlights the 2018/19 key budget expenditure and anticipated income for key estate assets across the following portfolios; operational estate, community, leisure, town centre excluding assets held for regeneration, and commercial.

2018/19 Budgets	Operational Estate			Community			Leisure	Town Centre		Other	Commercial
	Daneshill	Swingate	Depots	Community Centres	Pavillions	Play Centres	Museum	Market	Car Parks	Cemeteries, Toilets, Allotments	Commercial Portfolio
Repairs & Maintenance Of Buildings	£92,620	£24,390	£54,710	£73,070	£40,220	£17,770	£9,730	£41,590	£121,700	£26,710	£42,980
Grounds Maintenance	£0	£0	£0	£0	£0	£2,810	£0	£0	£0	£1,980	£0
Energy Costs	£140,960	£61,710	£49,990	£80	£0	£11,500	£7,250	£66,800	£86,560	£11,060	£1,050
Rents, Rates & Water Services	£282,440	£13,280	£170,190	£118,460	£6,890	£16,290	£42,020	£32,410	£658,320	£24,900	£55,290
Fixtures & Fittings Total	£5,820	£910	£5,400	£0	£0	£0	£1,510	£0	£0	£1,270	£0
Cleaning & Domestic Supplies	£130,050	£940	£610	£0	£9,370	£11,260	£70	£31,400	£0	£0	£0
Premises Insurance	£19,460	£5,860	£11,800	£12,460	£0	£2,600	£220	£4,070	£20,750	£1,170	£56,740
<b>TOTAL EXPENDITURE</b>	<b>£671,350</b>	<b>£107,090</b>	<b>£292,700</b>	<b>£204,070</b>	<b>£56,480</b>	<b>£62,230</b>	<b>£60,800</b>	<b>£176,270</b>	<b>£887,330</b>	<b>£67,090</b>	<b>£156,060</b>
Rental Income	-£194,420	-£56,030	£0	£0	0	£0	£0	-£401,260	£0	-£27,610	-£2,996,290
Fees And Charges	£0	£0	-£9,740	£0	-£3,500	-£4,440	-£5,570	£0	-£3,742,070	-£177,000	£0
<b>TOTAL INCOME</b>	<b>-£194,420</b>	<b>-£56,030</b>	<b>-£9,740</b>	<b>£0</b>	<b>-£3,500</b>	<b>-£4,440</b>	<b>-£5,570</b>	<b>-£401,260</b>	<b>-£3,742,070</b>	<b>-£204,610</b>	<b>-£2,996,290</b>
<b>NET EXPENDITURE/(INCOME)</b>	<b>£476,930</b>	<b>£51,060</b>	<b>£282,960</b>	<b>£204,070</b>	<b>£52,980</b>	<b>£57,790</b>	<b>£55,230</b>	<b>-£224,990</b>	<b>-£2,854,740</b>	<b>-£137,520</b>	<b>-£2,840,230</b>

Note: the expenditure are property related costs only and exclude staffing costs and other recharges







## Other Financial pressures

### Regeneration Ambitions

#### Public Sector Offices

To deliver the Council’s ambition for regeneration of the Stevenage Town Centre, substantial capital investment will be required to develop a new Public Sector Hub which will replace the Council’s current operational and main corporate offices. The aim being to construct a more efficient corporate building with lower running costs, funded through the SG1 scheme.

#### Leisure Sector

The council has to consider timescale for replacing or upgrading Stevenage Arts and Leisure Centre and Stevenage Swimming Centre; both council-owned but operated by Stevenage Leisure Limited. These assets represent an ongoing challenge to the council due to their age and commensurate cost of sustaining these facilities. A new town centre leisure offer is anticipated to contribute to the town’s regeneration. The council will need to consider a robust business case for the development of a new leisure asset, including planned property maintenance programme for any new facility. Future procurement for the operation of leisure facilities will need to clearly identify repair and maintenance liabilities and a sound programme of componentised asset management. Consideration will also need to be given to the disposal, demolition or re-use of current sites.

The council will consider the provision of cultural assets as part of the town centre regeneration programme. Off-site museum storage is also currently located within the SG1 scheme. The forthcoming cultural strategy will highlight opportunities to develop further cultural assets, through maximising empty buildings for creative and meanwhile use, and re-imagining public realm through artistic installations and activities.

#### Community ambitions

A re-investment programme of circa £9.2m over a ten year period has been approved to re-furbish the Council’s current garage stock. The Council has supported use of prudential borrowing powers to fund these works over a ten year period commencing in 2018, with limited re-investment of capital receipts released from garage sales.

## 2. Current State of the estate

### Back-log maintenance

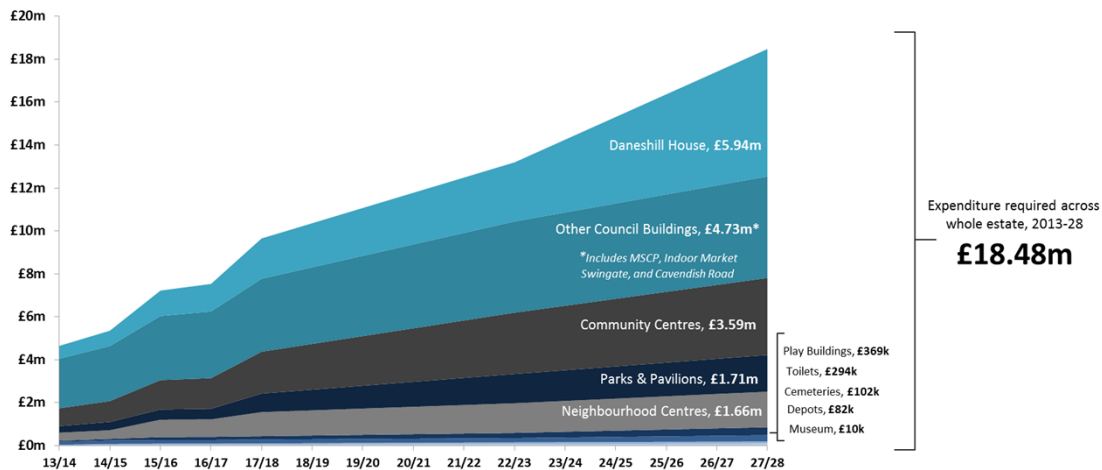
Historically, the backlog maintenance and repairs for the corporate buildings have been identified from the condition survey. Yearly budgets have been included in the capital strategy to undertake the works identified dealing with the high priority items first.

The graph below, based on the condition survey carried out in 2012/13, shows expenditure required for the whole estate (with the exception of leisure and garages). This is broken down into key asset groups; Neighbourhood centres, Parks & Pavilions, Community Centres, Daneshill House and other Council buildings. The cumulative spend is £18.48m.





**Cumulative spend required to maintain estate**  
As identified in 2013 Condition Surveys



Of the £18.48m, over the last 5 years approximately £1.996m has been spent dealing with works identified in the condition survey.

On average approximately £330K/year has been spent through the compliance service and reactive repairs. A further approximately £200K/ year has been spent dealing with reactive fix on fail repairs to the residential garages and £150K for the multi storey car park.

There has also been regular investment in the multi storey car park to deal with essential concrete repairs, anti-carbonation treatment and resurfacing the decks, amounting to around £750k over the last 5 years. A new measured term contract is now in place to carry out future concrete works as required on a priority bases. £225k per annum has been identified until 2022/23.

The maintenance cost for Daneshill House over the last 5 years is £450K and Swingate House, £50K.

Funding has been targeted to deal with the high priority items 1 & 2 (see priority definition below) and there has been significant success over the last 5 years in reducing the higher risk essential items through the delivery of a planned works programme. The Council's existing approach to repairs also includes undertaking some limited energy conservation measures.

The condition survey set a priority between 1 and 4 for each repair identified, with priority 1 and 2 relating to the most pressing items needing earliest attention. For example:

- Priority 1 – Essential health and safety requiring immediate attention
- Priority 2 – Health and safety works  
Statutory and legislative works including DDA compliance  
Watertight and secure  
Essential H&S repairs to maintain operations and ensure that the premises can continue to operate providing a fit for purpose facility for the occupants and users of the premises.



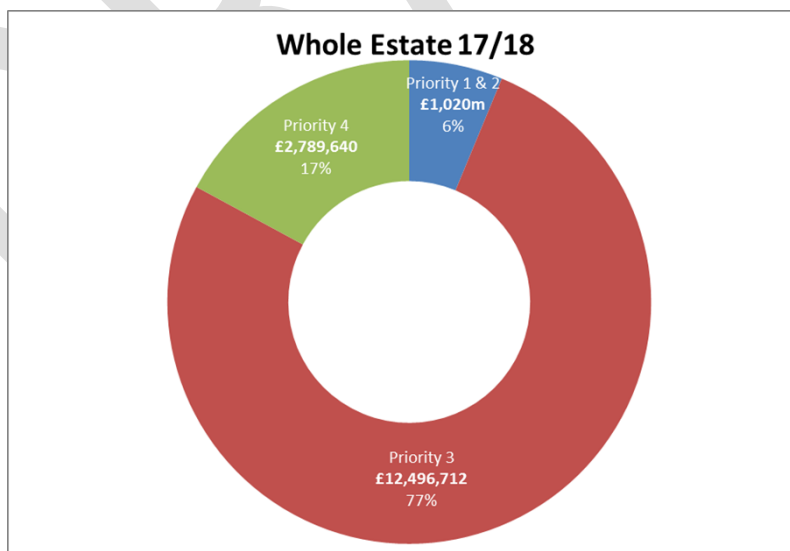
Priority 3 – Economics of repair – works requiring earliest rectification reducing the need for more extensive repairs in the future  
 General repairs and improvements providing improved energy efficiencies.  
 Refurbishment and improvements to maintain operations and, ensure that the premises can continue to operate proving a fit for purpose facility for the occupants and users of the building.

Priority 4 – General repairs and improvements – cosmetic

The table below shows the amount invested dealing with the priority 1 & 2 items (shown in blue) this amounts to around £2M over the last 5 years. This information is based on the 2012/13 condition survey data.

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6-10	Yr 11-15	Total O/S
Priority	2013/14	2014/15	2015/16	2016/17	2017/18	2018/2022	2023/2028	
1&2	607,825	200,061	213,339	175,528	800,000	510,000	510,000	1,020,000
3	2,807,500	341,735	1,250,377	194,900	1,139,725	2,340,725	4,421,750	12,496,712
4	521,111	161,373	309,656	90,400	454,575	650,750	601,775	2,789,640
Total								16,306,352

The outstanding funding required to deliver the remaining priority 1&2 works is £1,020,000 and priority 3 & 4 works around £15M as shown in italics in the table above. The chart below shows this position pictorially. This cost does not include Neighbourhood Centres, Leisure or Garage assets as these were not part of this 2012/13 condition survey data.



Condition surveys of the commercial building stock (Neighbourhood Centres) are still required to identify the council’s responsibilities and liabilities for repairs. Around £200K has been spent on maintenance over the last 5 years on commercial properties, this has increased by a further £100K following the acquisitions of properties in the Town Square.



Over recent years, the garage repair and maintenance budgets have been limited to deal with reactive repairs only amounting to just over £1M over the last 5 years. A separate Stock Condition Survey carried out in 2013 identified a funding gap of nearly £9.2M that would be required to bring the 6,664 garages stock into a fit for purpose condition. This was underpinned by work carried out by an external Consultancy.

### Compliance Contract

This contract has an annual spend of circa £216,000 for the compliance inspection and servicing tasks related to 69 council buildings and around a further £120K for the associated reactive maintenance repairs. Although the delivery by a single supplier and the volume of work is increased by the inclusion of the other LAs as previously mentioned, this will deliver financial savings through economies of scale, reduction in contractor and client management. However these savings cannot be quantified.

### Energy Audit

The measures identified in the 2014 energy audit survey included heating controls and insulation (items essentially with no greater than eight year payback period), and potential saving of £22,876.00 per annum, following a capital investment of £87,164. However, on working through implementation, it became apparent that some of the measures in relation to Daneshill House could not be actioned because of the current condition and fabric of the main building structure. This reduced the potential savings.

## 3. Capital Programme

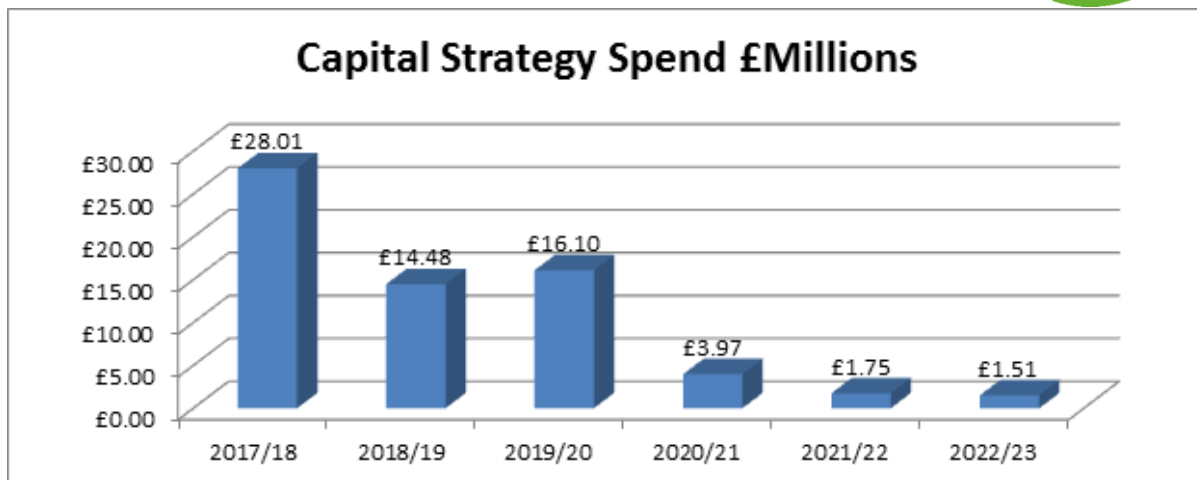
The Capital Works Programme for 2018/19 has identified a potential spend of £14.483m (including equipment) if all the capital schemes are supported. This is identified in the table below, which shows the schemes and the anticipated availability of resources to meet that kind of capital spend.



Scheme	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
	January Revised Budget £	January Projection £	January Projection £	January Projection £	January Projection £	January Projection £
<b>General Fund - Schemes</b>						
Stevenage Direct Services	2,198,360	1,174,560	1,291,750	706,660	697,730	783,960
Housing Development	2,512,230	1,101,330	330,000			
Finance and Estates	16,161,040	3,302,810	2,830,720	2,120,220	390,000	90,000
Corporate Projects, Customer Services & Technology	440,200	632,250	300,000	300,000	300,000	300,000
Housing and Investment	1,689,470	1,175,500	90,000	5,000		
Regeneration	3,921,810	6,066,010	10,800,000	500,000		
Communities and Neighbourhoods	236,080	92,750	44,000	20,000	40,000	20,000
Planning and Regulatory	847,500	938,200	413,000	318,000	323,000	318,000
<b>Total Schemes with Growth Added</b>	<b>28,006,690</b>	<b>14,483,410</b>	<b>16,099,470</b>	<b>3,969,880</b>	<b>1,750,730</b>	<b>1,511,960</b>
<b>General Fund -Resources</b>						
Capital Receipts	3,898,060	4,417,467	1,865,278	692,178	277,758	171,488
New Build 1-4-1 Receipts - Additional Funding from HRA for RP Grants	2,499,730	551,330				
Unpooled Receipts	49,560					
Grants	407,000	300,000				
S106's	8,540	25,000				
LEP	3,000,000	5,200,000	10,300,000			
RCCO	4,000	394,000	4,000	4,000	4,000	4,000
Regeneration Asset Reserve		140,500				
Capital Reserve (BG916 Revenue Savings)	723,000	720,000	720,000	720,000	720,000	720,000
Capital Reserve (BG903 Housing Receipts)	1,299,673	373,313	386,472	386,472	386,472	386,472
New Homes Bonus	746,997	395,230	258,000	312,000	362,500	230,000
Prudential Borrowing Approved	15,370,130	1,966,570	2,565,720	1,855,230		
Unapproved Borrowing						
<b>Total Resources (General Fund)</b>	<b>28,006,690</b>	<b>14,483,410</b>	<b>16,099,470</b>	<b>3,969,880</b>	<b>1,750,730</b>	<b>1,511,960</b>

This will result in a £1.967m short fall overall in 2018/19 and the need for the Council to fund the gap through prudential borrowing if capital receipts diminish as shown in the table.

In reviewing the Capital Programme for 2018/19, some options were not supported or required further reviews of assets prior to their inclusion in the programme. These options included car park resurfacing, works to the Indoor Market, Community Centre review and works to Cavendish Road depot.



The table shows significant spend in the first 3 years of the programme. There is a likelihood the capital programme is not fully identified for 2020/21 onwards. A new condition survey for GF assets and an intention for a programme of planned maintenance of a sustainable portfolio will influence future years.

## 4. Current system and processes

### New Data management

The Council's general fund property data is currently held within the GVAS property management software system. This software holds data on all building assets owned and occupied by the Council including core property data, history (condition survey and maintenance) and property ownership data including lease information. However, this existing software is no longer fit for purpose, representing a security risk and therefore is scheduled to be de-commissioned in April 2018. Alternative software options which already exist within the Authority are being considered by the main users; Estates, Property & Design, and Facilities Management.

A good asset management system is essential to effectively and efficiently manage the estate. For example in respect of the non-operational estate, without one, the Council will not be able to trigger multiple rent reviews in a planned manner nor anticipate lease expiry dates and lease renewals ahead of the due date. All of which can have an impact on rent forecasting and actual rental income received.

## 5. Culture

The day to day responsibility for general fund assets is currently split between various teams across the Council. The Commercial /non-operational portfolio is managed by the Estates team reporting to the Assistant Director of Finance. The corporate offices are managed by the Investment and FM teams reporting to separate ASDs. The rest of the operational portfolio is divided between the Assistant Director of Community Services, and the Assistant Director of Direct Services, with maintenance and capital advice being given by the Property Investment Team. At its worst, these teams tend to work in silos, with limited overlap, making property decisions in isolation. There is no one single conversation (Corporate Landlord) regarding the future of assets. There is no clear framework for the management and collective maintenance of all property assets within this



Council, which exposes the Council to risk of failing to comply with legal duty arising from the ownership of property. There are benefits with the Corporate Landlord approach to include incentivising services to utilise property efficiently so that assets match service needs, where capital investment can be prioritised, ensuring maximum benefits accrue from property assets.

## SUMMARY

It is clear that the challenge faced in respect of the financial landscape is significant, with a projected need to spend on assets which far out-strips the ability to fund the works due to capital receipts drying up, and the continuing deterioration of the stock. If the Council is to realise its regeneration, housing and neighbourhood ambitions, there must be a step change in its future approach.

A new condition survey of all general fund assets is anticipated to add a further 10-20% (between £1.6m and £3.2m) on to the repair cost for the next five year to keep the assets functional. This does not even cover the cost of any improvement.

The Asset Review of 2012 saw very little change in the asset numbers, and as a result the Council has been faced with focusing its attention on essential health and safety work to keep 69 operational buildings fit for purpose. This is unsustainable in the long term, without secure funding (i.e. a pipeline of capital receipts) and requires a more radical approach to avoid further reliance on prudential borrowing (which to date has been used to support income generating asset schemes). Use of Prudential borrowing is also now subject to more scrutiny by Government who are concerned at the financial risk this presents for local authorities.



## CHANGE PROPOSED

### A. Undertaking comprehensive Locality Reviews

A programme of high level area reviews of land and assets will be carried out across the whole of the borough, with a view to challenging in a rigorous way the Council's held estate, without (at first sight) knowledge of the running costs, or condition surveys, and using available spatial mapping software (e-PIMS and new digital mapping software). This high level property challenge will include consideration of outcomes from the review of the HRA held estate and, also look at opportunities for joint asset working across a range of public sector organisations, where there is a willingness of the property owner to participate.

These reviews will result in a list of opportunities within the reviewed area which may generate new sustained revenue income, improve office efficiency/utilisation for operational assets, or potential co-location of public sector and community groups, invest to save opportunities, and/or releasing surplus land and buildings. Opportunities will be considered in conjunction with service led business reviews and aligned to objectives arising from the One Public Estate agenda.

A similar review of two council owned assets is illustrated in the case study below.

#### CASE STUDY: SYMONDS GREEN



Symonds Green Community Centre and 145 Scarborough Avenue – Activities serving this community centre were traditionally split across two sites, including a building known as Symonds Green Annex. Working with the community group, a redesigned footprint for the main community centre was agreed, and the premises extended. All services were relocated and this has released the second building, Symonds Green Annexe for future housing.

The reviews will be based on proven methodology including an initial desktop study, taking into account outcomes from previous Asset Review, followed by field-work and analysis, and workshops with stakeholders with property ownership within the locality area.

The phasing of the reviews where possible to follow quick wins identified from existing property intelligence and where possible to follow the programme plan schedule for the Co-Operative Neighbourhood Management programme. The scale and progress of the review programme will depend upon resources (Staff capability and knowledge, and available budget) and available capacity.

The intention will be to complete all the reviews early within the five year plan period (see Appendix B - AMS Action Plan).



## B. Reviews of specific asset groups

The Locality reviews will also be cognisant of existing reviews of specific asset groups that are taking place at the time of the review.

The Council is continually looking at ways to improve the delivery of services, which may drive and impact on use of its operational assets.

The Council recognises the importance of making the best use of its existing buildings. Therefore, we will continue to explore viable opportunities to enhance existing facilities, and where possible build new, funded through the release of land for sale for housing (direct or indirect provision). Making sure that any new facilities we build give residents easier access to our services with flexible footprints, and benefit from new energy efficiency savings.

The Council is undertaking a series of asset group reviews, either driven through necessity or financial need, which will cut across locality reviews. Two are included below as examples. The Council is currently carrying out a review of its community centres at the current time. This will offer opportunities for possible change following a review of existing provision. The review is scheduled for completion during 2017/18. The Council is also intending to review its Pavilions, including impact from Community Centre proposals, and future requirements.

The council will need to develop a consistent approach to its relationship with voluntary organisations and council assets. Beyond the community centres, voluntary organisations occupy a number of other council-owned properties on varying lease terms and arrangements. A rent-in-kind policy has been adopted for community associations and is being applied to some other voluntary organisations. Given the voluntary sector represents large national and international NGOs and CICs and smaller, self-help unincorporated associations the council will need to consider the levels of support offered. In order for small voluntary organisations to make successful external grant applications there is generally a minimum requirement from funders for a 10 year lease. In some instances community asset transfer will be an option benefiting both the council and the voluntary organisation. Alternatively a long, full-repairing lease may be more appropriate. The approach to voluntary sector organisations will need to protect council and community interests with minimal future financial strain on the council but recognising the need to enable voluntary organisations to thrive to bring added social value to the council's property portfolio.

The Town Centre assets will be reviewed in conjunction with the aspirations for Town Centre Regeneration. This Public Sector Hub will be a building of high quality design, allowing the Council to relocate from its current office premises and other public buildings, which will be demolished as part of the SG1 regeneration scheme. The new building will be energy efficient and help reduce ongoing revenue costs. This will also include a review of car parking strategy and future retention.

The provision of cultural assets including the Gordon Craig Theatre and Stevenage Museum will be part of a new emerging cultural strategy, and the provision will be considered as part of the Town Centre Regeneration programme.





## C. New Condition Survey

The current corporate buildings condition survey was undertaken in 2012/13. It is generally recommended that this type of survey is renewed every 5 years. A new condition survey will be commissioned of all the Council's building stock including commercial properties and Leisure assets.

This will provide the Council with valuable current data on the condition of its assets, be that poor, fair or good, and will provide a basis for a planned maintenance and investment programme.

To support this new survey, it is proposed to improve existing processes and data collation to ensure that the Council is aware at any point in time what repair work and expenditure has been made against individual assets. This will assist with the locality reviews and future use considerations.

## D. Investment Performance of the existing commercial stock

As a separate piece of work on asset performance monitoring, it is proposed to undertake an initial and comprehensive audit of the existing commercial portfolio to include carrying out a tenant and lease review (including average unexpired lease terms), rent status and estimated rental value analysis (under-rented, rack rented, over-rented), void analysis (including costs), Capital Value analysis with yield (showing softening, stable or hardening trends) and with potential for a RAG scoring for additional asset management opportunities to generate income or disposal. As part of this audit, consideration will be given to the future estate management model to manage the optimum portfolio base.

Following this initial audit, the Council will be able to track future asset performance through an agreed performance monitoring matrix or set of indicators. This will help determine whether the Council should retain or dispose of the asset. This principle was agreed as part of the new Investment Strategy.

## E. New models of investment

The Council is looking at ways to improve commercialisation through its additional powers in relation to prudential borrowing and general powers of competence in order to generate new revenue streams or to release revenue savings. These new models of investment include the following;

- (1) Making property investments
- (2) Taking the developer role in the Borough and making better use of existing capital resources
- (3) Setting up a Housing Company to both generate income and capital and meet social need
- (4) Review of energy generation and supply as well as saving energy

### (1) Property Investments

The Council approved a new £15million investment fund in May 2017 to acquire new commercial property investments with the Borough Boundary, to help support the Financial Security work stream. Acquisitions will be based on a new 3 year property investment strategy with the aim of generating new rental income of £200k per annum. The Council is using prudential borrowing to fund these acquisitions (subject to any Government guidance on Local Authority investments).



Current acquisitions are being led by one in-house staff member. As the portfolio grows, consideration needs to be given to whether one or more dedicated staff members is required (to ensure focus on these acquisitions and management of the new portfolio including performance monitoring, stress testing and reviewing rental growth). This may involve future employment of a team for business continuity and upskilling to include operational service charge management to reduce management costs.

This may also include considering shared acquisitions with another authority where there may be synergistic rewards and shared risk.

## **(2) Disposal and Development Strategies**

The Council is preparing separate disposal and housing development strategies in relation to delivering on housing development and financial security targets. These strategies will need to be aligned.

In principle, where a disposal site has been approved for sale by Executive, there will be a requirement for a capital receipt to help fund the Council’s capital programme. The Council will consider the best method of disposal per site; traditional sale method, joint venture sale, vis-à-vis taking on a developer role benefitting from profit in addition to releasing market value of completed units, or transfer to the HRA (for Housing Development) or as part of the delivery programme for a Housing Development Company, based upon the merits of enhancing maximum land value and timing of receipts.

With the last three options, the Council will be taking on the developer role, constructing homes for either affordable homes or private market rent or private market sale. In the latter case, the Council is able to benefit from a share of the developers profit, in addition to a land receipt.

## **(3) Housing Development Company**

The Council is investigating setting-up a Housing Development Company that will allow it to hold stock other than the tenures that exist within the HRA such as for example private rented and sub market rented products. The creation of a Housing Development Company will allow the Council to utilise its general fund assets in a mature more innovative way, and benefit from the uplift created by the development process, the additional new build premium, as well as increasing the scope for creative development and cross asset development.

For larger development sites, the traditional route of disposal on the open market by auction (followed by many local authorities) is not appropriate in order to maximise development value. It is believed that the Council’s current asset portfolio that includes a number of community centre sites and shopping parades could provide an opportunity for housing led regeneration that also creates better community and retail assets, with an opportunity to realise greater benefits in terms of capital receipt. Clearly the size of the scheme together with its cost and time for delivery impacts heavily on the investment needs of the project. The Council will always need to balance its other commitments and statutory service provisions with any investment decision in development activity.

Therefore project specific consideration will be given to schemes to determine best route for delivery that balances risk, reward and time (as well as cost and quality). There will be some



schemes that the Council elects to deliver in-house and others where it carefully seeks an appropriate Joint Venture partner from the private sector.

#### (4) Energy Generation and Supply

During the life of this Strategy, the Council will review via cost benefit analysis entering the energy generation and supply market, including utilising space on the roof of existing corporate buildings. Further roll out programme of energy audits will be considered in 2018/19 following the conclusion of the first audit (17 assets).

### F. Current systems and processes

The Council is currently reviewing new Estate Management software known as Uniform/IDOX, with a view to adoption of this system for holding its property data. Data migration from the former GVAS Property Management System will be due by April 2018. This new system will be based on a digital map, which will allow Property teams to review assets holistically, and will be an important aid to the Locality Reviews envisaged above. As part of the implementation of this new software, the Council will be looking to develop some local key performance indicators for its commercial and investment stock that can be easily monitored through the software program. These indicators will help determine how effective the portfolio is performing against key business objectives.

Condition survey data may be held in second software application known as Keystone and managed by the Housing Investment Team, following decommissioning of GVAS. There are already skilled personnel familiar with this application which also holds similar housing property data, thereby improving risk management.

### G. Culture

The Council is proposing to review and develop a more formal Corporate Landlord role within the Council that will provide a clear framework for the management of all its assets. This should be seen as a positive contribution to cultural change within the organisation and will ensure that asset management planning becomes an integral part of the Council's Strategic, service and financial planning process.

As its basic principle, the Council owns all the assets, and Services only occupy property to provide a service on behalf of the Council. In this manner, occupation is usually documented by way of a licence. The service use of the asset is based upon clear objectives within their Service business plan. The Council as corporate owner is able to challenge, review use and performance to ensure that assets are fit for purpose and that retention and investment is focussed on achieving Corporate objectives. The Corporate Landlord will collaborate with the Services in undertaking option appraisals of operational assets to ensure service needs are met.

## Conclusion

The next five years will be challenging. There are a suite of recommendations within this Strategy which will hopefully help the Council move to a more sustainable financial position and shape an optimum portfolio that will support delivery of council services.



This may be achievable by:-

- continually reviewing the whole portfolio and working with services to identify opportunities to reduce the number of properties by divesting the Council of poor condition/high cost assets, thereby increasing efficiencies.
- Maximising Regeneration opportunities to transform office space to support new ways of working and deliver asset collaboration with public, voluntary and community sector partners.
- Continuing to target expenditure to accord with the Capital Strategy, but also seeking to reduce costs and deliver targeted savings within the five year plan.
- Focussing on delivery of the capital programme more efficiently, with creative use of assets to help with FTFC objectives.
- Locality reviews to identify opportunities for efficiencies and new disposal sites. These will be undertaken in the early years of the Action Plan to help identify new capital receipts after 2020/21.

All these objectives should help the Council move towards a more sustainable approach going forward.

## New Asset Management Targets

These are notional targets for the life of the Strategy, but should be the subject of review on an annual basis.

- 40% Reduction in office accommodation space occupied corporately
- 20% Reduction in controllable running costs of office accommodation
- 20% Reduction in controllable running costs of community buildings
- Generation of £7.5m capital receipts (to be informed by the locality reviews). This target includes £5m disposals previously agreed by Executive - July 2013.



## DELIVERY ARRANGEMENTS

### Right Skills

The Estates Team are able to provide and oversee all property matters which arise from the Asset Management Strategy and the team should be involved in any transaction that involves GF land or buildings. The Corporate Landlord Function will be led specifically by the collaboration of the Estates and Property Investment teams. As the Council develops both housing and commercial assets it is clear that synergies exist within these programmes and the skills needed in order to achieve success rest within the Estates and Housing Development teams.

Greater collaborative work across teams is paramount to achieving long term successful outputs for the Council and ensuring that the work for individual staff members is enriched and diverse. This includes the capacity of the Estates Team to deliver on locality outcomes, acquisition of new property investments and the knowledge to introduce a Corporate Landlord approach. As the programme expands, consideration should be given as to whether the team can actively handle the full work stream to ensure business continuity. There may be a requirement for upskilling the right staff to lead on programmes or outsourcing discreet tasks to maximise return.

### Governance arrangements

Within the past 12 months, a new Asset and Capital Board (ACB) has been set up under the direction of new Strategic Director.

#### Asset and Capital Board

It is the intention of this Board that ACB play a key role in preparing and implementing the corporate objectives within the new emerging Asset Management Strategy for both GF and HRA assets. The Board is chaired by a Strategic Director (Corporate Property Officer) and supported by the Assistant Director (Finance & Estates). This will provide a forum for a high level discussion and decision forum on recommendations coming forward from the Locality review work, One Public Estate and other property initiative (Housing Development and Regeneration). Membership of this group includes Senior Officers from across the Council including Property and Housing Investment, Estates and Housing Development. The terms of reference of the Asset and Capital Board are attached (APPENDIX D). It is proposed that the Board will continue to exist for a further two year period in order to oversee the outcomes from this Asset Management Strategy, particularly regarding the introduction of a Corporate Landlord role.

#### Senior Leadership Team

The outcomes from the ACB are escalated to the Senior Leadership Team (SLT) as appropriate. The membership of SLT is at present the Chief Executive, Assistant Directors from within each service department as well as the Corporate Property Officer and the Borough Solicitor.

Member involvement will include participation of the Resources Portfolio Holder in the stakeholder meetings for the locality reviews.

Having the correct organisational framework in place is an essential step in being able to develop and deliver effective corporate asset management. Aligning the new FTFC structure with other



relevant parts and activities of the Organisation is critical in ensuring that asset management is properly connected and integrated with the Council’s overall management and planning of its resources and services.



DRAFT



# Future town future council







## APPENDIX B Overview of the Council's Non Housing Assets

Property Description	Number	Current gross income where applicable (Rounded to the nearest 100)	Gross Value as at March 2017	Total Gross Value for each asset group
----------------------	--------	--	------------------------------	--

### Operational Estate

Civic office - Daneshill House	1	£172,900	£8,372,300	
Swingate House	1	£37,400	£754,200	
Depots	3		£3,749,300	<b>£12,875,800</b>

### Community

Community Centres	11		£2,431,100	
Community Arts Centre	1		£85,800	
Pavilions	11		£1,141,900	
Play centres	3		£587,200	<b>£4,246,000</b>

### Leisure

Golf Course	1		£1,014,600	
Sailing Centre	1		£97,400	
Valley Sports Playing Field	1		£25,100	
Leisure Centre	1		£15,915,250	
Swimming Pool	1		£3,121,210	
Allotments	15		£248,500	
Football Stadium	1		£1,125,000	
Museum	1	£0	£0	<b>£21,547,060</b>

### Economic Development

Business Technology Centre	1	£1,403,800	£4,976,300	
Chells Enterprise Village	16	£135,040	£792,300	<b>£5,768,000</b>

### Town Centre

Surface car parks	13	£2,900,600	£12,863,500	
Multi storey car park	1	£485,000	£2,558,400	
Stores	2		£69,500	
Bus Station	1		£1,245,000	
Indoor Market	1	£512,800	£696,300	
Westgate Centre ground lease	1	£240,000	£3,664,700	<b>£26,866,000</b>

### Garages

Commercial garages	57	£39,900	£470,000	
Residential garages	6607	£2,890,000	£14,000,000	<b>£14,470,000</b>





### **Other**

Cemeteries	2		£272,600	
Hostel	1		£193,000	
Public conveniences	5		£483,200	
Remaining surface car parks	4	£169,400	£616,400	<b>£1,568,200</b>

### **Commercial Portfolio**

Shops	176	£1,493,000	£13,331,400	
Workshops	20	£92,000	£566,200	
Surgeries	11	£109,000	£1,359,000	
Warehouses	2	£1,900	£75,200	
Public Houses	9	£49,900	£820,600	
Maisonettes	5	£22,300	Inc in Shops	
Scouts	6	£4,200	£152,200	
Agricultural land	3	£4,500	£359,300	
Miscellaneous commercial	18	£126,100	£1,364,400	<b>£18,028,300</b>

### **Assets held for Regeneration**

2 & 4 Town Square	2	£0	£1,070,800	
The Plaza	8	£324,000	£3,092,100	
Town Square shops	14	£621,500	£6,382,500	
Town Square offices	8	inc above	inc above	<b>£10,545,400</b>
<b>Surplus Assets</b>	6	£0	£1,055,400	<b>£1,055,400</b>

#### Notes:

Values taken from 2016/17 Asset Register (values as 31st March 2017).

Valuations are based on DRC, Market Value and Existing use, as appropriate and do not necessarily represent potential capital receipts.



## APPENDIX C

### Profile of the Estate

#### Over-view

The portfolio can be currently grouped into six broad categories:

Asset Category		No of Assets
1	Operational (i.e. running services from )	85
2	Non-operational (i.e. tenanted non residential estate)	250
3	General Fund Garages (inc Commercial garages)	6664
4	Assets held for Regeneration	32
5	Surplus Assets	6
6	Strategic Land sites	4
<b>Total</b>		<b>7041</b>

This total excludes any statistics for parcels of land which the Council currently hold freehold. As the major land owner within the Borough this extends to all amenity land within 10 square mile radius of the town centre.

#### Specific Groups of Assets

##### 1. Operational assets



Current value (existing use) £12.9m (March 2017)  
Income stream £282,730.

These are assets held for operational/service use. It includes civic offices at Daneshill House, Swingate and three operational Depots including Cavendish Road and the Nursery Depot at Shephalbury Park. In addition, this category includes leisure facilities, community centres, pavilions and play centres.

##### 2. Non – Operational assets



These are assets from which the Council derives revenue income in the form of rent. The collective annual income generated in 2016/17 was £6.24m (gross yield of 27.5%). This category can be split into three broad groups; the Council’s commercial portfolio, Property Investment, and the General fund garage stock.

## 2.1 Commercial Portfolio



Current Income per annum - £3.21m  
Market Value £18.03m

There are 250 assets within the commercial portfolio, which represents approximately 3.5% of the whole portfolio, and these were generally built in the 1960s and 1970s spread across 16 different neighbourhoods within the Borough. The shops are situated in mainly tertiary locations, and serve the immediate local community. These assets have been historically held to meet two key objectives (1) Maximise rental income across the commercial portfolio and (2) Provide a wide range of local services for the benefit of local people.

The commercial portfolio can be broken down further in to the two largest categories, 176 shops (66%) and 20 workshops (8%). There are currently 3% of voids within the stock, and this is a fairly consistent number. The remaining number of assets (54) fall within the miscellaneous category.

Within this portfolio are nine, third party voluntary sector lettings, which are held for community and social value rather than income generation.

## 2.2 Property Investment





Target Income per annum: £100k (2017/18) and £200k (thereafter)  
 Current market value £15m

The Council approved a new Property Investment Strategy in May 2017, supported by an investment pot of £15m with a view to acquiring commercial property assets within the Borough boundary to generate new sustainable rental income. This includes the local employment areas supporting the Borough. £8.45m of new investments are currently being pursued, generating new gross income of £625k. A copy of the Property Investment Strategy is available upon request.

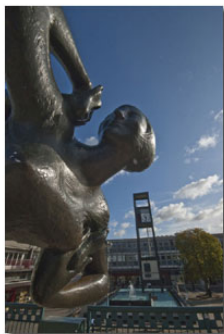
### 2.3 Garage Stock



Current Income per annum; £3.03m  
 Current Value (Existing use) £14.5m

There are 6607 residential garages held in the General Fund, which generate a significant annual income and a further 57 commercial garages. The Council approved a £9.2m investment fund in 2016/17 to reinvest in 676 garage blocks to bring the condition of the garages up to a fit for purpose state, releasing other garage blocks for redevelopment where necessary and ring fencing the receipts to reduce reliance on prudential borrowing. The investment will fund a five year programme of refurbishment.

### 3. Assets held for Regeneration



Current Income per annum: £837k  
 Current Value (Existing use): £10.5m

These assets consist of 32 individual properties situated within the town centre. These assets were acquired by the Council in 2013 and 2015 at a current value of just over £10m and purchased specifically to help enable town centre regeneration.



#### 4. Surplus assets



Market Value: £1.05m

There are currently six assets identified within this group which are a mix of buildings and vacant land, and declared surplus in the Council’s Asset Register. As there are no strategic reasons for continuing to hold them, they have been declared surplus and now held for future disposal.

In reality there may be more than six surplus assets. The Council is a major landowner within the Borough, and although not specifically identified, there will be smaller parcels of land that may come forward for future disposal as a result of the outcome of further locality reviews that are proposed in the action plan attached to this Asset Management Strategy, and also as a result of resident direct approaches identifying potential sales of smaller greensward areas, adjacent to residential properties. These applications will continue to be considered as part of our small land sale process.

#### 4 Strategic land sites

There are four Strategic land sites.

Two of these sites are actively being promoted, and the Council is likely to see substantial capital receipts from these two in the next two years. Receipts from these disposals will be needed to help support the financial cost of the Council’s regeneration ambitions in the Town. Strategies in relation to bringing the remaining sites forward are being considered as part of the AMS Action Plan attached.

The Estates team are in the process of preparing a new Disposal Strategy which will consider the proposed methodology for reviewing large and small parcels of land within its ownership.



## APPENDIX D

### ASSETS AND CAPITAL BOARD

#### Terms of Reference

The Assets and Capital Board is proposed to be the key senior Officer decision-making forum for effective strategic management of the Council’s assets, and design / delivery of the capital programme.

It brings together the lead roles from across the organisation to develop and shape strategies to support and enable the delivery of the Council’s FTFC programme and MTFS. It will oversee delivery of key programme commitments; consider options for land use (e.g. disposals, assembly, alternative ideas for use); provide strategic advice to the SLT and share best practice.

#### Board Composition

- Strategic Director (Chair)
- Assistant Director – Finance
- Assistant Director – Housing Development
- Assistant Director – Stevenage Direct Services
- Interim Head of Asset Management
- Acting Head of Property and Estates
- Property Development Manager
- Corporate Property Manager
- Capital Accountant

Relevant Assistant Directors or other senior team members will be invited to join for specific items as required, for example when consider alternative uses of operational assets or reviewing delivery of projects.

#### The role of the Assets and Capital Board will be:

- Supporting the development and delivery of the Asset Management Strategy and annual delivery plans which reflect the Council’s priorities and MTFS
- Oversee development of options for land use, acquisition, development or disposal
- Oversee the development and delivery of the development / disposal programme
- Leading the development and review of capital or investment-related business cases, including the annual capital bidding process
- Acting as programme board to review delivery of capital projects and the capital programme as a whole; including exception monitoring of capital project delivery
- Make recommendations to SMB on options for strategic use of assets to deliver Council priorities or MTFS requirements



- Advice on supply chain, contracts and resources needed to deliver our property / estates objectives
- In addition to the above, the Board will work on developing / approving plans and guidance that underpin key strategies as required.

This Board has a key role in helping to assure successful development, delivery and management of the Council’s asset and property base. It may initiate and receive reports in relation risks and compliance of existing assets / property or initiate work to further strengthen the strategic management of our asset / property base.

As a key advisory group, the Board will support development of new plans and strategies, including development of Committee papers on key areas of policy / strategy prior to submission to SLT.

**Frequency & administration of meetings**

The Board will meet every two months with the regular frequency to be determined once the level of workload is fully realized. Meetings will be recorded and the minutes will be approved at the next meeting.

DRAFT



DRAFT



# Stevenage Borough Council

## Asset Management Action Plan 2018 – 2023

DRAFT

### **Introduction**

1. This Asset Management Action Plan sets out the Council's proposed asset management activities that it will be undertaking and projects it will be delivering over the next 5 years.
2. The Action Plan is divided into three separate tables, as follows:
  - a. Organisational arrangements
  - b. Policy development
  - c. Property specific

### **Organisational arrangements**

3. The activities in part A of the Action Plan relate to actions the Council is taking to ensure that its organisational and governance relating to asset management are as robust as possible so that decisions are made in a transparent manner, and also that the Council has the necessary skills in place to deliver its Asset Management Strategy.

### **Policy development**

4. The activities in part B of the Action Plan relate to areas where the Council needs to strengthen its policy approach to asset management, such as investment strategy.

### **Property specific**

5. The activities in part C of the Action Plan relate to specific actions around specific property assets, such as disposals, acquisitions, refurbishment and investment.
6. This Action Plan not only sets out what we are intending to do but will also act as a monitor to report progress and achievement. The Action Plan is intended to operate on a rolling 5 years basis and as items on the Action Plan are achieved, so new activities and actions will come into the Action Plan. The intention is that this rolling approach will continue until the Asset Management Strategy is revised in 2023.

**APPENDIX**

<b>A. ACTION PLAN MONITOR: ORGANISATIONAL ARRANGEMENTS</b>									
No.	Activity Description	Key Asset Management Principles	Key milestones					Accountable Person	Resource Implication – New & yet to be identified
			2018/19	2019/20	20/21	21/22	22/23		
A1	To review the terms of reference of the Asset & Capital Group (ACG) to support delivery on AMS including the Corporate Landlord transformation programme	To hold a sustainable, compliant and efficient estate	To review the terms of reference & implement	Fully implemented	Review ACG requirement	Implement	Implement	SD	x
A2	To review and produce separate clear action plan for implementing Corporate Landlord approach	To hold a sustainable, compliant and efficient estate	To review existing processes and procedures and devise action plan for Corporate Landlord transformation programme in full collaboration with services	Implement	Implement	Implement	ASD - F&E	√	To review and produce separate clear action plan for implementing Corporate Landlord approach
A3	Implementation of new Estates Management Software including performance monitoring	Effective asset management	Phased Implementation during Q4 of 2017/18, and fully operational during 2018/19.	Review use and further development of the software	Fully operational	Fully operational	Fully operational	ASD - F&E	√
A4	Undertake a review of skills and capacity of the Estates & Investment Teams to deliver the actions required by this AMS	Ensure staff have appropriate skills to do an Excellent job and capacity	Review resource requirements/skills audit to deliver asset management strategy and implement.	Implement	Implement	Implement	Implement	Assistant Director of Finance & Estates (ASD F&E) & Assistant Director of Housing & Investment (ASD H&I)	√ Linked to A2

<b>B. ACTION PLAN MONITOR: POLICY DEVELOPMENT</b>									
No.	Activity Description	Key Asset Management Principles	Key milestones					Accountable Person	Resource Implication – New & yet to be identified
			2018/19	19/20	20/21	21/22	22/23		
B1	Consider, review and set up a Housing Development Company	To develop land assets that enable the Council to provide and offer high quality new homes	To seek approval of business case to set up a Development Company to act as developer and develop suitable sites for residential use.	Delivering against business plan	Delivering against business plan	Delivering against business plan	Delivering against business plan	Assistant Director of Housing Development (ASD – HD)	√
B2	New Disposal Strategy	Release capital receipts from poorly performing buildings or land	Review, align with Housing Development Strategy & implement	Implement	Implement	Implement	Implement	ASD – F&E ASD - HD	√
B3	Review of energy generation and supply opportunities	Commercialisation		Review opportunities based on strength of market	Scope and deliver action plan	Deliver action plan	Deliver action plan	ASD – H&I	TBC

C. ACTION PLAN MONITOR: PROPERTY SPECIFIC									
No.	Activity Description	Key Asset Management Principles	Key milestones					Accountable Person	Resource Implication – New & yet to be identified
			2018/19	19/20	20/21	21/22	22/23		
C1	To work with SG1 developer to develop a new Public Sector Hub/Corporate offices	To hold a sustainable, compliant and efficient estate	Work with new development partner to enhance designs of new accommodation.	Work with new development partner to deliver the new accommodation in accordance with their timescale.			Assistant Director of Regeneration (ASD – R) Assistant Director of Corporate Projects, ICT & Customer Services (ASD – C,I & CS)		TBC
C2	Undertake Locality Reviews of the whole Borough  Link to C3 and C4 below	To hold a sustainable, compliant & efficient estate	Devise methodology and phasing plan 17/18 and implement 18/19	Implement Phasing & produce final opportunity list	Appraise opportunities	Appraise opportunities	Appraise opportunities	ASD – F&E Supported by ASH – HD ASD - CS	✓
C3	Complete review of Community Centres	Reduce costs associated with the Council's assets through a modernisation programme  To hold a sustainable, compliant and efficient estate	Undertake the review of all Community Centres		Agree and implement Programme for action			ASD - HD Supported by Assistant Director of Community Services	TBC
C4	Complete review of Pavilions	Reduce costs associated with the Council's assets through a modernisation programme  To hold a sustainable, compliant and efficient estate	Undertake the review of all Pavilions		Agree and implement Programme for action			Assistant Director of Direct Services (ASD – DS) Supported by ASD - HD	TBC
C5	Review of commercial assets	Increase income generated by the Council's assets. To identify non-performing assets and disposal.		Undertake review and implement actions	Implement actions	Undertake review	Implement actions	ASD – F&E	✓
C6	Sale of Strategic site	To develop land assets that enable the Council to provide and offer high quality new homes for our residents  Release capital receipts for re-investment	Feasibility study to investigate best possible returns from development of strategic site.					ASD – F&E	✓
C7	Undertake new Condition surveys of all council non housing assets	To have an understanding of the current condition of the Council's non housing assets and to inform future maintenance programme.	To commission and undertake the condition survey.	Implement recommendations	Implement recommendations	Implement recommendations	Implement recommendations	ASD – H&I	TBC
C8	Property Investment Strategy	To acquire new commercial investments which generate new rental income.	Acquire new investments to accord with Strategy	Review Strategy	Carry out actions following review	Carry out actions following review	Carry out actions following review	ASD – F&E	✓