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SCARBOROUGH BOROUGH COUNCIL

PROPERTY ASSET MANAGEMENT STRATEGY 2016 - 2020

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1. Foreword

The Council has a wide range of assets across the Borough. Many of these buildings are familiar to residents and others with a connection to the Borough, and often generate strong associations: from well-loved local amenities to buildings that are sources of frustration. Everyone in the Borough has a stake in how the Council's assets are managed and used, and they have huge importance collectively and individually.

Local government is going through a significant period of change as a result of unprecedented financial pressures and statutory changes. In response to these changes local government is having to once again consider transformational changes to enable it to continue to balance the budget and to meet the needs of its residents. Our buildings, and the way we use them, need to be at the heart of the Council's transformation.

Scarborough Borough Council has always been recognised as an innovative Council whether in driving regeneration initiatives or meeting the needs of its residents in terms of service provision. Such innovation will continue through the Council's transformational programme to ensure that even during this period of restrained funding and increased demand the Council will continue to provide an excellent service to residents.

To deliver such a level of service the Council needs to ensure that all its resources are used as efficiently and effectively as possible and that it has clear priorities. Property is a key resource which has a value but also a cost. It is vital for service delivery but when not maintained and used efficiently and effectively it can become a financial burden.

There are opportunities to reduce costs and use our physical presence to direct change and achieve new sources of income. Reshaping the portfolio presents the chance to get this right, and make the assets work harder. This may involve difficult decisions, as indeed will the wider transformation of the way the Council operates.

2. Introduction

This Property Asset Management Strategy (PAMS) covers the period until 2020 and sets out the Council's property related requirements and how its property portfolio will be managed. The PAMS sets out the Council's approach and priorities over the four year period, how strategic decisions will be taken to deliver these priorities, and the information to inform decision-making.

Asset Management for Scarborough Borough Council is defined as:

“ensuring best value for money from assets in serving the strategic needs through the management of these assets both on a day-to-day basis through maintenance and operations and in the medium to long term by strategic and forward planning”

The Council has a large property and land portfolio with a book value of £112.9 million (as at 31 March 2015 balance sheet). The buildings portfolio consists of 520 owned properties, together with 6 held on finance leases equating to a book value of £57.2 million. The Council owns a further 19 properties which it leases out on a finance lease, subsequently these assets are held off balance sheet in line with proper accounting practice. The land portfolio consists of 575 parcels of land with a book value of £55.7 million. The Council has approximately 1,050 separate tenancies/ licences producing an annual income in the region of £3.0 million throughout 2015/16. These sources of revenue contribute to the Medium Term Financial Strategy and helps keep Council Tax down.

It is important for all public sector bodies, as major owners and occupiers of land and buildings, to justify their holdings. The Director (NE) has overall responsibility for managing the Council's property portfolio and producing this PAMS. The PAMS provides a strategic overview of the Council's property assets and the systems, processes and policies in place or being progressed to manage and maintain them. It also provides a framework for challenging and reviewing the reasons for continuing to hold these assets.

The preparation and production of this PAMS has been aligned with the budget setting process. The economic downturn means that the Council is still faced with unprecedented financial pressures on their capital expenditure and revenue costs. Savings are increasingly hard to find as many of the easiest cost reducing exercises have already been implemented.

Changes in the competitive, economic, financial and regulatory conditions call for changes in the corporate organisation to meet the new business environment.

Corporate re-organisation and restructuring is an area that can enhance a company's competitive position by making changes to assets, financial structures, organisational structure, corporate governance and ownership.

The Action Plan, attached as Appendix A, identifies the actions required for the period up to and including 2020. The Council is making progress in

developing its strategic approach to asset management and this PAMS aims to continue the development and improvement of our asset base to support the delivery of the corporate vision and achieve value for money. Asset Management has adopted a six stage process to deliver its outcomes.

- Understanding - setting out the strategic framework by identifying the corporate and service aims, objectives, standards and constraints.
- Knowledge - understanding the supply and demand models for land and property and prioritising within the strategic framework.
- Comparing - analysing data against target standards and best practice benchmarks.
- Prioritising - taking the priorities and carrying out option appraisals to identify and plan actions and the procurement of project resources.
- Delivery - carrying out the investment and disposal plans.
- Improve - ongoing performance measurement of both the product (assets) and processes.

3. Related Documents

The Council's Property Asset Management Strategy is linked with and supports service priorities and the Council's other strategies and plans:

- Corporate Plan
- Corporate Equalities and Diversity Scheme
- Financial Strategy
- Energy Strategy
- ICT Strategies
- Environmental and Sustainability Policies
- Procurement Strategy
- Corporate and Service Plans
- Local Plan
- Human Resources Policies and Strategies
- Housing and Homelessness Strategies

4. Corporate Vision and Priorities

Corporate Plan

The Council is currently consulting on a new Corporate Plan, which focuses on four key Aims; People, Place, Prosperity and Council. Delivery of the Property Asset Management Strategy will play a key role in delivering these aims.

Engagement and Consultation

The Council's Corporate Plan, Vision, Aims and Priorities are all subject to consultation with stakeholders. There are arrangements in place for consulting and engaging with the public and stakeholders on a number of other areas, such as service delivery etc and this is through a range of mechanisms i.e. Residents and Business panels, Area Forums, Council's website, and Borough newspaper. A corporate complaints process is in operation and is being further developed to generate learning from complaints. Surveys with residents, stakeholders and focus groups are regularly carried out and these are used to monitor public satisfaction.

5. Looking Back Over 2015

As detailed in the prior sections the Council is operating within a difficult economic climate, however Members and Officers are working together to deliver objectives and savings.

Over the 2015/2016 financial year the following have been delivered:

- Capital receipts of £7,060,906 from sales including Middle Deepdale, Helredale, Leisure Village Sites, Harvest Way and Weydale Cottages;
- Rental income from the commercial estate has increased by £57,384 to the end of December 2015;
- Financial savings were realised from the transfer of the electricity contract to SSE, as well as purchasing 100% green energy;
- Increased energy efficiency has been achieved across the Council's property portfolio as demonstrated in the Display Energy Certificate evaluations;
- The Council has been assessed by Salix Finance, a Carbon Trust partner, as the number one Council client in two of their scoring criteria for the management of the Energy Efficiency Fund;
- Officers are working closely with Members on assets for disposal, which will shortly start to feed into the reporting process;
- Building maintenance works have been carried out at a number of the Council's key premises including stone work repairs at the Town Hall, a roof replacement at the Scarborough Spa Complex and the Rotunda Museum;
- Progress is being made on the Community Asset Transfer of the Dean Road Chapel to a community group, aiming to restore the premise and provide vital community based services;
- The West Pier Lighthouse in Whitby is being refurbished to enable it to re-open to the public following the successful receipt of grant funding from the Coastal Revival Fund. This was a fine example of colleagues from various services (Regeneration, Community Partnerships, Harbours and Asset Management) working closely together to achieve a common goal;

- Royal Albert Drive Café will shortly be marketed as a prime opportunity seeking a quality development.

Whilst progress has been made on a number of elements unfortunately not everything has been achieved that Officers had aimed for, namely:

- Stakesby Road depot still remains unsold, and is presently not being actively marketed;
- Kyber Pass toilet facility has not been progressed to conclusion, but remains a high priority;
- Children's Corner Beach Chalet still remains a blight on the South Bay following the unsuccessful application to the Coastal Revival Fund. Officers are still actively working with the interested third party organisation and both parties are seeking to identify other funding sources. It is still envisaged that a scheme can be formulated to bring this building back into use.

6. Strategic Issues

Asset Management Objectives

This PAMS sets the property context for the Borough and the Council's property function within its corporate priorities and strategic goals. It will ensure that the Council's focus is on actions and outcomes that will maximise income whilst effectively supporting improved service delivery and customer satisfaction. The corporate property objectives will:

- **Optimise the contribution our property assets make to the Council's strategic and service objectives.**
- **Prioritise investment in our operational assets to meet current and future service delivery needs.**
- **Provide a cohesive rationale for the ownership, occupation and management of the Council's assets.**
- **Ensure the maximum return from our commercial portfolio and land holdings.**
- **Reduce the environmental impact of our operational property assets.**
- **Use our assets to encourage new developments, re-developments and urban regeneration.**

Through the strategic use of its property assets the Council aims to achieve value for money, cost effectiveness and efficiency leading to improved customer and stakeholder satisfaction, improved affordability, compliance with related statutory and regulatory codes, improved corporate management, environmental improvements and enhanced joint and partnership working arrangements.

As well as supporting the delivery of local priorities, asset management must respond to national initiatives and priorities. In developing our PAMS the most important of these are:

- Accelerate new ways of working and office rationalisation.
- Develop and strengthen organisation and management arrangements that support the operation of robust Property and Asset Management processes including organisation design, governance, policies, data and performance management.
- Invest in data and performance management.
- Enhance strategic asset planning and utilisation of the local authority asset base.

- The impact of the current economic climate on the Council's resources will place an even greater emphasis on the need to achieve efficiencies and savings to maximise the resources that can be channelled into tackling key priorities. This has powerful implications for the ownership, disposal and management of property and land.

The delivery of these objectives is through the following aims:

- Align the use of property resources to the Council's corporate aims.
- Measuring the effectiveness of the property portfolio and property projects using performance indicators that link assets to the delivery of desired outcomes, utilising the Council's performance management system.
- Ensuring that our property assets are fit for purpose, suitable, sufficient and support the delivery of excellent services.
- Having an effective approach to declaring property surplus to requirements and disposing of it, in order to maximise the opportunity costs and reduce expenditure incurred in holding property.
- Embedding of the Council's Project Management arrangements, ensuring that asset management practice accords with the project management process.
- Making investment and disposal decisions based on effective appraisal of the options available to meet requirements and on whole life costing basis.
- Working with the voluntary and community sector to encourage the best possible use of Council assets.
- Develop collaborative working arrangements with other public bodies in the Borough in order to share best practice and explore common property objectives.
- Develop sustainable and environmentally responsible property management by ensuring long term needs are not compromised by short-term considerations.

Achieving the Aims

These strategic aims will be addressed in partnership with Service Areas by:

- Challenging property utilisation in relation to fitness for purpose, adaptability to meet future needs and investigating alternative use potential by means of ongoing property reviews;
- Ensuring the Council has quality data on property utilisation, running costs and condition on which to base investment decisions;
- Maintaining a strategic input to the preparation of the Local Planning

Framework process to ensure that provision is made for Council services, for alternative or more beneficial potential to be realised from surplus or under-utilised properties and that developers contribute to the cost of providing Council services directly arising from their developments;

- Maintaining a property disposal programme to realise the value of unsuitable or inefficient properties or sites with more beneficial use potential;
- Improving the quality of support services with the aim of increasing customer satisfaction and reducing the maintenance backlog thereby demonstrating responsiveness to changes in legislation;
- Promoting more innovative use of property including “hot desking” and shared use arrangements with partner organisations;
- Using procurement as a tool to secure improved performance from consultants and contractors e.g. through partnering arrangements;
- Improving quality of the built environment through sustainable and accessible development and the management of Health & Safety hazards such as asbestos and legionella;
- Reviewing and clarifying roles and responsibilities for property management and development.

Evaluating the Effectiveness of the Property Asset Management Strategy

This will be achieved through:

- Regular meetings with the Cabinet Members with responsibility for Property related matters.
- Reports as required to Scrutiny Committee.
- Review by the Council’s internal audit section, particularly in respect of governance issues.
- Service unit consultation and customer feedback.
- Reviewing the outcome and benefits of asset management capital schemes.
- Monitoring achievements and performance with the Director (NE).
- Reviewing and updating where necessary, the PAMS on an annual basis;
- Monitoring of property performance indicators.

7. Maintenance and Budget

Property assets are regularly inspected in order to establish the current stock condition. This information is used to produce a programme for maintenance that is reviewed and updated annually. The estimated maintenance liability is reported to the Council annually through this Property Asset Management Strategy.

Condition surveys are carried out on a five year rolling programme. The building condition is classified in accordance with 'best practice' categories issued by the Chartered Institute of Public Finance Accountant (CIPFA). The categories are detailed in the Tables below:

Building Condition Classifications

A	Good – performing as intended and operating effectively
B	Satisfactory – performing as intended and requiring minor repairs
C	Poor – exhibits various defects, each of which might not be significant in itself but together needs attention on a planned basis.
D	Life Expired – exhibits major deterioration. Serious risk of imminent breakdown or is health and safety hazard.

Within each building condition classification is a further category for building performance. Together the classifications establish a benchmark by which the property's overall condition can be measured.

Building Performance Classifications

1	Urgent – work that will prevent the immediate closure of premises and/or address an immediate health and safety risk to the occupants and/or a serious breach of legislation.
2	Essential – work required within two years that will prevent serious deterioration of the fabric of the building or services and/or address a medium health and safety risk to the occupants and/or remedy a less serious breach of legislation.
3	Necessary – work required within three to five years that will prevent deterioration of the fabric or services and/or address a low risk to the health and safety of the occupants and/or remedy a minor breach of legislation.
4	Desired – long term work required outside the five year planning period that will prevent deterioration of the fabric or services.

A corporate Property Repair Budget (PRB) exists to provide a vehicle to finance repairs to Council owned property. The annual expenditure of the PRB is approximately £549,500 per annum having been reduced to reflect the transfer of maintenance liability for the leisure sites to Sports and Leisure Management Ltd (SLM). The anticipated profile of the 2016/2017 budget including other planned works is detailed in Appendix D. The setting of the PRB does not in itself take account of the condition of the Council's buildings; it is aligned to the priorities and affordability of the Council.

Planned maintenance is informed from the data collected in the five year rolling programme of condition surveys.

Responsive maintenance is where an element of a building has failed and repair is required in order to return the asset to a functional state. This type of maintenance is appropriate for non-significant items of plant, building fabric and items whose condition cannot be monitored. Responsive repairs are usually undertaken by the Council's Asset Management operatives, supported through the Maintenance Frameworks that exist.

At present the PRB is divided on a 60/40 split between planned and reactive maintenance expenditure. Through undertaking increased preventative maintenance Asset Management is seeking to re-align this in accordance with the widely recognised good practice standard of a 70/30 split between planned and reactive.

The PRB represents around 1.00% of the book value of the Council's property portfolio, which is well below the industry recognised best practice spend of 5.00%.

Asset Management Budget

A number of years ago £300k was top sliced from the Council's annual PRB and transferred to the Capital Development Reserve. This reflected that a proportion of the works required to the Council's assets were capital in nature and subsequently should sit within the wider capital programme.

These monies have been continually taken to the reserve and some of the funds have been utilised to progress asset management works. The £300k top sliced element bears no resemblance to the level of capital asset management works required across the Council's property holdings. To inform the capital budget process, and ensure that outstanding capital commitments are recognised in the Council's Capital Strategy, officers from Asset Management and Finance have once again undertaken an exercise to identify current maintenance liabilities and any funding sources available to address and progress them.

This exercise identified priority and essential works totalling £9.174 million up to the period ending 2020. A review of available budgets has identified £3.006 million funding which can be used to part fund these works. This amount is made up of various sources of funding including existing PRB budgets, earmarked reserves which have been set aside in previous years specifically for this purpose and the re-investment of energy efficiencies into energy related

works. This exercise also identified essential works totalling £536k that are required to the hard grounds assets however they do not form part of this Strategy.

The key elements of the unfunded works are summarised below:

Scarborough Spa

The Financial Strategy proposes that funding of £1.140 million be earmarked to progress the immediate maintenance requirements on the Spa roof. The works which remain unfunded primarily relate to external iron works and windows.

Town Hall Civic

The Town Hall Civic building has grade 2 listed building status and consequently the Council is statutorily obligated to carry out any required works to a specified standard. The heating system boilers are over 28 years old now and whilst still serviceable are showing signs of inefficiency and age. In addition, a new heat distribution system is required as part of wider heating works around the Town Hall buildings. While some of these works have been funded through existing capital budget allocations an amount of £487k still needs to be expended on the building.

Public Conveniences

The Council currently owns and maintains in the region of 55 Public Conveniences throughout the Borough. The operating and maintenance of these facilities represents a significant draw on the Council's resources and an initial review indicates that extensive refurbishment works are required.

The future provision of Public Conveniences is currently subject to a further review to establish a coherent long term strategy. Therefore until that review is completed limited works will be carried out to them. In addition, some of the public convenience assets are subject to individual decisions and strategies outside the scope of this analysis.

Works covered by proposed Redevelopments

The Filey Road Sports Centre and Scarborough Indoor Pool will be replaced by new facilities at the Leisure Village. Under the terms of the leisure operator contract the maintenance liability at Whitby Leisure Centre will be addressed by SLM.

The Council is reviewing potential redevelopment opportunities for the Futurist and Town Hall site. The capital projections do not make provision for the costs associated with any such redevelopment as they cannot be quantified at this stage. It should be noted that if the redevelopment proposals do not go ahead a minimum of £2.70 million would need to be expended on the building to bring it up to a usable standard.

Managing the Maintenance Liability

Required maintenance is reported annually across the portfolio and represents the total value of works required under the Building Condition and Performance classification to bring the portfolio back to a satisfactory condition. The condition survey is used to inform the budget setting process and feeds into the annual repair and maintenance programme. This maintenance is prioritised and allocations are made against both the revenue and capital budgets. The PRB funds are allocated as appropriate but where the works are outside the property budget remit bids for additional funding are made.

Attached as Appendix C is the Property Repair Fund Expenditure Profile of required spend to the building fabric of the building assets the Council's Asset Management Unit retains a maintenance obligation for. This shows that over the period of the Profile (15 years) the maintenance liability is in excess of £17 million. This profile will continually be reviewed and updated as further condition surveys are conducted, and buildings are acquired or disposed of, or return to the Council from a third party interest. There are certain Council building assets, such as the Open Air Theatre and the Harbours, that sit outside of the PRB as they have their own maintenance budget.

The Profile is constantly being reviewed and developed, with a view of including operational maintenance costs such health and safety inspections (legionella, LOLER etc). The intention is to develop a model that combines all of the maintenance costs to enable improved budgetary control, as well as providing comprehensive information for the asset challenge process.

The Council has embarked on an expansive disposal programme, utilising various means such as formal sale, Community Asset Transfer and regeneration aspirations.

It is clear that, with the limited resources, the Council has a challenge in meeting its maintenance demands, highlighting the need to focus on the issues required to meet this resource gap. The Council must continue to challenge asset retention and explore other means of service delivery, for example Trusts, transfers and partnerships. In addition, Asset Management must continue to explore additional capital investment either through the Council's capital programme, Invest to Save schemes or external funding.

Managing the Maintenance Liability 2016 to 2031

	Notes	£	£
Expenditure Profile Total			17,420,452
Funding Opportunity:			
Financial Strategy		3,006,000	
Ayton Castle	WREN funding	15,000	
Ramshill Toilet	Demolition SIF	10,000	
Westwood Toilet block	Demolition SIF	25,000	
			(3,056,000)
Asset Reduction:			
Futurist Building	Regeneration	2,720,000	
Town Hall	Regeneration	4,718,431	
Royal Albert Drive Cafe	Regeneration	51,000	
High Eastfield Farm buildings	Regeneration	41,600	
Depots	Disposal	102,000	
Public convenience provision	Disposal/Invest to Save	843,000	
Dean road Chapel	Asset Transfer	225,000	
Kyber Pass Toilets	Development Opportunity	100,000	(8,801,031)
Shortfall			5,563,421

8. Property Performance Indicators

a) Property Performance Indicators

The monitoring of a suite of property indicators is an important mechanism by which the Council can potentially drive a process of continuous improvement in the management of its property assets. The following three criteria are important in identifying an appropriate suite of indicators:

- The indicators should help in assessing whether the Council is meeting its strategic aims for asset management;
- The data should be relatively easy to collect and assess;
- The indicators should be meaningful.

The data is collected and reported, by exception, to Cabinet as part of the corporate Performance Management Framework.

The summary of the performance indicators are detailed beneath:

PI No.	Performance Indicator Description
PAS1	Percent of grounds maintenance works defects completed in priority timescale
PAS2	Percent of safety inspections completed within priority timescale
PAS3	Percent of revenue/capital sign off for works over £10,000
PAS5	Percent of jobs completed within priority of that task
PAS6	Percent of revenue/capital jobs over £10,000 completed within timescale
PAS7	Percent of revenue/capital jobs over £10,000 completed within +/- 10% of budget
PAS8a	Reduction in electricity consumption
PAS8b	Reduction in gas consumption
PAS8c	Reduction in water consumption
EV1	Value (£) of rents compared to RPI
EV3	Percent of lease renewals/rent reviews carried out before due date
EV5	Percent of void premises below 5% of total portfolio
EV6	Rent roll compared to salary costs

9. Asset Management

a) Council's Property Portfolio

The Council is a significant property owner with its property assets valued in excess of £112.8 million (taken from balance sheet as at 31 March 2015). In addition there is £66.11 million of infrastructure assets, £3.91 million assets under construction and a further £4.45 million of heritage assets. The Council must think strategically about its property holding to ensure its portfolio maintains value and helps to meet the Council's aims and objectives.

A breakdown of the property portfolio by asset category as defined by RICS/CIPFA is shown in the Table below:

Asset Category	Valuation £m
Land and Buildings	111.331
Investment Properties	0.600
Assets held for Sale	0.969
Community	0.000*
Infrastructure	66.110
Assets under Construction	3.915
Heritage assets	4.455
Total	187.380

* Valued at historic cost (not known).

b) Categorisation of Assets

Property Assets (land and buildings)

In broad terms this is property held, occupied, used or contracted to be used on behalf of the Council in the direct delivery of services for which it has a responsibility, whether statutory or discretionary or for the service of strategic objectives of the Council.

This category includes (this list is not exhaustive)

- Land associated with operational property;
- Office accommodation;
- Sports centres and swimming pools;
- Depots and workshops;
- Museums and galleries;
- Off street car parking.

Community Assets

Community assets are assets that the Council intends to hold in perpetuity, that have no determinable useful life and which may, in addition, have restrictions on their disposal. There is little prospect of sale or change of use. If the asset is used for a specific operational purpose it does not qualify as a

community asset.

Examples are:

- Parks
- Historic Buildings (but not used, for say, a Museum)
- Cemeteries and crematoria (land only)
- Allotments (where there are restrictions on alternative uses)

Investment Properties

These are assets, land or buildings, held solely to receive rental income or for capital appreciation or both.

Assets Held for Sale

An asset in which its carrying amount will be recovered principally through a sale transaction rather than continued use. The sale must be highly probable within the next 12 months with a committed plan to sell the asset.

Infrastructure Assets

Infrastructure assets are inalienable assets, expenditure on which is only recoverable by continued use of the asset created, i.e. there is no prospect of sale or alternative use.

Examples of this category are:

- Footpaths
- Bridges
- Water and drainage
- Promenades
- Coastal defences

Heritage Assets

These assets are not property related assets, they include statues, art etc.

c) Third Party Management of Assets

The Council's portfolio of assets includes sites that are directly managed by a third party. Where an external organisation has operational control of premises it is essential that the Council understands and addresses the residual financial, legal and reputational risks that remain.

The main areas where these arrangements occur are in relation to the Scarborough Spa Complex and Whitby Pavilion; and the Leisure Centres.

Leisure Sites

The Council is investing in a new Leisure Village on Council owned land at

Weaponness, Scarborough to provide a football ground and co-joined wet and dry leisure facilities. Work on constructing this facility has now commenced.

The future operation of the Council's Leisure Facilities was considered alongside the Leisure Village project as the new facilities at Weaponness, along with the existing facilities at Whitby and Pindar, were deemed to form an attractive package for potential operators. Following a tender exercise Sports and Leisure Management Ltd (SLM) were selected as the preferred provider.

The Leisure Village is expected to be completed during 2017. In advance of that, and from 1 October 2015, SLM has taken over the operation of the Council's existing leisure sites comprising Scarborough Indoor Pool, Scarborough Sports Centre, Pindar Leisure Centre and Whitby Leisure Centre.

SLM has taken on the full maintenance obligations for each of the leisure sites, albeit with the Council providing a maintenance budget based on recent historic expenditure for the sites. However, SLM has indicated that they may be willing to undertake capital upgrades proposed at Pindar Leisure Centre and provide new equipment at Scarborough Sports Centre within the interim period at their own risk.

The two main areas of risk for the Council are:

- Reputational – although the contract transfers responsibility for statutory compliance to the contractor any major breach would still have a serious reputational risk for the Council.
- Financial – under the contract the Council retained some risk for utilities and therefore needs to monitor performance on utility costs to understand and react to potential future liabilities.

Scarborough Spa Complex and Whitby Pavilion

The operation of the Scarborough Spa Complex and Cliff Lift, and Whitby Pavilion transferred from the Council to Sheffield International Venues (SIV) on 1 October 2012.

A Service Level Agreement exists between the Council and SIV and details the monitoring requirements and expectations that the Council has of SIV to deliver the service at the venues and to develop a programme of on-going improvement at the venues.

SIV has responsibility for the day to day running of the complexes and the internal maintenance and statutory monitoring and control. External maintenance of the roof, walls, windows and doors are still the responsibility of the Council and it requires close working relationships between both organisations in order for things to run smoothly. Regular maintenance and Board meetings are held to discuss the progress being made against the Service Level Agreement and any issues causing concern.

Whilst internal adaptations and alterations are carried out by SIV it is important to bear in mind that the Agreement is time limited and it may be that the building

and full maintenance liability is returned to the Council. It is therefore imperative that the Council is fully aware of any internal work that takes place and the materials and methods used.

Due to their exposed positions both sites are prone to damage, especially in the winter months through high wind, rain and the actions of the sea which places further pressure on the PRB.

The two main areas of risk for the Council are:

- Reputational – although the contract transfers responsibility for statutory compliance to the contractor any major breach would still have a serious reputational risk for the Council.
- Financial – under the contract the Council retained some risk for external maintenance and therefore needs to assess the condition of the building and cliff lift to fulfil its obligations and react to potential future liabilities.

10. Community Asset Transfer

The Quirke Report was published in May 2007 based on a review focusing on how to optimise the community benefit of publicly owned assets by considering options for greater transfer of asset ownership and management to community groups.

The Council is committed to working with the third sector and undertakes significant work with other partners to achieve improved service delivery and development.

A Community Asset Transfer Policy was approved by the Council in November 2012 following consultation with stakeholders and the wider community. The Policy was amended in July 2013 and subsequently in April 2015 to reflect the lessons learned during the operation of the process. The latest version of the Policy is attached at Appendix B.

The Policy establishes a framework through which the Council will make decisions relating to the transfer of its assets. The Policy seeks to:

- Provide clarity and transparency;
- Support the Council's wider regeneration aims;
- Deliver efficiency savings;
- Secure more investment for the area;
- Support the Corporate Plan objectives;
- Support a stronger, more sustainable voluntary and community sector.

The Council has so far received 18 Expressions of Interest in relation to 14 assets. These Expressions of Interest have been considered by the Community Asset Transfer Panel, and a summary of their deliberations is contained in Appendix B1.

11. Supporting Social & Economic Regeneration

The Council is well placed to stimulate the regeneration of the Borough through its land and property holdings; and is presently reviewing and appraising a number of sites within the Borough to identify suitable sites for development and/or regeneration.

Recent examples are within the Sands Development, on Scarborough's North Bay where the Water Park is being constructed, and planning permission obtained for a cinema and public house.

Adjacent to the new Leisure Village a university and University Technical College are being constructed which will increase the educational offering within the Borough.

The land sale to unlock the Middle Deepdale housing development within Scarborough has been concluded and construction is now underway.

12. Commercial Estate

The commercial estate comprises approximately 1,050 tenancies, including wayleaves, golf courses, retail units, tourism concessions and industrial units. The annual rental income from the commercial estate is approximately £3.00 million.

The economic climate has been difficult over the last five years and the Estates team have worked closely with tenants and the Council's Debtors section to keep on top of rent collection and ensure that bad debts do not become an issue. Where necessary swift and robust action is taken.

The Estates team have worked pro-actively in reducing, and containing, the level of void assets through Invest to Save schemes such as Hanover Road, Scarborough and the conversion of the former Whitby Harbour Offices into accommodation.

It is important to continue to evaluate the Council's commercial property portfolio to ensure that the Council continues to hold property that performs and provides an acceptable return to the Council or is required for strategic purposes.

13. Surplus Property

The process of Declaring Assets surplus to requirements is currently being reviewed to reflect the Council's closer working with partner organisations and the third sector.

When a property is considered surplus to requirements it is viewed in accordance with the Council's Disposal Framework and other corporate policies

such as the Local Development Framework, to aid the decision making process. A copy of the Council's Disposal Framework is attached as Appendix E.

The Estates Officers are in discussions with the Portfolio Holder for Harbours, Assets, Coast and Flood Protection in respect of a number of potential disposals, which will be presented to Members in due course.

14. Corporate Landlord

A corporate approach to the management of its assets is well recognised within the Council, and the Estates Section acts as Corporate Landlord.

The following are a selection of the functions performed by the Asset & Risk Service:-

- Work with Services to identify their property requirements, having regard to the suitability and sufficiency of operational assets and whether they are 'fit for purpose';
- Manage the procedure for identifying and declaring premises surplus to operational requirements and for their disposal;
- Co-ordinate and appraise investment and expenditure proposals on operational and non-operational assets;
- Manage land and property transactions;
- Manage the Council's land and property statutory obligations and related corporate risks;
- Energy Management;
- Identify opportunities to plan, manage and improve the utilisation of the office estate;
- Develop a consistent approach to option appraisal and whole life costing of options to support the development of robust business cases.

15. Corporate Risk

Minimising the Council's exposure to risk is now embedded across the Council, through Risk Management awareness and training. Asset Management has identified the statutory obligations and related risks affecting the Council's use and occupation of land and buildings and continues to prioritise their compliance.

Health and Safety

Health and Safety issues are of paramount importance to the Council. Relevant staff liaise directly with the Council's Health and Safety Officer on

the implementation of safety legislation, the maintenance of records and the “wellbeing” of all council employees, contractors, consultants and members of the public.

The Asset Management staff work alongside the Council’s Health and Safety Officer on issues relating to:

- Fire safety;
- Health and safety audits;
- Risk assessments;
- Developing and implementing property related policies and procedures;
- Developing and implementing construction related policies and procedures.

Statutory Testing and Certification

A wide range of statutory tests are undertaken and certificates obtained to ensure a safe environment always exists. Inspection/test certificate requirements include (where required):

- Electrical Installation i.e. fixed lighting and power circuits;
- Fire Alarm and associated equipment;
- Emergency lighting;
- Lightning protection;
- Hoist and harnesses;
- Passenger and goods lifts;
- Portable appliance test;
- Legionella;
- Fire fighting equipment;
- Asbestos register;
- Intruder alarms;
- Gas supply systems including boilers and heaters;
- Fire certificates/fire risk assessments;
- Display Energy Certificates for new and existing buildings.

The majority of these obligations are dealt with by service contracts based on competitive tender which ensure that the required tests and certificates are carried out when required, in a systematic way and at the best value. The remainder are undertaken by the Council’s Asset Management operatives. Remedial works identified are then assessed and attended to in line with financial procurement regulations.

Maintenance and conditions logging is also a requirement of our current insurers and in order to defend claims they insist on written cyclical inspection regimes. In order for this to be fully achieved additional resources are required.

The systems in place to meet the requirements of two major statutory obligations, Asbestos and Legionella, are constantly being reviewed to ensure the Council is fully compliant. As more properties are returned to the stewardship of the Asset Management function additional revenue funding may be required to ensure that the Council can fulfil these statutory

obligations.

It is envisaged that Health and Safety files can be introduced to each Council operated premise. The file would contain a checklist of compliance data to be recorded in the file, for example, electrical hardware test certificates or legionella risk assessments.

The operations manager for each Council premise can then ensure that statutory obligations are being controlled. In addition, it is hoped, with appropriate training, that these operational managers can undertake certain tests, such as, fire alarm testing, and also providing accurate utility meter readings.

Prior to implementation this process would need to undergo consultation with Services as appropriate. Asset Management are presently seeking a new software system which would deliver this functionality electronically.

16. Energy Management

The Council is committed to reducing its impacts upon climate change. As part of this commitment, the Council has identified transport, travel, energy use, procurement and efficiency savings as key areas for review and improvement.

The Council employs a dedicated Energy Manager to drive the Council's natural resources consumption, and identify measures to deliver reductions. The Portfolio Holder for Housing, Public Health and Sustainability is the nominated Member Energy Champion.

The Council recognises the importance of sustainable buildings. Consequently when maintenance or capital works are undertaken and new plant and or equipment is to be installed, a full evaluation should be undertaken to see if any improvements to reduce energy consumption and carbon emissions can be achieved in a cost effective way.

Corporate Energy and Water Objectives

1. To achieve a corporate energy reduction target of 10% on the Council's 2014/15 baseline in energy use by 2020.
2. To use all energy and water as efficiently as possible and negate all means of wastage through the enhanced use of technology, raised awareness levels of consumption and improved levels of housekeeping.
3. To achieve the operating standards within those Council buildings and functions whose longevity would ensure payback is achieved.
4. To reduce the dependence on fossil fuels by procuring (if financially viable) green electricity and employing renewable forms of energy where it is both practical and economical to do so.

5. To annually review the Corporate Energy and Water Reduction Plan and the Energy and Water Reduction Plans for the Council's identified large sites.
6. To ensure that energy efficiency is prioritised when procuring new buildings
7. To publish energy and water performance figures quarterly.

Salix Energy Efficiency Fund

Salix Finance (Salix), a partner of the Carbon Trust, provided match funding to the Council to establish an Energy Efficiency Fund in August 2010 to implement schemes designed to reduce and manage energy consumption in Council premises. The opening fund balance was £130,000; however due to the excellent performance of the Fund Salix matched funded a further £40,000 contribution in 2015, taking the balance to £210,000.

The basis of the Fund is that it self-perpetuates by using the savings gained to reinvest in further projects.

Each project must meet the pre-defined criteria set by Salix to minimise the risk that it is unsuccessful in meeting the project objectives. All proposed projects are agreed with the Chair of the Sustainability Group and the Portfolio Holder for Housing, Public Health and Sustainability.

Since the Fund was established over 80 projects have been commissioned and delivered. Salix assesses its clients across seven performance criteria league tables on an annual basis. For the 2014/2015 financial year the Council's Fund was recognised by Salix as the number one performing fund in the country for both "Spend Rate" and "Use of Available Funds".

The "Spend Rate" measure reflects the funds monthly spend as a percentage of total fund size.

Use of Available Funds is the calculation employed by Salix to measure the rate at which clients are moving their projects through from Pipeline (as in a business case) to Commissioned (as in completely installed and paid for), and then how quickly project savings are reclaimed and then reinvested in further schemes. Essentially "Use of Available Funds" is a barometer for how hard the fund is being driven.

Examples of the projects undertaken include:

- LED Lighting upgrades at various sites. These projects cost £66,642 to implement but save the Council £21,990 per annum and as such achieves payback in 3 years.
- Heating upgrade with insulation. Ten projects have been commissioned at a cost of £55,150 saving the Council £18,005 per annum, achieving payback in 3.1 years.

- An upgrade to the central CCTV equipment, screens and server. This project cost £15,681 and produces an annual saving of £4,705, achieving pay back in 3.3 years.

The capital investment should payback within 5 years to meet the funding criteria. The average payback for all projects to date is 3.2 years.

As well as reducing energy consumption the Council is, through the utilisation of technology, benefiting from less maintenance and improved monitoring of actual energy consumption. Whilst these projects achieve savings the focus does remain on 'reduced consumption' through improvements to basic housekeeping.

Procurement of Energy

The Council recognises that the purchase of gas and electricity is a complex procurement exercise, thus utilises established frameworks operated by organisations such as Yorkshire Purchasing Organisation (YPO) and more recently East Shires Purchasing Organisation (ESPO).

In addition to these frameworks having been market tested in accordance with EU regulations the Council benefits from pricing economies of scale as a number of Local Authority energy consumption requirements are grouped together.

The Council's existing electricity supply contract, sourced via ESPO, is with SSE and is due to expire in September 2016. The Council moved to SSE in April 2015 and due to it being financial favourable the Council purchased 100% green electricity. The Council will, if financially beneficial, continue to purchase green energy.

The existing gas supply contract, sourced via YPO, is with British Gas and expires in April 2017.

Asset Management will, in conjunction with Procurement Officers, explore the options available to ensure that the best pricing structure is obtained when the existing contracts expire.

Display Energy Certificates (DECs)

The Council is legally obliged to undertake and display DECs within those buildings it operates that have public access and are larger than 500 m². The DECs show the energy performance of the building based on actual energy consumption, building footprint, operating hours and building category.

DECs are very useful measure for comparing year on year energy reductions. The Council will work towards improving standards of energy rating in cases where buildings are assessed as having a low energy rating. Over the five year period each of the buildings where a DEC is required has shown an improved score. This is particularly pleasing as the buildings are being utilised more in

terms of occupation and opening hours and still demonstrating improved energy efficiency.

DECs by Building

Site	2010/11	2012/13	2013/14	2015/16	Comments
Filey Evron Centre	C70	D77	C69	C69	Improved levels of housekeeping, 1 Boiler upgraded, lagging levels in boiler room vastly improved.
Sports Centre	C68	C68	C64	C67	Free Cooling project undertaken in Beer Cellar, Improved levels of housekeeping
Whitby Leisure Centre	C53	C52	B45	B40	Improved levels of housekeeping and several BMS programming improvements made
Town Hall	D80	D80	C71	C67	Benefiting from Heating upgrades and Endo Therm
King Street	C71	C68	C66	C58	Heating upgrades with electric savings clearly tied into Town Hall overall savings
Manor Road Nursery	G4949	E119	G185	F128	Lack of investment in both boiler house and nursery. Anticipating big improvement next year following on-going improvement works
Scarborough Indoor Pool	C68	C61	C58	C55	BMS programming improvements made, better housekeeping and reporting of faults
Scarborough Market	A23	A18	A17	A15	LED upgrade, better housekeeping

These reductions have been achieved through a combination of increased

awareness amongst employees, better house-keeping arrangements and a targeted programme of energy reductions projects funded through the Council's Salix Energy Efficiency Fund.

Driving Down Consumption

The Council is committed to reducing energy and water consumption and in doing so deliver financial savings.

Using the 2014/15 financial year as the baseline the Council aims to reduce emissions by 10% by the end of 2020, implemented as a 2% per annum reduction.

		Target				
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
CO2 tns	2,072	2,031	1,989	1,948	1,906	1,865

The framework to deliver this reduction is focused on four main areas, namely:

- a) Monitoring and Measurement
- b) Tackling the large consumers
- c) Staff engagement and awareness
- d) Reporting process

a) Monitoring and Measurement

Accurate, quality and timely data is fundamental to delivering energy and water reduction. Asset Management intend to capture and measure more comprehensive usage data and in doing so identify potential areas of further energy and water savings.

The data capture will be through increased use of technology and the Energy Manager will over the course of this Strategy explore:

- the feasibility of installing power meters at distribution board level to identify high consuming areas within large sites, such as the Town Hall.
- the installation of Automatic Meter Reading (AMR) on all significant Gas meters as part of future corporate Gas procurement contracts.
- the installation of AMRs for water as part of the Water Open Market 2017, which as well as providing invaluable data can be set up with an alarm protocol to identify leaks.
- establishing consumption alarms on current data monitoring systems.

b) Tackling our Large Consumers

Approximately 84% of the Council's electrical energy consumption occurs within the top 10 consuming sites/functions. The top two sites are Street

Lighting (34%) and the Town Hall (16%) and focusing on these two would present the best opportunities for savings. A draft Footway and Car Park lighting strategy has been developed, please refer to appendix 2

Approximately 95% of the Council's gas energy consumption occurs within the top 10 consuming sites. Targeting the Manor Road Nursery (33%), Town Hall (18%) and Crematorium (13%) would represent the best opportunities to drive down consumption and deliver financial savings.

Around 83% of the Council's water consumption occurs within the top 10 consuming sites/functions. The main area of focus needs to be on Public Conveniences, which represent 52% of the water consumption. It is noted that a review of the public convenience provision is currently being undertaken and any energy reduction works will need to align with the outcomes of that review.

Consideration needs to be given to defining operating standards with particularly reference to monitoring and controls within the Council's public conveniences, which represents 52% of the overall water consumption.

Defining Operating Standards

In order to operate effectively and efficiently it is important to define Operating Standards in terms of lighting and heating levels and types of equipment installed.

By 2020 where building/function longevity permits the Council will ensure that:

1. Upgrade light fittings to LED
2. Where suitable, lighting will employ intelligent controls
3. All boilers will be of an A Rated condensing type and will be controlled via a Building Management System (BMS), or a local control mechanism.
4. Loft spaces and ceiling voids are insulated to a minimum of 300mm loft insulation.
5. All heating and DHWS pipe work will be lagged in accordance with the Carbon Trust standard.
6. Cavity walls will be insulated.

c) Employee Engagement and training

Employee engagement will play a major role in reducing the Council's energy and water consumption. Better informed and trained staff will have the ability to make better decisions and should therefore be able to

assist the Council's commitment to energy and water reduction through their working practices.

All employees have a significant role to play within the Energy and Water strategy by:

- Ensuring that they take steps to reduce energy and water wastage wherever possible.
- Reporting faults or system failures at the earliest opportunity.
- Actively contributing to energy saving measures.
- Making energy savings recommendations.

d) **Reporting Process**

This will be achieved by:

- a) Six monthly reports to the Sustainability Work Group (SWG) on the progress made in reducing energy and water consumption.
- b) Quarterly reports to SWG on the Energy Efficiency Fund projects.
- c) Conducting and displaying the results of the Display Energy Certificates annually.
- d) Annually review and publish the results of the Green House Gas Emissions reporting.