

**Economy Place Access and Transport
Scrutiny Management Committee**

25 March 2024

Report of the Corporate Director of Place

Update on the Asset Management Strategy

Summary

1. The Economy Place Access and Transport Scrutiny Management Committee has requested an update on the Asset Management Strategy.

Background

2. In September 2017, a report to the Executive set out a refreshed and updated Asset Management Strategy for the Council for the period 2017-2022. It set out work to improve the financial performance and social outcomes arising from the Council's land and property assets and set out the developing principles that will drive future decision making on our assets. In November 2020, this was updated by a further Executive report which set out an update, amendments and various work streams and which formed the Corporate Asset Strategy 2020 to 2025.
3. The Objectives of the strategy are:-
 - a. to use our assets to deliver policy goals;
 - b. to operate our estate efficiently and dynamically to support the effective delivery of Council services; and
 - c. to use Council assets to generate maximum income in order to support the delivery of Council priorities.
4. These objectives are broken down into more detailed principles which guide our activity planning and decision making, the principles are:-
 - a. the Council will its assets to maximise positive outcomes for our communities;

- b. in order to protect direct services, the Council should reduce the overall cost of the estate through:-
 - I. rationalisation of assets;
 - II. disposal of poor-quality assets;
 - III. exploiting commercial opportunities; and
 - IV. co-location of Council and other public sector services (including Health, Care, Police, Education).
- c. the Council will use its commercial assets to generate income to support service delivery;
- d. the Council will use assets to create efficiencies and reduce service costs, for example to reduce reliance on out of city placements for people with complex needs;
- e. assets should support the Council and partners to achieve joined up services and improved outcomes - buildings should not be exclusive to one particular service and community spaces should where possible be flexible and adaptable to support a range of uses;
- f. the Council will acquire or hold assets to drive economic development or regenerate an underperforming part of the city;
- g. the Council will use assets to deliver and accelerate housing provision in the city;
- h. the Council will ensure assets comply with the Council's Sustainability policies and the Council will explore opportunities, where financially viable, to reduce the carbon footprint and water use across our retained estate;
- i. assets should be operated/managed by the community where a community group is best placed to deliver outcomes;
- j. the Council should use assets to support area based working through a three zone city model;
- k. where schools become Academies, the Council will work to maximise the use of education land to the benefit of education and wider community use;

- l. to operate the Council’s estate sustainably, efficiently and dynamically to support the effective delivery of Council services and achieve carbon neutrality by 2030 on our estate; and
- m. to make the Council operated estate sustainable, reduce carbon emissions, increase green energy generation and reduce energy and water consumption.

Current Position

5 The 2020-25 strategy reported to the Executive in 2020 set out a considerable number of recommended workflows for which considerable progress has been made. The list of workflows is set out below with an update on progress against each:

Action	Status
a) Agree the amended revisions to the Corporate Asset Strategy and to adopt these to shape future asset decisions for which this report will form the “Corporate Asset Strategy 2020-2025.”	Completed.
b) Agree to recommend to Full Council the establishment of a capital budget of approximately. £3.9 million, to fund the acquisition of the Head leasehold interest of the Eco Centre, Amy Johnson Way. Additionally to invest a further approximately. £100,000 to fund green infrastructure improvements to the building, providing an increase in revenue and which will be funded from the One Planet York budget. Further, to delegate to the Director of Economy and Place (in consultation with the Director of Governance) to complete the purchase once all due diligence is satisfactorily conducted on the property.	Acquisition completed. Energy improvement work ongoing.
c) To note the position on the land forming the riverbank adjacent to Scarborough Bridge, as set out in the report.	

Action	Status
<p>d) Agree to dispose of Oakhaven for the consideration as set out in the Confidential Annex 1 in an off-market sale with a backstop date for completion of 12-weeks and if this backstop date is not achieved to dispose of the site on the open market.</p>	<p>Disposal completed</p>
<p>e) Agree to dispose of the site of Morrell House, by either:</p> <p>(i) splitting into individual plots and disposing of the plots to self-build purchasers as part of the Council's Self-Build programme;</p> <p>OR</p> <p>(ii) if the site is found not to be suitable for self-build then sell the site on the open market, and</p> <p>in either event, to delegate to the Director of Economy and Place (in consultation with the Director of Governance and their delegated officers) authority to take such steps as are necessary to complete the disposal.</p>	<p>Negotiations re disposal for community housing refurbishment scheme ongoing – formal offer expected soon</p>
<p>f) Agree to dispose of the following properties/interests:-</p> <p>(i) Land at Lingcroft Lane, Naburn; and</p> <p>(ii) 2 former herdsman cottages (103 Heslington Road to be transferred from the General Fund to the HRA fund and 159 Mount View to be disposed of on the open market).</p>	<p>Utility infrastructure upgraded to aid disposal and under review</p> <p>Amend by virtue of Executive September 2022 to dispose on the open market on the basis of granting</p>

Action	Status
	<p>a 250 year lease for each property, subject to a user clause restricting the use of the properties to private main/principal residences, rather than disposing of the freeholds. Being marketed Spring 2024.</p>
<p>g) Agree to release c. £120k from the HRA Housing Delivery Programme development fund into the capital budget to review the Willow House and the adjacent estate, undertake public engagement and develop an outline business case for development within the Housing Delivery Programme.</p>	<p>Executive Decision November 2023 authorising budget to commence design work – procurement completed work commencing soon</p>
<p>h) Agree to release c. £150k from the Council’s York Central budget to review the Council’s land holding on York Central and develop an outline business case for development within the Housing Delivery Programme.</p>	<p>Design work complete negotiations with incoming Development partner started.</p>
<p>i) Agree to lease 29 Castlegate as part of the commercial portfolio and agree to the use of the existing capital budget of £270,000 to undertake maintenance repairs to the property.</p>	<p>Works undertaken within budget and tenant found for the building with lease granted to City of York Trading Ltd on 1st June 2022 .</p>
<p>j) Agree to lease the Guildhall Business Centre to the University of York/York Science Park Ltd on the terms set out in this report and to delegate to the Director of Economy and Place (in consultation with the Director of Governance) authority to</p>	<p>Lease granted April 2022.</p>

Action	Status
<p>take such steps as are necessary to complete the lease.</p> <p>k) Agree that, were it to become available for sale within seven years of the transfer of Haxby Hall, to purchase the existing Haxby ambulance station site within the agreed budget.</p> <p>l) To further approve that, if the purchase and lease to York are of the ambulance station site were to proceed, then its permitted use under the lease be restricted to a residential home within Use Class C2 of the Town and Country Planning (Use Classes) Order 1987 or use(s) ancillary to operation of Haxby Hall as a residential home, for a period of at least 25-years from the transfer of Haxby Hall.</p> <p>m) Agree to dispose of the Council's shareholder interest in York Science Park Ltd for c. £500k and to delegate to the Director of Economy and Place (in consultation with the Director of Governance or her delegated officers) authority to take such steps as are necessary to complete the disposal.</p> <p>n) Note the performance of the commercial portfolio in respect of the impact of COVID 19.</p>	<p>Haxby Hall disposal completed.</p> <p>Ambulance station remains operational.</p> <p>Disposal completed.</p>

6 In addition to the good progress made with the workflows as set out above, a further report was taken to the Executive in September 2022 setting out proposed community asset transfers which have also progressed, with transfers completed for assets outlined within that report.

7 There have been continued savings assumed within the commercial and operational estate. Across 2017/18 to 2019/20, this totalled £1.8m,

much of which has been derived from maximising the income at West Offices. This has been delivered by reducing the floorplate for Council staff and to lease the space to external organisations. Pre Covid income was c. £1m and is currently c. £1.65m per annum with further space available.

- 8 In conjunction with the Head of Carbon Reduction, work to operate the estate sustainably continues. The 2020-25 Strategy set out the success of purchasing 180 acres of land at Knapton to provide the community woodland. This was subsequently supplemented by leasing the property to Forestry England who have planted c. 200,000 trees. Sustainable projects are ongoing, and the potential of a Green Energy Park at Harewood Whin was reported to Executive in February 2024 and replacement of lighting within West Offices and Hazel Court is due to be undertaken later this year providing revenue savings and carbon reduction.
- 9 Heat Decarbonisation Plans have been completed for 40 Council buildings. Recommendations for improvement works will be considered and carried out as funding becomes available through the Public Sector Decarbonisation Scheme and as part of ongoing maintenance work. Works to provide LED lighting across West Offices and Hazel Court will be implemented this coming financial year.
- 10 The commercial estate continues to perform well with few vacancies despite the challenging economic conditions that the UK faces. Total income across the estate provides c. £6.7 million per annum and provides a return of c. 6.5%.
- 11 The ongoing use of Council land for the delivery of affordable housing, in particular decisions taken in November 2023 to develop further business cases for Ordnance Lane and Willow House, is outlined in the [background report](#) referenced at the end of this report. The Housing Delivery Programme however falls under the purview of the Health, Housing and Adult Social Care Scrutiny Committee.

Consultation

- 12 The original Asset Management Strategy was agreed by the Executive in September 2017 and was considered by Economy and Place Policy Development Scrutiny Committee in March 2018. In November 2018, that same committee then considered a further report specifically relating to the implementation of the strategy as it related to community and operational assets.
- 13 The revised strategy was considered by Customer and Corporate Services Scrutiny Management Committee in November 2020 and was then agreed at the Executive meeting later that month. That decision was then unsuccessfully called in by the Corporate Services Climate Change and Scrutiny Management (Call in) Committee in December 2020.

Options

- 14 This section is not applicable to this covering report as there are no options being presented to the Scrutiny meeting.

Analysis

- 15 This section is not applicable to this covering report as there are no options presented.

Council Plan

- 16 The “One City, for all” 2023-27 Council Plan sets out clear priorities and the assets the Council hold contribute significantly to these, including:

Economy and good employment: A fair, thriving, green economy for all – The Council’s asset base provides accommodation for businesses to operate and thrive within the city, providing space for both established businesses and start-ups.

Housing: Increasing the supply of affordable housing

The Housing Delivery programme continues to use Council land to build Passivhaus affordable housing in the city. Disposals of land have also led

to the provision of older people's residential provision, self-build, and community housing.

Sustainability: Cutting carbon, enhancing the environment for our future The estate provides opportunities as outlined to provide reduction in carbon across the city.

Implications

- 17 There are no implications from this report as it is an update for Scrutiny only, with no decisions required.

Risk Management

- 18 This is an update report to Scrutiny only, with no decisions required.

Recommendations

- 19 To note the progress made against the actions as set out in the Asset Management Strategy.

Contact Details

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**Report
Approved** **Date** 13/3/24

Specialist Implications Officer(s) Not *applicable*

Wards Affected: All

For further information please contact the author of the report

Background Papers:

Original Strategy

[28/9/2017 - Exec report - Asset management Strategy 2017-2022](#)

[21/3/2018 - Scrutiny review of Asset Management Strategy](#)

[20/11/18 - Scrutiny review of Community and Operational Assets](#)

Strategy Update

[23/11/2020 - Scrutiny review of Update on the Asset Management Strategy](#)

[26/11/20 - Executive report - Update on the Asset Management Strategy](#)

[21/12/20 - Scrutiny Call in Committee - Update on the Asset Management Strategy](#)

Housing Delivery Programme

[16/11/23 - Exec report - Update on the Housing Delivery Programme](#)