

Community & Corporate Overview & Scrutiny Committee – 28 February 2024

Minute Extract - Strategic Asset Review

The Committee considered a report, set out at Agenda pages 5 to 34, which gave details of an ongoing strategic asset review. Appended to the report was a draft Executive report which provided details of the Council's property portfolio, thereby enabling a process for consideration of opportunities for rationalisation, consolidation and income generation.

Stephen Conway (Leader of the Council) attended the meeting to present the report and answer Member questions, supported by Sarah Morgan (Assistant Director – Commercial Property).

The report stated that the Council held a significant portfolio of property and assets with a net book value of circa just under £500m. Some of the assets were used for direct service delivery, including libraries, schools, leisure centres, care homes, parks and open spaces and housing stock. In addition, the Council held assets which generated income such as commercial properties and units in Wokingham town centre. In order to deliver value for money for the Borough's residents it was essential that these assets were managed effectively and efficiently. This included the contribution which the property portfolio could make to generating financial savings which could help to address the Council's challenging financial position.

It was confirmed that the list of assets appended to the draft Executive report was not comprehensive. It did not include parks and open spaces, housing and highway assets. These assets were managed by the relevant services and, given their specific operational nature, they were not included in the consideration of future opportunities for alternative service use and delivery.

The report requested that the Committee scrutinise the draft Executive report and make comments and/or recommendations to the Executive on the property portfolio and the key issues to address in the Council's approach to strategic asset management. Members were asked to give a view on the general principles underpinning the approach such as the balance between income and savings versus other key priorities such as partnership working or tackling the Climate Emergency.

In the ensuing discussion, Members raised the following points and questions for submission to the Executive.

In relation to its property portfolio, how did the Council compare with other local authorities? It was confirmed that the Council was on a par with other similar authorities, i.e. authorities with a significant rural element to the property portfolio.

Did the investment element of the portfolio generate a reasonable return to the Council? It was confirmed that, in 2022/23, the Investment portfolio delivered an annual rental income of £3.89m. After deductions for debt and repayment costs, this contributed over £1m to the Council's Revenue budget. In relation to the Regeneration portfolio, occupation levels remained high – 97% in Quarter 3 of

2023/24. Some vacant units had been used to support the voluntary and charitable sector, such as the Cowshed charity which provided support for residents during times of personal crisis.

What was the Council's approach to filling empty units, was it proactive or reactive? It was confirmed that, in relation to the commercial portfolio, the Council used agents at the local and national level. The approach was proactive. The Council also maintained frequent contact with voluntary partners in order to understand their needs and any upcoming pressure points. Work was also ongoing to repurpose some properties to address other priorities such as homelessness and the needs of care leavers. Members supported the approach of looking across the various sectors and seeking to establish a balance in the use of property assets.

Members noted the longer term plan to relocate the Council's headquarters from Shute End. At present, the top two floors of the Shute End offices were empty. Could these floors be used to accommodate voluntary/charitable partners? Another potential site was the former library in Denmark Street. It was confirmed that these sites were part of the development of a long-term plan for the Council's assets.

A report on the future Council headquarters would be submitted to Overview and Scrutiny and the Executive in late summer of 2024. Members supported the development of a longer term plan rather than ad hoc use of the Council's property assets. It was important to understand that, notwithstanding short term issues, voluntary and charitable partners needed as much certainty as possible in order to plan for the future. In addition, it was noted that some organisations were less able to speak up and articulate their requirements. In this respect, the development of a strong partnership approach was welcomed. It was also noted that the Council faced significant challenges itself. Creativity, transparency and communication would be key to the delivery of successful outcomes.

Members requested an update on the development of the flats next to the Carnival leisure site. This site was not included in the list of assets appended to the report. It was confirmed that this site should have been included in the construction section of the report. The original develop had gone into administration, resulting in a pause in the building works. A new contractor was in situ and it was expected that the flats would be completed by early 2025. Officers confirmed that the Council would not make a loss on the project.

What was the Council's approach to closer working with the Borough's Town and Parish Councils? It was confirmed that the Towns and Parishes were important partners and a key aim was to build a closer working relationship which identified opportunities for mutual support and benefit. These opportunities would be identified as part of the development of a longer term asset review.

Members noted that three community centres, Arborfield, Matthewsgreen and Montague Park, had not yet come on stream. What was the latest position? It was confirmed that talks were ongoing with Wokingham Town Council in relation to Matthewsgreen and Montague Park. In relation to Arborfield, the Council was working with the Parish Council and local community groups to identify a possible solution. Members suggested that there should be more communication with local

residents to reassure them that progress was being made in relation to these three centres.

In relation to commercial units, were tenants reporting difficulties in relation to rent levels, etc.? It was confirmed that all businesses were facing financial pressures. The Council's approach was proactive. Officers understood the challenges being faced and sought to work with the various tenants. It was suggested that future updates include details of the management of rents and the rationale for managing the cost base of commercial units.

Members noted that one of the significant challenges facing shops and stores was the move to on-line shopping which had been accelerated by the Covid pandemic. The fact that 97% of the town centre regeneration assets were occupied was a positive sign. The Council's role was to act as a curator of the town centres to find the correct balance of commercial, community and public service uses which reflected the needs of the Borough's residents. Members supported this approach and the development of a longer-term asset management plan in conjunction with key partners.

It was suggested that a further update report on the emerging Strategic Asset Review be submitted to the Committee in six months' time.

RESOLVED That:

- 1) Stephen Conway and Sarah Morgan be thanked for attending the meeting to present the report and answer Member questions;
- 2) a summary of Member comments and questions relating to the emerging Strategic Asset Review (as set out above) be submitted to the Executive;
- 3) a further update on progress relating to the Strategic Asset Review be submitted to the Committee in six months' time;
- 4) over the next six months, officers provide written updates to the Committee on progress relating to the Strategic Asset Review in order to keep Members up-to-date on key issues.

This page is intentionally left blank