



Budget Scrutiny
12th January 2021

Property & Assets

Economic Growth & Regeneration



Service Context – Property & Assets

The Property & Assets service undertake strategic asset management, facilities management and strategic investment and development activities for a substantial estate. This comprises of operational buildings such as offices and depots; the community portfolio such as theatres and leisure centres; rural estate including farms and land; schools; and a commercial portfolio of investment.

The service leads on delivery of a significant capital programme, including a schools programme and regeneration projects in Aylesbury, Winslow and Wycombe with a number of projects underway and continuing in 21/22.



Strategic Assets generate £22m of income a year from our asset portfolio

The Council receives a significant amount of commercial income each year from the its asset portfolio and continues to have an active income and investment generation and disposal programme, with significant income generating opportunities.

The Property services has been impacted by COVID; as well as supporting commercial tenants through a difficult time (including signposting and rental holidays), Facilities Management and Health and Safety teams have been ensuring that our operational buildings are safe and socially distanced for staff and visitors. Work is ongoing on the Workspace Strategy, as we consider what our operational requirements are for office space now and in the future.

The service also has oversight of some of the Council's companies such as Bucks Advantage, Aylesbury Vale Estates and Consilio. These companies support the Council's property and revenue generating ambitions.



The Property Maintenance team provide a complete maintenance service for 145 Buckinghamshire Schools

Service Context – Economic Growth & Regeneration

The service is responsible for the strategic planning and vision for Buckinghamshire the place and creating a compelling narrative for Buckinghamshire's future. As well as developing a strategic economic narrative, the service links in with partners such as **Buckinghamshire Local Enterprise Partnership and Buckinghamshire Business First**. Since March 2020, the service has worked closely with these partners as part of the COVID response Business Cell to support local businesses through the pandemic. This included grant distribution work, communications, supporting town centres in reopening with social distancing requirements.

Economic development and town centre management colleagues work closely with our town and parish councils to enable a detailed and local approach to what local businesses need to thrive. The service also ensures the operation and licensing of markets in our town centres and covers tourism to support the visitor economy.

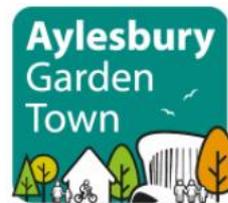
The service also drives innovation including the Transport Data Initiative and ADEPT Live Labs programme and delivers cross-cutting coordination between the Council and partners to develop and deliver strategic infrastructure across the County.

BUCKINGHAMSHIRE COUNCIL



We operate and support our town centre markets, which have been an important local resource during the COVID-19 crisis

The **Buckinghamshire Strategic Infrastructure Tool (BSIT)** helps develop and translate the vision into schemes that can be delivered around the County. The BSIT identifies infrastructure gaps around the county and seeks to identify funding opportunities to close those gaps to enable delivery for communities.



The **Aylesbury Garden Town** programme is ongoing and delivery of key projects such as the Gardenway is planned for the coming year. Work is also underway to develop a place-based regeneration approach for Wycombe and consideration is being given to other settlements that could be incorporated into this approach going forward.

Service Context – Key Priorities 2021-22

Property & Assets

- Delivering major property Projects including a substantial rental income stream
- Delivery of regeneration projects including:
 - Kingsbury & Market Square (Aylesbury)
 - Brunel Shed (High Wycombe)
 - Winslow
- Continue to deliver the agreed capital programme.
- Continue to actively manage the Council's estate, provide a safe and suitable workspace for staff, and deliver the Buckinghamshire Council Workspace Strategy.
- Begin the Property & Assets Service Review.
- Maximising opportunities for property asset optimisation and income

Economic Growth & Regeneration

- Creating a narrative for future growth and a recovery proposal for engagement with Government.
- Continue to support the Buckinghamshire Growth Board
- Support town centres and local businesses to innovate and thrive during and after the COVID pandemic
- Delivering the regeneration programme across Buckinghamshire including the Aylesbury Garden Town Programme and Wycombe regeneration activity

Service Context –Key Risks 2021-22

Economic Impact of COVID-19 on our Rental Income - We have made budget provision in the MTFP for a small number of tenants who have agreed rent reductions or suspensions next year (Eden, Travelodge), and for tenants who are at deemed high risk because of CVA-warning, and have highlighted in the 'worst case scenario' where further provision may be needed if a proportion of tenants choose to exercise upcoming lease breaks. These figures are predicated on a some economic recovery following the 2nd lockdown; a significant economic downturn would likely result in further CVAs/bankruptcies of tenants, and therefore result in higher rental losses.

Resourcing to deliver Opportunities in capital receipts, revenue income from investments, and savings from accommodation review. The Property and Assets team will need to maintain the skills and capacity to deliver significant savings and income in future years.

Reactive and Planned Maintenance Budgets - The council's approach and policy on how it manages and budgets for reactive and planned maintenance needs a full review following Unitary. We expect to rectify differences in accounting and budgeting treatment, which will play out in future changes to the revenue and capital budgets, and a change of reserve policy.

Managing our Strategic Assets – a standard methodology and budgeting approach is needed for enhancements and voids, which will play out in future changes to the revenue and capital budgets, and a change of reserve policy

Qtr 2 2020-21 Financial Position

	Budget £000	Y/E Out-turn £000	Forecast Variance £000	%	of which COVID £000	of which BAU £000
Expenditure	17,691	17,644	(47)	0%	790	(837)
Income	(22,301)	(19,440)	2,861	-13%	1,813	1,048
Property & Assets	(4,610)	(1,796)	2,814	-61%	2,603	211
Expenditure	3,403	3,258	(145)	-4%	13	(158)
Income	(356)	(497)	(141)	40%	-	(141)
Economic Growth & Regeneration	3,047	2,761	(286)	-9%	13	(299)

Property & Assets

At the end of Qtr 2 we reported a £2.6m pressure due to COVID, of which £1.7m is projected rental income loss, £750k costs for making our estate COVID-safe (cleaning, screens, hand sanitisers), £150k of lost staff capitalisation due to COVID project delays and £113k of lost income from other services, such as Health & Safety training to schools, all offset by a £130k reduction in our Utility bills due to office closures. We have made provision in this budget for the ongoing impact of these issues into 2021/22.

In addition there was a net pressure of £211k on business-as-usual budgets, attributable to 2 unfunded senior staffing posts, reduced income from loss of tenants at Vale Retail Park and 66 High Street, offset by use of a budgeted voids contingency and underspends in Corporate Estate budgets (energy). We have made provision in the budget for the ongoing impact of the staffing pressure, and will be making a capital investment bid to secure a new tenant at Vale Retail Park, to release the contingency budgets back for future estate reinvestment.

Economic Growth & Regeneration

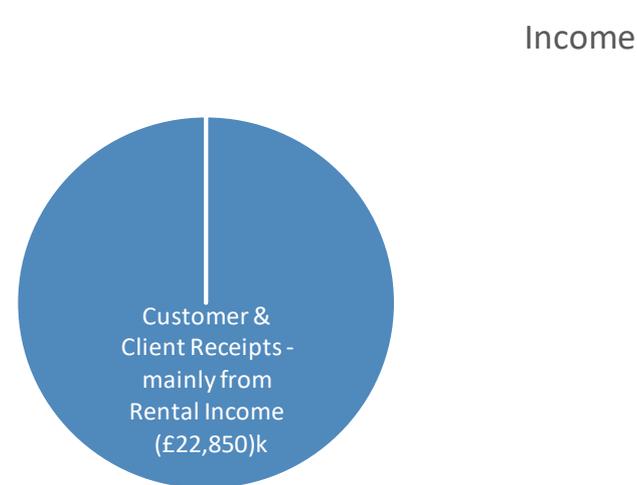
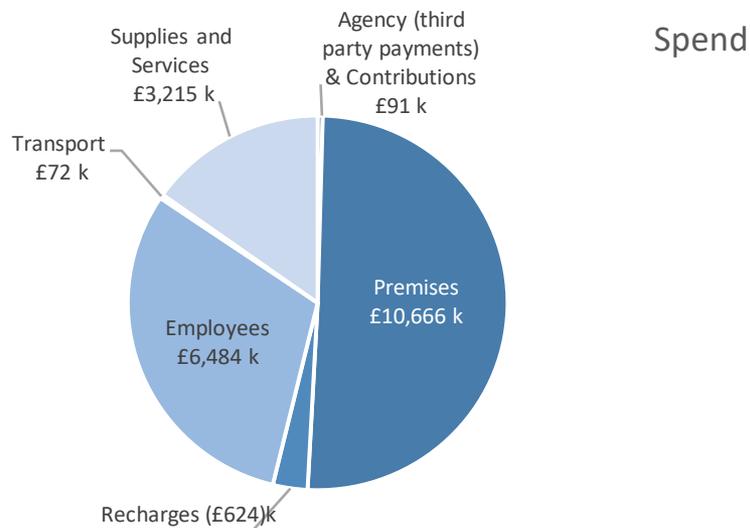
At the end of Qtr 2 we reported a net COVID pressure of £13k, attributed to a £33k loss of income from markets offset by a £20k income for administration of the Reopening High Street grant.

The business-as-usual budgets are reporting a net underspend of £299k, attributable to use of uncommitted feasibility budgets to help the overall council financial position, and reduced spend on events. Underlying this is a staffing pressure for a senior post, which is being funded this year using one-off uncommitted feasibility funding

Property & Assets Budget 2021-22

Planning, Growth & Sustainability Directorate	2020-21			2021-22		
	Income £000	Expense £000	Net Budget	Income £000	Expense £000	Net Budget
Economic Growth & Regeneration	(455)	3,517	3,061	(455)	2,603	2,147
Housing & Regulatory Services	(4,516)	12,410	7,894	(3,888)	12,082	8,194
Planning & Environment	(11,112)	14,446	3,334	(9,359)	16,908	7,549
Property & Assets	(23,139)	18,860	(4,279)	(22,851)	19,903	(2,947)
Special Expenses	(77)	292	215	(77)	294	217
Strategic Transport & Infrastructure	(1,108)	3,033	1,925	(1,108)	3,533	2,425
Grand Total	(40,408)	52,557	12,150	(37,739)	55,323	17,585

Property & Assets budget highlighted in yellow; shown in context of whole of Planning, Growth & Sustainability Directorate. Net 2020-21 budget shown above is £331k higher than that shown in the Qtr 2 20-21 financial position table owing to the centralisation of maintenance budgets since the end of Qtr 2.



Property & Assets Budget Changes 2021-22

<u>Property & Assets</u>	Change £000's
Property new income from asset development opportunities	(394)
Loan Interest from Consilio - increase based on existing loan rates.	(130)
Dividend from AVE - increase in income budget based on past performance.	(100)
Property senior post budget shortfall	200
Removal of Tatling End Income Target (to Consilio)	129
Inflation	94
Property rental income loss due to COVID-19	1,200
Additional cost of enhanced cleaning on corporate estate due to COVID-19	250
Income loss from schools Health & Safety training due to COVID-19	50
Staff car park income loss due to COVID-19	33
TOTAL	1,332

- Property new income – *on track to be delivered via existing pipeline of projects*
- Loan Interest from Consilio - *Interest payments from Consilio on their capital loans has increased with prior year purchase of Travelodge.*
- Dividend from AVE – *increasing existing target to match expected dividend of £300k*
- Senior post budget shortfall – *inherited pressure of unbudgeted staffing posts*
- Tatling End housing income now received by Consilio Property Ltd, therefore income target removed from base budget

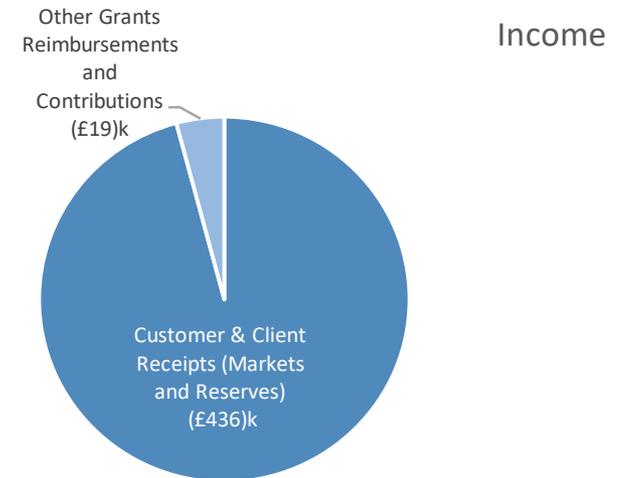
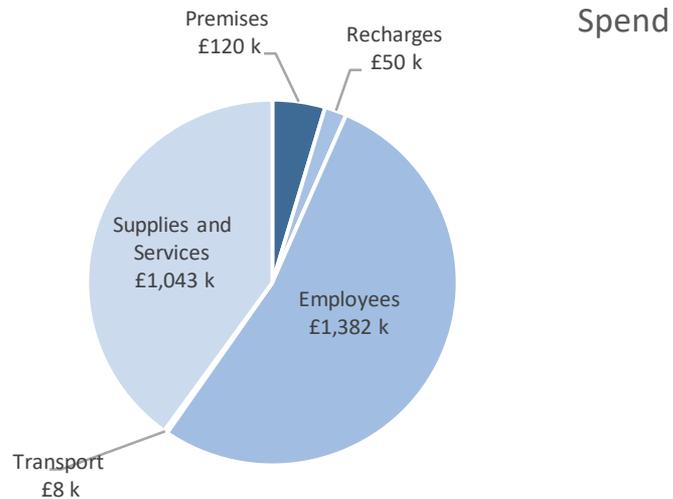
COVID-19 costs

- Ongoing rent loss in 21/22 from Eden and Travelodge, plus a provision for those tenants who are at high risk of CVA and likely to default on rent payments
- Continued enhanced cleaning regime needed across the estate, does include an assumed reduction in office space use.
- Short term continued reduction in income from schools for 'Pay as Used' Health & Safety training.
- Ongoing reduction in car park income from staff payroll deduction at Friar's Square as staff work from home

Economic Growth & Regeneration Budget 2021-22

Planning, Growth & Sustainability		2020-21			2021-22		
Directorate	Income £000	Expense £000	Net Budget	Income £000	Expense £000	Net Budget	
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Grand Total	(40,408)	52,557	12,150	(37,739)	55,323	17,585	

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Economic Growth & Regeneration Budget Changes 2021-22

Economic Growth & Regeneration	Change £000's
Economic Growth senior post budget shortfall	130
Inflation	2
Reversal of one-off Broadband investment	(10)
Better Buckinghamshire Service Savings for PG&S Directorate	(500)
Contract harmonisation savings for PG&S Directorate	(200)
Homeworking savings across PG&S Directorate, e.g. mileage, utility bills	(248)
Staffing vacancy factor saving for PG&S Directorate	(88)
TOTAL	(914)

- Inherited staffing budget pressure for a senior post
- One-off small Broadband investment fund removed from base budget

The PG&S Directorate Savings will be delivered across the whole directorate. Delivery is being monitored by the Corporate Director, and the savings budgets and will be apportioned out to the relevant service area as they are delivered.

- Better Buckinghamshire savings will be delivered through service reviews, most likely from Planning and Housing.
- Contract Harmonisation savings are due to be realised in Property, from retendering of the Asset Management contract, post room and postage arrangements, and various facilities management and maintenance contracts.
- Home Working target will be delivered from savings on mileage, conference bookings and utility bills from ongoing home working, and is based on the levels of spend we are seeing in this year's forecast
- Staffing Review/Vacancy Factor will be delivered through natural attrition and holding vacancies where not business critical