

Tunbridge Wells Borough Council

# **Asset Management Plan 2025-26**

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## 1. Introduction - Aims & Objectives of the Asset Management Plan

Manage the asset portfolio in accordance with the Council's strategic objectives.

Raise awareness of property as a valuable and workable asset contributing to the Council's revenue and capital receipts.

Manage the asset portfolio to deliver the needs of the Council's services in line with modern Estate Management Practices.

Maximise asset value and asset use through strategic maintenance and operational planning.

Manage the RVP in accordance with the principles of the Asset Management Plan (AMP) and to deliver the RVP Business Plan

To identify, plan and deliver energy saving and carbon reduction interventions in line with the Council's Climate Emergency declaration.

The AMP will inform the Council in the delivery of its corporate property priorities by ensuring that the portfolio is managed with focus directed towards the priority areas of:

- urgent major repair to relevant assets
- investment
- disposal of surplus assets,
- the repurposing, redeveloping and refurbishing of existing assets with potential.

The AMP creates a pathway for its portfolio to achieve the Council's ambition on being carbon neutral by 2030. It will ensure that asset performance is in support of the strategic objectives, such as the disposal of non-performing surplus land assets to generate capital income. Maintenance costs will be kept to a sustainable level and strategic decisions will be based on delivering services, ensuring best consideration and optimising financial return.

## 2. TWBC Property Asset Portfolio

### Assets

As is typical of a Local Authority estate, the TWBC property portfolio is made up of an extensive and varied mixture of property types, from Operational premises required for the provision of Council services, those used by residents and visitors, investment properties that provide income to the Council and a large number of small parcels of land built up over the existence of the Council in its present and previous guises.

### Operational

The most substantial element of the Council's portfolio are the Operational properties. This part includes the Parks, Leisure Centres & community buildings, Cemeteries and those premises overseen by the Housing Team but also significant individual properties such as the Town Hall, Amelia Scott Centre & North Farm Depot. These are the core properties of the Council's Estate.

### Commercial Investments

The Council owns a small but important Portfolio of properties that are held as investments to provide a source of income but also as a vital element of the wider economic development aims for the town and Borough. The most significant asset is the Royal Victoria Place Shopping Centre long leasehold interest, acquired in 2023.

The remainder is a mixed use portfolio. There are long held residential properties on the Pantiles, retail units, a light industrial estate plus a number of other sites which all contribute rental income for the benefit of the Council.

A number of flats and houses are owned freehold by the Council, managed by Housing Services to provide, mainly, temporary housing solutions to those in need. These properties are shown on the asset list.

## Royal Victoria Place

The Royal Victoria Place Shopping Centre (RVP) long leasehold was acquired by the Council in October 2023. The Council has been the freeholder of the asset since construction in 1992. RVP is 330,000 sq.ft. of retail space anchored by the Fenwick Department Store. Overall there are 99 units with major retailers linked to RVP including M&S, Next and Boots. New stores arriving include Søstrene Grene and Primark.

RVP is managed by Asset Managers (RivingtonHark) and Property Managers (Knight Frank) appointed by the Council and managed by the Council's Investment team overseen by the cross-party Investment Advisory Panel. The RVP is managed to deliver the annual RVP Business Plan approved by Cabinet.

## Tunbridge Wells Property Holdings

Tunbridge Wells Property Holdings (TWPH) is a company wholly owned by the Council to manage residential and other properties. TWPH currently holds and operates 19 residential properties (predominantly flats) owned as investments by TWBC but leased to TWPH until 2038. The assets are let and managed under contract by the Council's Managing agents, Bracketts.

## Non-Operational Land

The parcels of land bracketed under the non-operational banner are a very wide range of sites. Whilst the investment properties are concentrated in Tunbridge Wells these sites are spread throughout the Borough. A number of woodlands are within this group but the majority are little scraps like roadside grassed areas, footpaths or flowerbeds and are of no intrinsic value or other use, but still require the Council to maintain them. There are some modest income producing sites like garden extensions and also contained within this asset class is the former caravan site, now known as "Kevin Lynes" on North Farm Road, which has been the subject of a development proposal presentation in 2024.

## Asset Value

The Portfolio valuation prepared by the Council's new Valuers (Cluttons) was £121.3m. This shows a small reduction of 1% over the previous year although it does include Royal Victoria Place and the Town Hall within that total.

# Income

## Disposals

9/10 Calverley Terrace has recently exchanged with completion at the end of November 2024. Negotiations for the sale of Mount Pleasant Avenue Car Park are being finalised.

## Rents

The total income in 2023/24 was £3.007m. The previous year's income was £2.026m.

During 2024/25 Council Officers have worked hard to ensure that the rental income stream is maintained. Through good management there are few voids in the estate and arrears are low. Estates & Finance teams take a proactive & pragmatic approach to ensuring income & occupation is maintained.

In September 2024 the lease of 8 Grosvenor Road to Nando's was completed and this addition to the casual dining line-up in Tunbridge Wells will open in the next few months, though the rent will not come on stream until October 2025. Generally, commercial rents have been quite soft and increases hard to achieve. Three units were available at Colebrook Industrial Estate but took some time to let, a reflection on their age and condition. Some income was lost when AXA Healthcare ended their lease on Mount Pleasant Car Park ahead of the sites sale but they retain parking permits in Crescent Road car park.

A number of lease events have been agreed and new lettings have been achieved in RVP already, as the strategy for this scheme evolves. The wider strategy for this asset is set out in the annual RVP Business Plan adopted by the Council.

The income from the TWPH portfolio proved very solid and all properties provided income growth on renewal or re-letting. Occupation was virtually 100% other than some short term voids around re-lettings.

## Property & Projects

Maintenance across the portfolio is divided between Planned and Responsive work currently targeting an approximate 60/40 split respectively. Included within the planned maintenance budget is the regular servicing of plant and equipment. The works and servicing requirement is prioritised to ensure that all legislative compliance needs are met.

The AMP identifies the anticipated maintenance budget requirement over the next ten-year period for the property portfolio based upon condition surveys. This is significantly in excess of the maintenance budget however it is used to assist in financial planning and to indicate ongoing costs related to the individual assets to inform strategic decisions on their future. A copy of the ten-year maintenance plan is contained in Appendix two.

## Capital Projects

Capital projects to the value of £4.8m have been progressed or completed in this financial year.

A programme of updating condition surveys of some built assets was commenced. Successfully completed projects included the Crescent Road redevelopment to provide temporary housing solutions and accommodation for Ukrainian refugees. And exterior redecoration of 8 Dudley Road.

Additionally, an application for funding the RVP car park refurbishment was successful.

## Maintenance (budget & compliance)

The Planned Maintenance Programme for 2024/25 completed works to the value of £1.2m to ensure compliance with statutory requirements and to carry out priority repairs and upgrades to maintain assets and prevent dilapidation. Reactive Maintenance was undertaken to the value of approximately £300,000.

Some of the work undertaken included the continued maintenance programmes and compliance for the operation of The Amelia Scott.

The budget also covers the cost of procurement for property consultancy & the arrangements for professional services as required.

The development of the Property Asset Management System that integrates with other Council IT systems, including GIS and provides Estates, Property, Housing and Finance information continued.

The maintenance of RVP is delivered by the managing agent, Knight Frank and is set out in the RVP Business Plan adopted by the Council. Capital projects are also identified in the RVP Business Plan.

# 3. Asset Management Strategy

## Strategic Asset Management

The Property and Estates team will continue to review the property portfolio to identify sites for investment, development (for properties that are required by the Council for their operation or for Service provision) or disposal, if they are surplus to the Councils requirements. A number of sites have previously been identified as suitable for disposal. This provides a valuable source of income and a number of sites are targeted for disposal in 2025/26. However, it should be noted as development sites, income may not be received until the projects receive planning consent. Any new sites identified will be subject to the formal approval process.

The RVP investment team, working with the specialist advisors will continue to deliver the objectives of the RVP business plan, the key objectives being stabilisation, enhancement and growth. The focus will be to continue to identify opportunities to repurpose and develop areas within the centre and work with the appointed development manager to deliver the selected options from the feasibility study as required by the Council.

## Property Asset Programme Structure

The Asset Management Programme is managed internally by the Property & Estates Team but is supported by a reporting structure focussed initially on the Management Board but additionally via a number of committees that have differing remits (see Appendix one for additional information about these bodies).

- Development Programme Officers Group (DOG)
- Property Asset Oversight Panel (PAOP)
- RVP Officer Investment Group
- RVP Maintenance Group
- Investment Advisory Panel (IAP)
- Compliance Management Group
- Town Hall Management Group
- Estates/Finance Review Meetings

The team will continue to work with other teams within the Council, such as Parking Services to achieve the installation of EV chargers in the car parks and Parks and Sports Centre Development team to develop the Sports Strategy and the management of the Sports Centres.

They will also work with Town & Parish Councils in the Borough to assist them with their community projects.

## Estate Management

Estates will ensure that the Commercial estate is actively and pragmatically managed to ensure that all rental income is optimised. Any vacant units are to be let promptly. Leases and licences will be reviewed and renewed as required.

Town Square Spaces are due to commence rent payments in October 2025 which will provide a significant boost to rental income. Both Estates and Property are heavily involved in the management of their occupation from ensuring adherence to the terms of the lease, dealing with variations to that (and other agreements) and dealing with fit-out and operational issues.

Estates have been appointed by TWPH to actively manage the TWPH portfolio to ensure that the properties are fully income producing and investment/divestment opportunities are

considered. Advice on changes to Residential regulations that may be forthcoming will be sought from outside professionals and the Company professionally advised.

The Property Management system will be kept up to date and its operational regularly reviewed. They will continue to assist Housing Services on the acquisition of properties under the Local Authority Housing Fund (LAHF) scheme or other programmes and provide suitable advice where required.

Work with the Sustainability Team to ensure such steps towards New Zero are taken with particular reference to the impact that forthcoming EPC/MEES regulations may have on the ability of the Portfolio to be let.

## **Property & Projects**

The fundamental element to the Property Teams work is the Ten Year Maintenance Plan (as set out in Appendix Two). There are significant requirements to repair premises as well as deal with obsolescence in M&E equipment such as the Town Hall heating system covering the Amelia Scott, the theatre and the police station. Much of the work in the plan will have benefits for Carbon reduction targets but success is dependent on funding.

More statutory changes are expected from Central Government are expected, especially in connection with environmental matters and compliance. Any such changes will be monitored.

Capital & Maintenance programmes will be developed in line with the de-carbonisation strategies of the Council. Bidding for project funding from Government bodies is a key part of this process, but it cannot be relied upon. This is a time consuming and often futile exercise.

Projects such as the redevelopment of the new Crematorium office and the relocation of the Benhall Mill Depot will be brought forward during the life of this report.

## **Sustainability & New Zero**

The Council's declared aim is to achieve Net Zero by 2030 and provides a leading role on sustainability by addressing its own asset base. Legislation and a number of sustainability initiatives, especially regarding energy and carbon reduction, have been put in place in the past few years.

The future assessment, maintenance, upgrades and renovation of the Council's assets will therefore be critical to enable the delivery of the best possible environmentally sustainable and new zero aligned buildings. In order for the council to achieve its Net Zero ambition, all sites must remove high emissions heating sources (gas or solid fuels), in favour of renewable options. Wider requirements of net zero buildings include energy efficiency, exploring the use of renewables, and keeping the use of re-sources such as water to a minimum.

Projects, including maintenance schemes that flow from the AMP, will need to include a sustainability assessment to ensure that the impact of projects are fully understood and that mitigation measures are put in place and support a continued reduction in the carbon



emissions. Thereby ensuring the Council meets its 2030 ambition. With the added benefit of corporate energy bills being minimised and resources used as sustainably as practicable.

# Influences on Asset Performance & Condition

## Internal

The 10 year maintenance plan highlights the level of works required to bring the Councils assets into condition. However, obvious budgetary constraints means that work is focussed on major projects or day to day repairs rather than permanent fixes.

## External

The overall performance of the Assets will be judged against the state of the economy.

This will impact:

- a) Disposals – developer confidence is key. Values have softened in recent years due to inflation, material & workforce shortages and high interest rates which has lead to fewer & lower than expected offers for sites
- b) Lettings – longer void periods, lower rents. Shorter terms & greater incentives could be the result of a poor national or even local economy if residents incomes are squeezed by economic or fiscal changes.
- c) Increasing Arrears – with the associated impact on Council income.
- d) Softening yields – affecting the asset value of the Estate, the Commercial investments especially.

## Net Zero

The expenditure required by Government policies in moving towards a New Zero economy & environment will impact the ability of the Council to achieve its aims. Tax rises to pay for Central Government projects will influence Corporate investment and individuals expenditure decisions. Similarly, a focus on such projects by the Council will have considerable impact on the Property Assets. There will be requirements to invest in both Operational & Commercial premises to ensure they are compatible with expectations or it may prove necessary to dispose of buildings that cannot be economically upgraded to meet those demands.

# Appendices

## Appendix 1 – Property Asset Programme Structures

### Development Programme Officers Group (DOG)

The Development Programme Officers Group (DOG) is the primary meeting to oversee the delivery of the development and disposals programmes. Scheduled on a monthly cycle this meeting will oversee the programme receiving progress reports on specific projects, oversee the budget, risks, legal aspects and ensure approvals in place. For the purposes of this the DOG will cover the full Property Asset Programme budget which includes Hubs, Sports Facilities and significant asset development and disposal.

### Property Asset Oversight Panel

The Property Asset Oversight Panel (PAOP) has been established to:

Oversee the Council's programme regenerating the borough and advising on development of key sites in accordance with the Asset Management Plan;

- Receive updates on key sites and recommend the appropriate next steps for the sites;
- Receive updates on the progress of asset disposals.

The PAOP has a minimum of four scheduled meetings a year. Other meetings arranged as required. All meetings will be held in private session in view of the informal status of the group with materials available to all Members of the Council on request and on a confidential basis. Visiting Members will be able to attend at the discretion of the Chairman. The request should be made in advance of the meeting.

### Officer Investment Group

The Officer Investment Group is the primary officers meeting to oversee the management and delivery of the business plan for Royal Victoria Place. Senior officers of the RVP Council with representatives from the Asset and Property Managers of Royal Victoria Place (RVP) and the RVP Centre staff meet on a regular basis. Sub meetings for leasing, operational management and development have been established.

### RVP Maintenance Group

Monthly meeting to discuss the operational management and maintenance of the RVP and the Meadow Road and RVP car parks.

## Investment Advisory Panel

The Investment Advisory Panel (IAP) is an informal working group chaired by the Cabinet Member for Economic Development to:

- Oversee the Council's programme to stabilise and repurpose RVP.
- Receive and approve the Annual Business Plan for RVP.
- Receive and monitor quarterly progress against the approved Business Plan.
- Receive updates on key parts of the RVP freehold/leasehold ownership and recommend the appropriate next steps for the parts of RVP identified for repurposing or redevelopment.
- Oversee any other investment assets within the Councils property asset portfolio.
- Receive updates on the progress of wider investment assets.

The IAP has a minimum of four meetings a year scheduled, with other meetings as required. All meetings will be held in private session in view of the informal status of the group with materials available to all Members of the Council on request and on a confidential basis. Visiting Members will be able to attend at the discretion of the Chairman. The request should be made in advance of the meeting.

## Compliance Management Group

This group, attended by senior representatives of Council Services, meets quarterly to review, update and improve the Compliance processes and policies of the Council, making recommendations to Health and Safety Committee and Management Board.

## Town Hall Management Group

This group, consists of representatives from Property & Facilities, meets monthly with representatives of Town Hall Square to discuss the ongoing fit-out and deal with any problems emanating from that project.

## Estates/Finance Review Meetings

Senior Finance, Property and Estates officers meet regularly and not less than quarterly to review projected income against actual income received, and to review a remedial strategy for arrears.



# Appendix 2 - Ten Year Property Maintenance Plan

## Background

The condition of the TWBC estate has deteriorated over several years where the optimum required investment has not been possible due to budgetary pressures on Council funding.

The emphasis has, as a consequence, become more reactive, although Planned budget (should be) increased for 2024/25, as building elements fail. Historic and ongoing funding issues in common with the whole Public Sector estate have resulted in an increased maintenance backlog and a high reactive spend.

There are issues with both costs and availability of plant, labour and materials as well as changes to the supply chain capability, energy price rises, and many other external factors. Industry costs continue to rise at a rate of c5-10% per annum.

2024-25 budgets were:	Amount (in £)
Planned Maintenance	808,000
Reactive Repairs	227,830
Maintenance/ Servicing Plant	121,780
Fire & Security	73,930
Total	1,231,540

Note the 10-year planned maintenance budget required, developed from Condition Surveys for 2024-35 averages circa £10m per annum.

## Recent Activity

Capital Funding Applications continue to be made to improve and update several properties.

In 2020 a portfolio wide elemental condition survey project was carried out with indicative costings and this provided a focus for future Planned Maintenance works. The data has been entered on the new Property Asset Management System (PAMS), along with Property & Estates data, to inform the optimum required maintenance funding. This is in the process of being updated and will continue through 2025.

## Current Activity

The data from the Condition Surveys is checked and updated by detailed surveys as Capital, Planned & Reactive works are organised. Priorities are informed by these surveys, known issues and element failures. A new 5-year cyclical programme of Condition Surveys has been commenced and managed through the PAMS system.

Fire Risk Assessments are being undertaken across the Portfolio following the post covid, hybrid working model adopted by TWBC; along with post Grenfell changes to statute.

All works undertaken by the Council are subject to evaluation for their ability to deliver carbon savings in the Council's Carbon Descent Plan identified as a result of its Climate Emergency Declaration. The immediate impact of this is increased costs of works – the Council has been successful in obtaining external grant funding for some projects.

## Future Activity

The information collated will be reviewed alongside the rest of the Asset Management Plan, including any indications of continued building occupation arising from further political decisions, such as the building sharing strategy for the Town Hall.

With the migration of data from and linkages to several other Council systems into the PAMS still taking place the attached Planned Maintenance Programme is based upon historic spend and the elemental condition surveys. Available funds will limit the extent of Planned Maintenance able to be completed and therefore increase both reactive and backlog maintenance.

Actual maintenance spend will be based on a Risk Management approach and in practice will likely be restricted to items 1-3 below. This is based upon the recommendations and priorities of the Chartered Institute of Public Finance & Accounting (CIPFA). Risks associated with maintenance will be managed in the following order of priority:

- a) Maintenance in respect of health and safety issues;
- b) Statutory maintenance requirements; security, fire, gas, electrical and access systems, listed building requirements;
- c) Structural maintenance for all Council owned property assets;
- d) Building fabric maintenance for all Council owned building assets (except 5 below);
- e) Maintenance of unoccupied assets, assets identified for disposal and ancillary assets.

The maintenance of the Councils property assets should be directed towards:

- meeting changing department service delivery needs which are reflected in the standards to which assets are to be maintained;
- priorities based on the impact of condition on service delivery and risk;
- ensuring the most effective use of maintenance resources to at least meet the Audit Commission's benchmark of 70% planned, 30% reactive spend; and
- ensuring appropriate information exists at department and Council levels.

The key outcomes to be achieved from undertaking maintenance are:

- functional and operational requirements of the working environment are met;
- the physical condition and efficient operation of assets is kept to a standard appropriate to their service function and value to the community; and
- all statutory and technical requirements to ensure health, safety, security and reliability are met.