



Cabinet



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Report for:	Cabinet
Title of report:	Strategic Asset Review
Date:	20 th June 2023
Report on behalf of:	Councillor Sally Symington, Portfolio Holder for Corporate & Commercial Services
Part:	I
If Part II, reason:	N/A
Appendices:	N/A
Background papers:	N/A
Glossary of acronyms and any other abbreviations used in this report:	HRA - Housing Revenue Account GF - General Fund SAR – Strategic Asset Review

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Corporate Priorities	A clean, safe and enjoyable environment Building strong and vibrant communities Ensuring economic growth and prosperity Providing good quality affordable homes, in particular for those most in need
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	<p>Ensuring efficient, effective and modern service delivery</p> <p>Climate and ecological emergency</p>
Wards affected	ALL
Purpose of the report:	To present the Strategic Asset Review proposal.
Recommendation (s) to the decision maker (s):	<ol style="list-style-type: none"> 1. That Cabinet supports the proposals for the Strategic Asset Review programme and associated funding requirements. 2. Cabinet approves the allocation of £116k from the Dacorum Development reserve to finance the current shortfall in the General Fund financing for this project. 3. Cabinet approves the reallocation of £96k of Housing Revenue Account (HRA) contribution to capital budget, to support the HRA elements of this project.
Period for post policy/project review:	12 months

1 Introduction/Background:

The Council wishes to conduct a comprehensive Strategic Asset Review (SAR). This will support the Council's aims to deliver housing growth and regeneration throughout Dacorum, and to make best use of Council assets to generate long term income streams that support service delivery for the benefit of Dacorum's communities.

The Council has a series of key objectives that will support the delivery of these aims. These are:

- *To provide the right type of housing in the right places throughout Dacorum to help local people access good quality homes. That will require a delivery pipeline which includes social housing, affordable rent, market rent, rent to buy, shared ownership and private sale homes. These may be delivered through a range of delivery vehicles harnessing the optimum mix of public and private investment in delivery.*
- *To progress the regeneration of Hemel Town Centre and other urban/ neighbourhood areas throughout Dacorum, to contribute to wider Place Strategy objectives and drive economic growth and health and social wellbeing.*
- *To secure long term income streams for the Council through regeneration and development programmes, which will support the Council's ongoing financial sustainability and allow continued delivery of the corporate vision and objectives.*

The Council is ambitious for its places and wants to support quality growth and transformation for the borough. There is a pressing need for new homes, particularly affordable housing. The Council is developing its agenda to address current place-related issues, as well as seeking to promote and shape new development to support the Council's and Borough's, longer term economic future.

The emerging Hemel Place Strategy (www.thinkhemel.com) is forming a coherent plan and compelling offer to the investment market. Over the next 30 years, Hemel Hempstead's population is projected to rise by 50% to approximately 150,000 through a combination of development plans. These include Hemel Garden Communities, a vibrant new development to the town's north and east based on garden city and sustainability principles providing 11,000 new homes and 10,000 new jobs; and ambitious regeneration in the town centre and along the line of the Grand Union Canal to the south. Furthermore, the Council is progressing with place strategies for the three towns – Hemel Hempstead, Berkhamsted, and Tring.

It is acknowledged that there is a need to ensure that new development is not at the expense of the need for urban renewal and regeneration, and that Hemel does not become a 'two-speed town'. Thus the importance of a focus on Place and neighbourhood renewal alongside planning for new development.

The Council's Commercial Strategy acknowledges the need to increase the Council's financial envelope and improve financial resilience; seeking opportunities to generate income so that the Council can continue to support its communities as the Borough grows and develops.

It is many years since the Council's HRA and General Fund assets have been reviewed. Some assets are tired and need investment, some are no longer economically viable and some may have a purpose which may no longer fit with the Council's priorities. Opportunities for development or re-purposing assets to support the Council's objectives should be considered.

The Council wants to better understand the potential of all assets that contribute towards its Place, housing and commercial objectives. It also wants to consider how they can be best used to attract investment (intra-borough and external, public and private), support commercial revenue income and business growth, drive footfall into Hemel Hempstead Town Centre, deliver the housing the borough needs, and support the wider corporate priorities set out in the Corporate Plan.

It is proposed to undertake a Strategic Asset Review to consider the Council's overall portfolio of assets at a strategic level. This will provide a holistic overview of asset categories held by the Council; provide benchmarking and assessment of their performance; and identify strategic opportunities that might deliver increased benefits and support Place making, housing, regeneration and commercial objectives.

In addition to the overarching Strategic Asset Review, there are a series of in-depth reviews currently planned for asset segments within the overall portfolio; specifically for in-depth reviews of HRA assets and the General Fund garage portfolio. The outcomes of these initial reviews will be considered and further work may be commissioned as Phase 2, which could include a more in-depth review of the General Fund Commercial Property Portfolio.

2 Key Issues/proposals/main body of the report:

The Strategic Asset Review programme has the following work streams scoped and planned:

Workstream 1 – High level Strategic Review of Dacorum's portfolio of assets.

This will include a high level performance review of the Council's overall asset portfolio. It will include a review of assets' strategic purpose, how the portfolio supports the Council's priorities and objectives for regeneration, Place, economic development and housing delivery, as well as the contribution to the Council's financial sustainability. Consideration will be given as to how the Council can make strategic improvements across its asset portfolio, and harness key investment opportunities through strategic development and management of its asset portfolio.

The review will also assess the categorisation and available data of these segments, and provide recommendations on improvements that will allow better strategic oversight of the portfolio, its opportunities, and aid future decision-making and management.

Workstream 2 – Detailed reviews of individual asset segments; and development of potential programmes for change

Work will be carried out within this workstream to conduct more detailed reviews of asset segments, and develop proposals for future developments that might improve contribution to housing, commercial, regeneration and place making agendas. These will be undertaken through separate commissioning activity, to secure the most appropriate expertise to support each review.

At present, the asset reviews planned within this work stream are for the Garage Portfolio, Housing and Sheltered Housing assets. Other work is also ongoing to consider key town centre sites in Hemel Hempstead. It is anticipated that the initial Strategic Asset Review may inform further detailed reviews of other General Fund assets, such as Commercial Property.

Asset segments/categories within the Council's overall portfolio include the following:

- Commercial Property Portfolio
- Garage portfolio
- Housing Estates (incl, Housing & Sheltered Housing)
- Key town centre Hemel Town Centre sites
- Neighbourhood centres
- Corporate Estate & other GF land and assets
- Community & cultural assets

For the initial phase of asset reviews, the portfolios that will be assessed in detail within this work stream are the Garage portfolio and Housing Estates. The other asset categories will be assessed at a higher level within the overarching Strategic Asset Review in work stream 1. Opportunities identified within that review may lead to recommendations for more detailed reviews in a Phase 2. This would require additional funding and would be the subject of a further report to Cabinet.

Workstream 3 - Assessment of delivery vehicles:

This workstream will assess delivery vehicles that might support the Council's housing, commercial, regeneration and place-making objectives, including generation of additional long term income streams. For example, opportunities relating to Housing Development companies, joint ventures or public/ private investment partnerships will be assessed.

It will identify, assess and recommend delivery vehicles for the Council, develop potential timelines for establishment of vehicles, and align with proposals for an initial 'pipeline' of development for delivery. This will provide a robust assessment of options that will help inform future decision-making.

Project Costs

The various related workstreams that are currently planned to review the Council's assets are estimated to cost approximately £516k in total as listed in Table 1. These costs can be partly funded from existing budgets however there is a combined shortfall across the housing revenue account and the General Fund of £211k required to deliver the work streams currently anticipated, as set out in Table 2.

Table 1

Work stream	Estimated cost HRA	Estimate cost GF	Total Estimated cost
Strategic Asset High Level Review	£60,000	£60,000	£120,000
Garage Portfolio	£0	£75,000	£75,000
Sheltered Housing Review	£30,000	£0	£30,000
Housing Estate Review	£150,000	£0	£150,000
Assessment of Delivery Vehicles	£0	£30,000	£30,000
Developing an outline pipeline (Work stream detail TBC)	£12,500	£12,500	£25,000
*Contingency and new tasks	£18,000	£18,000	£36,000
Interim internal project management resource	£25,000	£25,000	£50,000
Total cost	£295,500	£220,500	£516,000

* Contingency based on 7.5% of the total projected costs of the programme.

Table 2

	Estimated cost HRA	Estimate cost GF	Total Estimated cost
Total Estimated cost including contingency	£295,500	£220,500	£516,000
Approved funding:			
Strategic Asset Review (GF- Head of Property)	£0	-£40,000	-£40,000
Investment Team consultancy funding	-£200,000	£0	-£200,000
Commercial strategy budget	£0	-£65,000	-£65,000
Subtotal- approved funded	-£200,000	-£105,000	-£305,000
Additional Funding Request	£95,500	£115,500	£211,000

There is little expectation of capitalisation at this point but, as the work develops and is completed, the outputs will be reviewed to ensure any capitalisation of this investment is undertaken to reduce the impact to revenue budgets.

Interim Resource – It is envisaged that the first phase of the SAR project in workstream 1 would sit with the Property Services team who do not currently have the capacity to fully commit to this project. The appointed resource would work part time and have a strategic/commercial Asset background to directly support the overall project delivery and create the agility within the team to deliver the required focus and outputs. The estimated cost is based on a 6 month engagement secured through an agency.

The key outputs of the resource would include, but are not limited to the following:

- Project management of the SAR project
- Conduit for information to and from the Council and the appointed consultants
- Coordination and undertaking the creation of a commercial portfolio Asset Register
- Additional resource for the Property Services team creating the agility to maximise the outputs of the appointed consultants
- Scrutiny of outputs when presented as an initial draft

Programme

It is anticipated that the procurement of the work and completion of the Strategic Asset Review, Garage review and assessment of delivery vehicles will take somewhere in the region of 9 to 12 months for the various workstreams. The Housing review timescales will require further review and development.

3 Options and alternatives considered

There is not capacity internally to undertake the reviews. As noted above, it is many years since the Council's HRA and General Fund assets have been reviewed.

4 Consultation

Officers have been consulted as appropriate in the development of this proposed review.

5 Financial and value for money implications:

There is a requirement for the allocation of £96k in HRA funds to undertake the housing elements of the review and £116k of one off General fund (GF) reserves. There is scope within the Dacorum Development reserve to fund the £116k of GF funding.

A one off reduction to the 2023/24 HRA revenue contribution to capital will support the HRA funding requirement of £96k, this further reduces the available reserves to the HRA going forward.

6 Legal Implications

The Council's legal team will be involved in the reviews where required to ensure legal implications are being fully considered before final recommendations are proposed.

7 Risk implications:

The review will include a rigorous risk identification and assessment process before any recommendations are proposed.

8 Equalities, Community Impact and Human Rights:

Community Impact Assessment – There are a range of reviews planned. No positive or negative impacts on the protective characteristic groups have been identified at this point, and this will be further considered as part of each review.

Human Rights – There are no Human Rights Implications arising from this report.

9 Sustainability implications (including climate change, health and wellbeing, community safety)

Any sustainability implications will be considered as part of the review.

10 Council infrastructure (including Health and Safety, HR/OD, assets and other resources)

Any infrastructure implications will be considered as part of the review.

11 Statutory Comments

Monitoring Officer:

There are no issues to highlight at this stage and the legal team will ensure that relevant advice and guidance is provided as the project progresses to the delivery options appraisal stage under workstream 3.

S151:

The Dacorum Development reserve was set up to support future development opportunities. This project's core aim is to assess the most appropriate investment opportunities and methods of achieving the greatest outcomes, so use of this reserve is appropriate.

The HRA budget has a revenue contribution to capital in place to provide funds for future investment. This project will outline the most appropriate and efficient investment opportunities relating to the HRA assets and hence the use of this one-off financing is appropriate.

12 Conclusions:

Further reports will be presented to Portfolio Holders, Finance & Resource Overview and Scrutiny Committee and Cabinet following the completion of each review.