

# Review of General Fund Asset Management Plan

**To:**

Executive Councillor for Finance, Resources and Transformation  
Strategy & Resources Scrutiny Committee 27/3/2023

**Report by:**

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**Wards affected:**

All

## 1. Executive Summary

- 1.1 The Council has an existing General Fund Asset Management Plan approved in 2019. It is good practice to review such Plans every 5 years or so to reflect changes that have occurred since.
- 1.2 There have been changes to property owned, how assets will be utilised post Covid and how they will be used in future as part of the Council's wider 'Our Cambridge' business transformation programme so a review is timely.
- 1.3 The Council's Climate Change Strategy 2021-26 has set a net zero carbon target for its buildings included in its Greenhouse Gas report. The government's Minimum Energy Efficiency Standards also requires that leased out/commercial property achieve an Energy Performance Certificate of at least 'B' by 2030.
- 1.4 The Asset Management Plan sets out how the Council will manage its General Fund assets, is updated to reflect the current environmental performance of properties and how this will be improved to meet the targets as set out above.

- 1.5 This will require significant staff, time and financial resource to achieve improvement and the report sets out a phased, prioritised approach to this. A high-level timeline for undertaking further reports and works from 2023/24 to 2029/30 is set out in 3.17 below.
- 1.6 Proposed group and team structures as part of the senior management review brings responsibility for asset management, maintenance and decarbonisation under a single group and leadership. This will also enable better optimisation of assets and resources as well as more engagement with services using property.

## **2. Recommendations**

- 2.1 The Executive Councillor is recommended to:
  - 2.1.1 Approve the Asset Management Plan as attached at Appendix A; and
  - 2.1.2 Agree the proposed approach to identifying works, seeking funding and delivery to meet environmental targets by 2030 as set out in the Asset Management Plan and this report.

## **3. Background**

- 3.1 The Council has a General Fund (GF) Asset Management Plan (AMP), approved in July 2019. Its purpose is to set out the background, objectives and governance of ownership and management of GF property. It reflects the Corporate Plan “One Cambridge – Fair for All” vision in which economic dynamism and prosperity are combined with social justice, equality and action to address climate change and environmental impacts.
- 3.2 It is good practice to review AMPs every 5 years so that they remain relevant, reflect changes that may have happened with regard to the property portfolio, legislation or Council policy.

### **Changes since last AMP**

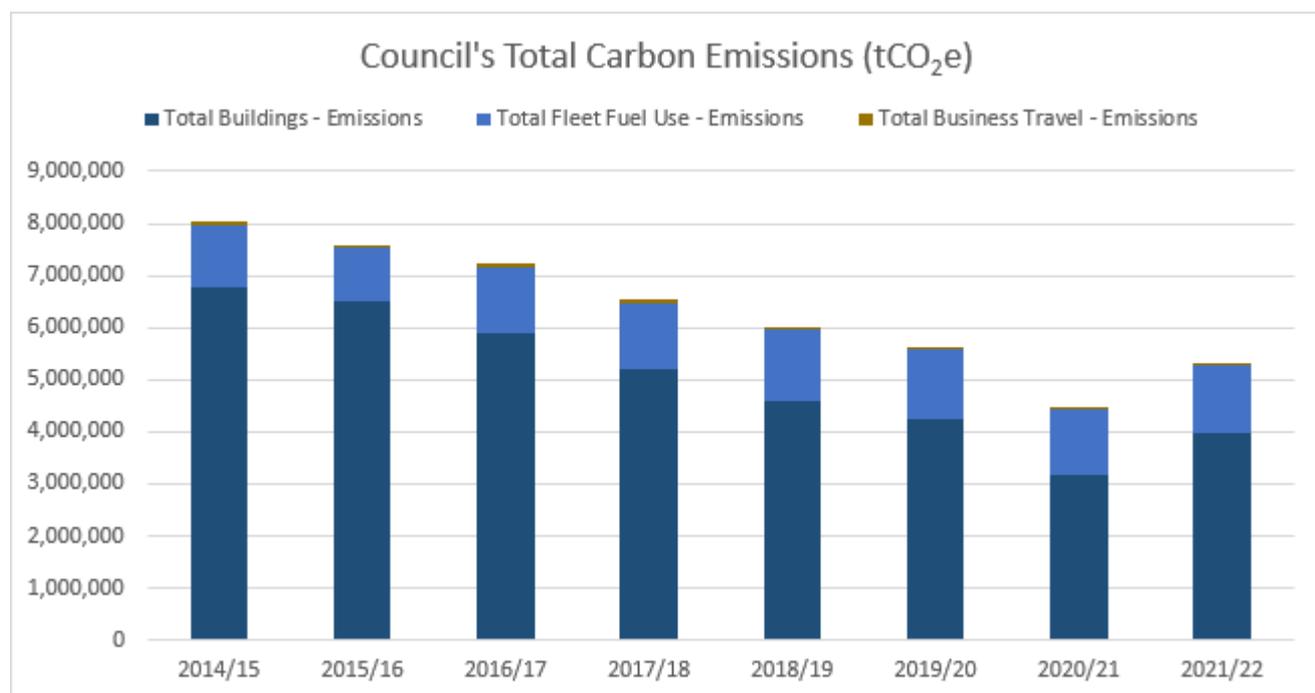
- 3.3 There have been property changes since the last AMP such as several redevelopments incorporating community centres, the Park Street Car Park redevelopment, the acquisition of Nuffield Close Industrial Estate, the disposal of some smaller commercial properties and the proposed new Operational Hub to replace the Depot. The impact of working through the Pandemic led to a significant shift in how we now work and use our administrative office space resulting in a substantial overprovision.
- 3.4 ‘Our Cambridge’, the Council’s business transformation programme, is reviewing how we deliver services. This is likely to see a shift in property requirements as the programme progresses in terms of amount of space

needed, where this is and how it is used. Outcomes from this work will become clearer over the next 6-12 months.

- 3.5 New regulations have also been introduced regarding borrowing from the Public Works Loan Board for acquiring commercial assets purely for income generation purposes. Key performance indicators are also suggested for ensuring a prudent approach to commercial property investment.
- 3.6 Officers have reviewed the previous asset management plan and updated this as per appendix A to reflect the above changes and the Council's approach to climate change.

### Climate Change, Net Zero Carbon and Minimum Energy Efficiency Standards

- 3.7 The Council's Climate Change Strategy 2021-26 has set a target to reduce direct carbon emissions from our corporate buildings, fleet vehicles (including vans, trucks and refuse vehicles), and business travel, to net zero by 2030. Specifically, the net zero carbon target applies to all the buildings that are included in the Greenhouse Gas report.
- 3.8 The Council's total Greenhouse Gas emissions have reduced by 34.7% between 2014/15 to 2021/22, from 8,041 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e) to 5,248 tCO<sub>2</sub>e. This reduction was partly due to steps that the Council has taken, including investing in energy efficiency and renewable energy measures in its buildings, rationalising its office accommodation, and reducing carbon emissions from its fleet vehicles.



- 3.9 However, a significant proportion of this reduction was also due to the decarbonisation of electricity generation at a national level, through the progressive closure of coal-fired power stations and increasing renewable

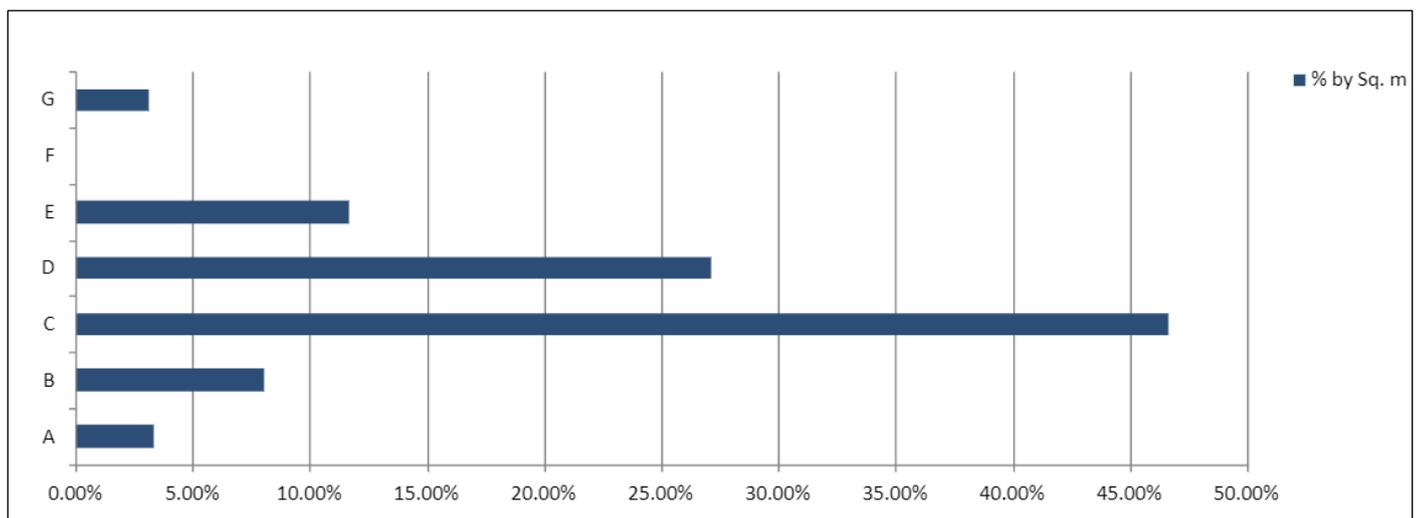
electricity generation through sources such as off-shore wind generation. Further work is needed to significantly reduce the Council's emissions from its property.

3.10 Government consultations propose changing legislation for energy efficiency for commercial/leased out property to achieve a minimum Environmental Performance Certificate (EPC) of 'B' by 2030 (and possibly 'C' by 2027).

3.11 For commercial/leased out property, the following energy efficiency target applies:

- All commercial properties owned and let out by the Council must have an Energy Performance Certificate (EPC) rating of B or higher by 2030

3.12 The current commercial property performance in this respect is as shown below:-



## Achieving Environmental Improvement

3.13 For the GF properties it has been considered how environmental performance improvements (net zero) will most likely be achieved in respect of individual properties, how each property should be prioritised and what further information will be required. The options for achieving targets are likely to be one of the following or a combination:-

- Retrofit of existing buildings (including potential connection to a District Heat Network, should the concept currently being considered for feasibility proves viable and is delivered);
- Redevelopment or new build
- Disposal or rationalisation

3.14 Proposals for improvement are based on likely asset management actions between now and 2030 and this assessment will inform further information required to be collected. This will cover over 200 properties of different sizes,

types and construction so needs to be phased over time (as well as to reflect technological change over time).

3.15 Information on some properties is held but significant work is needed to assess how each property can meet the required targets and the estimated costs. Once this further information is collected, budget proposals for future years can be assessed and sources of funding considered (for both staffing and works).

3.16 Properties are prioritised generally as follows but other factors may affect prioritisation in some cases:-

Priority	1	2	3
<b>Greenhouse Gas Report properties</b>	Total CO2 emissions (tonnes)		
	100 and higher	Between 10 & 99	Less than 10
<b>Non- Greenhouse Gas Report properties</b>	Environmental Performance Certificate Rating		
	E or higher	D	C

3.17 It is proposed to take a phased approach with initial reports prepared in one financial year to identify works and cost estimates to feed into the subsequent years Budget Setting Report. The suggested target dates are as follows:-

Priority	Reports undertaken	Target BSR Inclusion	Target work date
<b>1</b>	2023/24	2024/25 - 2025/26	2024/25 - 2026/27
<b>2</b>	2024/25 – 2025/26	2025/26 - 2026/27	2026/27 - 2027/28
<b>3</b>	2026/27 – 2027/28	2027/28 – 2028/29	2028/29 – 2029/30

3.18 In addition to the above reports and retrofit works, significant work needs to be undertaken to bring forward properties identified as meeting requirements through redevelopment. These will need to be picked up through either the Cambridge Investment Partnership or delivered through alternative routes (most redevelopments were identified in the General Fund Property Review in July 2019).

3.19 The AMP appendices show the performance of GF properties and the further work required which in most cases will initially be seeking specialist advice as to how to achieve these targets. There are some challenging properties in the portfolio due to age, Listed status, location and construction.

### **Environmental improvement reports and work undertaken to date**

3.20 Several reports have been commissioned to identify how the Council's administrative buildings can be decarbonised and the estimated cost of doing this:

1. Report by Bouygues (Energies and Services UK) – Cambridge City Council Net Zero Carbon Assessment 2021- decarbonisation measures only

2. Reports by Potter Raper Ltd. in 2022– building condition surveys and thirty-year investment plans plus decarbonisation measures
3. Estates and Facilities – mechanical and electrical plant surveys and condition reports

3.21 The reports by Bouygues and Potter Raper both make some recommendations for measures that could be used to achieve net zero carbon in the Council's existing buildings and include high-level cost estimates.

3.22 The Bouygues report includes specific proposals for decarbonisation measures and the details of these are referred to in the Council's Climate Change Strategy and are listed on the Council's website. Proposed measures include:

- Improved building energy management systems (BEMS)
- Additional LED lighting
- Heat pumps (where appropriate) to replace gas boilers
- Solar panels
- Connection to district heating systems

3.23 The Bouygues report does not cover any works to the building fabric (walls, roofs, doors, windows etc) and a fabric first approach is advocated along with other measures. The Potter Raper report looks at total planned building maintenance requirements over a thirty-year period (including building fabric improvements) and how net zero carbon measures could be integrated with this by 2030.

3.24 The Council is currently undertaking, with the University of Cambridge, a feasibility study into a city centre district heat network. If this proves technically and financially feasible, and if it is ultimately delivered, connection to such a network (powered by renewable energy) would make a significant contribution to decarbonising some of the council's city centre buildings, including some of our hardest-to-treat assets. This work will complete in summer 2023.

3.25 To date more than 60 carbon reduction projects have been delivered at the Council's corporate buildings through the current Carbon Management Plan, and previous plans covering the periods from 2012-2021. Carbon reduction measures that have been implemented to date have included:

- Installing solar photovoltaic (PV) panels at 11 buildings
- Installing LED lighting at 10 buildings
- A package of energy efficiency works at the Guildhall, including a Combined Heat and Power plant (CHP), a new Building Energy Management System (BEMS), mechanical works to improve the efficiency of the heating and hot water system, roof insulation and secondary glazing.

- Air-Source Heat Pumps (ASHP) at Parkside Pool and Abbey Pool, together with a range of energy efficiency improvements including pools covers, BEMS and Variable Speed Drives.

The above examples undertaken since 2020/21 should save the Council c750 tCO<sub>2</sub>e per annum.

## **Wider asset management and environmental improvement approach**

- 3.26 The Council's GF property asset management and environmental improvement has historically been undertaken by either services/establishments directly, or the Estates & Facilities (administrative buildings, commercial property).
- 3.27 The 'Our Cambridge' programme and senior management restructure give opportunity to implement a more coherent and integrated approach, with leadership and responsibility for coherent planning and delivery expected to reside in the new Place directorate. Asset management and environmental improvement resource, skills and experience have been spread across the Council. Further review is needed but there will be benefits in ensuring that these are utilised in a more coordinated way to meet the Council's wider objectives.
- 3.28 Neither repair/maintenance or environmental improvement should be viewed in isolation: as the Council looks to repair and replace through lifecycle replacement and investment, it should look to consider environmental improvement. This might be smaller, incremental improvement over time or the best approach may be significant investment at that point in time.

## **4. Implications**

### **a) Financial Implications**

There are already existing annual revenue and capital budgets for repair, maintenance and improvements to the Council's properties as well as the Climate Change Fund but these do not currently reflect future investment to achieve the Council's targets. These existing funding streams are and will continue to be used where possible to help improve environmental performance and any repair or maintenance investment will aim to deliver enhanced environmental performance.

The total costs to achieve environmental improvement are not known at this stage but initial work undertaken by Potter Raper on the properties reviewed suggest costs will be in excess of £10-15m. As set out in 3.17 above, costs will become clearer as detailed reports are undertaken and reported through the subsequent Budget Setting Report.

It is anticipated that these works will be undertaken using Reserves, borrowing or through redevelopment/ disposal/ rationalisation. The BSR adopted at Council on 23 February indicates the level of reserves anticipated in the coming years, also identifying building maintenance and decarbonisation as one of the primary uses of

these reserves. Further government and external funding will also be considered as and when this becomes available.

Some of the improvements to environmental performance and asset management activity, such as rationalisation, should see revenue savings as a result of works or changes made. These will be considered at the time that reviews are undertaken.

### **b) Staffing Implications**

The scale and specialist nature of this work will require additional staff resource. It is likely that this will include a dedicated project manager, design surveyor/team, cost consultant capacity, CDM Principal Designer and possibly a Clerk of Works to oversee quality. Consideration will also be given to alternative such as existing and new frameworks or specific procurement of packages of work.

The Council's approach to environment and sustainability has to date been developed and delivered by:-

- Climate Change Team within Corporate Strategy – responsible for co-ordinating the development and reporting of the Council's Strategy, Promotion of environmental improvements internally and externally, and partnership working
- Asset Manager and Corporate Energy Manager within Housing Maintenance & Assets – Planning and managing energy efficiency projects initiatives to administrative and housing buildings, managing the council's energy contracts, Monitoring performance of these matters and delivery of improvements for both the General Fund and Housing Revenue Account
- Property Services – Overall GF asset management with specific focus on commercial property portfolio
- Individual Services – Understanding and implementing policies for environmental and sustainability matters within their service and commissioning ad-hoc works in this respect, some at scale relating to major assets in their services

The proposed 'Our Cambridge' Senior Management review, ongoing business improvement works and subsequent restructuring of teams post senior management restructure will bring responsibility for asset management, maintenance and decarbonisation (across the whole council estate) into a single Group and leadership.

### **c) Equality and Poverty Implications**

There are no equality and poverty implications arising directly from this report.

### **d) Net Zero Carbon, Climate Change and Environmental Implications**

This will achieve a High Positive outcome.

## **e) Procurement Implications**

External consultancy support and works will be procured in accordance with the Council's contract procurement rules. This may involve the Council's investment partnership, planned maintenance contractors or using frameworks as the most efficient way to deliver these improvements.

## **f) Community Safety Implications**

There are no specific community safety implications as a result of this report but some of the individual proposals may have implications and opportunities to improve community safety through improved assets.

## **5. Consultation and communication considerations**

No consultation has been undertaken specifically in respect of this report but the Council's Climate Change Strategy and Carbon Management Plan that inform the report have been consulted upon. The government has undertaken consultation on the Minimum Energy Efficiency Standards that will apply to all commercial property that is let.

## **6. Background papers**

Background papers used in the preparation of this report:

Corporate plan 2022-27: our priorities for Cambridge  
Climate Change Strategy 2021-2026  
Carbon Management Plan 2021-2026  
General Fund Asset Management Plan 2019

## **7. Appendices**

A: Asset Management Plan General Fund - 2023/24 to 2033/34

## **8. Inspection of papers**

To inspect the background papers or if you have a query on the report please contact:

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**Appendix A: Asset Management Plan General Fund - 2023/24 to 2033/34**