**Annex 2- Draft Property Management Plan**

**Surrey Wildlife Trust**
**Surrey County Council Countryside Estate**

# Property Asset Management Plan 2015

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## 1. Introduction and background

1.1 In 2002, Surrey County Council (SCC) and Surrey Wildlife Trust (SWT) entered into a 50-year Agreement for Services under which the Trust manages the SCC Countryside Estate on behalf of the Council. The objective was, and is, to deliver benefits to both parties and for the operation of the Contract to be a co-operative and mutually supportive partnership. The Service Contract between SCC and SWT delivers the Council's two main aims: ***nature conservation*** and ***public access and benefit***.

1.2 To achieve the required level of service delivery, the Service Contract provides for SWT to use and occupy SCC owned property via two leases whereby the land and buildings within the Countryside Estate are leased to SWT co-terminously with the Service Contract which places on SWT the obligation to manage the Estate. The Contract is delivered through a Service Delivery Specification (SDS) revised in March 2010 and further reviewed in 2014. The two leases are the Phase 1 lease covering the non commercial land and buildings and the Phase 2 lease covering the commercial land and buildings.

1.3 Underpinning the Contract were three principles:

- The Phase 2 properties would be managed more effectively and achieve a higher rental return in real terms than that which existed in 2002.
- The net rental return would fund the repair and maintenance costs of the Phase 2 lease properties as well as the roads, tracks, bridges and car parks within the Phase 1 lease, and make a substantial contribution towards delivery of the main aims of the Service Contract.
- The total expenditure on the Countryside Estate would be limited to all the funds raised through the Estate whatever the source and would be spent only on the Estate

1.4 There are a number of obligations across the two leases, primarily that the permitted uses are those for purposes connected with the Service Contract and in accordance with the SDS and Management Plans. Secondly that the repairing obligations (particularly to the Phase 2 properties) are undertaken such that these properties are safe and fit for purpose to a minimum standard comparable to their condition at the start of the lease. This is to be evidenced by condition surveys at regular intervals. All legal obligations relating to property compliance and landlord and tenant matters must be met.

1.5 The AMP should be seen within the context of the County Council's own Strategic Asset Management Plan produced in 2013 in accordance with government guidance. The 2002 partnership between SCC and SWT did not require SWT to produce a strategy for managing the assets however in 2009 both parties agreed that SWT should produce an Asset Management Plan to compliment that of the County Council thereby ensuring the assets would be managed within an agreed strategic framework.

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1.6 The AMP does not cover the open spaces, e.g. the commons, but focuses on the buildings, other built infrastructures, the commercial properties and the public car parks. The open spaces are covered by individual Management Plans. Although nature conservation and public access are the direct public benefits, the maintenance of buildings and structures is critical to the Council's property asset base. That asset base is the value of the investment made by SCC into the agreement.

## 2. Description of Properties

2.1 In general the Countryside Estate comprises 6,500 acres, has 30 residences, five let farms, historic and listed buildings, visitor facilities, roads, tracks and bridges, and a sawmill from which timber products are manufactured.

2.2 Most of the buildings and structures are pre 1945 and the last period of new build occurred in the 1960-70s. Many of the properties are situated in Norbury Park but otherwise there is a County-wide geographical spread. There is an extensive let estate (Phase 2 lease) raising income to repair and maintain properties and with any surplus supporting service delivery and buildings in the Phase 1 lease ie. those occupied by SWT or required to deliver the Service Contract such as, for example, visitor centres, historic features, operational bases and tied housing.

2.3 Appendix X shows a list of properties by type and tenure.

2.4 Current Condition of Property........
2.5 Backlog Maintenance............
2.6 Changes in the Portfolio since the start of the Agreement and the last AMP. To be added once the new stock condition survey is completed.

## 3. Context

3.1 The AMP will be updated every 5 years to reflect both changes to the portfolio holding, market forces, and strategic drivers.

3.2 Currently the following trends and pressures have some impact on the management of the property portfolio:

3.2.1 There is an expectation and requirement that the AMP will respond positively to the increasing challenges of environmental sustainability, should be achieved where finances allow.
New legislation already in force with further rollout in 2018 around minimum energy efficiency rating criteria for rented properties
3.2.2 The anticipated aim that the Countryside Estate is working towards being self-sustaining by 2021

## 4. Objectives and Operational Methods

4.1 In pursuance of the Trust's and SCC's vision, the objectives of the AMP are:

4.1.1 To work in partnership with SCC to achieve the best facilities possible, within the resources available, for the community of Surrey, which will mean maximising the use of assets to ensure they are there for future generations and do not deteriorate and that they drive additional service benefit.

4.1.2 To manage the properties to an agreed specified standard, ensuring that systems and processes reflect best practice. .

4.1.3 To ensure the leased land and buildings retain and where possible improve both their condition and asset optimisation (or usage) for both the Countryside Estate and SCC.

4.1.4 To produce an annual financial surplus, where possible, once property maintenance and investment has been undertaken that will support the service contract, and implementation of the SDS.

4.2 Achievement of the objectives will be effected through:-

4.2.1 Property maintenance work to set an appropriate long term standard in accordance with the relevant statutory requirements and repairing obligations set out in the leases.

4.2.2 A detailed per property assessment to identify the appropriate works, building on and confirming the broader results of the Stock Condition Survey that SWT carried out in 2010. Currently being updated, completion due June 2015

4.2.3 Maximisation of rental income within service level constraints and minimisation of bad debt and letting voids.

4.2.4 Investigation of improvement opportunities outlined in a business case in line with the format acceptable to SCC in business case collation.

4.2.5 Adherence to good estate management practice.

4.2.6 Maintenance of full and proper records for all properties and structures.

4.2.7 Procurement of the correct professional and technical resources

4.2.8 Compliance with the KPIs put in place.

(Needs a Section here to set out the process by which properties will be managed to include the bullets below)

- Whether tenanted or occupied relevant legal tenancies or licences will be in place to protect the asset

- That tenancies are fairly dealt with and communicated with on a regular basis

- That rent review are undertaken in a timely fashion

All legally required inspections are undertaken and records kept with necessary work undertaken when required.

**5. Governance and Performance Measures**

5.1 Achievement of the objectives outlined above in 4 will be measured against the key performance indicators set out below against which SWT will report to SCC on an annual basis in addition to quarterly updates to officers and biannual reports to the Partnership Committee (as outlined in the SDS)

5.2 **Quarterly Meetings**
The SDS and Governance structure ensures that there are regular quarterly meetings, linked to the existing Quarterly Review Meetings between SWT and SCC Officers, with additional meetings agreed if necessary. The meetings will include officers from the SCC's Countryside and Property Services and appropriate officers from SWT. The main aim of these meetings will be to agree the Repair and Maintenance Programme.

Progress on the Repair and Maintenance Programme will form part of the annual report to the officers group and the members of the Partnership Committee as necessary.

**5.4 Performance Indicators**

The Trust's performance can be measured against the following indicators as reviewed in 2014:-

- To achieve a rental return of 90% of market rent allowing for restrictions such as farm tenancies and tied properties. Specific properties are excluded.
- The delivery of the Asset Management Plan (AMP) will be measured against the property condition survey (Stock Survey) completed as part of the Property Business Plan 2015 and every 5 years thereafter.
- To keep rent arrears at less than 4% per annum, measured at the completion of year end.
- To ensure that the vacancy rate of occupied property is minimised and after taking in to account time between tenancies for refurbishment (not to be more than is reasonable), the average rate is less than 7.5% per annum.
- Target around delivery against specific timely conditions i.e. all properties to meet new energy standards for rental by 2018, this should be added specifically for this period – this needs to be clarified.

**6. Professional and technical resource**

6.1 The present manner in which the Trust implements the objectives is via employment of a Property Manager, who is a Chartered Surveyor, responsible for implementing, overseeing and organising the property

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functions within SWT additionally procuring external specialist skills as required.

**7. Operational Modules**

7.1 The important elements of the AMP are outlined in operational Modules which set out how those parts of the AMP will be delivered. These Modules will be updated as circumstances change and new Modules added as required.

7.2 In particular, being an important part of the AMP, a Repair and Maintenance Programme (RMP), Module 1, was drawn up which has been the basis of the property management model since 2012/13. It has been reviewed annually and actively reported to SCC as part of the Annual Partnership Reports.

The operational Modules are:-

1. Repair and Maintenance Programme 2. Sinking Fund
3. Capital strategy for improvement to and disposal of assets
4. Tied housing
5. Farm assets
6. In hand and operational use and infrastructure

**The Operational Modules follow/……………………….**

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## 1. Repair and Maintenance Programme (RMP)

To gain an overall and independent assessment, SWT commissioned a Stock Condition Survey from Fairclough and Company, Chartered Building Surveyors, which has formed the basis of the RMP.

The Survey took as its measure a 20 year repair standard that reflected the age, construction, use and status of the asset acknowledging SWT's liability span is up to 2052. The survey distinguished repair from replacement, considered a rebuild rather than a repair where appropriate and made assumptions about parts of the property which were inaccessible and could not be inspected at that time.

Generally the Survey in 2010 found that most properties are for their age and construction in average condition, a few in good condition and some, a higher number, in moderate condition. The survey did not include roads and tracks, car parks and bridges but an estimate for these elements has been included in the RMP

The RMP largely reflects the survey but has been adjusted to take account of past experience and knowledge and the respective liabilities in each property's tenancy arrangements.

Similar survey work will be undertaken every five years to update the Stock Condition Survey and provide information details for the next cycle of the RMP. *The update of the SCS will take place in 2015.*

In more detail, the RMP figures are produced in line with the following four priority spend statement which mirrors that of the County Council:

1. Risk of closure of building/premise and thus possible loss of SDS performance and income
2. Statutory, legal and regulatory obligation, e.g. tenancy obligations
3. Prevention of deterioration - long and short term
4. Regular Maintenance Work e.g. external redecorations.

The role of the RMP is to ensure maintenance work is planned and delivered in a structured way that all cyclical maintenance is carried out in compliance with legal requirements.. The planned nature of maintenance work is proven to reduce costs, moving from reactive and repair maintenance to a planned preventative regime. This is based on life-cycle estimates and the assumptions set out below. The chosen life cycles are mainly for budgetary planning purposes and may not be reflected in the actual spend as this will depend upon property specific circumstances at the time:

1. The present letting arrangements and the repairing liabilities.

2. The average period of replacement of kitchens and bathrooms is 10 years, with some exceptions, boilers 15 years, and sewage treatment plants are re-commissioned every 25 years.

3. External repairs and decoration implemented on average every 5 years and internal redecoration every 7 years.

4. The assets remain physically as they are without any improvements or enhancements.

Major replacements and repairs are more costly and difficult to programme as part of the RMP and have therefore been included separately as a “major” within the RMP. A major has been defined by reference to cost and type of work, or both together, and was, in 2010, either any expenditure over £7,500, regardless of its type, or a one off replacement required for the duration of the lease and also likely be to a one off replacement for the lifetime of the asset. This limit will be reviewed within the updated SCS.

Underlying the implementation will be the following practices:

1. Looking to effect long term improvements which provide value for money rather than short term quick fixes to problems.

2. Reviewing and reporting on that programme annually to reflect past performance and new demands.

3. Using SWT financial procedures, competent contractors and tendering procedures to ensure best value (comparable quotes, market testing).

4. Meeting all legislative duties of care responsibilities, for example:

   - Environmental and clean water regulations
   - Asbestos Regulations
   - Waste disposal/hazardous waste regulations
   - Health and Safety legislation and requirements
   - Planning Acts and guidance notes
   - Listed building requirements
   - Landlord and tenant obligations

APPENDIX YZ

**Review of RMP since initial AMP in 2011 – Expenditure and Income**

## Expenditure

The RMP was developed in 2011 for an initial five year period activated with effect from the 2012/13 financial year (projections were also included for a full 20 years). The planned and actual spend, together with the forecast and budget figures for the first 4 years of the RMP are shown below together with the budget for FY 15/16. By the end of FY 15/16, SWT will have spent £802k against the original RMP budget of £819k; the under spend is largely in car parks, roads and tracks where savings have been achieved whilst still bringing those facilities up to appropriate standards.

The actual expenditure each year has not directly matched each allocated spend within the detailed RMP, as reactive measures have had to take priority over some planned expenditure, but this has been monitored and the RMP modified for the following year.

This was done in consultation with SCC with the revised figures and plans approved for the following year. The outturn reports at the end of FY 12/13 and FY 13/14 highlight the amendments and where the money was spent on newer, higher priorities.

Five years has elapsed since the initial Stock Condition Survey, which underpinned the RMP, was undertaken, so the projected figures for FY 17/18 and FY 18/19 are based on average expenditure until the updated Stock Condition Survey is completed. This is currently in hand and will be in place to inform the next 5 years of the RMP.

| First 4 Years of RMP FY12/13 to FY15/16 | Notes | Original RMP Budget for 4 years | Actual FY12/13 to FY14/15 | Budget FY FY15/16 | Total | Variance |
|---|---|---|---|---|---|---|
| | | £ | £ | £ | £ | £ |
| **RMP Expenditure** | | 594,784 | | | | |
| RMP Expenditure with inflationary % | | 628,451 | 465,678 | 160,634 | 626,312 | 2,139 |
| Car parks | | 105,801 | 80,494 | 15,687 | 96,181 | 9,620 |
| Roads and Tracks | | 84,641 | 56,390 | 22,698 | 79,088 | 5,553 |
| **TOTAL EXPENDITURE** | **1** | **818,893** | **602,562** | **199,019** | **801,581** | **17,312** |

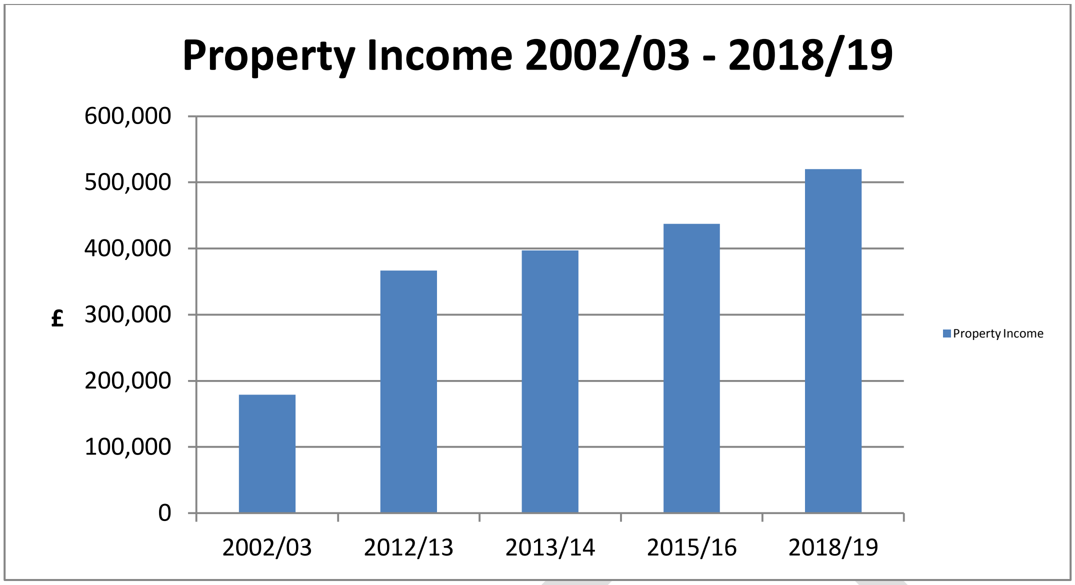
1. Over the first four years of the RMP agreed in 2012 the planned expenditure on property maintenance was £819k. The actual and planned expenditure in fulfilling the RMP for the period will be £802k. The saving of £17k is largely from car parks and roads and tracks as they have been brought up to a good standard..

## Income

The original five year RMP budgeted total rental income of £1.495m over the five years. Through active management of tenancies, reducing SWT tied housing requirement by 10 properties (9 brought back into market rental) and refurbishing properties to gain higher rent, the revised projection for the same period is £1.62m, an increase of £126k. The actual increase in the income over the first three year period is from £362,000 (FY12/13 budget) to £420,000 (forecast) at the end of FY14/15.

The forecast and budget figures, by property category, projected up to FY 18/19 are shown below both graphically and in table form and indicate steady increases (inflation at x% has been assumed). These figures are based on modest, prudent plans for the Estate and do not include the additional income generating plans. What these figures show is that with good management, ongoing returns can continue to be achieved which will contribute to the sustainability of the Countryside Estate. Increasing property return is a key contributor to the required objective of bringing SCC's annual financial payment to the Countryside Estate to zero.

The income generating ideas outlined as Appendix TT will show how more innovative approaches can further enable the CE to generate its own income.




| RENTAL INCOME 2014/15 TO 2018/19 | Notes | FY2014/15 Forecast | FY2015/16 Budget | FY2016/17 Budget | FY2017/18 Budget | FY2018/19 Budget |
|---|---|---|---|---|---|---|
| **Rental Income by Property Category:** | | £ | £ | £ | £ | £ |
| Bocketts Farm | **1** | 121,000 | 122,761 | 128,395 | 131,736 | 137,678 |
| Other Farms | **2** | 39,460 | 40,218 | 41,175 | 41,175 | 41,175 |
| Commercial | **3** | 40,384 | 43,024 | 48,815 | 48,937 | 49,063 |
| Residential | **4** | 204,297 | 214,000 | 226,482 | 236,676 | 250,385 |
| Tied Housing | **5** | 5,400 | 7,758 | 14,618 | 18,781 | 20,245 |
| Additional Masts & Burford Bridge | **6** | 9,714 | 9,714 | 19,536 | 21,500 | 21,500 |
| **Total** | | **420,255** | **437,474** | **479,021** | **498,806** | **520,046** |

**Increases in Rental Income:**

1. Bocketts: Main part of the increase is from increased FBT rent following the expected new lease.

2. Farms: Rent reviews expected for Swanworth, Shabden and Norbury Park Farm - but are unlikely to be significant. A conservative approach has been taken as negotiations will be protracted.
3. Commercial: Increased income of £8k pa - mainly from starting a caravan site at Norbury Park. Most significant property is Ockham Bites.
4. Residential: Increase of £45k pa comes from a) improving letting market which has seen significant increases over the last two years and b) agreements offering lower rent for a fixed period to tenants to make improvements to properties - which are now attracting market rents.
5. Tied Cottages: Increase comes from moving one tied cottage to AST market rent; shown in this category for comparative purposes but the rent will in future be included within Residential.
6. The Additional Mast income agreed in 2011 was largely not received by SCC Countryside Services from SCC Property. This is currently being resolved. The leases will be passed to SWT so that the rent will be collected directly in future. The figures here are for Burford Bridge. The additional mast income is currently unknown as reviews are underway by SCC with regard to ongoing management. The rental projections will need to be adjusted for that which is currently being passed over in wrap-up lease/ The rental income has been shared and is known so can be explicit in this report.

## Costs

Costs have been kept consistent and contained throughout the period of the RMP.  This trend is anticipated to continue although where necessary marginally increased amounts have been included.

Full RMP summary of Income, Expenditure and Costs is shown in Appendix W

## 2. Sinking Fund – Property Repair Fund

Subsequent to the agreement of the AMP, the concept of the Sinking Fund was not feasible and it was replaced by the **Property Repair Fund**.

### Property Repair Fund

#### Introduction

- Following the Cabinet Report of March 2010 it was agreed that Surrey Wildlife Trust would set up a Sinking Fund to contribute to major repairs and maintenance of the built infrastructure of the Countryside Estate, as set out in the Trust's Asset Management Plan, 2011.
- It was originally agreed by SCC Cabinet that the Sinking Fund would comprise the withheld portion of the income from the masts on the Estate, the income from former tied housing, now let commercially, and the income from Rykas, Burford Bridge.
- It has subsequently been agreed between the parties, SCC and SWT, that all the income from property managed by SWT on behalf of SCC creates a Property Repair Fund which will then cover repairs and maintenance to the built infrastructure of the Countryside Estate, i.e. buildings, roads, tracks, bridges and car parks; this agreement is to enable transparency of income derived from property assets and avoid restrictions on expenditure as identified in the Repair and Maintenance Programme (RMP).

#### Management of the Property Repair Fund

- The Property Repair Fund will:-
    - pay for the repairs and maintenance of the built property as agreed between SCC and SWT in the Repair and Maintenance Programme

    - pay for associated costs for managing the property portfolio, eg insurances, fees, staff costs, as identified within the RMP.

    - contribute towards the cost of managing the land on the Countryside Estate, this being the remainder after built-property obligations are met for the year.  Figure to be agreed between SCC and SWT,

- The Property Repair Fund will be held by the Trust in a separate account to allow it to be ring fenced and reported on separately.
- The Repair and Maintenance Programme is a rolling programme and so it will be reviewed annually to ensure that the Property Repair Fund can cover the costs and to adjust the programme in the light of any unplanned work/ significant increases in costs.
- Works that cannot be funded from the Property Repair Fund and can be classified as improvements will be referred to SCC with a business case for releasing property for reinvestment purposes; such business case proposals to be approved by the Partnership Committee.

- If SWT and SCC identify an asset that could be released from the Countryside Estate and potentially be used to fund significant improvement works, this will be discussed as part of the annual review process. Improvements are to be defined as major works that enhance the asset value.

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**Quarterly Meetings**

- There will be regular quarterly meetings, linked to the existing Quarterly Review Meetings between SWT and SCC Officers, with additional meetings agreed if necessary. The meetings will include officers from the SCC's Countryside and Property Services and appropriate officers from SWT. The main aim of these meetings will be to agree the Repair and Maintenance Programme.
- Progress on the Repair and Maintenance Programme will form part of the annual report to the officers group and the members of the Partnership Committee as necessary.

## 3. Capital Strategy

**Introduction**

The purpose of the Capital Strategy is to identify investment potential and look at ways of achieving that investment. The focus of investment will be to enhance the service delivery, undertake large scale building works where significant improvement is or ought to be involved, and carry out property led improvements to the properties and letting arrangements beyond the scope of the annual revenue funds.

An enhancement is defined as a beneficial step change in the conservation and visitor services provision and can be an infrastructural as well as a service delivery change. An improvement to the physical fabric is defined as works beyond the definition of repairs as set out in the repairing covenants in the leases which might, for example be a new building, an addition to an existing building or a replacement of measurably higher standard;

The Strategy will identify assets, which can be released so that the embedded resources can be used to better effect for the delivery of the service and property aims. It will also enable opportunities to be taken to maximise the use and returns from the commercial assets, to lever in outside funds to achieve enhancements and improvements and to enable SWT to respond to mandated statutory and regulatory requirements which apply consequent on ownership.

Each scheme proposal will be documented in a separate business case which would need to follow SCC process including consideration firstly at Investment Panel. Investment Panel has representation from across SCC including Environment, Finance, Property and Legal. The proposed funding stream would need to be documented alongside the rational for the change.

**Asset Valuation**

In order to facilitate the Capital Strategy and to analyse the value of each property within the lease, assessing its worth to the service delivery and as part of the Council's property portfolio, SWT will, with SCC Countryside, prepare an asset valuation for current use. The plan will identify those properties, their current asset value, and which are felt to be making either no, or insufficient, contribution to the portfolio. This work will be reviewed by Property Services in the light of the SCC Asset strategic priorities and then options could be considered for whether SWT continue to manage or other opportunities are explored.

The set criteria for assessment of each asset will include the property's value, its contribution to the SDS, the input resources and current and future income generation.

## 4. Tied Housing

A number of tied houses were included within the Phase 1 lease and were subject to clause 6.11 of the Phase 1 lease which states that they should be returned to SCC if no longer required as tied housing. However, this requirement to surrender ex-tied housing was removed following agreement of the AMP and the additional income thereof is now included within the RMP. This has been reflected in the SWT uplift performance of the income over the period.

At the time of the 2002 transfer there were 14 houses occupied by tied occupants. Since then, 9 have ceased to be so occupied and are subject to short term lettings and 1 has been surrendered to SCC. The present tied houses are:-

Holly Farmhouse, Worplesdon
Hempstead, Worplesdon
2 Copse Edge, Burpham
The Cottage, Norbury Park (due to be available for commercial let July 2016)

SWT's approach is to seek to improve their service effectiveness while at the same time acknowledging the inherited contractual basis. As and when the contract ends, if vacant possession is not given on the date of termination, SWT will take immediate steps to regain possession by the normal lawful means, allowing a rent free period of three months. The Trust will consider exceptional hardship cases deciding them on grounds without detriment to the service contract balancing the short term requirements with the long term needs and the obligations contained in the lease.

When a tied house becomes vacant, the Trust will assess firstly whether there is a service occupancy need for the good of the service delivery for that house to remain occupied by a Trust employee employed in the delivery of the Council contract, and secondly whether the house is still suitable as tied accommodation due for example to its location or size.

Where no immediate need exists, the Trust will re-let to gain best rental return deciding on an individual basis whether an investment in improvements will give a satisfactory return in the time period available.

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## 5. Farm Assets

There are five farms within the Countryside Estate, four of which are at present let on agricultural tenancies and one is in hand. They are regarded as valuable assets whether let or in hand giving financial, biodiversity, landscape, access and promotional benefits as well as being a physically integral part of the Estate.

Of those currently let, a review has identified that some of the present letting arrangements, which existed at the time of transfer in 2002, may not reflect the current interests of SWT or SCC and therefore steps are being taken to seek a more appropriate tenancy structure.

*Note: It is not appropriate to include further details in this section – much of the progress will depend on individual discussions with the present tenants and will inevitably involve commercial confidentiality.*

## 6. In-hand properties and Estate infrastructure

In Hand properties

A small number of properties are used directly by the Trust to deliver the service contract or cannot be let out and thus have to remain in-hand. This number is minimised by way of an assessment of the service and operational requirements plus any opportunity cost and an investigation into alternative uses. The service requirement covers not only visitor facilities but also properties of a historic and landscape significance or which may be integral to the particular land holding.

The service properties are the same number as transferred in 2002, namely Newlands Corner visitor centre and toilet unit, Chinthurst Tower, Chatley Heath Semaphore Tower, Hatchford Woods Mausoleum, Norbury Park Sawmill, Lodge Farm Building, The Granary at Roaringhouse Farm, Brockham Limekilns and two associated outbuildings.

The present operational properties are the Countryside Depot East Horsley, the Nurseries and the Bothy Norbury Park, Chobham Common Management Office, and Pond Farm Barn.

Estate infrastructure

There are two main areas of infrastructure, which will give rise to regular expenditure, namely bridges and estate roads and tracks. The repair cost falls on the owner and is therefore transferred to SWT under the lease and the repairing covenants. A medium term repair and improvement programme for the car parks has been incorporated within the RMP with the outcome that these are now at an improved standard. The aims and existing plans for the roads and tracks are to effect long term repairs moving away from short term patch remedies. This will now require an inspection of the bridges, roads and tracks, to be undertaken by SCC as agreed between SWT and SCC Property in 2011, to assess the current condition and prepare repairs and maintenance plan. Some of the structures and roads form part of the rights of way network and are already being inspected.

**APPENDIX XXX SCC CE PROPERTY**
**PROFIT & LOSS: 2012/13 to 2018/19**

| | Notes | YR1 FY2012/13 Actual £ | YR2 FY2013/14 Actual £ | YR3 FY2014/15 Forecast £ | YR4 FY2015/16 Budget £ | YR5 FY2016/17 Budget £ | YR6 FY2017/18 Budget £ | YR7 FY2018/19 Budget £ |
|---|---|---|---|---|---|---|---|---|
| **INCOME:** | | | | | | | | |
| Rental Income - current portfolio | **1** | 349,177 | 377,897 | 410,541 | 427,760 | 459,485 | 477,306 | 498,546 |
| Burford Bridge | **2** | 0 | 19,429 | 9,714 | 9,714 | 19,536 | 21,500 | 21,500 |
| Additional masts | **3** | 17,329 | 0 | 0 | 0 | 0 | 0 | 0 |
| **TOTAL RENTAL INCOME** | | **366,506** | **397,326** | **420,255** | **437,474** | **479,021** | **498,806** | **520,046** |
| Add Property Surplus spent on RMP | **4** | | 32,052 | | 38,238 | | | |
| **Total Funds available for RMP and Other Costs** | | **366,506** | **429,378** | **420,255** | **475,712** | **479,021** | **498,806** | **520,046** |
| **RMP Expenditure** | | | | | | | | |
| RMP Expenditure with inflationary % | **5** | 133,331 | 203,961 | 128,386 | 160,634 | 230,413 | 176,162 | 192,605 |
| Car Parks | **6** | 4,009 | 66,785 | 9,700 | 15,687 | 27,901 | 28,459 | 29,028 |
| Roads and | **6** | 5,806 | 34,390 | 16,194 | 22,698 | 22,321 | 22,767 | 23,222 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Tracks | | | | | | | | |
| **TOTAL EXPENDITURE** | | **143,146** | **305,136** | **154,280** | **199,019** | **280,635** | **227,388** | **244,855** |
| **As a %age of Income** | | **39%** | **77%** | **37%** | **45%** | **59%** | **46%** | **47%** |
| | | | | | | | | |
| Staff Costs | **7** | 42,913 | 41,954 | 43,233 | 49,962 | 51,211 | 52,491 | 53,804 |
| Insurance | | 15,000 | 8,720 | 16,028 | 16,349 | 16,676 | 17,175 | 17,691 |
| Fees & Other Costs | **8** | 13,674 | 19,103 | 13,891 | 24,169 | 14,452 | 14,885 | 15,332 |
| Contribution to Countryside Estate | **9** | 80,000 | 88,000 | 88,000 | 89,760 | 91,555 | 93,386 | 95,254 |
| **TOTAL OTHER COSTS** | | **151,587** | **157,777** | **161,152** | **180,240** | **173,894** | **177,937** | **182,081** |
| | | | | | | | | |
| **SURPLUS / (DEFICIT)** | | **71,773** | **(33,535)** | **104,823** | **96,453** | **24,492** | **93,481** | **93,110** |

**1**. The future rental income is based on the open market rental value of the let properties which are not used for direct service provision. Some properties have a dual role. In a small number of properties, where the open market rent is not achieved, this is offset by services or investment provided by the tenant or due to lower standard condition of the property.
Projected forward and including planned renegotiation of tenancies and some assumptions on limited investment capital, SWT will grow this income to £520k pa by FY 18/19. This assumes that the two farms tenancies being renegotiated are brought to conclusion.
**2.** Includes the tenancy at Burford Bridge which was agreed by SCC and is due to increase in FY 16/17; figure given is assumed estimate.
**3.** Additional Mast Income - included in Financial Formula since 2010 was largely not received by SCC Countryside Services. Discussions are in progress to resolve this issue.
**4**. Property Surplus used in RMP: The £32,052 is mast income deferred from FY12/13 which was spent on Car Park maintenance in FY14/15. The £38,238 is the net surplus from FY12/13 and FY13/14 which will be applied to the RMP in FY15/16.
**5.** The repair and maintenance programme is based on a stock condition survey carried out in 2010 but with

appropriate modifications since, given the passage of time. The programme aims to carry out cyclical repairs and decorations and responsive repairs; some of the work is dictated by the Trust's landlord tenancy obligations and also by tenant changes. As agreed with SCC the programme is not intended to cover large one-off repairs (major works). The RMP spend planned for the four years from FY12/13 to FY15/16 is £818k. The expected spend on the RMP in the four year period will be £802k. The underspend of £17k is mainly on car parks and roads and tracks and is not required to be spent as they have been brought into good condition. This savings will help provide the savings target agreed with SCC in December 2014.
The RMP uses inflation rates agreed with SCC.
The RMP was agreed for initial works for the first five years to FY16/17. The RMP expenditure for FY17/18 and FY18/19 is an average of the base RMP with inflation applied.
Increased RMP expenditure in FY16/17 and FY17/18 relates to toilets/treatment works refurbishment at Newlands Corner (Note, if the development of the site goes ahead this will be saved), works deferred from FY14/15 because of uncertainty about savings required by SCC and the planned investment in a tied house which will enable it to be let at open market rent.
**6**. Expenditure relates to the ongoing maintenance of car parks, roads and tracks across the Countryside Estate. A revised schedule of maintenance is planned now that the current schedule of improvements has been completed.
**7**. Increased staff costs relate to the recruitment of a new Property Manager in June 2015.
**8**. Increased Other costs in 2015 include advisory fees for developing new plans for increasing property income on the Countryside Estate.
**9**. Agreed transfer to the Countryside Estate budget; figures increase in line with inflation.