

HAMPSHIRE COUNTY COUNCIL**Report**

Committee/Panel:	Buildings, Land and Procurement Panel
Date:	3 July 2012
Title:	Strategic Asset Management Plan 2011 – 2014: First Year Review
Reference:	3591
Report From:	Director of Culture, Communities and Business Services

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1. Summary

1.1. This report provides a first year review of the Strategic Asset Management Plan, which was published following consideration by the Panel a year ago, and subsequent approval by the Executive Member for Policy and Resources on 5 July 2011.

1.2. This report:

- Confirms the very positive initial feedback received following publication of the Plan.
- Provides a detailed update on progress with regard to a number of key elements of the Plan, including One Public Sector Estate, improving our property information and systems management, progress towards the planned property reviews, the new Service Level Agreement with Schools and Academies and tackling the maintenance backlog within the estate.
- Includes as an appendix a brief update on all the Actions in Part 3 of the Plan.
- Sets out the key areas which are likely to form the basis of recommended changes to update the published plan, which it is intended to report to the Panel in December this year.

2. Background and publication of the Plan

2.1. The Strategic Asset Management Plan has been prepared in order to provide the foundations for a more structured and cohesive approach to management of the County Council's property assets, and sets out the ambition for taking this approach forward with partners and stakeholders. The Plan draws together the County Council's main Asset Management strategies and policies, and sets out a three-year Action Plan with the overall aim of making

assets more efficient, more fit for purpose, more cost effective to operate and better placed to provide improved services. A joint approach with public sector partners is seen as key to a successful outcome.

- 2.2. The Plan was considered by the Panel and approved for publication by the Executive Member for Policy and Resources in July 2011. Subsequently, the Plan has been made widely available, both inside and outside the County Council. It is available to staff and Members on the Intranet, and all Members and appropriate officers have received personal copies. It is also publicly available on Hantsweb, with personal copies having been sent to key contacts in existing and potential partner organisations.
- 2.3. The response to the publication of the Plan has been very positive, from County Council Members and officers and from other organisations. It is interesting to note that some partner authorities are using this plan as a template in their own Strategic Asset Management planning.

3. One Public Sector Estate (OPSE)

- 3.1. The original 'Pathfinder' Opportunity Workshops, involving partners from the Health sector, Police Authority, Fire and Rescue Service, Ambulance Service, Borough and City Councils, the MoD and Central Government Agencies, proved useful and created a platform for future Area Opportunity Workshops. These have now covered the districts of Hart, Rushmoor, East Hampshire and Havant as well as the original districts of Basingstoke and Winchester.
- 3.2. Initial feasibility studies have taken place and are continuing in relation to projects in Fleet town centre, an OPSE approach across Farnborough and Aldershot and a number of opportunities at Alton, Bordon, Petersfield, Havant and Emsworth. The Public Service Plaza at Havant is proving to be a good model for centralising public sector operations and the second phase to provide further shared space is nearing completion.
- 3.3. The next Area Opportunity Workshops will cover the New Forest District and Test Valley Borough areas.
- 3.4. A critical factor yet to be fully resolved when dealing with shared spaces between partners is the question of property ownership and rents. Existing protocols, Standing Orders and policies of some Authorities appear to be a constraint on the sharing of spaces and a current action, which may require high level liaison, is to encourage all partners to adopt a flexible approach to the use of, and charging for, space whoever actually owns and controls it. A simple space sharing Agreement needs to be developed which can be used for all OPSE space sharing arrangements and which is quick and easy to put in place when required.

4. Property Information and Systems Management

- 4.1. A decision has now been taken to procure the Atrium Asset Management System (AMS). This will replace the Real Estate module of SAP and various other stand alone databases and spreadsheets which currently hold the existing property data. The existing data will be cleansed and exported to the

new AMS, which will then provide, for the first time, the opportunity to view, use and report on all property data from one source.

- 4.2. The full functionality of the new system will be delivered in stages but stage one, which includes making available property and finance master data, CAD floor plans and GIS integration, plus appropriate training, is expected to be operational between August and November 2012.

5. Property Reviews

- 5.1. The availability of the integrated property data referred to in paragraph 4.2 will enable the full programme of property reviews to commence. Existing information will be checked, assessed and augmented as necessary so that a robust assessment of the County Council's property estate can be concluded against defined performance standards.
- 5.2. In advance of this work, a separate suitability assessment is being carried out and all service departments have been engaged. The assessment is primarily in relation to the built estate (excluding schools, which have a specific form of suitability assessment), but will later extend to operational land assets also.
- 5.3. The assessment is divided into four categories and individual establishments are assessed in terms of Location, Accommodation, Building Environment and Legal/External Factors. This data will then be aggregated, weighted to account for different service groups and reports created to identify the poorest performing properties in relation to their suitability for the service delivered. It is anticipated that this preliminary work will be completed by the end of July.
- 5.4. Other factors will form part of the overall Property Review, such as condition, ability to divest, effect of climate change and full identification of occupiers and how the asset is presently used.
- 5.5. The first Property Reviews will take place in the New Forest and Test Valley areas to coincide with the next Area Opportunity Workshops under the OPSE initiative.

6. Schools Service Level Agreement and Academies Contract

- 6.1. A new SLA offer from Property Services to maintained schools was issued to schools at the beginning of the year. Schools were asked to confirm whether they wished to sign-up to the new five year agreement from April 2012 to April 2017. The response has been very positive with 490 schools confirming they will continue to purchase the Property Services SLA. This leaves only seven schools in the Aided and Maintained sectors who will not be buying back the service. The overall outcome is a reduction of two schools buying back in the Secondary sector and one in the Primary Sector.
- 6.2. By the beginning of May, 22 schools in Hampshire had achieved Academy status. Two are sponsored and 20 converter Academies. Property Services has developed a "contract offer" for Academies which is being well supported with 16 of the Academies purchasing the contract. Of the remaining six Academies, five have historically not wished to maintain a relationship with

Property Services and only one new Academy has decided not to purchase the contract. Work is now ongoing to develop a longer term option for Academies which it is hoped will be piloted in the latter part of 2012.

7. Maintenance Backlog

- 7.1. The maintenance backlog in the Education Estate remains challenging, not least the SCOLA buildings and the re-cladding liabilities. The impact of the Academies programme was seen in the second annual allocation of the Capital Maintenance Grant (CMG) from central government. The 2012/13 allocation announced in December 2011 was down from the 2011/12 level of £25.4 million to £19.7 million, adjusted for the impact of converter Academy liabilities moving out of the Education Estate.
- 7.2. The 2012/13 CMG remains very significant and work in developing an initial programme of capital condition priorities jointly with Children's Services has been completed. A 2012/13 capital maintenance programme was reported to the Executive Member for Policy and Resources in April and work in delivering the programme is underway. The current capital maintenance programmes include re-cladding nine further SCOLA buildings including the last two mark 1 buildings.
- 7.3. With the success of the Academy contracts, Property Services has been asked to support converted schools in bidding for a national pot of capital for maintenance of their buildings. A total of £13.5 million of bids were submitted and the outcome is awaited.
- 7.4. The Department for Education via the Education Funding Agency (EFA) has now commissioned a programme of national condition surveys across all schools, 23,000 in total. These will be conducted over a 16 month period and will be "high level". Along with a number of other Authorities, Hampshire has submitted more detailed condition data to the EFA in the expectation that an option to be self validating can be taken. It is anticipated the outcome of the national survey programme will impact on future funding of capital maintenance nationally.
- 7.5. A business case was made for additional capital investment in the maintenance of the non education estate. A total additional allocation of £5 million has been made available over the two year period 2012/13 and 2013/14. An enhanced capital programme has been prepared and is currently being implemented to address the most urgent priorities.

8. Full Action Plan Update

- 8.1. The preceding paragraphs highlight progress in key areas of the Plan, but progress is being made across the full schedule of Actions identified in Part 3 of the Plan and an update on each Action can be found in Appendix 1.

9. Review and Revision of the Plan

- 9.1. The Strategic Asset Management Plan was prepared on the basis that it would be relevant for the long term but would be rolled forward on a regular

basis to ensure it remained up to date. With this in mind, it is intended to publish a formal update to the Plan early in 2013 covering the period to 2016, having first presented a report on the key changes to the Panel in December this year.

9.2. At this stage, it is envisaged that the key areas to be addressed in the update will be as follows:

- Policy and legislative changes, including Community Right to Challenge and the Right to Bid
- One Public Sector Estate
- Climate change and energy conservation
- Core Service Reviews and associated property portfolio rationalisations
- Revised acquisitions strategy
- Strategic land
- Children's Services Basic Need Programme
- Adult Services transformation.

9.3. In accordance with the Panel's recommendation to the Executive Member for Policy and Resources, this proposed Review will be published on the County Council's Intranet and website to ensure that it is available to the widest possible audience. The intention will be that future updates of the Plan are also reprinted in hard-copy and again distributed to Members, officers, partners and key stakeholders.

10. Recommendation

10.1. **That the Panel advises the Executive Member for Policy and Resources that:**

10.2. Progress on the Strategic Asset Management Plan be noted, together with the proposal to bring forward a further report in December 2012 regarding a formal update of the Plan.

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

Hampshire safer and more secure for all:	Yes
Corporate Improvement Plan link number (if appropriate):	
Maximising well-being:	Yes
Corporate Improvement Plan link number (if appropriate):	
Enhancing our quality of place:	Yes
Corporate Improvement Plan link number (if appropriate):	

Other Significant Links

Links to previous Member decisions:		
<u>Title</u> Strategic Asset Management Strategy and Asset Management Plan	<u>Reference</u> 2642	<u>Date</u> 5 July 2011
Direct links to specific legislation or Government Directives		
<u>Title</u>	<u>Date</u>	

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
None	

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

- 1.1. An equalities impact assessment has not been undertaken specifically for the production of the Strategic Asset Management Plan. Specific Asset Rationalisation proposals will inevitably require equalities impact assessments to be considered and produced and the plan is being used to identify a set of equalities principles related to property assets that can be applied consistently in the future.

2. Impact on Crime and Disorder:

- 2.1. The County Council has a legal obligation under Section 17 of the Crime and Disorder Act 1998 to consider the impact of all the decisions it makes on the prevention of crime. The proposals in this report have no direct impact on the prevention of crime.

3. Climate Change:

- 3.1. The Plan includes references to energy efficiency in our assets, as this is one of the Corporate Priorities for the performance of the County Council's assets.
- 3.2. Similarly, the Plan contains reference to climate adaptation requirements that will need to be developed and rolled-out in future asset strategies.

Action Plan – Part 3 of the Strategic Asset Management Plan

Reference	Aspiration	Current Actions	Progress
Developing a Vision			
1.1	Being in the vanguard of changing public sector asset management.	Undertake a facilitating role in exploring the development of a local cluster of public asset holders.	The County Council has led the development of a shared 'cluster' approach, with arrangements in place (or under discussion) with Surrey County Council, West Sussex County Council, Dorset County Council and Reading Borough Council.
Establishing Improved Linkages			
2.1	Client departments exploring greater opportunities for linkages	Preparation of best practice guidance	Evidence of best practice is being collected from current service reviews for collation as 'best practice'. Links between the new Property Asset Management System and Project Vision (previously Project Portfolio and Resource Management System) will help identify new opportunities. (See Section 4 of main report).
Developing Client Asset Strategies			
3.1	All strategic property decisions to reflect the policies of the Plan.	Raise awareness through, for example, targeted distribution and presentations	Plan widely published. Fully available on Hantsnet and Hantsweb. Personal copies sent to all Members, leading officers and key property contacts. Presentation made to SMGs and other appropriate forums. Discussion at Service-Property liaison meetings.
		Establish monitoring regime	Being developed.
3.2	All client asset strategies to reflect the policies of the Plan	Raise awareness through, for example, targeted distribution and presentations	Plan widely published. Fully available on Hantsnet and Hantsweb. Personal copies sent to all Members, leading officers and key property contacts. Presentation made to SMGs and other appropriate forums. Discussion at Service-Property liaison meetings.
		Establish monitoring regime	Being developed.

Reference	Aspiration	Current Actions	Progress
Developing the Strategic Framework			
4.1	<p>Capital and Assets Pathfinder</p> <p>A fully developed collaborative approach to the use and management of public sector assets across Hampshire</p>	Continue discussions with local public sector partners on collaborative opportunities	Now referred to as One Public Sector Estate (OPSE)Area Opportunity Workshops have taken place covering the districts of Winchester, Basingstoke, Hart, Rushmoor, East Hampshire and Havant. A number of joint working projects have been identified and are being taken forward. Further Workshops with Test Valley Borough Council and New Forest District Council are being arranged. (See Section 3 of main report).
4.2	<p>Hampshire Workstyle</p> <p>Hampshire Workstyle rolled out fully across County</p>	Implementation of agreed projects	On target to deliver the completed portfolio, and associated financial savings, by December 2013. New strategic hub offices provided in Winchester, Eastleigh and Havant (final phase June 2012). Major rationalisation of CCBS accommodation at HQ due to complete July 2012. Approval given for the procurement of the two major office hubs in Basingstoke and Totton, being progressed.
4.3	<p>Efficiency Savings</p> <p>Delivery of agreed efficiencies through asset rationalisation</p>	Development of a robust asset rationalisation work stream within the Corporate Efficiency Programme	Asset rationalisation workstream approved by CMT in August 2011 and being progressed.
4.4	<p>New Financial Model</p> <p>Adoption of a Financial Model which reflects the corporate approach to property ownership</p>	Preparation of a new Financial Model	It is recognised that financial strategies need to evolve to reflect the Corporate property ownership model and allow greater flexibility on the use and reinvestment of capital receipts. This approach is already being followed in relation to approved change strategies, such as Adult Services transformations and Workstyle.
4.5	<p>Capital Receipts</p> <p>Delivery of agreed capital receipts forecasts</p>	Robust monitoring arrangements	Regular reporting adopting a programme and risk management approach with RAG status and confidence weighting being used. To be widened to include all receipts down to £10,000.

Reference	Aspiration	Current Actions	Progress
4.6	<p>Maintenance Backlog</p> <p>Sustainable levels of backlog maintenance in both the Education and non-Education Estates.</p>	Preparation of a programme to address the maintenance backlog in the Education Estate, including the re-cladding of SCOLA 2 and 3 buildings.	<p>A 2012/13 capital programme has been prepared jointly with Children's Services and approved by the Executive Member for Policy and Resources in April 2012. This includes a number of SCOLA re-cladding schemes.</p> <p>(See Section 7 of main report)</p>
4.7		Establish a fundable cyclical core maintenance regime for properties which are to remain in the non-Education Estate.	<p>With the successful outcome of the bid for additional capital maintenance funds (£5m over 2012-14) a significant improvement is anticipated and a number of key priorities will be addressed.</p> <p>(See Section 7 of main report)</p>
4.8	<p>Schools' Service Level Agreement</p> <p>New Service Level Agreement for 2012/2017 in place with Hampshire schools and Academies.</p>	Preparation of a new Service Level Agreement offer, for approval by BLPP.	<p>A new SLA offer was developed and issued to LA schools and has resulted in a further very high level of buy back for the period 2012/17.</p> <p>(See Section 6 of main report)</p>
4.9	<p>Climate Change Adaptation</p> <p>An understanding of climate related threats and opportunities for each significant asset</p>	Development of an approach and timetable for the assessment programme	<p>Work has been undertaken by Coastal Adaptation Steering Group to identify climate change risks and threats to coastal property. Other climate change threats from flooding now identified in a discreet GIS layer and can be applied to a further layer which will identify 'significant' County Council properties, the criteria for which is almost established.</p>
4.10	<p>Localism Agenda</p> <p>Greater community engagement in property matters</p>	Preparation of a response to the Localism Agenda	<p>The Localism Act became law on 15 November 2011. The County Council is committed to developing early and meaningful engagement with stakeholders in the design of services, development of markets and solutions to achieve the best possible outcomes and value for money. The publication of clear information on how people can get involved is imminent.</p>
4.11	<p>Localism Agenda</p> <p>Maximising asset-derived benefits from the proposed General Power of Competence</p>	Preparation of a strategy for ensuring maximum benefit is derived	<p>As anticipated, the Localism Act 2011 includes the General Power of Competence. It is confirmed that this widens significantly the Authority's ability to acquire and hold land. A revised Acquisitions strategy is being prepared which it is intended to report to the Panel later this year.</p>

Reference	Aspiration	Current Actions	Progress
Reviewing our Assets			
5.1	Implementation of a strategic property review programme based around analysis of building performance and suitability	Development of a set of common performance criteria for all assets	Consideration of common performance criteria for all assets only succeeded in producing vague over-arching principles which are of little value, often aspirational and not really achievable, so main effort directed to 5.2.
5.2		Development of common performance criteria for different asset types	Service-led principles for the performance of assets is better suited to a portfolio as diverse as the County Council's, so work continues with service departments to develop criteria.
5.3		Development of a standardised methodology for presenting asset data	Standard reports will be produced in the new Asset Management System when available. These will be RAG rated where possible.
5.4		Establish a programme for phased property reviews	Programme of reviews will commence with New Forest District and Test Valley Borough to align with next Area Opportunity Workshops for the OPSE initiative. Collection of data will need to align with the availability of new AMS system.
Equalities Impact Assessment			
6.1	Robust Impact Assessments prepared for all new asset strategies and policies	Preparation of a set of Equalities Principles	Equalities Principles being prepared.
Governance and Monitoring			
7.1	Governance arrangements in place to allow effective corporate asset management.	Bring management under the remit of the Asset Management and Workstyle Panel.	Terms of Reference for new Asset Management and Workstyle Board and Asset Management and Workstyle Panel approved and operating.
7.2	The Plan is reviewed and updated regularly to maintain relevance.	Undertaking of Plan reviews in accordance with agreed programme	Formal Plan review underway, and will be reported to the Buildings, Land and Procurement Panel meeting in December 2012, and Executive Member for Policy and Resources Decision Day meeting in January 2013.