

**HAMPSHIRE COUNTY COUNCIL****Report**

<b>Committee/Panel:</b>	Buildings, Land and Procurement Panel
<b>Date:</b>	25 June 2013
<b>Title:</b>	Strategic Asset Management Plan 2011 - 2014
<b>Reference:</b>	4889
<b>Report From:</b>	Director of Culture, Communities and Business Services

**Contact name:** Ian Gregory

**Tel:** 01962 846573

**Email:** [ian.gregory@hants.gov.uk](mailto:ian.gregory@hants.gov.uk)

## 1. Summary

1.1. This report provides a comprehensive six-monthly update on the Strategic Asset Management Plan 2011-2014 (the Plan).

1.2. The report:

- Gives a brief reminder of the purpose of the Plan and a general overview of progress.
- Provides a detailed update with regard to a number of key elements of the Plan since the last update.
- Includes, as an Appendix, a brief update on all the Actions in Part 3 of the Plan.
- Outlines the issues emerging for the second iteration of the Plan, which will run from April 2014.

## 2. Purpose of the Plan and General Overview

2.1. The Plan was prepared in order to provide a more structured and cohesive approach to the internal management of the County Council's property assets and to set 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. This stronger Corporate Landlord role is seen as essential in looking to deliver successful public partnership opportunities.

2.2. Since its publication in 2011, the Plan has established itself as a core activity providing linkages between separate County Council workstreams, such as Workstyles and Adult Services transformation and also in linking

strongly to the One Public Sector Estate (OPSE) concept. In relation to this, the County Council is taking the lead role across Hampshire on a number of initiatives and the OPSE co-ordinating role is helping HCC Property Services to explore options for change with many other public bodies.

- 2.3. Delivering this linked approach requires a knowledge and clarity of what property assets the County Council holds, their suitability for purpose, their contribution to service delivery for the foreseeable future and how rationalisations will facilitate wider change involving partnering opportunities wherever possible. The Plan is integral to highlighting and sharing those objectives within the context of developing the Corporate Landlord strategy for the County Council.
- 2.4. The following sections of this report consider progress and significant developments affecting a number of important actions in the current plan. The full schedule of actions contained within the Plan are set out within the Appendix, including an update for each action. The final section of the report starts to consider the issues that may be relevant to the next iteration of the Plan.

### **3. Children's Services - Schools Service Level Agreement, Academies Contracts and Basic Needs Provision**

- 3.1. The Property Services SLA with maintained schools was renewed in April 2012 with a 96.5% buy back for the period 2012-2017. The funding for the SLA comes historically from two sources - the revenue contributions from school budgets, which was £8.8 million in 2012/13; and a centrally held budget for schools capital maintenance, known as Capital from the Revenue Account (CERA), which was £11.7 million. The Department for Education (DfE) has this year introduced Schools Funding Reform which requires a part of CERA (£4.7 million) to be delegated to schools from April 2013. Property Services has identified benefits achievable out of the central pooling of these delegated budgets and has recommended such a course of action to help maintain the overall funding available for schools maintenance. There has been a very high level of support amongst schools who are part of the SLA for retaining a pooled fund and none have declined the offer.
- 3.2. Funding Reform has had a slightly different impact on Academies due to the way in which delegated CERA is incorporated into their budget share. This has led to consultations with Academies who have SLA contracts with Property Services. To date, 11 of 25 such Academies have agreed to Property Services' proposal to match the contributions to the central pooled fund and the remaining responses are awaited. Thus far, there have been no Academies declining the offer.
- 3.3. Work is drawing to a conclusion on the preparation of a new Joint Working Agreement which will be a longer term option for Academies to continue to work in partnership with Property Services. Over 50% of secondary-aged pupils in Hampshire are now taught in Academies and it is considered to be important that opportunities are provided for the partnership to prosper.

These arrangements provide positive steps towards delivering medium-term improvement within the education estate during a period of continuing government-led change, thus contributing to delivery of high performing asset management strategies.

- 3.4. The School Places framework for 2012-16 was approved by Executive Lead Member for Children's Services on 6 December 2012. The document refers to the fact that Hampshire, in keeping with the national picture, has experienced a significant rise in births over the past 10 years. This, together with housing development and in-migration in several parts of Hampshire, has increased the pressure on primary school places, although this impact is not uniform across the county with its complex demography. A significant part of the current and planned future programme will need to provide for additional permanent and temporary accommodation.

#### **4. Adult Services – Learning Disabilities Transformation and Project Extra Care**

- 4.1. Adult Services Transformation is a corporate programme geared towards modernisation of the ways in which the County Council offers services to its adult social care clients in a more personalised manner. The current focus is around the delivery of services to adults with Learning Disabilities (LD) and the future residential care provision for older persons under Project Extra Care (PEC). The programme will modernise and transform the way in which services are delivered as well as the buildings from which they are operated.
- 4.2. Over the four year programme, LD will provide new Community Links, Keystone or hub service facilities and residential and respite units to support clients. To meet the re-provisioning targets, a number of existing LD-related property assets will be sold to provide reinvestment capital finance to help fund the provision of the transformed services.
- 4.3. PEC will see the provision of individual housing units (1 or 2 bedroom flats) within larger developments, with support and care being available for residents, subject to need, for up to 24 hours a day, seven days a week. Such schemes enable couples with differing levels of need to remain living together, whilst freeing up family housing.
- 4.4. The delivery of PEC will result in developments, both new build and/or conversion of existing sheltered schemes, in most Districts across Hampshire. The programme is seeking to use appropriately located County Council owned sites wherever possible, together with land and buildings owned by other partners, for example Registered Providers, the district councils or in conjunction with developers as part of market housing developments. The programme is being delivered in two phases, with Phase 1 relating to the Extra-Care projects already delivered in Hampshire and providing 240 units (Andover, Gosport, Basingstoke and Fleet); and Phase 2 (in 3 tranches) aiming to deliver a minimum 500 new units. There is acknowledgement that the overall project could take up to 8 years to complete but is well on target.

## **5. Capital Receipts and Strategic Land**

- 5.1. Robust arrangements for monitoring capital receipts have been in place for some time and this has contributed to a very successful year in terms of achievement. The total capital receipts figure for 2012/13 is £40.64 million. The disposal of the remaining development land at the County Council's strategic site at Merton Rise, Basingstoke is the main contributor to this total, at £27.5 million. Other major disposals include Beech Down Primary School at Basingstoke, St Peter's Infant School in Yateley, Romsey Infant School and Mottisfont Court, Winchester. Reinvestment of capital receipts into transformation programmes provides the County Council with funding contributions towards significant asset rationalisations aimed at delivering service improvements within the context of strategic asset management.
- 5.2. Until future Strategic Land sites are disposed of a general fall in receipt delivery is expected from now until 2015/16, which is a function of both the value and availability of property assets for disposal during the forecast period. In the short term, it is expected that service transformations will create the opportunity for generating new receipts but these cannot as yet be included within the current receipt programme due to a lack of certainty about the detail of the assets that will be sold.
- 5.3. In the longer term, it is anticipated that there will be a greater reliance on Strategic Land disposals to form the majority of capital receipt generation; but the Council's strategy for delivering future development opportunities is unlikely to produce significant receipts until beyond 2016. A report outlining options and recommendations for the strategic land programme was approved by the EMPR on 25 October 2012. The report set out the context, benefits and decision making process for the strategic land programme and endorsed the availability and development capacity for each of the strategic land sites in their respective emerging Local Plan documents.

## **6. Project 500**

- 6.1. Project 500 is a Hampshire Senate initiative that aims to enable affordable housing to be delivered on appropriate County Council and third-party owned sites working in partnership with other Agencies, Housing Authorities and Registered Social Landlords. Identification and assessment of potential sites within the County Council's ownership has followed a structured process as a result of which, a number of sites have been identified, which are at varying stages of progression.
- 6.2. During 2012, the first site to be delivered was in the New Forest, providing five affordable units; and detailed work is progressing to develop a further 30 or so properties in East Hants, Basingstoke and Test Valley area over the next few years.

## **7. One Public Sector Estate (OPSE), Joint Working, PAMS, Property Review and Sustainability**

- 7.1. In 2011, Hampshire's Outline Business Cases and Long Term Strategy for DCLG's Capital and Asset Pathfinder were adopted into the OPSE

programme. Scoping and initial feasibility work has been undertaken for a cluster of potential projects in five areas, including combined cultural/leisure/community hubs in Fleet, Farnborough, Aldershot, Totton and Andover and partner office co-locations in Havant, Petersfield and Alton.

- 7.2. OPSE activity has established a wide network of contacts across public sector partners and is based on an increasing understanding of the OPSE approach amongst Members, within other Departments and across Property Services generally. Converting potential opportunities into live projects with partners remains a significant challenge. This is often due to short-term budgetary priorities, a perceived lack of capital funding with which to 'spend to save' and often a conflict between the longer-term OPSE approach and the immediate priorities and programmes of the partner organisations.
- 7.3. The OPSE programme is currently focussing on the portfolio of opportunities outlined above, taking these to outline business cases. The focus is on realising potential projects in preference to holding further Area Opportunity Workshops. This is working with willing partners but still requires a step-change in cross-organisational political support and a significant capital funding commitment by partners if the projects are to succeed.
- 7.4. In terms of Joint Working, there is increased integration with a number of public sector partners, including integrated joint working across professional services between the County Council, Hampshire Constabulary (who now have staff located within the County Council's HQ buildings) and Hampshire Fire and Rescue Services. Early Adopters include Property Services and Procurement effective from April 2013, while those support services associated with IBC will follow in later phases.
- 7.5. The implementation of the new Property Asset Management System (PAMS) is progressing, with the first phase of large amounts of information held in different formats by the County Council and our principal partner, Surrey County Council, well underway. It is now anticipated that the new system will significantly replace SAP Real Estate by the end of 2013. PAMS will provide the ability to draw together existing elements of property data, in turn allowing an analysis of the information and identification of areas of omission within the context of comprehensive property review and service transformation.
- 7.6. As part of the County Council's sustainability agenda, in July 2010 Cabinet approved a Carbon Strategy which sets out the County Council's targets for carbon reduction up to 2050
  - Phase 1 : Short term 2010 – 2015 - 20% reduction
  - Phase 2 : Medium term 2015 – 2025 - 40% reduction
  - Phase 3 : Long term 2025 – 2050 - carbon neutral
- 7.7. The short term targets are being addressed through workstreams defined in the Carbon Management Plan identifying how the 20% reduction may be achieved. There has been good progress towards meeting the targets with a 7.65% year on year carbon reduction achieved since the Plan was

initiated. In the Council's major energy use sectors, e.g. schools, corporate offices, libraries & museums and the adult services estate, a decrease in energy use has contributed to carbon emissions reductions of almost 10% year on year.

## **8. Non-Educational Estate – Maintenance Programme, Country Parks Strategy and Library Storage/Museums and Arts Storage**

- 8.1. There is significant rationalisation activity in this area of the portfolio and the Executive Member for Policy and Resources recognised these pressures and supported a one-off addition to the capital programme of £5 million made available to enhance the Landlord capital programme phased over 2012/13 and 2013/14
- 8.2. The capital repairs programmes are used to support a planned approach to investment in the built estate. The available budgets are focused on addressing the identified health and safety priorities highlighted by the Corporate Risk Assessment (CRA) for the built estate, handling backlog maintenance and services repairs, improving efficiency and running costs, improving the quality of the built environment for communities and future generations, helping reduce the impact of greenhouse gas emissions and meet climate change targets, modernise assets and make them fit for their purpose and manage existing asbestos liabilities.
- 8.3. Further rationalisations in the Corporate Estate are underway and involve the Country Parks Strategy and reviews of Museums and Arts portfolio, the latter to include joint storage and possible development of a Charitable Trust arrangement with partner Authorities.

## **9. Looking Forward: The Plan from 2014 onwards**

- 9.1. The County Council's first Strategic Asset Management Plan was approved and published in 2011 and has a three-year life from April 2011. In reality, the Plan is an evolving and continuing document. Therefore from 2014 and for a further three years, work is commencing on a new draft of the plan which it is proposed to bring to the Panel and the Executive Member for Policy and Resources for approval in due course.
- 9.2. Within the context of the new Plan, a programme of work known as 'Transformation to 2015' is of major significance. The Chief Executive is leading on the programme, which aims to meet the challenges around the further planned reductions in government financial support to the public sector. The programme will look at how the County Council can protect frontline services, reduce its expenditure and at the same time grow its income and become more efficient. The principles behind this programme were approved by Cabinet in 2012. One of the key themes is around building a new generation of commercial and asset-backed opportunities and partnerships and this will be key to guiding our approach to asset management strategies in the future. The new plan will need to capture this opportunity.

9.3. The new Plan will also pick up the initiatives and policies which have been developed and emerged during the life of the existing Plan and anything which emerges prior to its publication. Some of the main areas in which significant updating can be anticipated are as follows:

- Transformation to 2015 – handling the latest economic and financial pressures and opportunities.
- Core Service Strategies –
  - Adult Services Transformation
  - Children’s Services Basic Needs Programme and Children’s Homes Strategy
- Country Parks and Library Services/Museums and Arts
- Carbon reduction commitment, climate change adaptation and energy risk.
- Revised acquisitions strategy – building on the Panel report in December 2012.
- Strategic Land Strategy
- Integrated Business Centre
- One Public Sector Estate – capitalising on recent progress
- Legislative changes – such as the Community Right to Challenge and the Community Right to Bid.
- Systems Changes – such as the new Property Asset Management System.

## **10. Recommendation**

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

- 10.1. Progress on the Action Plan within the Strategic Asset Management Plan 2011-2014 be noted.
- 10.2. A new Strategic Asset Management Plan 2014-2017 be drafted and presented to Members for approval in due course.

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

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

**Other Significant Links**

<b>Links to previous Member decisions:</b>		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Strategic Asset Management Strategy and Asset Management Plan	2642	05.07.2011
Strategic Asset Management Plan Update	3592	10.07.2012
<b>Direct links to specific legislation or Government Directives</b>		
<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
<b>Developing a Vision</b>			
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.	West Sussex County Council has now become the fourth member of the local Cluster, joining the County Council, Surrey County Council and Reading Borough Council. The Cluster is now firmly established, with significant joint working taking place on asset management strategies and in Education Capital delivery where a joint programme of around £200m has now been created.
<b>Establishing Improved Linkages</b>			
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 will help identify new opportunities.
<b>Developing Client Asset Strategies</b>			
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	Working Group established comprising representatives of Assets and Development Team who have responsibility for client liaison role. This acts as a conduit to the clients, providing a consistent approach and full interaction with each department's service needs and developments.
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.

Reference	Aspiration	Current Actions	Progress
		Establish monitoring regime	Working Group established comprising representatives of Assets and Development Team who have responsibility for client liaison role. This acts as a conduit to the clients, providing a consistent approach and full interaction with each department's service needs and developments.
<b>Developing the Strategic Framework</b>			
4.1	<p><b>One Public Sector Estate (formerly Capital and Assets Pathfinder)</b></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	<p>Area Opportunity Workshops have taken place covering the districts of Winchester, Basingstoke, Hart, Rushmoor, East Hampshire, Havant and Test Valley. County-wide workshops have also taken place with a number of key partners. Many potential projects have been identified and scoping and initial feasibility work has been undertaken on several. The focus now is on taking these projects forward, to outline business case.</p> <p>(See Section 7 of main report for more detailed update).</p>
4.2	<p><b>Hampshire Workstyle</b></p> <p>Hampshire Workstyle rolled out fully across County</p>	Implementation of agreed projects	<p>On target to deliver the completed portfolio, and associated financial savings, by December 2013. New strategic hub offices provided in Winchester, Eastleigh and Havant and major rationalisation of CCBS accommodation at HQ completed. Freehold property acquired in Basingstoke for new major hub, which is due to become operational in the Autumn. The final hub, in the south-west, will be in leasehold premises recently acquired in Totton and will open at the end of the year.</p>
4.3	<p><b>Efficiency Savings</b></p> <p>Delivery of agreed efficiencies through asset rationalisation</p>	Development of a robust asset rationalisation work stream within the Corporate Efficiency Programme	<p>Asset rationalisation workstream approved by CMT in August 2011 and significant savings achieved. A new programme of work, Transformation to 2015, is being developed to address further planned reductions in Government financial support.</p>

Reference	Aspiration	Current Actions	Progress
4.4	<p><b>New Financial Model</b></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><b>Capital Receipts</b></p> <p>Delivery of agreed capital receipts forecasts</p>	Robust monitoring arrangements	<p>Regular reporting in place through Capital Receipts Panel, which follows a programme and risk management approach with RAG status and confidence weighting being used. High forecasted capital receipts total for 2012/13 achieved.</p> <p>(See Section 5 of main report for more detailed update).</p>
4.6	<p><b>Maintenance Backlog</b></p> <p>Sustainable levels of backlog maintenance in both the Education and non-Education Estates.</p>	Preparation and delivery of an annual programme to address the maintenance backlog in the Education Estate, including the re-cladding of SCOLA 2 and 3 buildings.	Annual capital programmes being prepared jointly with Children's Services and approved by the Executive Member for Policy and Resources. This includes a number of SCOLA re-cladding schemes. Delivery is progressing well.
4.7		Establish a fundable cyclical core maintenance regime for properties which are to remain in the non-Education Estate.	<p>One-off addition to the capital programme, phased over 2 years, made available To enhance the landlord capital programme. as a result, a number of key priorities are being addressed.</p> <p>(See Section 8 of main report for more detailed update).</p>
4.8	<p><b>Schools Service Level Agreement and Academies Contracts</b></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. With the current contractual arrangements with Academies, 96.5% of schools across Hampshire purchase services from Property Services. Over half of secondary aged pupils in Hampshire are now taught in Academies, and a new Joint Working Agreement with Academies is being developed.</p> <p>(See Section 3 of main report for more detailed update)</p>

Reference	Aspiration	Current Actions	Progress
4.9	<p><b>Climate Change Adaptation</b></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	Work has been undertaken by Coastal Adaptation Steering Group to identify climate change risks and threats to coastal property. There are difficulties in obtaining good quality information on predicted climate change threats and applying this to individual assets. Work in this area is expected to become a higher priority in terms of property reviews.
4.10	<p><b>Localism Agenda</b></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 achieving greater involvement of local people in the design of services and how their local area develops, and Engagement Schedules in relation to all areas of service are now published on Hantsweb.</p> <p>Hantsweb also contains important information about the Community Right to Challenge, and the Community Right to Bid. A report covering Assets of Community Value was considered by BLPP in December 2012.</p>
4.11	<p><b>Localism Agenda</b></p> <p>Maximising asset-derived benefits from the proposed General Power of Competence</p>	Preparation of a strategy for ensuring maximum benefit is derived	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, and a revised Acquisitions strategy was considered by BLPP in December 2012. The new strategy is being refined as part of the preparations for publishing a new SAMP.
<b>Reviewing our Assets</b>			
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.

Reference	Aspiration	Current Actions	Progress
5.4		Establish a programme for phased property reviews	Programme of reviews established based on anticipated timetable for Area Opportunity Workshops under the OPSE initiative. The programme has slowed recently because projects generated from the initial workshops were growing faster than available resources to service those projects. Collection of data will ultimately need to align with the availability of new AMS system.  (See Section 7 of main report for more detailed update).
<b>Equalities Impact Assessment</b>			
6.1	Robust Impact Assessments prepared for all new asset strategies and policies	Preparation of a set of Equalities Principles	Equalities Principles being prepared.
<b>Governance and Monitoring</b>			
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.	Six-monthly reports taken to BLPP throughout the duration of the Plan. Full Plan review underway in preparation for publishing a new Plan from 2014.