

Asset Management Strategy 2017 - 2021



July 2017

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FOREWORD

The Council is dealing with significant financial pressures resulting from reductions in government funding, coupled with increasing expectations from our residents and businesses. Equal in significance to our financial resources, are our physical assets, without which our corporate objectives could not be successfully delivered. We need to make savings, and a fundamental part of this will be ensuring that we utilise our assets wisely and strategically. In this context, our Asset Management Strategy is more important than ever. It is imperative that we manage our assets responsibly to ensure we obtain value for money for our residents and support our wider corporate objectives.

The strategy has set out four key outcomes which are there to help guide all our asset management activity and ensure that it is undertaken legally, transparently and with a proper understanding of the impact on our local communities – now and into the future. The strategy also has a specific outcome around reducing the environmental impact of our assets, and outlines how we will reduce our energy consumption/carbon emissions by improved insulation, energy reduction initiatives and pro-active facilities management. We will also reduce our carbon footprint through the investigation of and investment in renewable energy to achieve this outcome.

We acknowledge that delivering the four key outcomes will require some significant changes in the way we currently manage our assets, and will result in new ways of working and, in some cases, changing roles and responsibilities. The Council is committed to making this change and will provide the clear leadership and support that will be needed to ensure success.

This new integrated approach will enable us to make more informed choices regarding the utilisation of our property holdings and acquisitions to deliver national policies, such as the 'Wellbeing of Future Generations (Wales) Act 2015', which came into force in April last year. The Act has set out the parameters whereby we must ensure our actions meet the needs of today and do not compromise the needs of future generations. We must take account of the long term implications and benefits that can result from our asset management, investment and delivery, as part of our ongoing drive to deliver more for less.

Asset management is a key part of business planning and an important tool in meeting the current and future fiscal challenges. Through this new unified approach we will ensure the value and importance of our assets is clearly recognised within all our future delivery plans and programmes.

Councillor Julian Thompson-Hill
Lead Member for Finance and Efficiency

INTRODUCTION

Purpose of the Strategy

The primary aims of the strategy are to support corporate priorities, achieve service requirements and comply with statutory duties. It replaces the Corporate Asset Management Plan (CAMP) and sets out our vision to improve the management and utilisation of our land and buildings. An important part of this is the re-categorisation of our property assets along the following lines:

- Replacing current Service Asset Management Plans (SAMPs) with new plans based on related property portfolios;
- Transferring all properties from the existing SAMPs into relevant property portfolios to produce a definitive list of all Council properties;
- Establishing four outcomes and relevant objectives to lead the way we assess our assets and their appropriateness within the relevant property portfolio.

This strategy will provide the basis for developing a more robust and integrated approach to asset management across Denbighshire County Council. It will promote collaboration and visibility of resources as well as embedding a culture of scrutiny that will challenge the use, effectiveness, and retention of our land and building assets through the Asset Management Group. This strategy outlines our vision and long term approach to improve the recognition, management and utilisation of our land and buildings held in the name of Denbighshire County Council.

What is Asset Management?

Asset management planning is central to the achievement of excellent property control and delivery of financial priorities. Effective management of our assets ensures that the land and buildings owned and used by Denbighshire County Council are optimally structured in the best business interest. The strategy seeks to align the asset base with the Council's corporate goals and policy objectives. Furthermore a rigorous approach to property can help meet budgetary and efficiency targets, including driving down cost and providing new income streams and support organisational transformation.

Asset management planning is central to:

- Achieving excellent property control;
- Delivering financial priorities; and
- Supporting policy delivery.

THE NATIONAL CONTEXT

There are some regulatory, strategic and policy initiatives that impact on the asset management strategy at a national level. Ensuring that the asset management strategy acknowledges these and maps out how we can ensure compliance where required will help to deliver these wider outcomes.

The Well-being of Future Generations (Wales) Act (2015)

The Well-being and Future Generations (Wales) Act is about improving the social, economic, environmental and cultural well-being of Wales. The Act also considers health both in terms of physical and mental wellbeing. It is designed to make public bodies think more about the long-term, work better with people, communities and each other, look to prevent problems and take a more joined-up approach in order to create a Wales that we all want to live in - now and in the future.

The Asset Management Strategy can help the Council fulfil its duties under the Act by:

- Making our property assets more energy efficient and considering opportunities for increased use of renewable energy sources;
- Considering how our land and buildings can contribute to improved physical and mental wellbeing of our staff and the wider communities we serve;
- Considering how we can increase the biodiversity of our land and property assets; and
- Ensuring that the long-term thinking required by the Act is integral to our consideration of any strategic decisions that relate to our property assets.

State of the Estate Report

The 8th annual state of the estate report detailing the Welsh Government administrative estate demonstrates that it continues to perform well in terms of efficiency, and the drive to reduce costs has delivered continued results.

In 2015/16 Welsh Government reduced:

- the number of properties occupied by 12%
- the cost of the estate from £18.1m to £17.4m
- our carbon emissions by 18%, to 6,939t CO₂.

The Asset Management Strategy can use the State of the Estate Report as:

- An exemplar to use when working towards achieving the outcomes and objectives in our strategy; and
- A benchmark for performance measures, that we can compare our estate too.

THE LOCAL CONTEXT

At a more local level, it is important to recognise the contribution asset management can make to delivering our aspirations and priorities.

Corporate Plan

A new Corporate Plan is to be implemented in 2017 setting out the Council's ambition not only to maintain the quality of its services, but also to improve on them. From work completed so far the following key aspirations for the Council have been identified:

- The Council works with people and communities to build independence and resilience
- Communities are connected and have access to goods and services locally, online or through good transport links
- A place where younger people will want to live and work, and have the skills to do so
- An attractive and protected environment that supports communities' wellbeing and economic prosperity
- Everyone is supported to live in homes that meet their needs, within vibrant and sustainable communities

The Asset Management Strategy can assist the delivery of this plan, through:

- Consideration of the viability of services being delivered locally through the asset review process;
- Considering how we can use our land and building assets to increase community capacity and resilience.

It should be noted here that although these key themes have been pulled out of public consultation they are not yet the confirmed priorities going forward, and thus they are subject to change. The new Corporate Plan is timetabled to be published in October 2017.

Medium Term Financial Plan

It is important that the Council considers its finances for more than one year ahead. This allows it to plan properly for cost pressures, savings, inflation, investment in corporate priorities and service changes. Denbighshire County Council does this through its Medium Term Financial Plan (MTFP), which looks at the coming three years and considers what might happen to the Council during that time and what it might mean for its finances. It links to plans put forward by services and corporate plan and priorities during the budget planning process.

The Asset Management Strategy can assist in the implementation of this plan by:

- Considering the financial implications of managing our assets as a whole and at portfolio plan level; and

- Identifying any assets that require investment and those that could generate a saving over the life of the strategy.

Economic & Community Ambition Strategy 2013 – 2023

A key outcome within Denbighshire's Economic & Community Ambition Strategy 2013 – 2023 is that Denbighshire has a good and readily available supply of appropriate business premises and land that supports established businesses to grow and new businesses to start up. It also has a key priority around improving the digital connectivity of the area.

The Asset Management Strategy can therefore help by:

- Considering how the location and use of our property assets can support the local economy and promote the regeneration of an area; and
- Considering how we might use our land and property assets to support the Digital Denbighshire element of the Economic & Community Ambition Strategy by providing sites for the installation of technologies that will improve superfast broadband or mobile connectivity to the wider area.

Denbighshire Wellbeing Plan 2014 - 2018

The Denbighshire Wellbeing Plan has been developed by Denbighshire's Strategic Partnership Board, whose membership is made up of senior officers from Denbighshire County Council, Betsi Cadwaladr University Health Board, Public Health Wales, North Wales Police, North Wales Fire and Rescue Service, Coleg Cambria, Grwp Llandrillo Menai and Denbighshire Voluntary Services Council.

The plan focusses on independence and resilience – recognising that people are independent when they have the freedom to make choices for themselves and the ability to live their lives with minimal help from others, and that they are resilient when they use resources and knowledge to cope with adversity and prepare for the future. Priority areas include tackling the challenges of our rural areas; supporting the most disadvantaged to build their resilience; and building the capacity of communities to develop and thrive.

The Asset Management Strategy will have a key role in achieving success in these areas by:

- Empowering and enabling services to prosper and flourish, especially in rural areas, through the utilisation of our assets; and
- Promoting employee wellbeing through optimum office facilities in the correct location.

Local Development Plan (LDP)

The Denbighshire LDP was adopted by the County Council on 4th June 2013 and covers the period 2006-2021. It provides guidelines as to what could be built and where throughout the county over a 15 year period and determines where new development will take place.

The Asset Management Strategy can assist the LDP by:

- Consideration of how we use our property assets to support the local economy and aid regeneration, taking into consideration the need for employment land; and
- Using our assets to promote the safeguarding of our unique environment within Denbighshire.

Clwydian Range & Dee Valley Management Plan 2014 - 2019

The Clwydian Range was designated as an Area of Outstanding Natural Beauty (AONB) in 1985, with the area extended to include the Dee Valley in 2011. AONB status recognises the finest landscapes and set a framework for their protection and enhancement. The AONB Management Plan is a statutory document which provides a framework to inform and guide anyone who undertake activities that may affect the AONB. The Council has a range of land and buildings within the AONB, including some of its agricultural estate along with countryside assets like Loggerheads and Castell Dinas Bran.

The Asset Management Strategy can assist the AONB Management Plan by:

- Ensuring that any proposals for land and buildings within the AONB take full consideration of the AONB Management Plan and help to protect or enhance the landscape

FUTURE CHALLENGES

There are a number of challenges which need to be addressed as part of this Asset Management Strategy.

The impact of further property asset rationalisation on the local economy

The Council is aware of the impact a reduction in the property portfolio could have on the local economy and over the next few years the Council will have to continue to make some difficult decisions to balance the need for savings with support for the local economy. Any further disposals or closures are likely to have a significant negative impact on the local economy of the area in which they are situated. For example, an office closure will impact on local shops and services who depend to a degree on the custom of staff from the office.

The Asset Management Strategy will need to respond to this challenge by:

- Ensuring that proper consideration is made of the economic impact of any proposals for further asset rationalisation through a Wellbeing Impact Assessment.

Shared use of property with external public and third sector organisations

Whilst there is a desire, and to some extent a policy drive, towards a range of public and third sector organisations sharing accommodation to provide citizen focussed services, the reality is that such initiatives tend to be small scale and delivered in a fragmented manner. Often this is coupled with more complex management arrangements that are put in place where buildings are subject to multi-organisational occupation. As a result, such shared arrangements tend not to lead to significant efficiency savings, and the impact on creating more citizen focused services is limited.

The “One Public Estate” agenda that is being successfully promoted and implemented in England - where different public organisations share space to provide more citizen focussed services – may be a long-term opportunity to transpose across to Denbighshire. With such public services being provided together in one, citizen centred location, it may enhance the viability/attractiveness of other, possibly smaller, public sector organisations as part of the wider mix on a site. However this would be an ambitious undertaking, and not one to be undertaken without having senior level endorsement to explore such an approach, and a reasonable level of confidence that partner organisations would “buy-in” to such an approach.

The Asset Management Strategy will need to respond to this challenge by:

- Ensuring that any properties that the Council no longer requires are offered to other public sector bodies first before they go on the wider market;
- Continuing to seek opportunities to share with other agencies where such an approach will provide an improvement to the delivery of services or significant efficiency savings for the Council; and
- Taking a longer-term view, and when we are planning to substantially refurbishing or redeveloping existing property, or acquire new property, we engage with other public and third sector agencies to explore the possibility of shared use and occupation.

The capacity and capability of communities to own and manage property

As a result of recent financial pressures local authorities across the UK have been looking at alternative service delivery models, often involving the outsourcing of services to third sector or community organisations. In some instances this has seen the community asset transfer of properties associated with the outsourced services such as libraries and leisure centres.

Within Denbighshire this has been more limited, but we have seen the community asset transfer of some town halls and libraries. These, in the main, have been successful, but there are examples where there has been a strong community desire for an asset transfer of properties no longer required by the Council, but the community has not been able to demonstrate that they have a sustainable business model for the property. In such instances, the result has often been the Council holding on to vacant property for extended periods to enable the community the opportunity to develop a sustainable business model, incurring holding costs (security, reactive maintenance, etc.) all the time the property is vacant.

The Asset Management Strategy will need to respond to this challenge by:

- Developing a clear and consistent policy for community asset transfer, ensuring that the obligations on the community group in such circumstances, along with requirements that the Council will have, are fully understood and detailed at the outset of any proposed community asset transfer.

THE STRATEGY

The need for a strategy

Along with Finance, People and ICT, Property is one of the four principle corporate resources that support the delivery of all services. As such, how that resource is utilised can have a significant impact on the Council's delivery of services and financial standing. The effective and efficient management of the Council's property portfolio will help ensure that the Council is:

- not wasting money on assets that are not required to meet service needs or are unnecessarily costly to run;
- serving the public well with buildings that are of good physical quality and make access to services inclusive for everyone; or
- not missing opportunities to share property with other public agencies, which would increase customer convenience.

Current Arrangements

The current asset management process consists of Service Asset Management Plans (SAMPs), whereby each service prepared and maintained individual SAMPs setting priorities and processes to align with their primary responsibilities. SAMPs served to collate the service driven property developments and illustrate, by prioritisation, their importance in maintaining and improving service delivery. These SAMP's were then cumulated into a Corporate Asset Management Plan (CAMP).

A review of the asset management process found that the quality and completion of the SAMPs was inconsistent, which in turn led to problems collating the CAMP. The process was also very service driven, and thus inconsistent with the Corporate Landlord model that the Council operates, whereby all Council property is a corporate resource, with the services making use of them as tenants. A further problem was that many land and building assets were included in a number of different SAMP's, which on occasion led to an inefficient duplication of processes.

The new approach

The new strategy will embed the role of Corporate Landlord. The key principle that underlines this approach is that the Council owns all assets, with the services making use of them as tenants. All land and buildings used in the delivery of services is either owned or leased by the Council and not by the services. Services occupy property only to provide a service on behalf of the Council.

The concept of treating property as a corporate resource strengthens the Corporate Landlord's strategic control of the Council's property assets, providing a corporate and collaborative approach to review and change of use, integrated and shared use of premises, facilities management and maintenance, development and refurbishment. The objective being to provide property assets that are fit for purpose and supportive of service delivery. This in turn will free up services to focus upon the operational aspects of service delivery.

Portfolio Plans

The strategy will be underpinned by a series of Portfolio Plans, which will group land and buildings with similar types of property, rather than along service lines. Under this Asset Management Strategy there will be 8 Portfolio Plans:

- i. **Administration** – those properties held to support mainstream service delivery, including offices and corporate stores.
- ii. **Education** – those properties held to support the provision of education services, including Primary Schools, High Schools, Special Schools and Integrated Centres.
- iii. **Community** – those properties from which services to the community are delivered, including Leisure Centres, Town Halls, Community Centres, Libraries/one-stop-shops, Youth Centres, Public toilets and car parks.
- iv. **Countryside, Parks & Open Space** – those properties which are characterised by land rather than buildings, including parks, playing fields, open spaces, cemeteries and countryside properties.
- v. **Commercial** – those properties that generate rent or income, and often have important local economic impact, including agricultural estate, economic development estate and Coastal properties.
- vi. **Care** – those properties that provide specialist care to vulnerable residents, including Residential & Care Homes, Supported Businesses and Equipment Stores.
- vii. **Maintenance** – those properties held to ensure the ongoing maintenance and upkeep of the county, including Main/Sub Highways Depots and Waste Facilities
- viii. **Surplus/Other** – miscellaneous properties that do not fit neatly into any of the above, including quarries and surplus/vacant land & property.

Excluded from this approach are:

- i. **Council Housing** – those properties and land held specifically to support and provide public housing, which have separate management arrangements to other Council land and building assets; and.
- ii. **Highways infrastructure** - that held specifically to support and provide the highway infrastructure and covered for management purposes by the Local Transport Plan.

THE NEW ASSET MANAGEMENT OUTCOMES

In developing the Portfolio Plans, the review of properties in each portfolio will be tested against the following high-level outcomes which underpin this asset management strategy.

OUTCOME 1

We will provide the right buildings, in the right place, and in the right condition to meet current and projected future service delivery needs

The council has statutory requirements to keep its properties in the correct legal state. This is recorded through condition, suitability, sufficiency and satisfaction surveys, undertaken as part of rolling programme of updates to our buildings. The suitability of all of our buildings should always be considered in light of current and projected future service delivery needs, so that any changes to a buildings suitability are known as soon as possible in order to start preparations for that building as soon as possible in order to make efficiency savings through a smooth transformation process, whatever that may be.

To achieve this outcome:

1. We will review the land and buildings within each Property Portfolio to ensure that it continues to provide facilities that meet service needs in terms of location, configuration and condition.
2. Where it is clear that a property will be retained for the foreseeable future, we will consider investment:
 - i. to ensure the property meets all statutory requirements;
 - ii. to ensure the property is and remains in good condition;
 - iii. to configure the property in a manner that is appropriate for its use and/or service delivery;
 - iv. to optimise utilisation of the property through flexible working;
 - v. to improve public access;
 - vi. to facilitate shared use of our assets with other public, private or third sector partners, where such shared use will improve service delivery for our residents.
3. Where there is no ongoing requirement for the property within a portfolio, we will consider:
 - i. its suitability for an alternative use within another Property Portfolio;
 - ii. a community asset transfer, where a request for transfer has been made and where a sustainable business model for the property can be demonstrated; and
 - iii. disposal of the property.

4. Where we acquire land or buildings, or develop new buildings, we will undertake:
 - i. a Wellbeing Impact Assessment, and will take due consideration of the findings of that assessment to ensure that the wellbeing of future generations.

OUTCOME 2

We will reduce the environmental impact of our land and building assets

It is key that the council are seen as drivers for environmental change thus we have chosen this outcome to drive our asset management processes. A reduction in our energy consumption and carbon footprint for our buildings is an illustration that as a council, Denbighshire County Council recognises its global responsibility in protecting the environment.

To achieve this outcome:

1. We will reduce our energy consumption/carbon emissions by improved insulation, energy reduction initiatives and pro-active facilities management.
2. We will reduce our carbon footprint through the investigation of and investment in renewable energy.
3. We will protect and improve the biodiversity of our land and buildings estate by introducing more sustainable land management procedures and developing new habitats.
4. We will put in place mechanisms to measure the amount of waste produced from our land and buildings portfolio, with a view to introducing initiatives to reduce the amount of waste produced.
5. We will put in place mechanisms to measure the amount of water consumed from our land and buildings portfolio, with a view to introducing initiatives to reduce the amount of water consumed.

OUTCOME 3

We will use our land and building assets to support the local economy and aid regeneration.

How the council uses its property assets is a major driver for local economic development and the creation of a thriving and prosperous economy. To ensure that our asset management activity continues to support the local economy and aid regeneration, it is important for us to look at ways to improve access to our assets and business opportunities to support the local economy.

To achieve this outcome:

1. We will acquire and develop property which will enable us to deliver much needed new housing, and this may include a mix of associated employment and/or community facilities where appropriate.
2. Where resources permit, we will deliver new employment generating development on property which we own or acquire, either through direct council development or through partnership with other public, private or third sector organisations sector.
3. We will consider how our property portfolio could be utilised to improve the county's digital infrastructure (mobile reception, public access wi-fi, broadband) and where resources permit deliver solutions to improve such infrastructure.

OUTCOME 4

We will use our property assets to increase community capacity and resilience.

This outcome will hopefully encourage stakeholders to change their way of thinking and ‘think outside of the box’ as to how we can manage our assets in a way that will increase community capacity and resilience. Under this outcome there is an emphasis on community asset transfer and how we can streamline this process in order to make it more attractive to communities when building their business case to take over an asset. Under this outcome we will also consider using our assets to contribute to community capacity building – through making buildings accessible for people outside core working hours, endeavouring to ensure that our buildings are accessible and inclusive for all members of society, and using our estate to increase access to Wi-Fi, broadband and 3G/4G in rural areas. To achieve this we acknowledge that we need to improve how we engage effectively with local communities throughout the asset management process, especially those who are likely to be affected by any change and those from disadvantaged groups (age, religion, race, disability, etc).

To achieve this outcome:

1. We will engage with our communities when we consider future uses for assets within our land and buildings portfolio;
2. We will consider how the assets within our property portfolio could be better utilised by our communities through the provision of additional facilities (e.g. electric car charging points, public access wi-fi, etc.) and/or through improved access arrangements (e.g. access outside core working hours).
3. We will consider alternative management or ownership models for assets within our property portfolio, where such arrangements will increase community capacity and resilience.

DELIVERING THE STRATEGY

Governance arrangements

The Asset Management Group (AMG) has been established to support the role of the Corporate Landlord in making strategic decisions in relation to the Council's property assets, and to provide the necessary oversight and scrutiny of this role. It is the main body that oversees and directs the implementation of this strategy and its constituent Portfolio Plans.

Portfolio Plans

The outcomes and objectives of this strategy will be delivered through the development and implementation of the Portfolio Plans. These plans are not the preserve of any one Council service or team, but will require contributions from all teams and departments, as in the main the responsibility for day to day management of the assets within the portfolios will continue to rest with the services that use those buildings.

The Portfolio Plans will be developed by officers in the Asset Management Team in conjunction with relevant officers in the services. Each Portfolio Plan will "test" the properties within that portfolio with the outcomes and objectives detailed in this strategy, and will have the following structure:

- **Recent activity** – a brief section outlining any recent key activity;
- **Key facts & figures** – headlines from the analysis of KPIs; and
- **Issues & challenges** – developed through analysis of KPIs and input from key officers, and organised under the outcomes and objectives of the Asset Management Strategy.

Based on an analysis of the issues and challenges identified, the following standard options appraisals shall be undertaken:

- **Do minimum Model** – effectively maintaining the status quo but potentially with some investment to meet statutory requirements, keep in good repair, etc.;
- **Savings Model** – outlining, with a sound rationale and consideration of impact on service delivery, where savings could be made in the portfolio should they be required; and
- **Long-term Model** – looking at the direction of travel and challenges to consider and what we might need to be working towards (this would also ensure we fulfil our duty under the WBFGA).

The Options Appraisal will then be considered by AMG, who will advise on the preferred option (or possibly combination of options). Once AMG have considered the Portfolio Plan and the options, an Action Plan will be drawn up and a draft version of the Plan will be circulated internally, to key partner organisations (e.g. Community Councils) and also published on the Council's website inviting comments. Comments received during this consultation period will then be considered and a final version of the Plan developed for approval by AMG. The final approved Plan will be published on the Council's website. A flowchart of this Portfolio Plan process is detailed in Appendix 1.

As our property portfolios generally remain relatively static it is proposed that the Portfolio Plans themselves are reviewed on a four year rolling programme, unless circumstances change and an earlier review is appropriate.

Performance Measures

Progress and impact in relation to the strategy and its constituent Portfolio Plans will be measured through a suite of performance indicators currently under development. These are a combination of national and local indicators, and where possible we will use such data to benchmark the Council against other local authorities. This work is still in development, and is linked to the planned investment in a new property database.

Appendix 1 – Portfolio Plan Process Flowchart

