

North Somerset Council

Report to the Transport, Climate and Communities Policy and Scrutiny Panel

Date of meeting: Thursday 30th November 2023

Subject of report: Strategic Asset Management Plan updates, including Development Programme

Town or Parish: All

Officer/Member presenting: Alex Fear, Head of Property & Projects

Key Decision: No

Reason: report is for information

Recommendations

This report is primarily for information, however members of the panel are invited to:

- Note the commitment to the SAMP process through to 2034 through the three-step process described.
- Note the information on decarbonising the Council's own estate.
- Note the progress on the SAMP and Development Programme which are also summarised in this report.
- Provide comment on any of the above in advance of future Executive/Council reports.

1. Summary of report

- 1.1 This report sets out progress update on the actions of the Projects and Property team with regards to the delivery of the ten-year SAMP programme, with a commitment to rationalising, developing, and maintaining our asset portfolio through the actions described.
- 1.2 The report includes an update on the council's Development Programme for the delivery of homes and jobs on land that it owns.

2. Policy

- 2.1 The three corporate programmes providing the basis for this programme of work are:
 - Strategic Asset Management & Property Plan (SAMPP): a strategic framework setting core principles for the future use and management of the council's assets in order to enable the successful delivery of council services.
 - Accommodation Strategy (AS): a specific piece of work focused on the council's ways of working and use of office accommodation.

- Development Strategy (DS): the preparation of a programme of investment, divestment or disposal for our potential development sites, including legal and financial advice on delivery mechanisms.

2.2 These interlinked strategies were adopted by Full Council in February 2021.

2.3 The projects described in this report are identified in and have implications for the:

- Corporate Plan.
- North Somerset Economic Plan.
- Climate Emergency Action Plan.
- Medium Term Financial Plan and Capital Strategy

3. Details

North Somerset Council Strategic Asset Management Plan (SAMP)

3.1 The overall aim of the Strategic Asset Management Plan (SAMP) is set out at the beginning of the document which was adopted in Feb 2021:

“North Somerset Council holds property to sustain and support its corporate objectives as set out in the Corporate Plan, and other strategies. The aim of the Strategic Asset Management Plan (SAMP) is to set out the Council’s vision, aspirations and objectives for its land and property assets portfolio, and to outline a 10-year plan for how it intends to achieve these outcomes.”

3.2 A main transformation theme of North Somerset Council is linked to the council’s asset base – i.e. what physical assets are being used in the delivery of services, how suitable are they to meet the service/community need, what is their condition, are they in the right place, are there any alternative options that could be considered.

3.3 Linked to this, NSC’s Capital strategy reflects that:

“Reviewing and updating the Strategic Asset Management Strategy which is focused on understanding our asset base to prioritise investment on those assets which are required to core support service delivery (including through income generation) within our communities and mitigate risk by divesting of those assets which do not meet these outcomes.”

Property assessments and maintenance

3.4 The Strategic Asset Management Plan (SAMP) was adopted in February 2021. North Somerset Council holds circa 3,000 assets and the programme involves categorising these in terms of operational priority, determining how these assets will be held by NSC in the future and, if retained, their operational and maintenance requirements.

3.5 The process will consider the decarbonisation pathway for the core buildings in the Council’s Scope 1 and 2 of greenhouse gas (GHG) emissions as part of the priority assessment process to inform the initial assessment of the properties. This will support the Council’s ambition to become net zero organisation by 2030. The Council’s scope 1 and 2 list includes the core assets from which council operates and has direct sphere of influence.

- 3.6 This update focuses on the implementation of the SAMP's:
- Property Categorisation Model.
 - SAMP Decision Making Process (asset retained, adapted, developed or disposed).
 - Planned & Preventative Maintenance Strategy, Building Compliance, Building Management Strategy.
- 3.7 These steps and process will be informed by the corporate transformation process – to ensure that decisions about buildings are informed by strategic delivery of services and Governance.
- 3.8 This process compliments the Council's commitment to adopt a Corporate Landlord Operating Model, which will seek to ensure that all assets are properly overseen and managed at the corporate level.
- 3.9 At this stage the SAMP assessment process is primarily focusing on buildings, however connected workstreams looking at land-based assets are also progressing through the Development Programme and through work to identifying sites for renewables and biodiversity: these will be reported separately.

Property Categorisation Model:

- 3.10 The adopted SAMP policy sets out a review plan of staged assessments over 10-year period. The initial February 2021 report identified 742 sites as "core" assets, from the full list of over 3,000 that we own.
- 3.11 Property and Projects Officers have carried out a short review and refresh of the initial classifications in a two-stage process:
- Stage 1: Review of SAMP core assets to identify and remove assets such as farmland, carparks, playing fields etc. where there are no built assets that require maintenance (these will be looked at separately/later).
 - Stage 2: assess the remaining list using a priority-based matrix to identify the priorities and programme of core assets for further work in years 1-5.
- 3.12 The intention is to work on 'core' assets in years 1 to 5 and 'non-core' in years 6 to 10 of the plan. The above steps identified 473 "core" assets that will be the priorities for the first five years (equating to assessments and decisions on approx. 100 properties/year).
- 3.13 The core asset list was assessed using a priority-based scoring matrix, resulting in a rating of 1 – 4, with 1 being 'high priority' and 4 being 'very low priority'.
- 3.14 Within this process, high priority assets are defined as assets that are essential to service provision, where a lack of maintenance could impact on service delivery and health and safety of staff and visitors, or where the Council has a significant liability for the asset with no income or service provision. Low priority assets are those where there is little or no risk of disruption to Councils services and little or no financial risk.
- 3.15 The assessments relate to the likely impact of the loss of the asset, not its current physical condition (which will require surveys etc to fully assess).

3.16 The full definitions of priority levels are attached for reference at Appendix A.

SAMP Decision Making Process (asset retained, adapted, developed or disposed):

- 3.17 *“Property assets are a major Council resource and robust management processes and procedures need to be in place to ensure that they are well performing and serving their purpose in supporting service delivery, generating a return or supporting development and regeneration.” [SAMP, 2021]*
- 3.18 Once the list of ‘core assets’ has been finalized, these will then be subject to the SAMP decision-making assessment.
- 3.19 The SAMP objectives have been translated into a decision-making matrix, posing a series of question based on the ability of the building to deliver the Councils services, including location, suitability, layout and condition.
- 3.20 This will ensure that those assets that are supporting front line services are assessed, scored and categorised. Through the assessment process, opportunities will be identified to reduce the operational estate, generate income, capital receipts or bring forward development. Therefore, the assessment process will help the council to determine whether an asset should be retained, adapted, developed or disposed in line with ISO 55001 requirements.
- 3.21 Decision-making requires detailed information on the properties, this includes financial and operational information, strategic input from services, building maintenance costs and details of the decarbonisation pathway.
- 3.22 The SAMP decision-making process will be overseen in the first instance by the council’s Corporate Assets and Property Board and Capital Programme, Projects and Planning Board. There will be regular updates to the Corporate Leadership Team, Executive and Scrutiny & Policy Panels.

Planned & Preventative Maintenance Strategy, Building Compliance, Building Management Strategy:

- 3.23 *“Property assets are a major Council resource and robust management processes and procedures need to be in place to ensure that they are well performing and serving their purpose in supporting service delivery, generating a return or supporting development and regeneration” [SAMP 2021].*
- 3.24 A robust management process is required to maintain our assets to enable the delivery of the Council’s services and to prevent risks to staff, service-users and the wider community.
- 3.25 Over the past years, maintenance has been reactive – i.e. we generally intervene only when something is already broken. We need to move to a more robust and regularised service. This process will comprise of three separate elements that provide a comprehensive management strategy.

Compliance inspections:

- 3.26 The Council has statutory requirements to comply with, these include the undertaking checks and routine servicing and inspections of equipment servicing within the property assets (for example electrics, fire alarms, ventilation, water). A

failure to undertake these compliance checks could lead to prosecution of the Council and individual officers under. These checks will be monitored through the Concerto software.

- 3.27 Compliance requirements relate also to buildings the Council leases in and, in some cases the buildings the Council leases out. Statutory and Regulatory obligations can also extend to structures that are not buildings, such as war memorials.

Building Management:

- 3.28 Currently the Council only undertakes a compliance-based approach to building maintenance. It is proposed a more robust approach is instigated; this will be based on a checklist completed by the responsible person in each building. Building managers will be provided with training including how they identify issues and risks and escalate where needed.

Planned and Preventative Maintenance:

- 3.29 Full condition surveys should be undertaken of the buildings every five years, as part of a rolling programme to assess in detail the condition and develop a proactive maintenance plan.

Decarbonisation of NSC assets

- 3.30 The council has an aspiration to achieve carbon net zero by 2030. The works and costs of achieving this are difficult to assess on the existing estate. A full decarbonation survey and identification of works required needs to be undertaken and then linked into the Planned and Preventative Management Plan (PPM Plan) identified above.
- 3.31 We will identify the properties that need to be prioritised by carbon use, and feed these into our initial core asset assessment process. We will look to prioritise the high-risk core buildings within Scope 1 and 2 of GHG emissions in this process.
- 3.32 A full decarbonisation assessment of each building in the estate will need to be undertaken, in order to identify whether it will be possible for the building to achieve a net zero status. Where this is not possible then options to offset the shortfall can be identified.
- 3.33 The decarbonisation works will be complex and will involve widespread alterations and adjustments to the building. By undertaking these as part of the PPM we will maximise efficiency of any available budgets and group works together in a cohesive programme.
- 3.34 The PPM programme will provide us with an accountable framework to manage and monitor progress of this element, within the existing estate.

Development Programme

- 3.35 In February 2021, the Council adopted a Development Strategy for the delivery of homes and employment on land in its ownership. This included the following four objectives:

- To provide homes and jobs that meet the needs of our communities – current and future – while helping deliver government targets for housing supply.
- To offer better quality and more sustainable developments..
- To deliver sites that the market won't, including difficult brownfield land and employment sites.
- To generate funding to help deliver other priorities, such as investing in schools, transport links and leisure facilities.

3.36 To date, two development sites have been brought forward:

- 425 new homes at Parklands Village in Weston. This includes 30% affordable housing (compared to 12 – 13% on adjacent sites) and 30% net zero homes, with all other homes seeing at least a 75% reduction in carbon emissions compared to standard housing. Our development partner, Keepmoat Homes, is making good progress on site and the first showhome was launched on 23rd November.
- 52 homes at The Uplands in Nailsea. These homes are high quality design and meet flagship Passivhaus standards. 40% of the homes will be affordable, with an above policy level of adaptable and accessible housing, as including a small number of bungalows. Our development partner, Stonewood Homes, started on site in Summer 2023 and is making good progress with the first homes due to be available in 2024.

3.37 Development activity is not solely focused on housing. As reported to the Executive earlier in 2023, Heads of Terms have been signed with a significant manufacturing company seeking to build new premises on council-owned land at Weston Business Quarter, creating around 300 jobs. Weston Town Centre and Castlewood sites are expected to include elements of commercial and community provision.

3.38 The progress above demonstrates that the council through control of the delivery of development on its own land can deliver high quality homes with positive outcomes for its residents and communities. In addition, the sites between them will generate a total approaching £15m in capital receipts to the delivery of other capital projects, as well contributing to infrastructure and services through S106 and the Community Infrastructure Levy (CIL).

3.39 Commissioning Plans have been agreed for town centre sites in Weston-super-Mare, Parklands Village phase 2, and Castlewood in Clevedon.

3.40 Progress on the Weston sites has been slower than hoped. This is largely due to the economic turmoil of autumn 2022, which led to the launch of an exercise to procure a development partner being put on hold. The continued economic pressures have increased the financial challenges of the sites, which already were only marginally viable.

3.41 Officers have been reviewing options for site delivery. A paper is expected to be taken to January Council providing updates and may also propose changes to delivery options. This is likely to suggest prioritisation of the Dolphin Square, Walliscote Place and Castlewood sites in the first instance.

3.42 Officers are also re-considering options for partnership with a local authority development company such as Aequus (owned by Bath & North East Somerset Council). This would have the advantage of shortcutting lengthy procurement

processes, and that companies such as Aequus take a lower level of profit than private sector developers, increasing the viability of sites. The Council in such circumstances retains a good level of control over the final 'product' that is delivered.

- 3.43 The Weston town centre sites will nonetheless remain financially challenging, and public sector subsidy from the council or another body such as Homes England is likely to be required. A positive factor is that Homes England has this year revised its Corporate Strategy to place a greater emphasis on the delivery of difficult urban sites and regeneration.
- 3.44 Work will continue on other development sites owned by NSC, including Parklands phase 2, with the intention of creating an ongoing pipeline of delivery, but also taking into account the results of public consultation on the programme held in 2022. This includes considering the priorities and mix of housing and employment for such sites, including whether there are options to provide specialist or supported affordable housing to meet pressures reported through Adult and Childrens' Services. The paper to Council in January is expected to make recommendations as to which sites and types of provision will be prioritised.

Governance and monitoring

- 3.45 These programmes are overseen by the council's Corporate Assets and Property Board and Capital Programme, Projects and Planning Board. There will be regular updates to the Corporate Leadership Team, Executive and Scrutiny & Policy Panels. This will include annual reviews of progress, supported by quarterly reporting on KPIs.

4. Consultation

- 4.1 The SAMP programme in itself does not involve ongoing consultation, however proposals as they come forward will be subject to a range of engagement activities both with internal and external consultees – for example to determine the future use and ownership of a building or in taking forward a development proposal.

5. Financial implications

- 5.1 This report does not in itself bring financial implications. However the SAMP process as a whole will incur a range of costs, for example in officer time, building surveys, investment and maintenance – as well as opportunities for savings, for example through energy efficiency, lower overall property costs, and/or income through rent or disposals. The implications of this will be considered as part of the council's MTFP and Capital Strategy.
- 5.2 Specific proposals and projects will be examined through further business cases and formal decision-making where required.

6. Legal powers and implications

- 6.1 The recommendations of this report do not in themselves have legal implications. As decisions within the SAMP plan are further developed, there may be legal implications for the council (as to retaining, disposing or maintaining assets). These will be considered through formal governance arrangements and decisions as required by the council's constitution.

7. Climate Change and environmental implications

- 7.1 The delivery of the Strategic Asset Management Plan will be crucial to delivering the North Somerset Climate Emergency Strategy & Action Plan to achieve becoming a net zero carbon council by 2030 and having an energy efficient built environment.
- 7.2 It is also imperative that the strategy embraces a commitment to sustainable development, particularly contributing to the allocation of sites for the required infrastructure needed to support economic growth and new homes, including for example education, community facilities, transport, local waste and energy.
- 7.3 There has been significant input from the council's Climate Emergency project manager and to ensure alignment with the council's Climate Emergency Action plan. The SAMP has a decarbonisation strategy for those assets which is maintaining and managing.

8. Risk management

- 8.1 The condition and management of the Council's estate is recognised as a key corporate risk (and opportunity) which the SAMP is intended to address.

9. Equality implications

- 9.1 No specific Equality Impact Assessment has been completed for this progress update. Individual projects associated with assets will be subject to EIAs as required.

10. Corporate implications

- 10.1 The SAMP work is a cross-cutting issue and a corporate priority which will be managed as a transformation programme; all services will be engaged to assist in delivery of the plan.

11. Options considered

- 11.1 This report is for information, reporting on progress against the SAMP as agreed in February 2021.

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Appendices:

N/a

Background papers:

Asset, Accommodation and Development Strategies, February 2021: <https://n-somerset.moderngov.co.uk/documents/s780/22%20Asset%20Accommodation%20and%20Development%20Strategies.pdf>

Category definitions for assessments of assets*Level 1: High Priority:*

These are assets that are essential to service delivery where alternative locations are not possible, buildings that have high footfalls and where a lack of maintenance could prevent delivery of key Council Services. An example of this would be a school or Childrens Centre.

This priority would also include properties where the council has a repairing liability and may not have budget streams for maintenance where there are significant outstanding repairs that are a health & safety hazard or where the property has a high risk of containing hazardous materials such as RAAC. An example of this would be a Community Centre where the Council does not provide services, no staff are based at the site and no income is generated, but there is a liability for maintenance and repairs and the building is in poor condition.

High Priority would also include council assets in Scope 1 and 2 of greenhouse gas emissions to support the decarbonisation of the estate.

Level 2: Medium Priority:

These are assets that essential services are delivered from, but alternative locations are possible, buildings that have low footfalls and where a lack of maintenance could interrupt delivery of Council Services. An example of this would be an office location, while disruptive staff could relocate without temporary disruption to service provision.

This priority would also include properties where the council has a repairing liability and may not have budget streams for maintenance but where there are outstanding repairs that are not significant or a health & safety hazard. An example of this would be a Sports Pavilion where the Council does not provide services, no staff are based at the site and no or a very small income is generated, but there is a liability for maintenance and repairs and the building is in reasonable condition.

Level 3: Low Priority:

These are properties that non-essential services are delivered from, buildings that have low footfalls and where a lack of maintenance would not significantly affect delivery of Council Services. This priority would also include properties where the council has a repairing liability and may not have budget streams for maintenance but where there are outstanding repairs that are not immediate requirements.

Level 4: Very Low Priority:

Assets that are substantial but are leased and managed under full repairing and insuring leases where there is minimal liability to the Council such as commercially let properties.