

STRATEGIC ASSET MANAGEMENT PLAN PART 3 – DELIVERING THE STRATEGY

North Somerset Council

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Introduction



Purpose of Document

Overall aim

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. It is a strategic framework setting the core principles for the future use and management of the Council's assets in order to enable the successful delivery of council services.

This document forms the third part of the Asset Management Strategy and provides the delivery plan / action plan for the immediate activities. The compilation of this strategy has identified key actions ranging from strategic management of the estate through to compiling critical property data and reviewing this information to determine the future of certain assets. This plan outlines these activities and sets timescales to ensure that the wider strategy can be delivered and provide real change to the council.

When combined with Part 1 – Strategic Context and Part 2 – Shaping the Future Estate, the report forms a complete Strategic Asset Management & Property Plan (SAMPP) and replaces the Corporate Asset Management Plan 2016-2021. All parts of the report should be read in conjunction with the Council's land and property rules.



Property Asset Management Framework

Property Management Governance

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.

“Strategic asset management for land and buildings ensures that property assets are optimally structured in the best corporate interest by aligning the asset base with the organisations goals and objectives” (Royal Institution of Chartered Surveyors – Public Sector Asset Management Guidelines)

Poor management of the estate leads to deterioration of assets and the health and safety issues that this brings and in the most extreme scenarios, can lead to impacts on the council's balance sheet and prosecution of the responsible officer.

Management Structure and Processes

The Strategic Asset Management Plan (SAMP) Part 3 sets out the structure for the delivery of the Council's Property Asset Management activities and the immediate Action Plan for the initial compilation of the wider Strategy:

A. Structure

The SAMP will be governed by the Asset and Property Board, which will develop out of the Asset Steering Group who have overseen the development of the SAMP. The Asset and Property Board will be led by the Director of Place and is supported by the Asset Management & Property Services Team. It will lead on strategic asset management of the Council's property portfolio and the development and implantation of the SAMP. A key output from this is to identify areas where financial efficiencies and rationalisation opportunities can be derived from the property portfolio.



Property Asset Management Framework

Management Structure and Processes

B. Roles and Responsibilities

The roles & responsibilities relating to the Asset Management processes are as follows:

The Council

Assets are a corporate resource and will be led within the Place Directorate on behalf of the organisation. Once the SAMP is approved and adopted by Full Council, the subsequent reporting on progress of the SAMP will be via the Executive Member, with reports taken as required by the constitution for decision. The council also has a scrutiny function, which will play an important role in the delivery of the SAMP.

Corporate Leadership Team (CLT)

The CLT provides oversight and direction to the SAMP to ensure management of the Council's assets is considered corporately. Service Directors are responsible for ensuring that the Strategy is embedded in Service and Resource Plans. Regular updates are provided to CLT on progress of the Plan and the delivery of Corporate priorities. The Director of Place has lead responsibility for overall strategic asset management at CLT, working closely with the Director of Corporate Services.

Property Asset Management Framework



Management Structure and Processes

B. Roles and Responsibilities

Corporate Asset and Property Board

The Corporate Asset and Property Board brings together key Service contacts with lead responsibility for the asset issues relating to their Service. The Group is responsible for the development and delivery of the SAMP and development of priority projects. Group members have a responsibility to embed the strategy in Service Plans and operational decision-making within each Service. The Group is chaired by the Director of Place who has responsibility to progress and report on the SAMP to the Corporate Leadership Team. This group will also have a direct link to the councils Health, Safety and Wellbeing Steering Group.

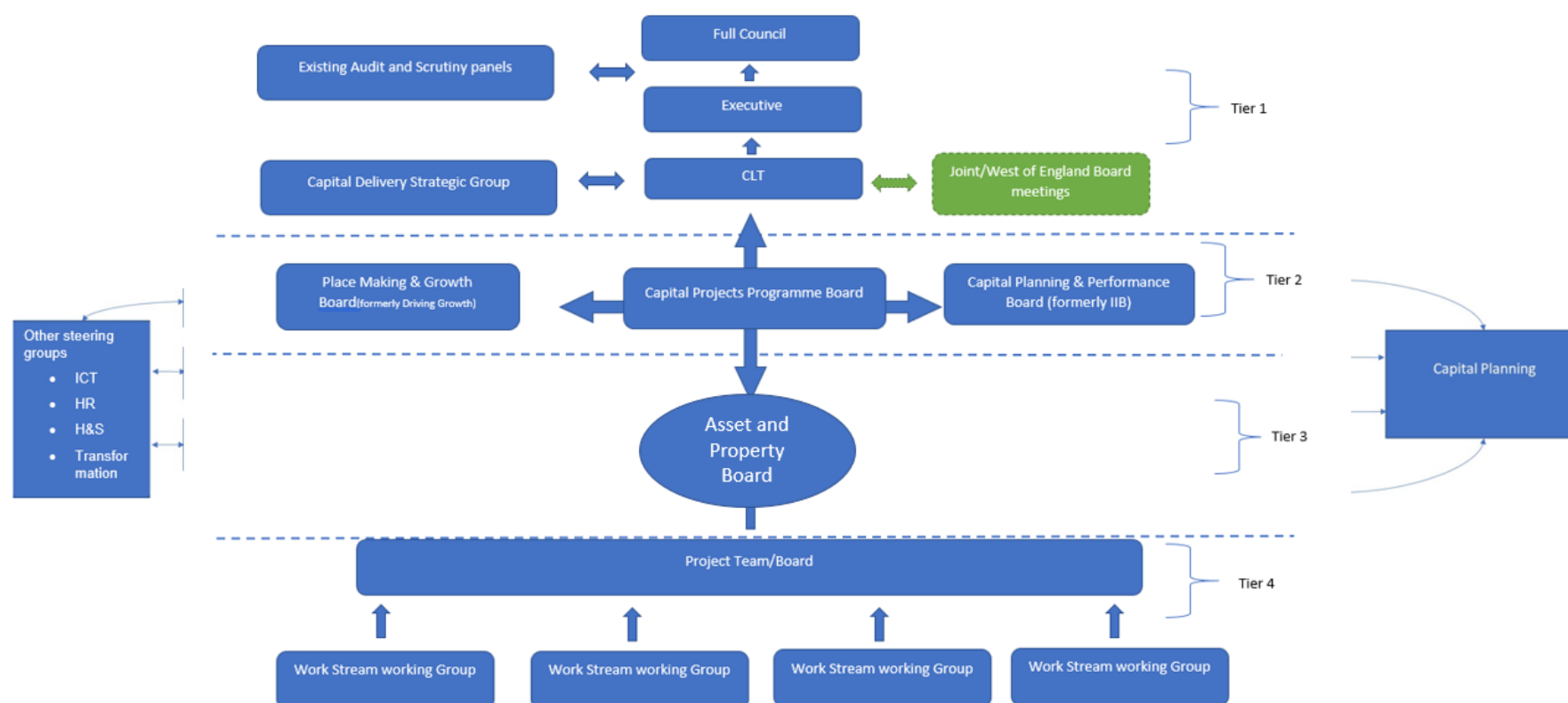
Service Responsibilities

It is the responsibility of each Service to support the management and maintenance of its property assets in compliance with the Council's strategy, to ensure these assets are fit for purpose and meet the relevant legislative and other standards for use. The performance of property assets will be reviewed on a regular basis by Service Management Teams and lead contacts are nominated for the council wide Property Group, with nominated representatives from this group attending the Asset Property Board. Services will promote asset management through:

- embedding asset management into Service Plans
- decision-making for operational service delivery
- adhering to corporate guidelines relating to capital investment,
- Premises Management
- carbon, and energy management planning and practice
- Health and Safety – Fire, Legionella, Asbestos, Gas and Electrical (FLAGE)

Property Asset Management Framework

Management Structure and Processes





Corporate Landlord Operating Model

Operating Model

The Council will adopt a Corporate Landlord Operating Model to support the management of its property assets. The Corporate landlord approach is an industry standard operating model that is generally adopted by large public and private sector organisations and effectively centralises the responsibility and accountability for property management and performance.

The Corporate Landlord approach is designed to enable a local authority landowner to utilise its assets to deliver better, more efficient services to communities:

- A. To unlock the value of property assets, seek efficiencies through joint arrangements with other public sector bodies and maximise private sector investment
- B. To support the delivery of the Councils key objectives and priorities
- C. To integrate thinking about property with financial, regeneration and other corporate considerations

Under a Corporate landlord approach the “ownership” of property assets and the responsibility and liability for its management, maintenance and funding is transferred from the service department to the Corporate Landlord, which is a centralised property team. Services are required to produce regular service plans that include property requirements to justify the ongoing property requirement and support any change requirements, thus ensuring that only the accommodation that is needed is provided. The Corporate Landlord will regularly audit and perform utilisation surveys to ensure that the property assets are sweated and fully used. Service departments become users, and their sole focus will be on service delivery.



Corporate Landlord Operating Model

Operating Model

The implementation of a Corporate Landlord approach to managing property assets will mean the consolidation of all staff that have a property related function and the transfer of all property related budgets. Service standards will be created, governance structures put into place and budgets will be managed and prioritised by activity and need. Strategic decision making will be joined up and future planned investment will be made in buildings that form part of the Councils long term plans through the implementation of a property categorisation strategy (Section xx of Part 2 of the SAMP).

A description and outline of each category is set out below.

Retain & Manage

Properties that have been categorised as Retain & Manage will be frontline service delivery buildings that are cost effective to run and well utilised. To support the medium to long term management of properties in this category a retention strategy will be developed that contains a detailed Planned and Preventative Maintenance programme and capital investment plan. The aim will be to preserve the value of the property asset, reduce reactive repairs and breakdowns as far as possible and ensure that running costs (including utilities) are minimised through an investment in quality and energy efficient plant and machinery. Where possible, renewable plant such as ground source heat pumps will replace fossil fuel using plant items such as Gas boilers. Properties in this category should also have 10-year capital plant replacement schedules developed.



Corporate Landlord Operating Model

Operating Model

Optimise & Adapt

Properties that have been assessed to be low performing against the Existing Performance Review criteria at Gateway 1 but have a good potential to (better) support service delivery or to generate a financial return for the Council are categorised as “Optimise & Adapt”. Properties in this category will be reviewed and where appropriate business cases developed to support capital investment for adaption to better support operational use or to generate a financial return. Property reviews can take place in a number of formats including: -

- Service Review Workshop – Understand how the building hinders service delivery, how improvements could support service delivery and / or generate service based financial efficiencies
- Feasibility Studies – understand scope for improving the building and or site including options for reconfiguration and extension
- Condition Survey and Energy Survey – assess scope for building plant and fabric upgrade to reduce running cost and reduce carbon
- Utilisation studies to identify building capacity and inform options to relocate or accommodate other operational requirements or produce opportunities for letting to other public bodies or private users

Dispose

Properties that have been assessed to be low performing against both the Existing Performance Review and the Potential Performance Review will be categorised “Disposal”. The disposal of properties will follow the Council’s disposal protocol. In most circumstances, the Council will instruct an appropriately qualified and experienced Chartered Surveying firm to produce a valuation of the property and to review alternative uses such as housing redevelopment and also other commercial uses.



Corporate Landlord Operating Model

Operating Model

Develop

Properties that have been assessed and categorised as “Develop” will be retained for up to 10 years as part of the long-term development pipeline. Initially, a medium-term plan will be developed for the site to protect its value and ensure that it remains fit for purpose and does not become a security or maintenance liability for the Council. If the Council is using the building to service delivery i.e. it is considered operational then an appropriate maintenance strategy should be developed to preserve the plant and fabric of the building and to ensure as far as possible that running costs are minimised. If the building is empty, or is leased to a third party then the Council should consider meanwhile uses and adopting a maintenance strategy that keeps running costs as low as possible but ensures that the building is fit for purpose, safe to use and is maintained in accordance with the lease terms.



Asset Management Software

Current Provision

At the present time the Property Services department do not have a single property asset management system to support service delivery across the operational and non-operational estate.

The Council holds property data and information in many different formats and systems from hard copy records, to spreadsheets, shared drives and the compliance management software. The devolved management structure for property that currently exists makes recording and sharing accurate information challenging with often multiple copies and versions of the same information held by different departments. In some cases, properties are controlled/managed by the services, who in the main, do not have the relevant qualifications. This could easily lead to failures, liability and prosecution issues and should be addressed as part of the future Property Strategy.

Record keeping and reporting for servicing and statutory maintenance checks is delivered through the standalone software application c365 and the Council GIS mapping system which has an added bolt on "Earthlight".

Capturing accurate property asset data appears to be an issue due to the multiple platforms and requires excessive resource time, which results in assets not being appropriately managed and opportunities being lost.

To support the capturing of accurate running costs, reduce duplication in record keeping and processing and to bring transparency of cost in use the Property & Asset Management team should undertake a review of all systems, software and procedures and if necessary, develop a business case for an improved management system, to support the management of the Council's estate. The use of Property Asset Management Software is considered good practice for all large organisations and will enable accurate information to be produced quickly and efficiently to support decision making and to produce property performance data as well as supporting medium to long term investment decisions.



Asset Management Software

Procurement of Single Asset Management System

A business case will be developed to support the procurement and implementation of a single asset management software system. The new system will be adopted corporately and will provide a single version of the truth, repository for all property related data, documents and information and will support the workflow for all property teams.

The Asset Management System is a key enabler to delivering the Asset Management Strategy and ensuring that officers have all the required information in one place and immediately accessible for key decision making to take place.

The Asset Management System will enable informed decision making to take place and the appropriate allocation of resources to deliver improvement. It will provide the following benefits:

- It will enable the replacement of existing standalone systems and support the management of data in an integrated modular fashion
- Improved workflow and standardisation of processes
- It will facilitate timely condition surveys, valuations, planned maintenance and other management regimes.
- It will prompt cyclic activities including rent reviews, maintenance, lease reversion etc. so that actions may be taken before they are overdue, or the Council is in default of its obligations.
- It will enable the collation of data including income streams, cost in use, cost of use, energy consumption, efficiency, suitability etc.
- It will provide data in support of effective asset planning of the Corporate Estate including acquisition, refurbishment, renewal and disposal.
- It will provide an audit trail and a means of continuous improvement of service.
- Smart working will be supported as the new system will be available on the cloud and accessed via the internet



Asset Management Software

Procurement of Single Asset Management System

Together these will result in:

- Fast and efficient extraction of Property & Asset information for reporting purposes
- New system will offer greater robustness and resilience for data management than existing systems
- Improved Corporate Asset Management (enabling metrics and outputs to be generated)
- Improved Maintenance Implementation (enabling metrics and outputs to be generated)
- Potential improvement of asset values resulting from improved planned and cyclic maintenance regimes.
- Better Corporate decision-making.
- Efficient delivery of all statutory returns
- Staff working in property teams will be able to do so in an efficient manner by accessing data from site, home or other secure locations and therefore there will be less reliance on corporate office space

Implementation of Single Asset Management Plan

If the business case is approved, it is planned that the procurement of a new software system will take place in Q1 2021-22 and the full implementation of the new software will commence in Q2 of 2021-22. The implementation process should take approximately 6 months, and therefore all property teams will be using the new software from by January 2022.



Action Plan

Priority Projects

As part of the implementation of the new Strategic Asset Management Plan 4 key priority projects have been identified. These projects will lay the foundation for the development of further projects that will drive financial efficiencies, improve the overall condition of the estate and generate capital receipts. Through the capture of reliable property data and understanding of lease terms evidence-based decisions and strategies can be developed. The target date for completion of the 4 key priority projects is 31st March 2022.

Review of Leased / Licenced buildings

A review of the entire leased estate will take place at the earliest opportunity. The priority will be to review the leased in estate, where the Council is a tenant. This is because the Council is liable for rental and service charge costs and therefore relocating from leased premises into freehold properties that the Council owns can reduce costs quickly.

The review should identify and schedule lease terms including the following:

- Lease length
- Rental Charge
- Service Charge costs
- Break dates
- Rent Review Dates
- Alienation clauses

By identifying the above the Council will be able to quickly identify properties where the lease could be terminated, and the service transferred to another building that is owned freehold by the Council.



Action Plan

Review of Leased / Licenced buildings

A review of the leased-out estate will be conducted concurrently, and a schedule of lease terms prepared to include the following:

- Lease length
- Rental Charge
- Service Charge provision
- Break dates
- Rent Review Dates
- Rent Review Terms
- Alienation clauses

Through a detailed analysis of the data that is collected opportunities will be identified to increase rental income, remove break clauses and extend leases to drive security and increase property values. The review will also identify opportunities to dispose of underperforming property assets that are not generating good return on investment or that could potentially prove to be a liability in the medium to long term due to deteriorating condition or changes in the location (road widening, relocation of major retailers or office users).

Establish and Review Running Costs

The Council's 20 most expensive buildings to run will be identified. This will include a data collection and analysis taking place that includes all running costs such as business rates, energy charges, maintenance costs and cleaning. A deep dive review will then be undertaken to identify opportunities to reduce these costs, including potential capital investment to maintenance charges and / or energy costs and changes to cleaning regimes or how the building is stacked / occupied to potentially release space for alternative use or letting.



Action Plan

Condition Survey Programme

A 4-year condition survey programme will be developed and will target 25% of the portfolio per annum. It is considered good practice by the RICS to conduct regular condition surveys of property assets. This enables early identification of issues, cost avoidance in treating fabric defects early and regular monitoring of major plant items to inform maintenance programmes and strategies.

The Condition Surveys will identify backlog maintenance of property assets to inform and develop a 5-10 year planned capital investment strategy. The condition surveys will also identify opportunities to contribute to carbon zero target by replacing M&E kit such as boilers with ground source heat pumps and the installation of energy efficient materials and plant such as solar panels

At the present time the Council does not have a corporate planned maintenance regime that is linked to a retention strategy or a defined condition survey programme. It is incredibly difficult to ascertain future repair and maintenance liabilities and there is no link between future liabilities, the Councils medium term financial strategy or future service demands. The use of revenue and capital funds is almost entirely reactive, and this often leads to an increase in costs and major repairs being undertaken to buildings that do not necessarily fit into the Councils medium- or long-term plans.

Alignment with Missing Strategies

The Strategic Asset Management Plan has been developed and informed by the current service-based strategies that are in place. There are a several strategies at draft stage or subject to review following the COVID-19 pandemic and therefore the SAMP itself will be subject to regular review and updating in response to the changing landscape. The SAMP will be reviewed by the Corporate Asset Steering Group at least annually and where appropriate will be updated and approval sought from Senior Officers and Members in accordance with the Council's governance arrangements.



Action Plan

Schools Estate

Upon review of the asset register with the services, it appears that there are some discrepancies in the school's estate. This therefore requires a furthermore in-depth review to determine:

1. Council run schools – these are what the council needs to retain and manage. Recent condition surveys have been undertaken for some (maybe all) of this estate and works need to be incorporated into Capital Programme
2. Academy Status – This data is for reference only. These schools are in the council freehold ownership, but the council has minimal liability
3. Other – There are other schools/areas of land where the schools are effectively privately run, with the council holding the freehold status only. These need to be reviewed as potential sale site to the schools or held for reference only.

Investment / Regeneration Estate

There are various sites that have been identified as Investment / Regeneration opportunities. These sites have not however been fully reviewed by the respective teams or necessarily form part of their plans. This again requires a detailed review of the full list alongside both the Regeneration Team and the Economic Growth Team to determine the future of these assets.



Delivery Programme

Delivery Programme

The delivery of the Asset Strategy will require a range of professional resources from both internal staff and external consultants. The programme is wide reaching and there are many interdependencies that will influence its successful delivery. There are risks both within the Council's control and not within the Council's control including both Brexit and COVID-19, however as these are known risks the Council is in a position to identify and implement mitigation measures.

A summary programme with indicative activities and dates is set out in the table below. The summary has been developed to support the implementation of the Corporate Landlord operating model, procurement of a new Asset Management system and delivery of the priority projects. The programme is indicative and in development and therefore should be treated as draft and subject to appropriate business case development and internal governance arrangements.



Delivery Programme

Delivery Programme

Project	Activities	Dates
Implement Property Governance	Implement governance structure to provide SRO from Corporate Leadership Team and oversight to delivery of Asset Strategy	April 2021
Review all leased properties	Collate schedule of properties, review leases and identify break dates / opportunities to terminate	April 2021 – July 2021
Investment / regeneration opportunities	Identify all sites that fall into investment and regeneration category and review each site with appropriate departments	April 2021 – July 2021
Establish and Review Running Costs	Create master operational property schedule, identify core expenditure items, liaise with finance to generate reports	April 2021 – July 2021
Asset Management Software	Develop business case, identify requirements, procure supplier and implement	April 2021 – January 2022
Corporate Landlord operating model	Identify resources, properties and staff that may be centralised, establish governance and target full transfer April 2022	July 2021 – April 2022
Condition Survey Programme	Draft specification, prioritise properties, align with Asset Management system requirements	July 2021 – March 2022



Delivery Programme

In priority order each project is briefly described below:

1. Implement Property Governance

A corporate asset and property board and working group should be established as soon as possible. This will provide the delivery of the property asset strategy with the visibility and senior officer support that is required to deliver change and financial efficiencies. The creation of a board will ensure that an SRO is appointed and that the deliverables are managed to time and budget and where appropriate and required intervention and support can be leveraged.

2. Review of all leased properties

A schedule of all leased buildings will be pulled together, and each lease read, and a summary of the keys terms entered into a spreadsheet in a pre-set format (so that it can be used for the Asset Management system later). The lease end date, break dates and any termination clauses should be identified and entered into the spreadsheet. As part of the exercise occupation information such as department in occupation, number of staff using the building and core use should also be recorded.

This project is a high priority as time is of the essence and if break opportunities are missed then the Council will miss the chance to forfeit the lease. Pulling together lease information and copies of leases should be relatively straightforward and an administrative exercise. Reviewing the leases is a task that could be delivered with existing service resources or outsourced to a specialist surveying firm.



Delivery Programme

3. Investment / regeneration opportunities

The group of sites that has already been identified as potentially for investment or regeneration will be reviewed again with the appropriate departments. Where appropriate the sites that are unlikely to generate income or support regeneration will be scored using the asset management process and if appropriate “marked” for disposal and the appropriate authority sought to commence sale.

4. Establish and Review Running Costs

The property team will identify what they believe are the most expensive buildings to run and occupy based on knowledge. The collection of running costs for these buildings will be collated with the assistance of the finance team and the running costs should include, rent and service charge (where applicable), utilities charges and business rates as well as maintenance costs where appropriate. It is understood that some of this work has already commenced and therefore populating data capture sheets. The project is a priority as it will be feed into the leased property review and also present potential opportunities where the Council can make immediate revenue savings from changing the way services are delivered or closing parts of buildings to reduce cleaning and maintenance costs.



Delivery Programme

5. Asset Management Software

A business case with costs and benefits should be drafted and a request for capital funding submitted. Once the business case has been developed a set of business and ICT requirements should be developed and prioritised using an established methodology such as MoSCoW. Once the requirements are identified a specification and pricing matrix will be developed and an appropriate procurement route selected to identify suppliers. There are existing frameworks in place such as G Cloud from the cabinet office, alternatively a traditional procurement could be undertaken using the Open or restricted procedure. This project has been identified as a priority as the timeline to deliver the project is likely to be 9-12 months and other priority projects are dependent on the delivery of this software to support data storage and holistic reporting of information. The market for software is well established and most of the software systems are available “out of the box” and require limited configuration.

6. Corporate Landlord Operating Model

The implementation of the Corporate Landlord Operating model will require Corporate Leadership Team buy in and senior officer support. The operating model will need to be established and bespoke to North Somerset governance arrangements, processes and procedures drafted and adopted. Establishing and implementing a Corporate Landlord Operating model takes time, and can be complicated to be implemented and whilst considered to be best practice it is unlikely to generate financial efficiencies on its own, but will enable the Council to better prioritise and target the resources it has and generate long term efficiencies and cost avoidance.



Delivery Programme

7. Condition Survey Programme

A specification and target list of priority properties will be developed by the Property services team. The condition survey programme should be run for up to 4 years and approximately 25% of the Council's stock will be surveyed for each year of the programme. There are established frameworks for the specialist firms that can be used to instruct the surveys and once the Council has identified its Asset Management system then the required survey template can be shared as part of the procurement. Static data on a property-by-property basis is of limited use and therefore once the Asset Management system is in place a more targeted approach to capital maintenance programmes can take place. The condition survey programme is a lower priority as the outputs will inform the medium-term capital programme and without the asset management software the data will need to be manipulated manually to produce a holistic view of each property running costs and backlog maintenance. Without the asset management software and a data collection template the condition information will also likely need to be further cleansed for data loading and therefore additional cost will be incurred.