

Pembrokeshire County Council

Strategic Asset Management Plan 2015/16 – 2019/20

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2. Foreword

- 2.1 Pembrokeshire County Council is committed to achieving excellence in the delivery of all of its activities, to ensure that the needs of Pembrokeshire residents are met. The 2015/16 Improvement Plan is the Council's main forward looking document and sets out the Council's objectives for the coming year. It sits within a hierarchy of plans, all of which play a significant role in the Council's service delivery arrangements. The Improvement Plan is structured around the six key outcomes highlighted within Pembrokeshire's Single Integrated Plan.
- 2.2 The Single Integrated Plan is a partnership plan that reflects the aims of public services as a whole for Pembrokeshire – it is an overarching plan designed to improve the quality of life for everyone in Pembrokeshire, and contains the shared vision: **To ensure that Pembrokeshire is prosperous and that it remains vibrant and special.**
- 2.3 The Council has limited resources in money, people, assets, systems and capacity and needs to make the most of these in delivering its vision and key outcomes. Greater value for money means greater outcomes that can be delivered.
- 2.4 The Strategic Asset Management Plan, which replaces the Corporate Land and Buildings Strategy 2013, is an essential element in enabling the Council to deliver its services effectively in an efficient and cost effective way.
- 2.5 The Medium Term Financial Plan and the Capital Strategy set out our resource plan to ensure that the overall vision, objectives and outcomes sought for the local community are deliverable within the resources that are available or likely to be available in the medium term (5 years).
- 2.6 The changing funding landscape will require the Council to re-direct resources away from lower priority areas and ensure that we live within our means. This is set against a backdrop of a challenging economic climate, constrained resources and increasing efficiency targets. This makes it even more essential that we have a well planned, realistic and transparent strategy that identifies where resources will come from and how they will be used.
- 2.7 We have a large asset base and we spend significant sums of money operating and maintaining it. The Strategic Asset Management Plan is designed to ensure that we unlock the opportunities from our assets, dispose of those that we don't need, minimise our running costs, and ensure that the assets we do keep are fit for purpose and used effectively in service delivery.

*Councillor Jamie Adams
Leader of the Council*

3. Strategic Context

3.1 The County Council's shared vision of ensuring that Pembrokeshire is prosperous and that it remains vibrant and special is aimed at improving the quality of life enjoyed by all within the County, now and in the future.

3.2 Pembrokeshire County Council's vision and Improvement Plan set out the overall direction, Council priorities/major projects and outcomes sought for service delivery and improvement. The Strategic Asset Management Plan (SAMP) needs to support and help enable the achievement of these.

3.3 Pembrokeshire County Council has structured its Improvement Plan around the six key outcomes included within the Single Integrated Plan, which are:

Children and Families: children, young people and families have the opportunity to fulfil their learning potential and to live healthy and happy lives.

Economy: Pembrokeshire has a competitive, productive and sustainable and diverse economy.

Environment: People in Pembrokeshire enjoy an attractive, sustainable and diverse environment.

Health: People in Pembrokeshire are healthier.

Safeguarding: Children and adults are safeguarded.

Safety: Communities in Pembrokeshire feel safe.

3.4 Annually, the Council sets Improvement Objectives which are focused on delivering longer term priorities for the Council. These Objectives which are adopted following public consultation, include:

Improvement Objective 1: **School Improvement**

Improvement Objective 2: **Vulnerable Children**

Improvement Objective 3: **Regeneration and Town Centres**

Improvement Objective 4: **Reconfiguring Adult Social Care Services**

Improvement Objective 5: **Tackling Poverty**

3.5 The key property outcomes from this are to:-

- Unlock the full opportunities and value from our asset base
- Identify and effectively dispose of surplus assets/improve rental income
- Ensure that the assets we keep are fit for purpose and enable effective service delivery
- Ensure that the assets we keep are cost effectively managed and operational costs are minimised
- Understand and monitor our costs and demonstrate that we are delivering value for money
- Optimisation of our assets

3.6 The SAMP, therefore, sets out our overall strategy for delivering these outcomes.

- 3.7 The Strategic Asset Management Group, is tasked with the overview and delivery of this strategy including the asset investment and rationalisation plans aimed at optimising the contribution of our property assets to our corporate objectives.
- 3.8 Accountability will be through Corporate Management Team to Cabinet, with specific reports to Overview and Scrutiny as appropriate.

4. Financial Context

- 4.1 In the current climate of decreasing public sector funding there is a need for the Council to develop a cost reduction/efficiency plan which achieves the reduction of revenue outgoings in line with reducing government funding. This is currently a continuous process with the cost reductions/efficiencies required for 2014/15 of £12.9 million having been achieved, and with cost reductions/efficiencies for 2015/16 of £12.3 million and estimated cost reductions/efficiencies thereafter for 2016/17 of £18.2 million and 2017/18 of at least £11.3 million being required.
- 4.2 At in excess of £15 million per annum, property is the third highest revenue cost after staff and commissioning and, as such, it is important to adopt a strategically planned approach to the rationalisation of property assets, thereby delivering not only revenue savings, but also capital receipts.
- 4.3 The strategic importance of property decisions within the overall financial context of the Council is reflected by the inclusion of a property representative on the Capital Strategy Programme Board.
- 4.4 Due to the anticipated 4.5% reductions in Welsh Government grant funding each year the Council will need to reduce the costs of its assets or use them to generate income in order to assist in achieving a balanced budget.
- 4.5 It is acknowledged that there will be a cost to the property realignment before any revenue savings or capital receipts are generated. Whilst there is no specific earmarked reserve for the property realignment, the “Property & Equipment”, “Initiative Fund” or “other” earmarked reserves could be used for this purpose.
- 4.6 The Council's current major capital investment, by far, is the 21st Century Schools Programme, a 50:50 investment by the Council and Welsh Government of £149.9M into replacing and improving the County's school buildings. Pembrokeshire County Council is committed to investing £75M of its own capital as match funding to Welsh Government grants, and most capital receipts generated from surplus property disposals are directed towards this programme for which drawdown of Welsh Government funding will be by March 2019.

5. The Property Portfolio

- 5.1 The Council's overall asset portfolio had a valuation of £800m, as at 31 March, 2015, based largely on depreciated replacement cost values and includes a wide range of assets including school, administrative buildings, infrastructure assets and vehicles. This valuation can be broken down as follows:-

Council House Assets	£280 million	(35.0%)
Other Land & Buildings	£378 million	(47.3%)
Infrastructure	£115 million	(14.4%)
Vehicles Plant and Equipment	£9 million	(1.1%)
Community Assets	£1 million	(0.2%)
Heritage Assets	£2 million	(0.2%)
Assets Under Construction	£5 million	(0.6%)
Surplus Assets	£6 million	(0.8%)
Investment Properties	£2 million	(0.3%)

- 5.2 Whilst this SAMP relates to the Council's land and buildings assets this does not include the Council's infrastructure assets, specifically highways, bridges, and coastal defences, which are covered by the Highway Asset Management Plan.

- 5.3 The building assets, and associated land, to which this Strategic Asset Management Plan relate include (note that this is not an exhaustive list of the Council's assets):-

County Primary Schools	40
Voluntary Controlled Primary Schools	12
Voluntary Aided Primary Schools	9
Primary Schools Under Construction	3
Secondary Schools	8
Special Schools	1
Other Educational Buildings	3
Community Learning Centres	4
Youth Centres	6
Family Centres	8
Homes/Hostels	6
Day/Activity/Community Centres	12
Administration Buildings & Offices	16
HRA Dwellings	4390
HRA Flats & Bedsits	1273
Industrial Units	153
Innovation Centre	1
Shops	44
Markets	4
Garages	1067
Gypsy Sites	5
Airport	1
Car Parks	104

Leisure Centre & Swimming Pools	10
Libraries	10
Museums	6
Tourist Information Centres	3
Civic Amenity Sites	6
Crematorium & Cemeteries	5
Depots	45
County Farms	40
Grazing Land	40
Harbours	2
Harbour Estate Property	34
Land & Buildings Leased to the Community	40
Public Conveniences	79
Allotments	19
Playing Fields	23

6. The Property Strategy

- 6.1 Strategic Property Asset Management is the process which aligns business and property asset strategies, ensuring the optimisation of an organisation's property assets in a way which best supports its key business goals and objectives.
- 6.2 A wide range of background information will be taken into consideration in arriving at the property asset management strategy including: the Council's Improvement Plan and Vision, the corporate goals and objectives, the financial strategy (Medium Term Financial Plan), customer interface, potential changes in Government policy including local Authority structures, changes in internal organisation and structure, changes in the external operating environment, strategy and actions of partners, the Council's vision for property, the suitability and alignment of the existing property portfolio, efficiency savings, relationship with other key resources, sustainability and environment, possibilities for co-location, impact of outsourcing/partnering/shared service provision, changes in headcount, impact of alternative work styles, regulation and standards.
- 6.3 This is an indication of the background information which might be gathered to understand the overall context and its impact on property assets. Clearly there is a question of priority and compromise in the collection of such data and property managers will focus attention on property assets where substantial change is likely to be required, or where significant benefits in terms of financial savings can be realised.
- 6.4 Two of the principal considerations are the Council's Vision and its Improvement Plan. The property objectives and property critical success factors are developed in line with and to support the Vision and Improvement Plan and are used to guide property decision making and performance measurement in the future. A property action plan can then be developed, as a vision for the Council's future property portfolio, that will enable the Council to meet its goals and objectives. Whilst this property vision may change over time, it provides a backdrop against which the current portfolio can be evaluated and assessed.
- 6.5 Detailed analysis will be required to confirm our proposals, although our current assumptions are:-
- Headquarters – functions located in Haverfordwest
 - Democratic functions located in County Hall
 - Major support functions and strategic services functions located primarily in Haverfordwest
 - Flexible working through open plan accommodation, analysis of works style leading to shared desk utilisation, touch-down office use, remote working and home working
 - Co-location of Council services within local service centres in Tier 1 towns
 - Extended use of other Council/public facilities, including schools where appropriate, in order to ensure a more intensive use of these assets
 - Rationalisation of the operational asset base to reflect the more intensive use of the retained assets, resulting in capital release and revenue savings/improved revenue income
 - Extended use of partnership working to improve utilisation of Council and partner organisation buildings

- Co-location of services provided by different public sector bodies
- 6.6 Our vision for the future assumes a reduced asset base that is more fit for purpose (including addressing of statutory compliance and health and safety issues), operating at a reduced revenue cost, and generating better value for money. Capital released will be deployed in relation to Council priorities.
- 6.7 Our aim for the future is an agile asset base that is responsive to changes in the Council's and Pembrokeshire's priorities.

7. Property Outcomes and Objectives

- 7.1 Achieving our core business drivers will have property implications – we cannot hope to realise our fundamental objectives without suitable accommodation and property to support the range of services that we provide. Furthermore, we are clear that we must not make any unwarranted assumptions about our asset base, and must continually review and challenge our portfolio to ensure that it assists our objectives in the most efficient way possible.
- 7.2 The definition of specific property outcomes and objectives derived from our business drivers is key to this process and provides a basis for measuring the performance of our property and for guiding all property related decisions in the future.
- 7.3 In 2002 Cabinet agreed a set of Corporate Property Objectives which had been developed to ensure the Authority's property portfolio met the principal standards. These property objectives have been updated and are set out below against the respective outcomes.
- 7.4 We have defined headline property outcomes, which are set out below. Each includes a number of integral objectives.

Outcome 1 – a lean portfolio

- To secure a lean, efficient, high-performing portfolio, which is driven by Pembrokeshire priorities
- To recognise that property ownership is not always essential to service delivery, to justify fully the continued ownership of all property no matter what its use and to release property immediately if its retention cannot be fully justified
- To retain and occupy only those properties which the Authority can afford to maintain
- To optimise efficient use of property by considering alternative and multiple uses to best utilise space and facilities
- To achieve a reduction in the size of the property portfolio in terms of built floor space

Outcome 2 – a service driven portfolio

- To provide cost effective and up to date property and accommodation to support the delivery of the Council's objectives and its services.
- To ensure that we have sufficient and suitable property, in good condition, to meet our service requirements
- To ensure that the definition of our property requirements is customer, rather than provider led and that all of our property is functional, fit for purpose and appropriately located.

- To improve access to Council property for all those wishing to use it and to use property to support the Council's objectives of improving its customer focus.

Outcome 3 – a sustainable portfolio

- To use our property in an environmentally sustainable manner. Whenever we construct new assets, or improve or extend existing assets, to embody sustainability and whole life principles in the design and construction.
- To ensure compliance with statutory carbon reduction and energy management requirements, whilst delivering energy savings.
- To ensure that our asset portfolio is financially sustainable, that total revenue costs of property are reduced, and that sterile capital is released from our portfolio to support our future investment programme.
- To achieve value for money and efficiency in every aspect of property running costs and procurement.
- To limit our exposure to financial, environmental or technical risk through efficient and effective risk profiling and management.

Outcome 4 – a safe, secure and productive portfolio

- To ensure that our property is of high quality, in good condition and compliant with all relevant statutory requirements and safety standards.
- To ensure that we provide a good environment for our staff which matches our requirements for effective work styles, and which supports our objective of high performance and encourages recruitment, retention and motivation.
- To optimise rental income, reduce rent arrears and reduce voids within the managed property portfolio
- To review disposal options for surplus property and deliver additional rental income where appropriate
- To maximise capital receipts where appropriate
- To contribute to economic development and the securing of jobs, attracting business and inward investment, facilitating regeneration initiatives and improving the environment.

Outcome 5 – a planned portfolio

- To anticipate future property needs of the Council (in the context of partnership working) by effective forward planning of property and accommodation requirements (because of the long lead in times needed for property change).

- To ensure that all of our core asset resources (property, IT, human resources and finance) work in harmony in an efficient and effective manner.
- To recognise the opportunities to lever benefits and share risk through strategic partnering with other public and private sector partners and through potential co-location of public service provision, and to recognise the potential for private sector provision.

8. Main components of the Strategy

8.1 Introduction

8.1.1 The aim of this section is to define the “direction of travel” for the Council, to ensure that we meet our objective for a planned portfolio. As this is an iterative process, building upon itself, it will include developing actions that will enable the Council to make the necessary property and accommodation decisions through to actions that will put those decisions into practice. It will be reviewed regularly to reflect service asset planning and also to reflect changes at the strategic/corporate level.

8.1.2 Regular reviews will also be required to ensure that this strategy has clear links with the Council’s corporate aims and strategic objectives and that it links with other service led strategies and policies.

8.1.3 The strategy is separated into a number of components each of which is considered in turn.

- Components
 - ❖ Council priorities/strategic projects
 - ❖ Strategic capacity and tools
 - ❖ Strategic property reviews
 - ❖ Service reviews and service property planning
 - ❖ Other property reviews
 - ❖ New ways of working and rationalisation
 - ❖ Disposals
 - ❖ Income generation
 - ❖ Hidden grants/subsidies
 - ❖ Management of property assets
 - ❖ Community asset transfer
 - ❖ Environment and sustainability
 - ❖ Regeneration
 - ❖ Housing
 - ❖ Maintenance and compliance
 - ❖ Partnership working

8.2 Council priorities/strategic projects

8.2.1 The five corporate Improvement Objectives set out in the Improvement Plan as its focus for 2015/16 are based on public consultation. These are linked with strategic corporate projects which will have an impact to varying degrees on strategic asset management and asset management planning. Taking each priority in turn:

8.2.2 A cornerstone of School Improvement is the 21st Century School Programme comprising the replacement and improvement of the County’s school buildings. This will have significant strategic asset implications with site assembly,

alternative use valuations, boundary and other site occupancy clarifications, negotiating leases, and maximising value from surplus sites.

- 8.2.3 The Vulnerable Children objective has significant links with the 21st Century Schools Programme, as above, but also includes other service areas, such as Youth Services. The strategic asset implications include supporting service asset planning, addressing property ownership matters, lease negotiations, and maximising value from surplus properties.
- 8.2.4 Regeneration and Town Centres have direct property implications. Property is a key enabler to regeneration, both in town centres and within the wider context of the County, and strategic asset implications, which will vary from scheme to scheme, can be significant. A regeneration scheme could be based entirely upon a single, or group of, Council property assets, or a Council asset might be an enabler for a larger scheme including third party land.
- 8.2.5 Under Reconfiguring Adult Social Care Services the Council is seeking to change how it provides such services to improve efficiency and sustainability. The strategic asset implications of this are likely to relate to service asset planning, lease negotiations, and the identification and potential disposal of any surplus property assets.
- 8.2.6 Tackling Poverty is an Objective which cuts across all Council services. The direct implications for strategic asset management are less clear cut, but are likely to, again, include service asset planning and general property advice and support.

8.3 Strategic capacity and tools

- 8.3.1 This element of the strategy is concerned with having the resources and processes in place for the implementation and ongoing review and refinement of the property strategy within a defined performance management framework. It embraces the organisation and structure of property service delivery, and our proposals for building capacity.
- 8.3.2 In line with revenue cost reduction/efficiency requirements, a rationalisation of the Property Division took place during 2014, resulting in the implementation of a new two team structure from 1st October, 2014. As part of this restructure it was recognised that, in order to deliver the necessary revenue cost reductions/efficiencies, the rationalisation of in-house staff would be to such a degree that other forms of capacity building would be required in order to ensure ongoing service delivery. Such capacity building includes the use of external agents to undertake property disposals, and the commissioning of consultants on a savings related basis to undertake rating appeals.
- 8.3.3 The restructure has also enabled a clearer picture to be developed in respect of the managed property estate and to identify the back log of rent reviews and lease renewals which are yet to be undertaken. An invest to save proposal will

be developed to appoint a temporary landlord & tenant surveyor (for a period of circa 12-18 months) to address this backlog with the costs being covered by the uplift in rents achieved.

8.3.4 Dedicated time is required to ensure that the Strategic Property Action and Investment Plan can be implemented and intensive activity (Strategic Asset Management Group meetings, meeting with Heads of Services and senior service managers to discuss service delivery requirements, service reviews and service asset planning, reviewing action and investment plans and instigating their implementation) is necessary during the next twelve months to enhance the data and tools at our disposal and to put in place an effective business process for the strategic management of our property. Importantly, the staff allocated to this activity should be free from more day to day activities to ensure that urgency (day to day property matters) does not overtake importance (developing and implementing the strategy). At present insufficient capacity exists for the strategic property planning.

8.3.5 Strategic property matters need to be co-ordinated corporately, therefore a Property Code of Practice is to be drafted, ensuring that all property issues are referred to the Property Division or actioned by suitably qualified and experienced officers.

8.4 Strategic property reviews

8.4.1 The “ground level” starting point for property asset planning is an understanding of the make-up of the present portfolio of property assets, their suitability for purpose, condition, cost of restoration for full repair, market value, flexibility of use, utilisation levels, user and customer satisfaction and remaining life. A simple, factual view of the property asset base is required with an assessment of its expected contribution to service delivery and an estimate of the efficiency and effectiveness of each constituent property asset.

8.4.2 Capturing all of the relevant background data requires too much capacity resource; instead attention will be focused on available data and upon property assets where substantial change is likely to be required.

8.4.3 Key elements to the property review process are:-

- What property do we have now and how well is it meeting its objectives
- What are the long-term needs for property
- How can these be achieved and funded

8.4.4 The key principles of the review process are:-

- To review assets and challenge whether they need to be retained
- Identify surplus assets and those that do not support core service objectives
- Investigate innovative methods of service delivery

- Pursue opportunities to share property with other local agencies where appropriate

8.4.5 The use of corporate office/administrative buildings requires investigation in order to ascertain how best to utilise these and what level of accommodation rationalisation can be delivered. The level of rationalisation will be enhanced by the adoption of flexible working practices and further work is required in this respect, which is now being undertaken by the recently formed Transformation Group.

8.5 Service reviews and service property reviews

8.5.1 Asset management can be defined as “optimising the utilisation of assets in terms of service benefits and financial returns”. Asset management planning helps to raise awareness of resources invested in property assets and to develop strategies and programmes to ensure these investments are deployed in the most effective way to meet the Council’s corporate and service objectives.

8.5.2 It is important, therefore, that services inform the asset management process so that property assets can be optimised in respect of service delivery. This requires a joint approach through service asset management planning alongside service reviews shaping service property reviews. Without the context of how or if a service is to be delivered in the future in light of service expectations, change in Government legislation, and other external (and internal, such as reducing revenue budgets) factors, the shape of service property requirement cannot be reviewed.

8.5.3 Service reviews are continuous, and a number of these have already led to specific proposals for rationalisation or investment into the relevant areas within the property portfolio. Any proposals emanating from service reviews need to be considered against the overall property strategy in order to ensure that they take account of the Council’s corporate aims and objectives, the corporate vision and the strategy for property.

8.5.4 Due to the need to move the property strategy forward as quickly as possible, it is likely that some aspects of the portfolio must be reviewed somewhat rapidly initially and at a high level. Detailed reviews will need to follow. Priority will clearly be given to those aspects of the portfolio which are likely to have the greatest impact on the overall strategy and lead to the greatest benefits for the Council and for Pembrokeshire.

8.6 Other property reviews

8.6.1 Alongside strategic and service property reviews sit three other forms of property review, each of which has its own merits and place when considering what type of review to undertake.

- 8.6.2 Area Property Reviews focus on all the Council owned property in a given geographical area and will often be undertaken in conjunction with one or more of the other property reviews. For example, if a service property review highlights a need to rationalise or relocate from a property in a particular town/village an area review will assist decision making by identifying other Council properties (and potentially those of partner organisations) nearby and opportunities for co-location or redevelopment.
- 8.6.3 Building Type Reviews focus upon a particular type of property, such as the County Farms or the industrial portfolio, and are undertaken particularly where thought is being given as to why the Council might be holding such a property portfolio. Such a review may give consideration to the social and economic benefits of that portfolio, helping to inform any future decisions.
- 8.6.4 Individual Property Reviews tend to be more opportunity led and arise when a property is to become vacant, even though other forms of property review may not have identified this as a potential opportunity. These tend to be more reactive.

8.7 New ways of working and rationalisation

- 8.7.1 New ways of working not only addresses how services might restructure the way in which service delivery is achieved, such as Youth Service focusing on hiring accommodation as and when required, rather than operating from a full-time Youth Centre building which is vacant for large periods of the day, but also addresses specific property related issues relating to the improvement of property use.
- 8.7.2 Poor utilisation of property assets is a common problem leading to the occupation of more accommodation than is, in reality, required. Reasons for this include the poor planning of floor layouts, the allocation of more floor space than is necessary for each work station, providing more workstations than staff, allocating one work station to every member of staff irrespective of work patterns, the partitioning of open plan space, storage of archived material within operational space, and the storage of items no longer required.
- 8.7.3 Such inefficient uses of accommodation need addressing on a corporate basis and a significant way of improving utilisation is the implementation of flexible working. This would include the adoption of an updated corporate space standard per work station, the use of open plan offices with better consideration of the planning of floor layouts, and a review of the occupation of work stations. The latter is particularly important as this would maximise the utilisation of the work stations and improve the utilisation of accommodation if shared utilisation (hot desking) was to be adopted along with homeworking and touchdown of this accommodation.
- 8.7.4 Flexible working already occurs to some degree, often in an unstructured ad hoc manner. In order to enable a more structured approach, an analysis of work

style across the Council is required, which will help inform the planning of better utilisation of the accommodation based on corporate office standards. For example, if a ratio of 3 staff to every 2 workstations was adopted, this would assist better utilisation of accommodation (but would not necessarily lead to a one third reduction in accommodation requirements). Any introduction of flexible working practices would have to be properly planned in order to ensure that it did result in the rationalisation of accommodation and ongoing reductions in revenue costs, rather than just reducing the number of people working out of individual buildings.

- 8.7.5 Flexible working is not solely a space planning issue, as it requires successful remote access via the ICT network, support of HR services in implementing any flexible working policy, and the commitment of the services to this way of working.
- 8.7.6 Some Council buildings are under utilised by virtue of the nature of the service and how it is delivered. Improving the utilisation of a building makes its future, and that of the service delivered, more sustainable. Opportunities for the co-location of another service (or services) within such buildings will be actively considered. An example of this relates to the Council's libraries where there is co-location with Tourist Information Centres in four, adult learning in two others, and a customer service centre in another.
- 8.7.7 It is vital, however, to ensure that co-location is of services where there is no conflict of use and, ideally, where there is some level of synergy. Co-location can be with internal Council 'partners' or, potentially, with 'external partners' from the public, private or third sectors, with the occupation by external parties being a potential source of revenue to the Council. Co-location can also include the Council delivering services or functions from an external partners building.
- 8.7.8 One of the principal reasons for making better use of Council property assets is to enable the rationalisation of assets which are no longer required, thereby releasing revenue savings and potentially creating capital receipts. Such rationalisation will often result in consideration being given to the relocation of outlying office functions into the centralised County Hall or Cherry Grove facilities, where space will have been created through new ways of working and where better economies of scale are likely to be achieved.
- 8.7.9 There will, however, be a tension in terms of spatial coverage between the better utilisation and rationalisation of buildings and how this might impact upon the economy within the location of the outlying office. For example, if a large office building was to re-locate from a smaller town to Haverfordwest resulting in, say, 40 staff relocating, the impact of the loss of the spending power of those staff to that smaller town should not be underestimated. That said, whilst this should form part of the decision making process, it should not prevent such rationalisation.

8.7.10 A Transformation Group, which includes representation from the property team, has been established to consider new ways of working and the proposals and potential policies emanating from that group will be used to help inform the evolving SAMP.

8.8 Disposals

8.8.1 Our programme of property reviews is anticipated to identify sites and buildings as surplus to requirement. These will include non-operational properties, particularly sites that are identified as having development potential, plus operational service properties that, via the rationalisation programme, are no longer seen as required for service delivery.

8.8.2 In order to ensure that we maximise capital receipts from such disposals, a value adding process is undertaken for any property highlighted as potentially being surplus to requirements. This entails considering the current value of the land or building as it exists and considering what the site might be worth for an alternative, more valuable use. We then review what would be needed to achieve the more valuable use (such as site clearance, ground condition reports, planning consent for development or change of use, etc) and the cost of achieving this. If the value added is considerably more than the original value and cost of achieving it, then the process is considered worthwhile and is entered into, taking into account any risk and capacity implications involved. If the original value and cost of adding value does not produce a significant uplift in potential capital receipt, then the site is likely to be disposed of as existing.

8.8.3 Our commitment is to release capital from the existing portfolio to allow the Council to re-invest this capital in order to achieve its objectives. That said, the state of the economy and general market conditions means that the value, or marketability, of a number of our surplus assets may be such that consideration will need to be given on a property by property basis as to the most appropriate time to bring the property to market. Any such decision will need to reflect a number of issues including whether there is an excess supply of such properties currently available, the cost of holding that property vacant (vacant buildings will generally cost more to hold than vacant land) and the maintenance/health and safety issues relating to some vacant buildings. Indeed it might be more appropriate for disposal to take place as soon as possible in some circumstances as any potential increases in value as market conditions improve may not outweigh the cost of holding the site medium to long term. In any event, such a judgement is difficult to take as no-one can accurately predict when values will increase and by how much.

8.9 Income generation

8.9.1 Historically, when property has been declared surplus, the Council's policy was to sell this in order to generate a capital receipt. This position is, however, changing in light of reducing government funding and the Council's ever increasing revenue budget constraints. Improving the revenue income is now

just as important as achieving capital receipts and, therefore, when property is declared surplus, consideration must now be given to its income earning potential rather than proceeding straight to a disposal.

8.9.2 An analysis has been undertaken of the Council's rented out property portfolio and it is apparent that there is a backlog of outstanding rent reviews and lease renewals, which need to be addressed.

8.9.3 As identified, improving revenue income from the Council's asset portfolio is now equally as important as achieving capital receipts. For this reason, and as a rule, the Council will not consider the sale of income producing property, even selling the freehold to sitting tenants, as the result of this would be a loss of rental income which would materially impact upon the Council's revenue budget. Exception sites would need a full appraisal and be subject to Cabinet's approval.

8.10 Hidden grants/subsidies

8.10.1 Historically, the Council has provided support to various community and third sector groups and sports associations by means of beneficial leases with reduced or subsidised rentals. It is apparent that the decisions relating to such beneficial rentals have been taken on an ad hoc basis, with little consistency of approach and often with little consideration by the relevant service area which might otherwise support such an organisation.

8.10.2 Such ad hoc and non-transparent hidden subsidies are inequitable, particularly to similar groups and organisations that do not occupy Council property and have to pay market rent for their occupation.

8.10.3 The Council, through property budgets, should not be providing such hidden subsidies and a review needs to be undertaken to identify where non-market rents are being paid and the matter be brought to the attention to the relevant service area that might support such a group/organisation in order that that service can determine whether it considers support should be given to that group and from which budget (such decisions may well be more widely considered than by the relevant service only).

8.10.4 This will then enable a market rent to be charged to that group/organisation (assuming the terms of any lease or other occupational agreement do not prevent this) thereby ensuring a consistency of approach and transparency in respect of property rents.

8.11 Management of property assets

8.11.1 The Property Division manages the Council's rented out property assets, including industrial estates, commercial and retail properties, the markets, the harbours, the airport, the County farms and additional land. It does not, however, manage the operational assets occupied by the Council for its own service delivery.

8.11.2 None of the office/administrative buildings or direct service delivery building are, therefore, managed by qualified surveyors. The corporate office and administrative buildings are managed through Central Administration, and other operational buildings tend to be managed by the service occupying that property through an on-site manager.

8.11.3 Recognised best practice is that an Authority's property portfolio should be centrally managed through a qualified property team in order to ensure a consistency of approach and a professionally informed approach. Indeed this was raised by the Wales Audit Office in the April 2015 inspection. It is, therefore, recommended that a review of how the Council manages its property assets is undertaken to establish whether a revised approach is necessary.

8.12 Community asset transfer (CAT)

8.12.1 Reference will be made later regarding partnership working, particularly with community groups, and this will become possible through working more closely with the third sector, potentially leading to more community engagement and commissioning of services. Part of the "infrastructure" potentially available to third sector organisations is community asset transfer, whereby the Council transfers an unused or under-utilised Council property asset to a third sector organisation for a variety of different social, community and public purposes enabling benefits to the community, the Council and the organisation taking occupation/ownership.

8.12.2 The Council does not yet have a community asset transfer policy, but has worked closely with the National Assets Working Group to develop a template for use by all Welsh Local Authorities and will draft its own policy to sit alongside this SAMP. One of the most important elements of community asset transfer is an understanding of the tension between the third sector organisation making a request for the transfer of assets and the financial pressures upon the Council to achieve both revenue savings and capital receipts from its disposal of assets. In the current financial climate, it is increasingly unlikely that the Council will agree to peppercorn rents or highly beneficial low cost lease arrangements, unless a significant financial benefit through service delivery can be proven.

8.12.3 Community asset transfer will clearly require significant expectation management and the policy to be drafted will need to complement the SAMP.

8.13 Environment and sustainability

8.13.1 Pembrokeshire County Council has committed itself to meeting European Union (EU), United Kingdom (UK) and Welsh Government (WG) carbon reduction targets. Within its area of devolved competence the authority is committed to meeting the requirements of the EU Energy Performance of Buildings Directive (energy efficiency, improved building energy use standards and energy certification), the Climate Change Act 2008 (sets binding targets to reduce CO2

emissions and introduced carbon emissions taxation schemes), The Energy Act 2008 (promotes energy efficiency and the uptake of low and zero carbon technologies), WG One Wales : One Planet (emissions reduction targets, well-being, sustainable culture, environment, society and economy), and the WG Well-being of Future Generations (Wales) Act 2015 (improving the social, economic, environmental and cultural well-being of Wales).

- 8.13.2 The Council has an Energy Strategy, a Sustainable Development Strategy and is a signatory to the Welsh Commitment to Address Climate Change. Within these documents the Council has recognised the opportunity to improve the energy and water efficiency of authority buildings, reduce costs and encourage low and zero carbon 'green' sources of energy.
- 8.13.3 In property terms these commitments mean the setting of high design standards for all new buildings (BREEAM excellent), the application of strict carbon emissions standards for new and refurbished buildings following the requirements in Building Regulations (Wales) Part L 'Conservation of fuel and power' 2014, utilising whole life costing principles, carrying out invest-to-save energy efficiency improvements and installing low and zero carbon/renewable energy generation systems. These measures lead to a decrease in energy and water consumption, reduction in carbon footprint, reduced running costs, increased health and wellbeing, lower levels of pollution, improved land use and ecology and minimisation of materials use and waste generation.
- 8.13.4 The authority recognises that the EU Energy Performance in Buildings Directive (EPBD) requires new developments to be nearly Zero Energy Buildings (nZEB) by December 2020. For the public sector this requirement comes in sooner by December 2018. Part L of the Building Regulations will be revised to set this stringent CO₂ emissions standard. An nZEB building will need to be circa 19% better in terms of its carbon performance than the minimum standard attained under 2014 Part L Wales.
- 8.13.5 In accordance with the EU EPBD the council annually prepares Display Energy Certificates (DEC's) for all qualifying corporate buildings along with energy improvement Advisory Reports. DEC's are based upon the actual energy used within a building and are used to drive improvement in the energy efficiency of council buildings year-on-year.
- 8.13.6 In compliance with the EU EPBD The authority commissions Energy Performance Certificates (EPC's) for buildings constructed, sold or leased. EPC's are a rating of the likely energy efficiency performance of an asset. Under EPC legislation Minimum Energy Performance Standards (MEPS) will come in to force, and from April 2018 all rented properties in the Council's managed portfolio with an F & G rating will need to be improved to at least E (or they cannot be rented).
- 8.13.7 The Carbon Reduction Commitment (CRC) was established in the Climate Change Act 2008 and commenced in 2010/11. It is a mandatory Government initiative under which carbon emissions from fuels used in corporate buildings are

assessed and if these are in excess of a set threshold the Council is obliged to pay carbon emissions taxation. This has a significant financial impact upon the Council which was a participant in Phase 1 of CRC from 2010/11 to 2013/14. Investment in energy efficiency measures meant that the Council was under the qualification threshold and exempt from Phase 2 running from 2014/15 to 2017/18. Phase 3 commences in 2018/19 and the Council will need to assess qualification based on year 2017/18. Changes to qualification criteria currently mean that the Council will be part of CRC again in Phase 3, for which there will be cost (carbon emissions taxation) implications.

8.13.8 The Council operates an energy invest-to-save fund. Where a payback (typically under 5 years) can be demonstrated the authority recognises that investment in energy efficiency measures make economic and environmental sense. Technologies that have been implemented include: boiler upgrades (including biomass), heating system & heating controls upgrades, 'smart' electricity meters, hot water pipe & valve insulation, ceiling insulation, rainwater harvesting, water boreholes, water volume/flow restriction, variable speed control to fans and pumps, swimming pool covers, LED lighting and lighting controls, photovoltaic (PV) panels, solar hot water panels and combined heating and power.

8.13.9 The Council recognises the likelihood that electric powered cars will become more commonplace as the car charging infrastructure increases across the UK and more grid electricity is produced from renewable generators. Infrastructure such as elec car charging has been installed at Council buildings and is installed in new buildings to help develop a charging infrastructure in the County. The Council is interested in expanding electric car charging points, especially in its car parks, as there is potential to support local businesses who can provide the infrastructure and potentially make Pembrokeshire an attractive place for electric car owners to visit (tourism and economic gains). There are obvious environmental benefits in encouraging electric car charging infrastructure.

8.14 Regeneration

8.14.1 The Council already contributes significantly, via its Regeneration Division, to regeneration across the County. In addition it is anticipated that the Council's own property portfolio will play a key role in leveraging the available opportunities, whether to assist our own investment or through strategic partnering with other public and private sector investors and service providers.

8.14.2 We recognise, however, that we must not consider our regeneration programme as an initiative in its own right, but as one of a suite of activities which are contributing to the achievement of our overall vision for Pembrokeshire. As such we must carefully categorise our property holdings, considering which aspects of the portfolio impact upon others and how we might best assist in the strategic regeneration vision for the County. In particular we must work closely with Planning colleagues, and other user groups to assist in the revision of the Local Development Plan in order to ensure the best possible strategic regeneration outcome.

8.14.3 Part of this strategic vision will be working with others to produce Master Plans for each of the main town centres, to help inform future development and encourage a more strategic approach to regeneration. Cabinet (April 2015) agreed that this should begin with a pilot project in Haverfordwest and the Property Team will provide relevant professional advice and support.

8.15 Housing

8.15.1 The Council remains a direct housing provider and retains housing stock which comprises a significant part of its asset portfolio, and the funding of this council housing is subject to the ring fencing of the Housing Revenue Account (HRA). The management of this section of the asset portfolio is the subject of a separate HRA Business Plan which sits alongside, rather than within, the SAMP.

8.15.2 A number of the key outcomes within the Pembrokeshire Single Integrated Plan contain actions relating to housing. In light of these, and the requirement within the Local Development Plan adopted in 2013 to deliver 5,700 new homes within the County by 2021 (in order to achieve this there is a provision for 7,300 new homes), the SAMP will need to give due consideration to the opportunities that exist for releasing land for housing purposes. It is anticipated that such release of land might generate significant capital receipts for reinvestment into the Council's key objectives. As such, proposals for land release for this purpose will need to be carefully assessed to ensure that the appropriate level of affordable housing is achieved, value for money is achieved, and that capacity issues in respect of utilities and infrastructure are also taken into consideration.

8.15.3 In respect of affordable housing the Council currently, and will continue to, work closely with local Registered Social Landlords in identifying Council land which may be suitable for release for this purpose.

8.16 Looking after our assets - maintenance and compliance

8.16.1 The condition of the Council's property assets should be assessed through a five year rolling programme of condition surveys, but not all properties are reviewed on this cyclical basis, with some surveys being updated when major works have been carried out and others where there is a specific strategic need such as schools. These surveys include all operational assets and non-operational assets where the Council has a retained repair and maintenance liability.

8.16.2 All works identified are rated by condition, grade and priority to give an overall condition grade for each property. As condition surveys are being undertaken, the estimated cost of remedial works is also calculated, and the sum of these works is known as the backlog of repairs.

8.16.3 The remedial works required also includes matters relating to health and safety and statutory compliance, such as the control of asbestos at work regulations and water hygiene (legionella). The Council owes a duty of care to its staff and to visitors in respect of all of its buildings in such respect.

8.16.4 There is a significant backlog of repairs across the Council's portfolio at the present time, estimated at £26.9 million pounds (£2.58m urgent, £8.54m required within 2 years, and £14.78m required in 3 to 5 years). The backlog of repairs will not be reduced solely through undertaking a repair and maintenance programme unless significant additional funding is made available or there is a reduction in the size of the portfolio. As budgets are limited and are unlikely to be increased in the foreseeable future, it is envisaged that the backlog of repairs will only be significantly reduced by:-

- i) The removal of properties from the Council's portfolio through rationalisation (with the repair and maintenance budget reduced accordingly), and
- ii) Where services make a significant capital investment into service delivery property, such as the 21st Century Schools Programme with new builds and major refurbishments.

8.17 Partnership working

8.17.1 Reference has already been made to community asset transfer and working with the community and third sector. This is likely to be an increasingly important area of partnership working for the Council, particularly where services may be commissioned from such organisations as a means of continued service delivery.

8.17.2 In addition to the voluntary and third sector, the Council will also work more closely with other statutory bodies such as the Health Service and the Police in order to understand where there may be joint working opportunities and property co-location opportunities.

8.17.3 Further opportunities of working with other public sector organisations need to be investigated in order to understand what opportunities may currently exist, or might be planned for, albeit this will require properly resourcing as it is a major piece of work.

8.17.4 As part of its efficiency agenda the Council will be investigating new methods of service delivery which may entail commissioning or working with the private sector and this could help identify or release further asset opportunities.

9. Performance and critical success factors

- 9.1 Critical success factors and associated performance indicators will need to be developed and refined as our strategic planning framework for property is further developed and enhanced. This will provide the foundation for a performance management system.
- 9.2 Fundamentally, however, our core objectives will be achieved if, within the next ten years, we have brought all of our retained operational property and office accommodation up to a standard that is suitable for its purpose, in good condition and is statutorily compliant from a building's health and safety perspective. Within this timescale our properties should also meet our policies on access, sustainability, environmental protection and enhancement, energy management and carbon savings, as well as working with our partners.
- 9.3 In addition, over the next five years, we intend to reduce the total revenue budget (in real terms) allocated to property through a reduction in the total floor space we use and own, through enhanced efficiency of operation (with an emphasis upon flexible working) and, if possible, through an increase in revenue from our income producing assets.
- 9.4 The reduction in the floor space occupied with its resultant revenue savings – the Property Rationalisation Programme – will take place over the next five years (or more) but, as the Council owns a finite number of properties, once the rationalisation has concluded and property efficiencies have been captured any further savings achievable are likely to be very limited. The critical success factors set out below will, therefore, be time limited.
- 9.5 Capital receipts must be released from our portfolio to, at minimum, meet the existing stated requirements within the 5 year medium term financial plan – namely £2 million per annum. This figure will need to be further reviewed as our investment strategy for assets is developed.
- 9.6 Looking forwards, some of the critical success factors against which the property strategy will be judged include:-
- A minimum £2 million per annum capital receipts target
 - £X,000 per annum revenue savings target through rationalisation
 - £25,000 per annum revenue uplift target through new lettings, rent reviews and lease renewals
 - Approval of the following property policies supporting the strategic asset management plan during 2015/16
 - ❖ Property code of practice
 - ❖ Community asset transfer
 - ❖ Property transactions
 - Delivery of regeneration disposals as follows:-
 - ❖ Narberth School – completion of sale contracts in 2015/16
 - ❖ Saundersfoot Harbour front – agree disposal and completion of contracts in 2015/16

- ❖ Fishguard School – agree disposal in 2015/16 and completion of contracts in 2016/17
- Approval of Haverfordwest Regeneration Masterplan

10. Appendices

- 10.1 SAMP Action Plan
An overview of the Council's property assets with the retain/review/
dispose position
- 10.2 Capital Receipts Programme
A "Forward Plan" for potential property disposals on a three year rolling basis
- 10.3 Property Code of Practice
A policy designed to ensure that the Council's property matters are dealt with by
suitably qualified and experienced officers
- 10.4 Property Transactions Policy and Procedures
Sets out the policy and operational arrangements for effectively managing
transactions affecting the Council's property portfolio
- 10.5 Policy for Occupation of Council Owned Property by Third Parties
Relates to the Council's rented out property estate and is designed to ensure a
consistent approach to the grant leases/occupational agreements
- 10.6 HRA Business Plan

