

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker	Cabinet
Date:	13 December 2022
Title:	Strategic Asset Management Plan 2023 to 2028
Report From:	Director of Culture, Communities and Business Services

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Purpose of this Report

1. The purpose of this report is to bring forward a new 5-year Strategic Asset Management Plan (SAMP) for the County Council's estate for approval by Cabinet.
2. This report sets out the context and drivers for the SAMP, its structure and the key themes that will provide direction to the management of the County Council's property assets through a set of strategic actions, with the SAMP itself provided at Appendix 1.

Recommendation

3. That Cabinet approves the Hampshire County Council Strategic Asset Management Plan 2023 to 2028 at Appendix 1.

Executive Summary

4. The SAMP is a key enabler of the County Council's corporate strategy to ensure that the County Council's large and diverse estate continues to meet corporate priorities and objectives.
5. The objective of the SAMP 2023 to 2028 is to provide a strategic framework for decision making based on a clear set of principles and mechanisms through which the future use of land and property assets will be considered, together with a high-level action plan to enable the effective management and re-shaping of the estate.

6. The vision and objectives identified in the SAMP reflect the role that land and property assets can play in achieving the strategic priorities of the County Council. This includes enabling and contributing to economic regeneration and growth in Hampshire, in line with the Hampshire 2050 strategy, as well as enabling the further transformation of County Council services and maximising the financial return from assets in the context of the significant financial challenges the County Council faces to 2025.

Contextual information

7. Hampshire County Council (HCC) owns a substantial property estate, held primarily for the delivery of frontline public services, but also more generally to support the County Council's corporate priorities.
8. The County Council's assets are diverse and include schools, day centres, libraries and museums, children's homes, residential and nursing care homes, waste recycling facilities, country parks, rural landholdings, and operational farms. The County Council also owns and occupies offices, workshops, depots and storage accommodation, leases other commercial property to businesses and rural holdings to farmers and has responsibility for a wide range of heritage assets including listed buildings and Scheduled Monuments.
9. While the estate continues to evolve to meet the County Council's needs, the following statistics provide an illustration of the scale of the County Council's estate in 2022:
 - 1,716 sites
 - 10,068 building units
 - 1,755,589 sqm total floor area
 - 8,790 hectares of land
 - £5.3m annual rental income
 - £3.2m annual rental outgoings
 - £3.5 billion total book value for land and building assets
 - c.£50m annual capital and revenue repair and maintenance budgets
10. The purpose of a strategic asset management plan is to align asset requirements and the management of the County Council's estate with organisational objectives and priorities. The County Council has published two previous SAMPs in 2011 and 2015 which captured, in some detail, asset strategy responses to specific corporate and operational service objectives and priorities.

11. Within the current context of financial and economic uncertainty, the impact of the pandemic and continuing fast pace of change, there is a greater benefit from a SAMP that seeks to establish a strategic framework for management of the estate and guiding principles for the development of specific asset strategies as and when required.

Progress against the current Strategic Asset Management Plan

12. The County Council's current SAMP identifies several service specific priorities to enable and support the transformation of the County Council's services. Good progress has been made on many of these, including the delivery of new and repurposed assets to address the needs of children in care, new school places, younger adults with disabilities, extra care housing for older adults and improved visitor facilities across our Country Parks.
13. The current SAMP also highlights the County Council's programme of strategic land development sites and a need for investment and acquisition to replace this land. Significant progress has been made on the promotion and development of a number of strategic sites and a £10m provisional capital allocation for strategic land purchase was identified in 2019. However there continue to be challenges to securing acquisition opportunities.
14. A number of broader corporate themes are identified in the current SAMP which remain relevant, including:
 - The potential benefits of a more centralised 'corporate landlord' model for the management of non-school assets. This approach has been successfully applied to the County Council's corporate office accommodation but not yet to other building portfolios within the County Council's estate.
 - The condition liabilities across the estate. This remains a significant challenge, due to the age of many assets and ongoing funding constraints.
 - The impacts of climate change as a growing priority. Positive steps have been taken to improve energy performance and reduce operational carbon emissions across the estate. However, the scale of adaptation required to achieve net zero by 2050 and increase the resilience of the built estate is significant.
 - The benefits of developing a more a co-ordinated asset management system. This continues to be a key priority to enable evidence-based decision making and drive efficiencies in the management and maintenance of the estate.

Strategic Asset Management Plan 2023 to 2028

15. In developing the SAMP for 2023 to 2028, the ambition is to create a high level post-pandemic vision for the County Council's estate that reflects strategic and operational corporate priorities and to establish a framework of principles for effective asset management and asset decisions relating to the investment, operation, maintenance, and disposal of assets.
16. The SAMP provides an umbrella for more detailed asset strategies, policies and procedures, which inform decision making and the ongoing management of individual assets and the wider the estate. The SAMP aligns with other County Council strategies including those for Economic Development, Commerciality and Climate Change.
17. The SAMP is intentionally high level and structured in four parts:
 - **Vision** – what the County Council wants the future to look like
 - **Principles** – what needs to inform decision making
 - **Objectives** – what the County Council aims to achieve over the period of the plan
 - **Actions** – the key actions the County Council will take.

Drivers for change

18. The development of the SAMP has considered a range of national, local and organisational drivers for change that impact on the County Council's own use of its estate and the wider potential of its assets. Key drivers for change include:
 - Changing demand for public services arising from demographic change
 - Changes to ways of working and service delivery arising from the Covid-19 pandemic
 - The County Council's current and forecast financial position
 - The local and national economic context
 - Advances in digital technology
 - The condition of the County Council's estate
 - Climate change
 - Emerging building and construction industry legislation, particularly following the Grenfell Tower fire.

19. The development of the SAMP has also considered the current asset management arrangements for the County Council's estate and examples of the opportunities and decisions arising from existing assets.

Key themes

20. Several key themes, which relate to wider corporate priorities, are reflected in the SAMP. These are set out below.
21. ***That our land and property assets are a corporate resource and asset management and decision making need to take account of corporate priorities alongside service priorities.*** This recognises that decisions based solely on the needs of the service or department occupying an asset may not achieve the best outcomes for the County Council as a whole and that better decision making is enabled through a joined up approach.
22. ***A desire to explore commercial opportunities from assets, including through acquisition, with a change in the organisational risk appetite and an agile approach, to achieve commercial advantage.*** While it is recognised that assets do not provide a solution to the County Council's financial position, there is an opportunity to proactively consider a range of commercial opportunities to realise a financial return from assets in addition to existing commercial arrangements such as third party leases, wayleaves, and commercial warehousing.
23. ***A desire to use assets to stimulate and support economic regeneration and growth and contribute to the shaping of Hampshire as a place, through enabling cultural, commercial and employment opportunities as well as housing development.*** Through its strategic land programme the County Council has a good record of enabling development to meet the demand for new housing in Hampshire. It is recognised that there are broader opportunities to support, enable and contribute to economic regeneration and growth through the County Council's assets, particularly in our town centres.
24. ***Recognition of the need to rationalise the operational estate to reduce costs and liabilities and realise a financial return from the disposal of surplus assets.*** Rationalisation of the office estate continued through the Covid pandemic, primarily through the release of leased buildings. With new ways of working now established, there are opportunities to further streamline the estate through a reduction in office accommodation and co-location of customer facing services in shared buildings. This will not only provide savings in operational costs but also reduce future liabilities arising from inflation, condition and climate change.

25. ***That the competing demands and pressures on our assets require a robust but balanced approach to business case development that enables evaluation of social, financial and economic value.*** A structured business case approach facilitates evidence based identification and evaluation of a range of impacts and benefits, providing a sound basis for decision making and risk management in an often complex context.
26. ***Providing early visibility and engagement on emerging asset opportunities and decisions, so that these can be shaped with the Corporate Management Team (CMT) and Cabinet.*** A collaborative and iterative approach to shaping asset strategies creates space for wider input and constructive challenge with collective ownership of the outcomes and any associated risks.
27. ***The use of external, private sector agents and consultants, alongside internal expertise, to test, challenge and validate asset proposals.*** Building on existing consultancy arrangements, this approach will help ensure that all options are explored, supported by appropriate market data and evidence.
28. ***The need for an improved understanding of the condition liability across the estate and a risk-based approach to prioritising limited funding to meet health and safety, statutory compliance and critical business continuity needs.*** The County Council operates an effective regime of condition and risk based maintenance that targets the highest priorities across the estate. Establishing a more holistic understanding of condition liability will inform future investment planning and operational asset management.
29. ***The importance of good asset data and systems to support an evidence based approach to decision making and to inform and optimise management and maintenance of the estate.*** The continued development of a consolidated asset management system is essential to providing high quality asset intelligence that improves the understanding of the County Council's estate.

Implementing the SAMP

30. SAMP 2023 to 2028 identifies strategic actions that will contribute towards achieving the vision. Many of these actions build on activities that are already in train. However the new SAMP also represents a change to the County Council's current approach to managing its estate, with an increased focus on evidence based decision making aligned to corporate priorities. This change will require both cultural and process shift, as well as a change in the pace and scale of some existing programmes of work, to realise the desired outcomes.

31. The following priority activities have been identified against the strategic actions in the SAMP:

- Establishing appropriate corporate governance for asset related programmes and decisions.
- Undertaking a review of the current HCC model of managing assets to determine whether there are benefits to a more centralised approach (Corporate Landlord Model).
- Establishing a strategy for the rationalisation of the Winchester office estate and creating the capacity to extend the rationalisation programme across the area offices and community facing buildings.
- Working with economic development colleagues and partners, within the context of the Hampshire 2050 strategy and local regeneration and growth partnerships, to identify and develop further opportunities for HCC assets to play a role in place shaping, economic growth and regeneration in Hampshire.
- Exploring the commercial opportunities that could be realised from existing assets.
- Developing and testing a balanced business case approach and broad range of commercial delivery models by bringing forward existing surplus asset and discreet development opportunities for early discussion.
- Developing portfolio level asset strategies to address the asset needs arising from changes to operational service models.

Finance

32. The SAMP 2023 to 2028 provides a framework for the effective management of the County Council's estate, which is delivered through existing resources. As such, there are no direct financial implications from the approval of the SAMP.

33. The Action Plan contained in the SAMP sets out the high level actions required to deliver the SAMP. Where additional resources or investment is required to deliver these actions and associated outcomes, or in relation to a specific asset decision or programme of work, a business case will be developed for consideration by the County Council at the appropriate time.

Consultation and Equalities

34. In developing the SAMP for 2023 to 2028, consultation has been carried out with CMT and Cabinet Members. Through this consultation, the opportunity to

use County Council assets to realise positive social and economic benefits for the place and people of Hampshire, in line with the Hampshire 2050 strategy, has been identified as a key priority for the County Council and is reflected in the SAMP.

35. The SAMP provides a framework for management and decision making of the County Council's estate rather than determining the specific actions to be taken for individual assets or building portfolios. Where relevant, wider consultation and specific equality impact assessments will be undertaken in relation to particular projects, programmes and decisions, as these are brought forward.

Climate Change Impact Assessment

36. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience impacts of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.
37. The carbon mitigation tool and climate change adaptation tools employed by the County Council were considered and deemed not applicable on this occasion because the decision relates to a strategic plan rather than a specific asset decision, project or programme of work. A climate change strategy for the built estate has been developed and forms part of the wider portfolio of strategies and policies that come under the umbrella of the SAMP and inform asset decisions and the ongoing management of the County Council's estate.

Conclusions

38. It is important that the County Council has a clear strategy framework within which it manages its land and building assets effectively, in support of corporate priorities.
39. The SAMP for the period 2023 to 2028 provides a vision, principles, objectives and action plan that reflect the County Council's strategic and operational priorities in relation to its assets.
40. The adoption and implementation of the new SAMP will provide the basis for a coherent approach to the ongoing adaptation, management and rationalisation of the estate to meet the operational needs of the County Council and deliver a financial return from assets. The SAMP will also support

the County Council's ambition to use its assets to contribute to the shaping of Hampshire as a place and support economic regeneration and growth, in line with the Hampshire 2050 strategy.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

Hampshire maintains strong and sustainable economic growth and prosperity:	yes
People in Hampshire live safe, healthy and independent lives:	yes
People in Hampshire enjoy a rich and diverse environment:	yes
People in Hampshire enjoy being part of strong, inclusive communities:	yes

Section 100 D - Local Government Act 1972 - background documents	
<p>The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)</p>	
<u>Document</u>	<u>Location</u>
None	

EQUALITIES IMPACT ASSESSMENT:

1. Equality Duty

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant protected characteristic that are connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic that are different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

2. Equalities Impact Assessment:

No equality impacts have been identified arising from this report as it does not identify specific actions to be taken for individual assets or building portfolios.

Hampshire County Council

Strategic Asset Management Plan

2023 to 2028

Introduction

The County Council owns and operates a large and complex land and property estate, comprising 1,716 sites, 10,068 building units, 1,755,589 sqm total floor area and 8,790 hectares of land with a total asset value of £2.8 billion.

Most of the County Council's estate is used for operational purposes, enabling the delivery of public services to the people of Hampshire. The County Council also has several strategic landholdings and a small portfolio of commercial assets which provide a financial return to the organisation.

The continued pressure on local government finances, together with other factors including climate change, new legislation, technological advances, demographic changes and new ways of working arising from the Covid-19 pandemic, are influencing how we deliver services and how we use our assets to support and enable this.

Our assets also play an important role in shaping Hampshire as a place, with further opportunities to contribute to its economic regeneration and growth, aligned to the Hampshire 2050 strategy.

This strategic asset management plan (SAMP), which covers a 5-year period from 2023 to 2028, provides a strategic framework for the management of the County Council's estate. Through a clear vision, principles, objectives and action plan, the SAMP provides the basis for a coherent approach to ensuring that our land and assets continue to respond and contribute to meeting the County Council's strategic and operational objectives and priorities.

Vision *(what we want the future to look like):*

- Property is planned and managed as a **corporate resource** for the people of Hampshire.
- We **operate and maintain property** effectively, efficiently, and sustainably.
- The size of **the estate is reduced** to fit what we need.
- Optimal **financial return and commercial opportunities** from the rationalisation and disposal of surplus land and buildings is achieved.
- Our land and buildings are used to **stimulate development and economic growth** in line with the Economic Strategy.
- **Collaborative working**, both across the authority and with partners, is promoted to provide benefit for service delivery whilst securing efficiencies and value for money.

Principles *(what needs to inform our decision making):*

- **Early engagement** and shaping of opportunities with Members.
- Set out a **clear plan and vision** to drive change.
- Ensure the **strategy is sufficiently flexible** to take account of future drivers of change.
- Use our asset base in the best way to **support economic regeneration and growth**.
- **Clear identification** of the property that is required to meet corporate and operational objectives, policies, plans and strategies.
- Achieve a **balanced approach**, considering the competing demands and pressures on our assets, when considering asset retention, investment, disposal or acquisition.
- Achieve **commercial advantage** in a competitive market.
- Ensure that, to meet service objectives and community needs, we have **the right assets** in the right location, in good condition and efficiently managed.

Objectives *(what we aim to achieve):*

- **Establish a corporate framework** for the management of all our property assets and have a robust governance structure in place providing direction and transparency of the management of the County Council's estate.
- Further **develop the corporate landlord** model to ensure a strategic approach in respect of the County Council's land and property assets to enable the portfolio to be managed as a whole, rather than considering assets in isolation.
- **Support longer term regeneration and growth** by preparing business cases for retaining, acquiring, or disposing of assets ensuring best consideration is achieved and, where relevant, community and social value is taken into consideration.
- **Take an evidence-based approach**, provide accurate data for informed decision-making, invest in up-to-date property information, benchmarking and analytics.
- **Rationalise our operational estate**, achieving reduction through co-location, new ways of working and maintenance optimisation.

Action Plan *(what we will do):***Invest**

- Develop strong sustainable business case models for alternative / additional asset uses.
- Acquire assets with strong commercial development opportunity and exploit for financial return, where supported by a robust business case.
- Develop operational facilities to meet public infrastructure demands.
- Create future strategic development opportunities through strategic planning.

Maintain

- Further develop the asset management system to inform and optimise maintenance planning, prioritisation, and lifecycle cost plans.
- Prioritise maintenance for high operational risk property to be retained for the longer term.
- Review effectiveness of maintenance delivery.

Operate

- Further develop the corporate landlord model for the operational management of assets.
- Challenge occupation and utilisation of assets linked to new ways of working.
- Seek external funding to reduce carbon emissions and energy costs.

Dispose

- Promote appropriate land assets as strategic development sites.
- Identify and dispose of strategic sites where multiple benefits can be achieved.
- Rationalise and reduce the overall size of the County Council's built estate, starting with office accommodation.