

DRAFT

West Sussex Asset Management Policy and Strategy

2022/23 to 2025/26

Introduction

West Sussex County Council provides services to more than 850,000 residents every day and we have pledged to adapt how we deliver our services, responding to changing demands and needs and working more effectively, in order to ensure the best outcome for our residents, businesses and communities.

Our Council Plan 2021-2025 sets out the priorities for the County Council over the next four years and the outcomes we want to achieve for people who live and work in West Sussex.

The plan focuses on four priorities, all of which are underpinned by a cross-cutting theme of tackling climate change:

1. Keeping people safe from vulnerable situations.
2. A sustainable and prosperous economy.
3. Helping people and communities to fulfil their potential.
4. Making the best use of resources

Running throughout this plan is a theme of making the best use of the resources at our disposal. When deciding how to deploy our resources, or working with partners to deliver our collective ambitions, we will use the priorities expressed in Our Council Plan to inform our decisions, using data and information that is available on our residents' needs to deliver the right things efficiently. The County Council, like our partners, is committed to achieving best value for residents. This means we continually strive to work better, be more efficient and get the best from what we have in order to manage ever increasing demand.

The 2022 updated Asset Policy and Strategy supports all parts of Our Council Plan 2021-2025, in particular the objective to *Make the Best use of our Resources*, with a target to rationalise the estate and reduce the operational square meterage by 5% year on year.

Our Council Plan sets out that we will maximise the use of our assets by looking creatively at how we might use those assets to deliver our services in the most efficient way, including supporting economic growth where possible. Any surplus assets, for which we have no further use, will be disposed of. For retained assets, our target is to reduce our overall energy consumption in order to meet our ambition of being a net carbon zero organisation by 2030.

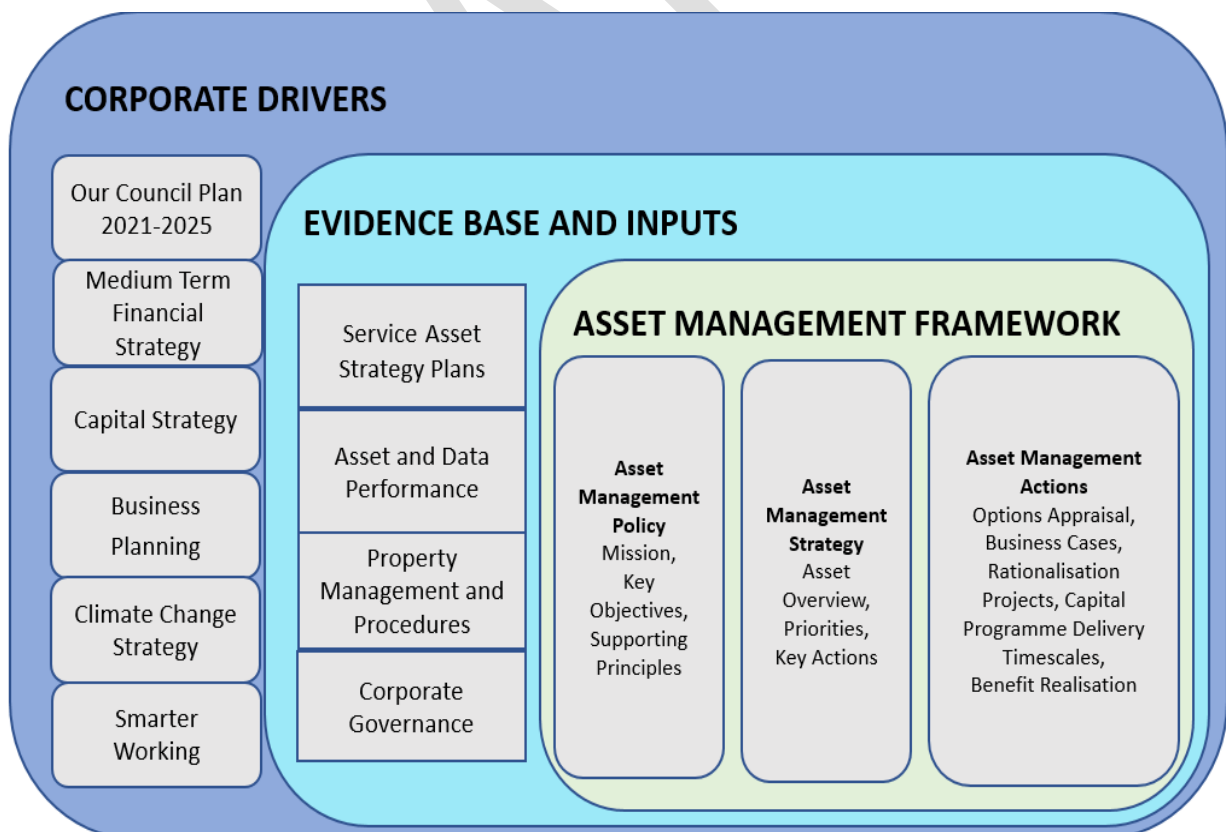
The County has over 980 assets, including 5,500 acres of land with a book value of over £1.6bn. How we invest in, deploy and manage these assets must be attuned to the Council Plan priorities and support the delivery of our services.

The County Council approved the current Asset Management Policy and Asset Management Strategy in 2018. Since this date the Property and Assets (P&A) Directorate has been working to deliver this plan. However, since the 2018 Asset Management Policy and Strategy was agreed there have been some major changes that have influenced how the County Council manages its assets; some unforeseen, like the impact of the Covid-19 pandemic and some well-known, like the urgent need to respond to climate change. This revised Policy and Strategy reflects on the achievements to date and sets out proposals for the next three years, from 2022/23 to 2025/26, and beyond.

The new Asset Management Policy and Strategy sits within the Asset Management Framework which comprises three separate elements as follows:

- An Asset Management Policy
- An Asset Management Strategy
- Asset Management Actions

The Framework exists within the context of our corporate drivers and uses other inputs and enablers to support its delivery:



Asset Management Policy

This Asset Management Policy establishes some clear objectives and principles by which we will manage our land and buildings (excluding highways). Although the Strategy covers 2022/23 – 2025/26 it will be reviewed regularly, to ensure it is still relevant to what we are trying to achieve and to allow coordination with emerging corporate initiatives.

Our Mission

Our Mission is to deliver 'Our Council Plan 2021-2025' ensuring assets are used efficiently and sustainably to provide suitable accommodation in appropriate locations to enable the County Council to deliver services, generate revenues and support communities, while contributing to the council's corporate ambition to be carbon neutral by 2030.

Our Objectives

To support the key strands of our mission we have set out five new policy objectives below. These describe the Council's commitment to property asset management and provides a commitment to achieving the benefits that can be delivered through effective use of the portfolio.

- 1. To plan and manage property as a corporate resource for the benefit of the people of West Sussex in line with 'Our Council Plan 2021-2025', providing the right property, fit for purpose, in the right place, to meet service asset management plans and plan for the future with a focus on supporting Smarter Working and delivering asset rationalisation.**
- 2. To manage, maintain, acquire and dispose of surplus property effectively, efficiently and sustainably, together with optimising financial return.**
- 3. To promote joint working with partners where it will provide benefit for service delivery and in securing efficiencies.**
- 4. To ensure an options appraisal of all potentially surplus assets giving due consideration to a range of options including social, community or environmental use, particularly where this could complement the Council's ambitions relating to climate change where it is viable.**
- 5. To ensure both new and existing assets contribute to the corporate ambition of becoming carbon neutral by 2030.**

Delivering the Objectives

To deliver these objectives there are certain principles that we need to adopt in our stewardship of our land and buildings. It is also accepted that there will be occasions where some of these principles may appear to be in conflict. The key challenge for the Council is ensuring that we maintain an appropriate balance between all these principles as decisions around land and buildings are taken.

Objective 1 - To plan and manage property as a corporate resource for the benefit of the people of West Sussex in line with 'Our Council Plan 2021-2025', providing the right property, fit for purpose, in the right place, to meet Service Asset Management Plans and plan for the future with a focus on delivering Smarter Working and asset rationalisation.

1. We have clear corporate decision making and challenge on all property matters which adheres to the Corporate Landlord protocols.
2. Property budgets are managed corporately to prioritise key investment needs.
3. We will ensure effective balance between corporate and service priorities.
4. We will work to establish and maintain a full data set for our assets across the county ensuring it is accurate, current, and comprehensive.
5. Capital Projects will be managed efficiently and effectively and prioritised to support the Council's Strategic goals.

Objective 2 - To manage, maintain, acquire and dispose of surplus property effectively, efficiently and sustainably, together with optimising financial return.

1. We will work to ensure that property is suitable and sufficient for service delivery.
2. We will work to ensure that property is flexible and is planned to respond to future need.
3. We will work to ensure that property is secure, safe to use and fulfilling statutory requirements.
4. We will work with our service areas to understand their longer-term requirements in order to plan for the future.
5. We will work with community organisations and partners to optimise the use of assets where most beneficial.
6. We will ensure property is managed with probity, using the Corporate Landlord governance protocols, and maintained within budget constraints.
7. We will challenge the use of assets where appropriate.
8. We will seek efficiencies in occupancy and utilisation and continue to promote co-location and integration.
9. We will monitor and challenge the cost of property activities to highlight opportunities for performance improvement.
10. We will seek to optimise financial return and commercial opportunities.
11. We will ensure that property is as sustainable as possible in design, construction, operation and maintenance.
12. We will reduce energy and water consumption, CO² emissions and use renewable energy where appropriate.

Objective 3 - To promote joint working with partners where it will provide benefit for service delivery and in securing efficiencies

1. We will work with other agencies and partners to seek and promote co-location and joint service delivery.
2. We will support the One Public Estate programme.
3. We will work to support the integration of health and social care.
4. We will work in partnership with our district and borough councils on 'Growth Deals' that promote priority projects to bring local improvements for services, residents, businesses, and visitors.

Objective 4 - To ensure an options appraisal of all potentially surplus assets giving due consideration to a range of options including social, community or environmental use, particularly where this could complement the Council's ambitions relating to climate change where it is viable.

1. We will carry out an options appraisal before declaring a property surplus first considering all due diligence, legal and financial constraints.
2. Local Members will be advised before a property is declared surplus.
3. All proposals need to be financially viable, sustainable and supported by a strong business case.
4. If appropriate we will follow the Community Asset Transfer process, ensuring any organisation taking over an asset has the competency, capability and capacity to do so with a financed business plan.

Objective 5 - To ensure both new and existing assets contribute to the corporate ambition of becoming carbon neutral by 2030

1. We will take the lead by making positive changes to our own assets, operations and contracts
2. We will take a holistic approach to decarbonisation of assets, all in-flight projects (RIBA 0-3) are to have Heat Decarbonisation Plans (HDP) developed and all future feasibility studies will have a HDP
3. Where possible we will look to invest additional capital, above and beyond normal capital maintenance, to future proof our assets to meet the climate change challenges.

Asset Management Strategy

This Asset Management Strategy provides an overview of our land and property estate together with our main priorities for managing and developing that estate over the next twenty years. The Strategy will be reviewed and updated periodically to ensure our estate fully supports the council's goals and contributes to the achievement of the policy objectives for property asset management.

Our Land and Buildings

The Council's property portfolio (excluding our highway network) consists of over 1,300 plots of land totalling in excess of 5,500 acres, 11,700 individual titles registered with the Land Registry and over 980 establishments included within these plots. The CIPFA book valuation of the establishments (insurance re-build value) is in the order of £1.6 billion. This demonstrates what a considerable resource our buildings and land are, and why we need to carefully manage them.

If we do not manage them appropriately there is significant potential to waste public money in keeping buildings that are not fit for use or unnecessary. Equally, each asset has a value and if they are no longer required we might be able to sell them to unlock that value and use the money elsewhere. From time to time, we may also need to invest in new assets, to ensure we provide services fit for the future and to maximise any benefits for the people of West Sussex.

Assets are fundamental to the efficient and effective operation of Council services – providing accommodation for staff, making services accessible to the local community, generating income and enabling development and service contributions by third parties. Financial and other pressures on the council's resources require all services to be flexible, innovative and entrepreneurial. Services must also continue to transform, in order to develop operating models that are both agile and able to respond to the changing context and customer's needs. Our portfolio and individual assets will also need to adapt to support the council as it moves forward. Keeping our Asset Management Strategy updated, which is informed by service planning, will help ensure that decisions are timely and plans are transparent.

There are a wide range of assets within our current portfolio. For example, there are offices, day centres, libraries, fire stations, care homes, depots, schools and assets leased to community organisations. We have a very small portfolio of residential accommodation, mainly made up of staff housing for caretakers and some historic secure tenancies. The council has a large agricultural estate and a countryside estate. The reason for holding these assets will vary and as a result we may need to measure their performance in different ways. Performance of each asset therefore must be linked to the strategic purpose for holding it.

Some of our assets deliver front line services, others are used for indirect service provision or in supporting local communities. Some assets are held in order to retain market leverage or to influence development and place making. The Council also has a significant agricultural estate as the County is rural in nature. This is typically managed for income generation and future leverage as developments on adjacent land come forward. We don't just own assets for the sake of it, they need to have a purpose and we need to be actively reviewing and challenging this purpose.

New Asset Database - In 2021 a new asset database was procured to replace the Atrium system which was life expired and due to be unsupported from 22/23. After a procurement and selection process Concerto was chosen and the first phase of delivery went live on 1st April 2022.

Joint Venture (JV) - In March 2021, following a competitive tendering process, the County Council set up a JV Partnership to maximise the return to the council by developing some of its surplus land. The partnership contract, which is for up to thirty years, is on a 50:50 joint venture basis with Lovell Partnerships Limited, a subsidiary of the Morgan Sindall Group plc. The principle of the Joint Venture is that the County Council will provide the land and our partner will provide up to the equivalent value in development costs. The net 'profit', after all costs have been deducted, is then split equally between both partners.

Asset Condition Survey - A Full Asset Condition Survey has been commissioned to capture the true condition of our properties and highlight anticipated costs for each of them to recover and maintain them in a safe and sustainable condition.

Taking into account these drivers it is proposed to now focus on the following key areas for the next four years,- 2022 to 2025.

- 1. Agreement on assets essential to support Service Asset Management Plans and smarter working initiatives, leading to opportunities for estate rationalisation. The focus will be on the larger corporate office hubs which have the potential to deliver the greatest benefits.**
- 2. Projects to address climate change, sustainability and reduction in carbon emissions, including opportunities to maximise the value of the natural capital in the estate (*natural capital is the stock of natural resources including geology, soils, air, water and living organisms such as trees and crops etc*)**
- 3. Making the most of the new Asset Management Database functionality to support processes and decision making.**

Objective 1

To plan and manage property as a corporate resource for the benefit of the people of West Sussex in line with 'Our Council Plan 2021-2025', providing the right property, fit for purpose, in the right place, to meet service asset management plans and plan for the future with a focus on delivering Smarter Working and asset rationalisation.

Priority action 1.1: Property will be managed through the Corporate Landlord approach, ensuring an effective balance is maintained between priorities, use of budgets and governance

The concept of a Corporate Landlord (CLL) approach is that the ownership of an asset and the responsibility for its management and maintenance is transferred from service areas into the corporate centre. The service area therefore becomes a corporate tenant and their priority is to plan and deliver their service to the best of their ability. The CLL function is to ensure all services are adequately accommodated and to maintain and manage the land and property assets.

The CLL responsibility extends further to the acquisition, development and disposal of land and property. The CLL is responsible for asset planning, feasibility and options appraisal, taking into account the needs of all service areas, but most importantly, making decisions based on overall corporate priorities.

Priority action 1.2: We will continue to work with our services to understand their longer term requirements

By working with services to identify their asset requirements for service delivery over the long term (up to 20 years if possible) assets held can be matched with that need in a way that is deliverable in the optimum timeframe and at an optimal cost.

This requires services to consider, not just the best current practice in their service area, but also their future practice needs as well. This will enable them to seek opportunities to improve outcomes and save money, by reducing the future demand for assets where possible. With some services this is more straightforward, such as highways depots, but with others it is complex and sensitive, such as social care. Consideration of future demographics, target operating models, gap analysis of provision, pipeline projects and opportunities and a range of options that could meet future demand will all help define future asset requirements.

We also need to keep under review the changing corporate and financial context in which we develop our asset strategy, not only on major programmes of work or initiatives where our assets may play a fundamental role, but also areas such as the One Public Estate programme.

We have developed protocols, roles and responsibilities for completing and reviewing service plans annually and developed processes for linking and representing the Asset Strategy arrangements to major programmes of work and corporate initiatives.

Priority action 1.3: Smarter Working

Plans for how the County Council will deliver Smarter Working will undoubtedly have a major impact on the Asset Policy and Strategy. Smarter Working will lead to the reorganisation of the property portfolio and any surplus assets will be disposed of in accordance with the established Council Strategy. It is anticipated the plans for Smarter Working will emerge during the summer of 2022, the outcomes of which will be incorporated into this strategy.

Objective 2

To manage, maintain, acquire and dispose of surplus property effectively, efficiently and sustainably, together with optimising financial return.

Priority action 2.1: We will ensure property is managed with probity and within budget constraints

It is vitally important that the Corporate Landlord looks after and is accountable for our assets. Our strategy is to ensure that our maintenance resources are prioritised to appropriate buildings where the money is needed most. We identify these priorities by conducting a targeted programme of condition surveys which aims to understand life cycle need over a 25 year period and by cross referencing this with the future plans for buildings within the Area Based Asset Action Plans. Decisions will be made in good time to be able to plan and combine work packages rather than simply reacting to emergencies as they crop up.

Our four key aims for robust Building Maintenance are:

1. To ensure our buildings are safe and secure;
2. To allocate funding to projects that will achieve the maximum positive impact;
3. To achieve an efficient balance between planned and reactive maintenance work;
4. To maximise efficiencies in the way we procure building maintenance work.

The strategy is to move from a strategy of 'fix on fail' to properly funded planned maintenance of the estate. This will be achieved by suspending investment for all except the most pressing reactive health and safety issues at properties that have not been identified for long term retention in Service Asset Strategies.

We will ensure early release of properties identified as no longer required by services and ensure there is a co-ordinated approach to planned revenue and capital maintenance at properties identified for rationalisation.

We will ensure all opportunities for service property change and improvement works and any planned maintenance also exploit carbon reduction opportunities.

Priority action 2.2: We will seek efficiencies in occupancy and utilisation and challenge the use of assets which may be appropriate for disposal.

Our aim is to ensure that the buildings we retain are well looked after and fully utilised so that we receive the maximum return on our investment. Co-location opportunities are promoted for this benefit and for the benefit of:

- Efficiencies from scale, reducing our costs;
- Services working together, focused around service users;
- Shared experience/knowledge and practises; and,
- Re-enforcing corporate ownership of assets.

Where co-location and rationalisation of space allows us to close a building, we must ensure that the appropriate decisions are made about that building through the options appraisal process in **Objective 4**.

Disposal plans must be implemented as soon as the decision to vacate a building is made, in order to ensure that the building is not at risk of long-term unoccupancy. If, for some reason, it is to be held vacant for either future use or disposal, the appropriate vacant property procedures must be implemented to reduce the costs and risks over the vacant period.

Priority action 2.3: We will maximise the use of the new Asset Database functionality to support processes and decision making

The first phase delivery of the Concerto database was implemented in April 2022.

The first phase included :-

- transfer of all core data over from the previous Atrium system to Concerto
- launch of a new platform for the Facilities Management Help Desk.
- Net Capacity calculations for Schools
- Decommissioning of the Atrium System

Further phases will include introduction of the case management system, and crucially integration with new corporate SmartCore system. The new system is much more user friendly and intuitive and will provide ready access to property data for many teams across the council.

Data generated by the Asset Condition Survey will be captured on Concerto and complement already known life cycle cost forecasts, in order to inform the costs of retaining particular buildings and prioritisation of properties for repairs or potential release.

Ensuring the new Concerto database is fully connected into the SmartCore system to maximise functionality and support the management of the council's asset base will be very important. The teams delivering both SmartCore and

Concerto are working together to ensure that the benefits of the systems are achieved

Objective 3

To promote joint working with partners where it will provide benefit for service delivery and in securing efficiencies.

Priority action 3.1: We will work with other agencies and partners to seek and promote co-location and joint service delivery

Initiatives such as the One Public Estate Programme and local Growth Deals seek to build trust and capacity to secure an effective and lasting partnership that delivers mutually beneficial outcomes.

We will continue to work to bring a more structured approach to the asset management function, clearly identifying lead contacts and opportunities for developing collaborative programmes.

We will promote and facilitate the co-location of services and partners during appropriate asset planning activities, principally as part of future modelling of services. We will work in partnership with district and borough councils on Growth Deals, aligned to this strategy, to identify priority projects to bring local improvements for residents, businesses and visitors that:

- are delivered as part of a partnership approach between the public and private sector;
- promote local economic growth, including new homes and new jobs;
- attract and bring together investment;
- provide a clear set of formal working principles for how we will work together.

Objective 4

To ensure an options appraisal of all potentially surplus assets giving due consideration to a range of options including social, community or environmental use, particularly where this could complement the Council's ambitions relating to climate change where it is viable.

Priority Action 4.1: We will adopt a new updated options appraisal process.

The process of options appraisal has been reviewed. Following due diligence on the legal and financial constraints of each property or piece of land, where appropriate a range of options will be considered. Options could include identifying an alternative service use, disposal, letting out, environmental use, social or community use.

The outcome of the option appraisal will be signed off by the Assistant Director of Property and Assets and a timescale for implementation agreed. In order to ensure that the Local Member has prior notice of a property being declared

surplus to requirements, by way of a Key Decision, they will be advised of that impending decision before it is taken. The Local Member will be further advised before a property is disposed of where this requires a Key Decision. The benefits of the option will be measured and accounted for.

Objective 5

To ensure both new and existing assets contribute to the corporate ambition of becoming carbon neutral by 2030

In April 2019 the County Council made a commitment that the Council would work to achieve net carbon zero status by 2030. The target is monitored in the Corporate KPIs.

It is recognised that the estate, including the school estate, will need extensive work involving a large capital resource to achieve a net carbon zero position by 2030. It is therefore likely that carbon off-setting will be required.

Priority action 5.1: We will invest in initiatives to contribute to a reduction in emissions.

Initiatives to contribute to this ambition include investing in works above and beyond normal capital maintenance to future proof our assets to meet the climate change challenges.

We will also investigate opportunities for carbon offsetting within the County Council estate, including carbon sequestration projects and nature recovery to maximise the value of natural capital.

Priority action 5.2: We will adopt a holistic approach to the decarbonisation of assets

The Capital and Asset Board took a decision in December 2021 to adopt a more holistic approach to the decarbonisation of assets, in so much as all in-flight projects (RIBA 0-3) are to have Heat Decarbonisation Plans (HDP) developed and all Feasibility Studies should include an HDP.

Priority action 5.3: We will use our influence to encourage reduction in carbon emissions on assets owned by the Council but not in our direct control.

Most of the current carbon emissions from the County Council for which we have reliable data, are from the Property Estate and most of this is known to be from the schools that subscribe to the County Council's energy provision Service level agreement (SLA). The Council does not have direct control over how schools manage their utility costs, however the Council has a role in influencing behaviour and encouraging investment in greener technologies. The majority of the initial Climate Change carbon reduction projects have been across the school estate.

Our Delivery

To deliver our key objectives and our asset priorities we need to be certain of the resources that can be deployed and of the governance in which our programmes will operate.

Due to many services going through change, there are a lack of consistent overarching strategies for each service from which to derive the Service Asset Management Plans. This has presented challenges in understanding the medium to long-term requirement for assets that each service require and has led to a tendency to drive forward short-term reactive solutions. Action is underway to continue to work with each service to align the service strategy on a longer-term basis, in order to understand their future requirements, which will obviously have implications for asset use going forward.

There is a concern that the full condition of assets is not known, with focus primarily being on repairing, as and when assets fail. A full Asset Condition Survey has been commissioned now the new Asset management System (Concerto) has gone live.

Resources

There will be consequential revenue savings through the rationalisation of assets once services vacate and deliver up vacant possession. Savings or cost avoidance can be achieved in rent payments, business rates, utilities and day to day running costs.

There will be opportunities for consequential capital receipts through the rationalisation of assets.

The Capital Programme will support delivery of the Asset Strategy. Capital requirements to adapt properties to reduce carbon emissions will be required and individual business cases will be brought forward as necessary. The Business Case template has been updated to support this and a Heat Decarbonisation Plan for the existing building will be undertaken at Feasibility Stage. This will give a clear breakdown of the works required – and the cost - to reduce carbon emissions and improve energy efficiency

Carbon reduction technologies invariably have higher through life operating costs although some of these costs should be offset by reduced energy bills.

Access to Property Running Costs - With the migration of finance data to Oracle SmartCore it is vital that running costs can be widely accessed and reported on against assets in order to make effective strategic decisions and improvements in line with the latest legal legislation, e.g. Building Safety Bill

Pressure on resources over past years has created a backlog of works and a cumulative dilapidation of properties. As the estate is rationalised and properties are released by services for disposal, it is hoped to re-invest and move to more planned, rather than reactive maintenance. To avoid wasted

investment, only properties explicitly identified for long term retention within Service Asset Strategies are being prioritised for maintenance.

Governance

Since 2018 the asset management strategy and the capital investment programme have been overseen by robust governance arrangements.

The Capital Assets Board is established with membership including the Cabinet Portfolio Holder for Finance and Property, Director of Place, Assistant Director of Property and Assets, Director of Finance and Support Services and Chaired by the Director of Law and Assurance.

The capital programme each year is informed by initial or strategic-level business cases showing the purpose of a scheme and its value. This enables officers to develop detailed business cases and seek member approval for projects. Approval is sought for changes needed in response to developments, either service-related or due to external factors, and to deal with month-by-month financial adjustments – costs increasing or decreasing, other funding sources becoming available or changes to the scope or timeframe of a scheme.

Co-ordination and decision making relating to asset management is made at the right level and stakeholders across the authority understand their own roles within the overall structure. There is greater consistency in the way asset decisions are made and recognition of corporate control of assets. Fundamental to this are the Corporate Landlord Operations Group (CLOG) and the Capital Assets Board (CAB) and their roles are key to strategic coordination in order to demonstrate that property is a corporate resource. The Asset Policy and Strategy is overseen by the Cabinet Member for Finance and Property.

The Capital Programme is monitored as part of the Performance and Resources Report developed to support and monitor delivery of Our Council Plan. Oversight of performance management is part of the core business of the Executive Leadership Team and the Cabinet and quarterly reports are presented to the Cabinet and to scrutiny committees.