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RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

CABINET

21st NOVEMBER 2018

CORPORATE ASSET MANAGEMENT PLAN 2018-2023

REPORT OF GROUP DIRECTOR, CORPORATE AND FRONTLINE SERVICES

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1. PURPOSE OF THE REPORT

- 1.1 To consider the draft Corporate Asset Management Plan for Property Assets 2018-2023 (CAMP).
- 1.2 This plan sets out the strategic direction and policy framework for the plan period.
- 1.3 The CAMP also defines the links with other key strategic documents including the Financial strategy and the Corporate Plan.

2. RECOMMENDATIONS

- 2.1 Cabinet accepts and adopts the CAMP for 2018-2023 attached to this reports.
- 2.2 Cabinet receives periodic update reports on progress of the key themes within the strategic framework of the CAMP.
- 2.3 The amendments to the policy for considering requests to transfer assets from the Council set out at Appendix 3 of the CAMP be adopted
- 2.4 The Water Management Strategy set out at Appendix 6 of the CAMP be adopted as policy.

3. REASONS FOR RECOMMENDATIONS

3.1 To note the key themes within the strategic framework of the CAMP.

4. BACKGROUND

4.1 Rhondda Cynon Taf County Borough Council holds a substantial land and property portfolio that comprises significant land holdings. The portfolio was valued at approximately £576M as at 31st March 2018.

4.2. The Council's land and property portfolio comprises a significant capital commitment by the Council with major implications for service delivery, environmental management and potential economic regeneration. It therefore requires active management if it is to contribute positively to the financial and operational objectives of Rhondda Cynon Taf County Borough Council.

4.3 Various Government, Audit and professional bodies have provided guidance on good practice in the process of Strategic Asset Management. The draft CAMP accompanying this report has regard to the guidance but is produced in style and format to suit the needs of Rhondda Cynon Taf.

4.4 The draft CAMP for 2018 – 2023 is included for consideration at Appendix A.

5. THE CORPORATE ASSET MANAGEMENT PLAN

5.1 Background and context

5.1.1 There are a range of issues within the wider economy that place particular pressures on the Council at this time. The general economic downturn over the past few years has impacted directly on the CAMP by its affect on property values and the level of property activity.

5.1.2 The CAMP is one of the key strategic documents of the Council and should be read alongside the Medium Term Financial Plan and the corporate priorities of the Corporate Plan. Where appropriate the CAMP notes the link between these key strategic documents. The work streams contained within the CAMP need to be kept under review over the plan period to ensure it reflects and is co-ordinated with the developing Corporate priorities.

5.1.3 The CAMP contains a number of key work streams and whilst all the work streams are important there are two key objectives that should be delivered to improve the portfolio:

- i) To improve operational and financial performance of the Corporate office accommodation by reducing the overall size of the portfolio
- ii) To rationalise the Council's property portfolio

5.1.4 In 2016 the Welsh Audit Office Review of the Council's Strategic Approach to Asset Management made one recommendation for Improvement that the Council should develop mechanisms for reporting a comprehensive picture of the management of its assets to senior managers and elected members to enable ongoing oversight and to inform decision making. In response to the recommendation the CAMP update is to be reported to Cabinet bi annually.

5.1.5 The AMP provides a co-ordinated strategic approach to the management of property assets and provides a framework to deliver benefits to the Council. For the benefits to be realised, however, it will be necessary for Elected Members, service managers and estates officers to commit fully to the process.

5.2 Links to the Corporate Financial Strategy

5.2.1 One of the most difficult challenges facing the Council is the lack of financial resources. The Council's property portfolio represents a capital commitment of around £576M. Although not all assets are "saleable", property assets comprise a significant "opportunity cost" at a time when capital is required to support Corporate objectives.

5.2.2 Over recent years the Capital strategy has been built with explicit links to the CAMP through an active Asset Disposal Programme. There has been a modest recovery in the property market supported by improved availability of finance, specifically in the property sector.

5.2.3 It is critical that the processes developed to identify surplus and underused assets are managed actively and capital released for reinvestment in policy priorities. These processes will be reflected in the Corporate Capital Strategy and the CAMP.

5.2.4 Managing and owning property assets also has significant revenue costs which should be minimised as far as possible to release finance for front line service delivery. The CAMP highlights the need to reduce costs and sets out various workstreams to achieve this.

5.3 Property Assets and Service Delivery

5.3.1 The Council does not own and manage property as a core activity. It does however have significant property holdings deployed to assist with service delivery. For service standards to be optimised and costs reduced to the minimum level the level, nature, extent, location and suitability of operational property should be kept under review and challenged. Prospective improvements in assets to enhance service delivery should be kept under review. This is achieved through the production of annual Service Asset Management Plans (SAMPs) and the Corporate Asset Management Working Group. The process for the production of the SAMPs has been improved through the introduction of an electronic proforma and annual consultation with stakeholders.

5.3.2 Current financial pressure may limit the speed at which options available to develop and change the portfolio may be introduced. Over time however, ensuring the operational portfolio better reflects service need will improve service delivery and reduce operating costs.

5.4 Rationalisation of the portfolio

5.4.1 As a consequence of the restructuring of services, a significant number of operational premises have been declared surplus. In order for the Council to

maximise opportunity to reduce revenue expenditure these assets should be removed from the portfolio as quickly as possible.

- 5.4.2 There are a number of complicating factors that need to be addressed through this process including leasehold ownership, legal restrictions on alternative uses and limited local market opportunities. Work is underway to seek to give effect to this process with the strategy being developed on a case by case basis.
- 5.4.3 As part of the package of measures, the RCT Together programme was approved by Cabinet. Under the RCT Together programme community based organisations are able to apply for the use of these premises once the Council services withdraw. The programme consists of a two stage assessment process involving initially a review of a general expression of interest, followed by consideration of a detailed Business Plan. .
- 5.4.4 To facilitate the RCT Together programme the Council operates a concessionary lettings policy whereby a request for a payment of rent at less than market value is considered by the Director of Corporate Estates and Procurement in consultation with the Cabinet Member for Corporate Services. The policy has been updated to include commercial childcare providers. A copy of the revised policy is at Appendix 5 of the CAMP.
- 5.4.5 A review of the RCT Together programme is ongoing.

5.5 Review of Accommodation Requirements

- 5.5.1 Significant rationalisation of the portfolio during the period of the CAMP for 2013-18 has been achieved. Property rationalisation has been identified as one of the 6 key whole authority priorities in the Council's Corporate Plan 2016-2020. A challenging target to reduce office accommodation floor space by 20% by 2020 has been set.
- 5.5.2 The programme has seen 7 office buildings vacated resulting in a reduction of office accommodation floor space of 18.14%. The target will be met when the Council vacates Fairway Court when the current lease comes to an end in 2019.
- 5.5.3 The reduction in the Council office accommodation portfolio is supported by the Council's agile working strategy by way of :
- Reducing the actual number of desks utilised by staff as a result of hot desking
 - Reducing the storage space needed across the Council
 - Increasing productive time by lessening travel times

There are currently 9 operational hot desk facilities spread across the County Borough.

- 5.5.4 The Council also faces issues in respect of space utilised for file storage. This has been addressed by creating an organized storage space in a poorly used central space in a large office occupied by the Council.

5.5.5 The Council's storage of furniture falling out of the downsizing is being reviewed in order to find a single storage place and better recycling instead of new purchases being made wherever possible.

5.6 Capital Receipts Programme

5.6.1 The identification, marketing and disposal of surplus or under utilised property is a key work stream of the CAMP. The disposal programme for 2018/19 is projected to generate circa £9.6M however it is recognised that the level of sales achieved will depend on the market reaction to land and buildings offered and other economic factors outside the Council's control. this figure will be adjusted during the year with consultation with Finance officers.

5.6.2 The gross capital receipts generated from asset disposals over the past 3 years is as below:

Year	Capital Receipts
2015/16	£1,010,026
2016/17	£935,567
2017/18	£3,327,566

5.7 SHARED SERVICES

5.7.1 During 2017 a pilot study report entitled " A Regional Approach to Collaboration" was undertaken on behalf of the Cwm Taf Public Services Board (and Welsh Government) cutting across several authorities and public services with RCT as the defined lead authority. The report was published in 2017 and the key recommendations were:

- Cwm Taf Regional Pilot Programme for regional asset management
- Strategic Asset Management of the Cwm Taf estate
- Establishment of a Regional Property Board
- Welsh Government be approached regarding funding gaps

The board has been set up and meeting scheduled and the aim of the programme is to achieve regional collaboration in terms of service provision and rationalisation of accommodation seeking reduced costs and improved services. Opportunities for regional collaboration will be explored during the period of the CAMP 2018-2023.

5.7.2 Information on property ownership is shared across participating public service organisations through a common Electronic Property Information Mapping Service database (Epims) sponsored by Welsh Government. This is a map based system fully populated with premises owned by public sector organisations within the Cwm Taf area. Through this group, partner organisations have shared and discussed key aspects of respective property strategies, seeking to identify issues of mutual benefit.

5.8 TAFF VALE REDEVELOPMENT

5.8 The redevelopment of the former Taff Vale precinct at Pontypridd is a £50M project that will deliver an ambitious three building, office led, regeneration scheme. The redevelopment will consist of a mixture of offices with a gym and library. Corporate Estates are working closely with Planning and Regeneration

to deliver the next phase of the Project. An enabling works contract was completed during January and March 2018 to prepare the site ready for piling operations. The contract works commenced in March 2018 and progress with piling and substructures has progressed well.

5.9 21st CENTURY SCHOOL PROGRAMME

5.9.1 Good progress has continued across the whole programme and the budget for the programme is £175M. Corporate Estates continue to employ dedicated resources to manage the programme and use robust procedures to monitor progress and deliver the various projects. Progress details are set out in 2.6 of the camp 2018-2023.

5.10 MANAGEMENT OF UTILITIES

5.10.1 The Council's budgets face a significant annual cost for the energy consumed from delivery services through its property portfolio. The cost of energy is around £4.8M despite significant improvements over recent years. The Council has a commitment to improve the energy efficiency and reduce emissions of Carbon Dioxide from its premises and has been actively investing to improve the energy efficiency of its premises funded by the Invest to Save Energy Conservation Programme.

5.10.2 There are a number of work streams developing intended to improve energy efficiency, including larger renewable energy schemes, whereby the Council is assessing parcels of land for large solar fields and wind turbine projects, and new innovations to bring new concepts for renewable energy to RCT.

5.10.3 The Council currently uses Dwr Cymru Welsh Water for water and waste utilities and currently spends just below £1M on this service. A Water Management Policy has been developed and is attached at Appendix 6 of the CAMP. The policy includes water saving measures, moving all Council's water accounts into the Systemslink Energy Management system and bills paid through a consolidated billing system and new build projects with BREEAM Excellence.

5.11 Property Maintenance and Statutory Testing/Risk Assessment

5.11.1 The Council's property portfolio comprises of premises with a variety of architectural styles and a range of ages. As a consequence the Council's property portfolio can present particular maintenance challenges. Funding for building maintenance remains an issue with a higher proportion of the budget required to fund reactive maintenance tasks than planned maintenance. It is necessary to prioritise carefully the targeting of maintenance works to maximise the impact of maintenance investment.

5.11.2 The Council has specific obligations to manage certain components and processes, such as management of asbestos, legionella risk assessments and fire risk assessments. In order to discharge its obligations a series of procedures have been established. The Corporate Asset Management Working Group have an update on statutory compliance at each meeting of the working group. The Council will continue to actively manage these components and processes and will remain sensitive to changes in regulations throughout the plan period.

6 EQUALITY AND DIVERSITY IMPLICATIONS

6.1 In developing the proposal, an Equality Impact Assessment screening has been undertaken to ensure that:

- The Council meets the requirements of the Public Sector Equality Duties, and
- Due regard has been taken of the likely impact of the decision in terms of equality and discrimination.

6.2 A full Equality Impact assessment is not required for this decision

7 CONSULTATION

7.1 None

8. FINANCIAL IMPLICATION(S)

8.1 There are no financial implications attached to this report because the content of the report is for information purposes only

9. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

9.1 The Council's power to dispose of land and buildings is contained in s123 of the Local Government Act 1972

10 LINKS TO THE COUNCILS CORPORATE PLAN/OTHER CORPORATE PRIORITIES

10.1 The Corporate Asset Management Plan contributes towards the priorities in the Corporate Plan:

- Economy – Building a strong economy
- People – promoting independence and positive lives for everyone

- Place – creating neighbourhoods where people are proud to live and work

The Corporate Asset Management Plan is also consistent with the Well Being Goals under the Well Being of Future Generations (Wales) Act 2015:

- A prosperous Wales
- A Wales of cohesive Communities

11 CONCLUSION

- 11.1 The Council owns a diverse range of land and property assets that make a positive and important contribution to achieving corporate objectives. The Corporate Asset Management Plan sets out the Council's asset strategy and seeks to align the asset base with the Council's corporate goals and objectives.
- 11.2 This report sets out the key themes within the strategic framework of the Corporate Asset Management Plan 2018-2023.

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