

Appendix A

Surrey County Council
Asset and Place Strategy
2019 - 2030

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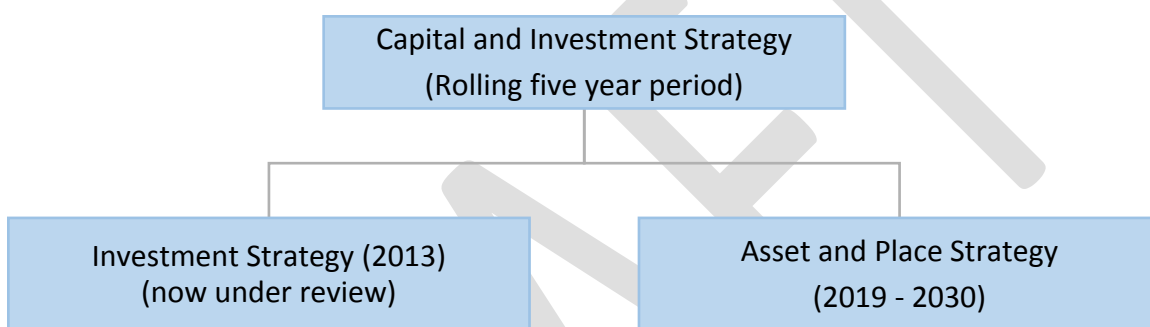
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Purpose of the Strategy

The Asset and Place Strategy (the Strategy) sets out the Council’s approach to the strategic management of its assets, not including the investment portfolio, how it will support service delivery, provide the Council income and how it will be used to promote growth and place shaping within Surrey, and deliver Surrey’s Community Vision to 2030.

The Strategy is intended to define the principles, criteria and process through which decisions will be made regarding future uses of the assets. The adoption of this strategy supersedes the Strategic Asset Management Plan (2013-2017). The Strategy forms part of a suite of documents that the Council is developing around its capital investment and how it uses its assets. The diagram below represents how this structure is intended to work. This document sets out the Asset and Place Strategy.



Context

As of March 2019, the Council owns approximately 6,000 registered titled assets; these are land and buildings, both inside and outside of Surrey. In some instances one asset may hold multiple registered titles as the site is made up of various parcels of land, purchased at different times.

At present there are 1,973 assets managed by Property Services. This comprises of 730 operational sites which include assets managed both internally and externally; for example academy schools. There are a further 1,243 non-operational, for example assets under construction, surplus or assets managed externally such as land and buildings managed by Surrey Wildlife Trust (SWT). The majority of the assets are owned freehold, although a significant number are held on lease in order to deliver services within the areas of need.

Key Drivers for Change

The aim under the **Community Vision for Surrey by 2030** is for Surrey to be “a uniquely special place where everyone has a great start to life, people live healthy and fulfilling lives, are enabled to achieve their full potential and contribute to their community, and no one is left behind”.

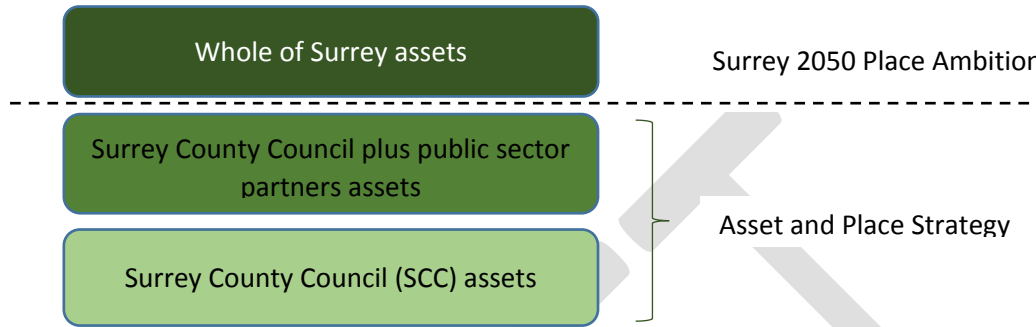
In order to deliver on these objectives, the Council is transforming and re-designing the way it delivers its services. Each service area is redefining the way they operate and how they deliver services to residents and the assets from which services operate must be fit for purpose.

The Council is keen to work with partners in delivering transformation, not just of its services but of ‘place’. Place-shaping should be led locally, with the Council playing a supporting role, and using the

defined objectives to shape the use of its assets in future. This fits with the Council's role in SHAPE and Surrey Future.

The Asset and Place strategy is also a sub-strategy to the Surrey 2050 Place Ambition that is being developed with Surrey Future.

The following diagram shows the relative areas that each of these strategies cover:



Surrey 2050 Place Ambition will set an agreed vision for both the Council and its partners. It will focus on the places where people live and work, maximising opportunities for inward investment and infrastructure that delivers high quality design in our buildings and public realm that increases resilience. It will allow for flexibility and growth in the local economy, ensuring any new development contributes positively to community amenities and infrastructure.

Aims and Principles

The aim of this strategy is to embed a corporate approach to property rationalisation, consolidation and investment in assets, and how it will be managed, resulting in:

- A smaller, more efficient, multi-use operational estate that supports service delivery.
- A programme of asset reviews that pushes all surplus and non-operational assets through an option appraisal process to determine its future use.
- A robust asset management approach that invests in assets that the Council has determined that it wants to retain.
- A disposal strategy that divests the Council of low performing, high cost assets that are no longer required and cannot be repurposed.
- Generation of revenue and capital income streams (with revenue as a priority) to support future service delivery.

The overall outcomes the Council is aiming for are:

- Reduction in operational estate (not including schools) from 300 to 100 assets, with an associated revenue cost saving of £10m by 2024.
- Review of surplus operational and all non-operational assets to determine future use, to be completed by 2021. To generate additional revenue incomes streams, and £150m capital receipts over 5 years.

The principles are intended to set out the Council's approach to its assets in future, and guide future decision making through the process set out later in this document, as well as to drive pace in delivery. These are:

Principle 1

Embed the Corporate Landlord model, to drive the rationalisation and consolidation of the asset estate, and corporate asset decision making based on 3-5 year service property requirement strategies.

Principle 2

Consolidate operational assets to decrease the number of single-use assets, reduce revenue costs and create multi-functional property, supporting service improvement.

Principle 3

Rationalise the asset base by reviewing all non-operational and surplus assets to identify opportunities to create or increase revenue income, provide investment opportunities or deliver capital receipts, with an initial focus on high cost, poor performing assets. All other assets that have no strategic value are to be considered for disposal.

Principle 4

Develop a robust asset management plan to invest properly in all retained assets, to ensure they are fit for the future in supporting excellent service delivery.

Principle 5

To work collaboratively within and across the Council, District, Borough, Health and blue light authorities and other Voluntary, Community and Faith Sector organisations to identify wider opportunities to benefit the community within the context of asset strategy and planning.

Principle 6

Support economic growth across Surrey in partnership with District and Borough Councils to assist in local place shaping.

Applying the Principles

Embedding the Corporate Landlord model fully within the Council's target operating model will drive different decision making for the future. Based on prepared service property strategies for the coming 3-5 years, decisions will be made on the viability and feasibility of sites guided by the above principles, and using the process and criteria set out below.

It is intended that all assets that are assessed as surplus or not required for operational purposes should be reviewed through this process. This provides confidence that any decision regarding future use of a property provides the best and most appropriate output.

It should be noted that best value in terms of a capital receipt is not always the right outcome and the Council needs a mix of revenue, capital and place shaping outputs.

The Decision-Making Process

Attached as **Annex 1** is the process of decision making on future asset usage, project delivery and the disposal of sites.

The process is in two parts:

Part 1 – the Corporate Assessment:

This part of the process determines whether an asset has an identified use which enables service delivery in line with corporate and service strategies. For example where there is an identified need within a specified location by multiple services, these are co-located within a multi-functional hub therefore enabling asset consolidation and reduction in running costs.

Additionally, this could be identifying assets which could support service delivery, for example; extra-care sheltered housing that reduces expenditure on high cost care, but also delivers important outcomes to residents.

If this is the case, the second part of this analysis is the cost and condition of the site; is this a low performing/high cost asset in poor condition that is not fit for purpose, and requires significant investment? If so, it may not be an asset to retain.

Alternatively, assets may be retained where there is a clearly defined, future strategic purpose, which has a value and can be delivered within an agreed timeframe.

The process sets out the stages of this assessment, and what happens in each case. If the asset is not suitable or not needed for either purpose, it moves to Part 2.

In part 1 the following criteria will be used to make these decisions.

Corporate Assessment criteria:

1. Asset requirement identified within service strategy and supports overall service transformation/delivery over the life of the payback period for future investment
2. Use of asset reduces:
 - number of overall assets used
 - revenue cost of asset
 - future investment needs
 OR
 - generates additional revenue or capital income
3. Cost/benefit analysis of investment, to make the asset fit for purpose, with an appropriate payback period, relevant to length of future use
4. Use of the assets will provide fit for purpose, flexible and reconfigurable accommodation that is future proofed and supports multi-purpose building use

Part 2 – the Option Appraisal:

This part of the process focusses on the use of the asset beyond service or operational requirements. This might include a site that could be disposed of for a capital receipt; redeveloped for revenue income generation or held for future strategic use to maximise output or benefit.

The process outlined in **Annex 2** sets out how this will work, but the primary process is a formal options appraisal which considers potential future uses of the site. The options appraisal will identify the preferred option and how this best aligns with the Council's Community Vision for Surrey.

Criteria for the Option Appraisal assessment:

1. Asset required for future service needs, optimal income generation and/or future development opportunities.
 2. Ensuring 'best value' is gained by modelling a Net Present Value (NPV) versus an outright disposal and capital receipt.
 3. Scheme deliverability, in terms of timescales, risk assessment and prioritisation. To take into account planning constraints and other issues.
 4. Partnership working and shared development where opportunities will deliver quantifiable benefits
 5. Asset supports economic growth and improves on the 'place'.
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Place and Economic Growth

The strategy sets out to enhance and utilise the assets the Council owns. With every asset comes an opportunity to revitalise public spaces, enhance community involvement and re-use buildings and land for reinvestment and growth.

In collaboration with its partners, the Council will support place-making and economic growth through the re-use and release of its assets. By creating a joined up approach to asset management coupled with clear criteria for decision making the Council can deliver opportunities, at a greater pace, that meets the needs of Surrey residents.

Scheme delivery and approval:

The final part of the assessment of any potential project is the method of delivery.

The criteria we will use to analyse this are attached as **Annex 3**. Part of this analysis is context and capacity as well as where the key capabilities lie to best deliver each scheme.

Once the option analysis has been undertaken, a formal report will be brought for scheme approval and funding in order to deliver the scheme.

Conclusion and Delivery

This strategy establishes the principles by which decision making on assets will be made during the period 2019 – 2030 to deliver the corporate vision and Community Strategy.

It should be read in conjunction with the Action Plan which will include the actions required to deliver the principles set out in this document and recommendations from the wider review, including proposals on individual sites as appropriate.

The Asset and Place strategy should be regularly reviewed to ensure it remains fit for purpose in driving forward the Council's priorities in the future.