

Herefordshire Council Corporate Property Strategy 2016-2020



VISION

"To support the efficient, integrated delivery of public services across the county by providing modern, fit for purpose buildings, shared by Public Agencies"

Contents

Section 1 - Foreword	2
Section 2 - Executive Summary	3
Section 3 - Vision	5
Section 4 - Accommodation Strategy for the Administrative Estate	7
Section 5 - Approach to the management of Operational Property	8
Section 6 - One public estate and Community buildings strategy	12
Section 7 - Disposal of Property Assets	14
Section 8 - Community Right to bid and Community Asset Transfer	15

Appendices

1a	Corporate Property Programme
1b	Acquisition and Disposal Policy
1c	Tenanted non-residential property policy
1d	Community Asset Transfer Policy
1e	Corporate Building Maintenance Strategy
1f	Revised Smallholdings Policy 2015

Section 1 - Foreword

The period since the publication of the last corporate property strategy has been one of significant change and challenge for the council, both in terms of the scale of reductions in local authority funding but also in terms of the impacts the reductions have had on the shape and operational approach of the organisation.

Like many local authorities, Herefordshire Council has had to review the scope and scale of services it is able to offer and seek new ways of working in partnership which protect the services we provide to our most vulnerable residents whilst reducing our costs.

The council is currently revising its corporate plan which will set the direction for the council and county in the coming years. The property strategy is a key aspect of this future approach and needs to be seen alongside this plan:

- The medium term financial strategy – which sees the revenue support grant reducing from the current level of 18% of the council's net budget requirement annually until 2019/20 when the council will be almost entirely funded locally through the council tax and business rates.
- One Herefordshire taking responsibility: the case for devolution – which sets out Herefordshire's approach to the government's challenge that power should be decentralised to the lowest appropriate level down to councils, neighbourhoods and individuals making services responsive to the people they serve which proposes, amongst other things, the creation of a new engineering university for the UK to be based in Hereford.
- Herefordshire's proposed development partnership – which will support the regeneration of Herefordshire through a partnership between the council and a commercial property development company.
- One public estate – which brings public sector bodies in a locality to work together to develop a joined up approach to managing their land and property.

The property strategy will support the council achieve its aims:

- The economic aims of the council by maximising the economic value of the estate and promoting modern, more efficient ways of working.
- The service performance objectives by providing accommodation to support the needs of services and their service users.
- The devolution approach by, for example, supporting the university to fulfil its accommodation needs.
- The one public estate agenda by providing shared accommodation where there are demonstrable benefits to the council, its partners, and service users.

Section 2 – Executive summary

- 2.1 The corporate property strategy aims to support and help deliver integrated public services across the county. Significant progress has been made to date and co-location of services and the sharing of accommodation for staff with partner organisations such as the clinical commissioning group (CCG), DWP, the Environment Agency and DVLA are already in place. However, there is much more that can be done and this strategy sets the framework within which these decisions can be made, taking into account the current and planned needs of the council and its partners.
- 2.2 The strategy is designed as a framework of strategies and policies which are flexible and robust enough to respond to changes in service delivery identified by this review and to meet future changes to models of service delivery.
- 2.3 The strategy also responds to the introduction or extension of mobile service delivery and flexibility of working practices.
- 2.4 The high level aims of the strategy are to: -
- Contribute to the corporate plan and other corporate strategies
 - Provide a framework, which defines the role of property in support of service delivery
 - Provide a rationale for the ownership, occupation and management of council property assets, including its use, acquisition and disposal
 - Optimise the property portfolio in terms of its efficiency, effectiveness and sustainability
 - Respond to the expectations and aspirations of the government's one public estate (OPE) agenda
- 2.5 Within those high level aims there are a number of core building blocks to the strategy particularly related to rationalisation of office accommodation:
- A hub and spoke model of office provision, with the capacity and flexibility to accommodate our partnership arrangements with other public and third sector organisations.
 - The hub will provide a single, strong, shared administrative centre based around the current Plough Lane office and other associated administrative buildings in Hereford.
 - A network of accessible locality offices based in the five market towns provide the spokes of the model.
 - The capacity and flexibility to provide integrated delivery of public sector services at a local level.
 - The retention of the Shire Hall and Town Hall in Hereford for public sector occupation and use.
- 2.6 The strategy will:
- challenge whether we hold assets to ensure we achieve value for money. This is relevant given the indications about the future direction of national policy requirements for the public sector's considerable property estate.
 - Inform our future use of all land and property assets owned or occupied by the council.

- cover all operational and non-operational land and property, whether owned or leased and which support either direct or indirect services to the public.
 - provides the vision for our property and a series of discrete but linked policies and strategies which support its delivery. It includes a corporate programme (appendix 1a) covering how we will provide back office provision as well as integrated local facilities.
- 2.7 Included in the strategy is our approach to community asset transfers which recognises that asset transfers play a role in sustaining service delivery and that it is not always appropriate for the council to keep and maintain all existing assets.
- 2.8 Asset transfers also have a role within the localism agenda, as a way of supporting sustainable communities and enabling the continuation of services of value to the locality.
- 2.9 Property is a valuable corporate asset. If managed well, it can enhance and improve service delivery by supporting efficient and effective operational delivery but also provide economic benefits and support the delivery of wider corporate priorities.
- 2.10 The council owns two main categories of property: operational and non-operational properties.
- 2.11 Operational property either provides:
- Frontline services direct to the public, e.g., schools, libraries, community hospitals, health clinics; or
 - Support services, e.g., administrative offices, vehicle depots
- 2.12 Non-operational property provides:
- Rental income which supports the council's revenue budgets, which helps to keep council tax levels down
 - Capital receipts through disposal of surplus properties, which support the capital programme to build, e.g. new schools or extensions to existing properties
 - Opportunities to support regeneration initiatives
- 2.13 This strategy highlights the corporate drivers to retain property assets so that we can provide more effective and efficient services to the public. The strategy also identifies a suite of underlying policy and strategy documents, which support and inform the decision making process.
- 2.14 The council will keep the underlying policy and strategy documents under review and can add to the suite of policies in response to changing circumstances or to provide clarity on issues which require a policy decision. The recently revised policy for the County Farms is attached at appendix 1f but future policy development will include a reference to the management of common land.

Section 3 – Property Strategy Vision

3.1 The council’s strategic objectives defined in its corporate plan 2016-2020 are: helping residents to live safe, healthy, independent lives; keep children and young people safe and give them a great start in life; support the growth of our economy and the number of people in work; and to secure better services, quality of life and value for money.

3.2 These priorities set the scene for the property strategy 2016-2020. The corporate objectives and a climate of continued funding reductions from central government means that the council must continue its journey towards being more commercial in outlook, seeking to obtain maximum value from its assets and looking for innovative approaches to securing financial security into the future.

3.3 Our vision for our corporate property is as follows:

“To support the efficient integrated delivery of public services across the county by providing modern, fit for purpose buildings, shared by public agencies”

3.4 We believe that a number of key objectives support this vision. These objectives are central to any decision making around our properties and are as follows:

- To improve and simplify access to public services;
- To enable service integration and agile working with modern, fit for purpose workspaces supporting higher productivity;
- To maximise the economic benefits of the councils property asset base;
- To support economic development and housing growth;
- To enhance the working environment for our employees and our partners’ staff;
- To provide a catalyst for physical and social regeneration;
- To reduce running costs and release budget for reinvestment in frontline services;
- To support our public sector equality duties.

3.5 The key objectives in this corporate property strategy reflect the priorities set out in the government’s ‘One Public Estate’ (OPE) programme.

3.6 Within the accommodation strategy in section 4 and in appendix 1, a number of strategic projects are identified, which will support the achievement of the objectives noted in 3.1 above. In particular, the continued rationalisation of office accommodation in Hereford will be a key part of the integration of public sector service delivery across Herefordshire.

3.7 We aim to achieve:

- A set of modern, fit for purpose workspaces for our staff, supporting higher productivity through better ways of working;
- Teams located in buildings designed to support the level of access required by service users, located as conveniently as possible for those service users, and co-located with partner organisations where this is beneficial;

- The network of accessible multi-agency offices (MAOs) will continue to offer convenient locations for council, other public sector, and third sector organisations to work together;
- These MAOs will provide the capacity and flexibility for integrated delivery of public sector services at a local level and flexible working facilities;
- The Shire Hall and Town Hall in Hereford will continue in beneficial public sector occupation and use;
- Developing joint public sector property portfolios in Herefordshire to provide efficient office accommodation suitable for customer needs where necessary;
- The development of higher education opportunities in Herefordshire, including the proposed new university in the city of Hereford;
- Disposal of properties no longer suitable for service delivery and therefore surplus to operational requirements;
- Accessible buildings that promote equality of access for customers and staff.

Section 4 – Accommodation strategy for the administrative estate

4.1 Detail on the planned programme for the administrative estate is contained in appendix 1a.

4.2 The following principles underpin the management of the administrative estate:-

- A hub and spoke model for the countywide provision of services;
- A strong central administrative hub, based around the existing Plough Lane office site, supplemented by other city centre facilities;
- The spokes of the model will be multi-agency offices centred around localities;
- Where appropriate, the co-location of compatible public sector partner activities in pursuance of the operational efficiency programme and the one public estate agenda;
- Co-location of relevant council services, where appropriate, in support of improving or securing operational efficiency and improved service outcomes, particularly for vulnerable people;
- Efficiency and delivering value for money;
- The use of asset transfers to Parish/Town Councils and Third Sector organisations, where appropriate, to support the sustainability of local services and reduce revenue costs to the council;
- Improved outcomes for local people and businesses;
- Care closer to the service user;
- Excellence in service delivery;
- A focus on customers'/users' experience;
- Improving energy efficiency and reducing our carbon footprint;
- Better ways of working for staff;
- Equality of access to buildings for customers and staff.

4.3 In addition:

- a. Any accommodation strategy must support and take into account other relevant strategies and plans.
- b. Opportunities to exploit information technology (IT) will be considered when planning new office layouts. Modern office and flexible working practices benefit from the introduction of IT solutions. The introduction of wi-fi technology into office space wherever possible, with the in-built flexibility that this provides, should be considered.
- c. Future flexibility needs to be built into any works undertaken in conjunction with office moves to facilitate and reduce future costs.
- d. Continued implementation of an electronic document and records management system (EDRMS) and a policy on document retention is a necessity to reduce space requirements.
- e. Regular engagement should take place with public sector partners (e.g. CCG, 2gether, WVT) on respective accommodation strategies to ensure that best use is made of the overall 'public' estate.

Section 5 – Approach to the management of operational property

Operational property

- 5.1 The council (and its partners) hold operational properties for the purpose of service delivery. The council holds tenanted non-residential property (TNRP) for both investment and socio-economic purposes.
- 5.2 The approach for operational property is to identify those properties which are key to the delivery of core services to the public and are, (or subject to a business case can be), suitable for operational occupation.
- 5.3 Once identified, future investment of both capital and revenue expenditure will concentrate on those core properties.
- 5.4 The retained portfolio of operational properties will be maintained and improved to attain a level of physical condition which is at least satisfactory and is compliant with relevant statutory standards, e.g. DDA compliant.
- 5.5 The retained portfolio will be suitable for service delivery in terms of both condition and sufficiency.
- 5.6 The framework for the management of operational and non-operational property consists of five elements:-
 - Strategic objectives
 - Principles of property holding
 - Responsibilities of owners
 - Property review and option appraisal
 - Capital investment prioritisation
- 5.7 The strategic objectives for our corporate property are:
 - Optimise the contribution property makes to the council's strategic and service objectives
 - Prioritise investment in our operational assets to meet service delivery needs
 - With our one public estate partners, seek innovative value for money solutions to our staff accommodation needs.
 - Ensuring best value return from our investment property and land holdings
 - Reduce the environmental impact of our operational property assets
 - Use our assets to pump prime new development, regeneration and growth.
- 5.8 The principles behind holding property for service delivery are:
 - All property is a shared corporate asset, owned by the council not the occupying service/s.
 - A cross service and cross partnership approach to agreeing property priorities and asset utilisation is adopted.
 - Property should only be held that meets the objectives of the corporate plan.

- We will understand the condition of our properties and ensure they are effectively managed.
- Over time, all council premises are suitable and sufficient for their purpose, in a satisfactory condition, accessible to all and able to meet statutory requirements.
- Existing and new property assets are managed in an efficient, sustainable and cost effective way in terms of their use of energy and other resources, their property management and other running costs.
- The return from non-operational land or property is optimised, including unoccupied or tenanted land or property.

5.9 To ensure that the above objectives are met, a systematic and cyclic programme of property reviews and options appraisals are undertaken.

5.10 Three types of review are generally undertaken:

- **Single service review** - this will be an examination of some or all property holdings for an individual service.
- **Single property review** - an investigation into alternative uses of an individual building site no longer required for its original purpose.
- **Comprehensive area review** - a review of all property owned by the authority in a defined theme or area which may include other structuring bodies.

5.11 Each of these reviews involves an assessment of “fitness for purpose” and incorporates the following:

- **Suitability:** How well the premises meet the need of the service, i.e. the customers and staff. The suitability survey looks at characteristics of each type of internal space and external area, plus some health and safety aspects.
- **Sufficiency:** Focuses on total areas in relation to known service requirements
- **Condition:** Concentrates on the physical state of the building elements and provides a basis for developing planned maintenance programmes (including health and safety considerations)
- **Opportunity Cost:** Considers the financial and other benefits which could be lost as a result of not considering an alternative course of action for the land or building whilst continuing to meet the needs of the service and its customers.

5.12 This process involves the engagement of service users and stakeholders and is undertaken in accordance with the governance arrangements set out in the constitution.

5.13 The council is committed to enabling equality of access to its buildings and when implementing the forward work programme individual equality impact assessments will be undertaken.

5.14 Identified priorities from the review process are considered for capital investment through their prioritisation and option appraisal of capital projects scheme.

- a) Prioritisation and option appraisal for capital projects (scheme selection and prioritisation) The prioritisation and option appraisal for capital projects within the council is captured within the annual service planning cycle and referred to as “scheme selection and prioritisation” (SSP). Members prioritise and approve corporate accommodation investment

The council follow the guidelines and principles contained in the CIPFA local government directors of finance publication “Capital Planning and Option Appraisal – a Best Practice Guide for Councils” 2006.

- b) Prioritisation and option appraisal for capital projects are two distinct but interlinked processes. All bids for allocation of corporate capital funds require bids pro-forma to be completed before the schemes are assessed for prioritisation for financing within the council's capital programme. Once funding has been allocated, further option appraisal is then undertaken to decide the most effective means for delivering a project.

5.15 The process of capital scheme prioritisation is led by cabinet who make recommendations to Council. Further detailed option appraisal is then undertaken on the method of service delivery by the individual project management teams and boards.

Non-operational property or tenanted non-residential property (TNRP)

5.16 The term TNRP refers to local authority assets which are let to third parties e.g. retail, industrial or agricultural properties. Such assets may be held for investment or socioeconomic purposes.

5.17 Much of the portfolio plays a vital role in providing much needed rental income. The revenue received is used to offset the costs of providing direct and indirect services to the public. This in turn reduces the impact on council tax.

5.18 The general investment portfolio seeks to fulfil a wider economic well-being role by providing premises to promote business start-up and growth and by bringing prosperity to the county.

5.19 The council's non-operational investment portfolio will be kept under regular review to ensure it can respond flexibly to market opportunities and challenges. The following principles will guide the review processes:

- **The council should only continue to hold tenanted non-residential property if at least one of the following criteria applies:**

- i) The investment return from the premises meets or exceeds a target previously set under the MTFs process taking into account maintenance and other liabilities
- ii) There are other significant social, economic, community or strategic advantages to retaining the premises.

- iii) The legal tenure of the premises and/or any statutory constraints preclude disposal.
- **On properties that are retained within the portfolio of tenanted non-residential properties the management principles adopted should be:**
 - i) To maximise occupancy levels.
 - ii) To maximise rental levels consistent with a balanced tenant mix and prevailing market values.
 - iii) To continuously review the contribution that the premises make to social, community or strategic objectives and set tenant management policies (other than rent) to maximise these.

Smallholdings policy and management strategy

- 5.20 The smallholdings estate comprises approximately 4,800 acres (1,942 hectares) dispersed throughout the county and comprising 45 holdings.
- 5.21 Cabinet have resolved to undertake a structured sale of the entire smallholding estate taking into account expert legal advice as to achieving best value for the council and excluding land and/or buildings which are identified as having potential development value which should be retained for separate promotion and sale/development to maximise commercial/development value.
- 5.22 A revised smallholdings policy which sets out the strategy to implementing the policy was agreed and is attached at appendix 1f.

Section 6 –One public estate and community buildings strategy

“One Public Estate” and emerging devolution proposals

- 6.1 The principle of co-operation between public bodies around planning for their future accommodation needs, predates any work surrounding the council's 2016 -- 2020 accommodation strategy. Those principles remain relevant to the new corporate property strategy.
- 6.2 In 2013, the government launched the One Public Estate (OPE) programme which seeks to promote and guide asset management and estate rationalisation across the whole public sector and the objectives in this corporate property strategy comply with the 4 priorities set out in the Government's 'OPE programme:
- Create economic growth – enabling released land and property to be used to stimulate economic growth, regeneration, new housing and jobs.
 - Deliver more integrated and customer-focused services – encouraging publicly funded services to co-locate, to demonstrate service efficiencies and to work towards a more customer-focused service delivery
 - Generate capital receipts – through the release of land and property
 - Reduce running costs – of central and local government assets.
- 6.3 During Herefordshire's partnership arrangements with the NHS from 2007-2012, the council's engagement with its public sector partners increasingly explored opportunities to secure operational efficiencies through joint approaches to meeting accommodation needs. Over this period, co-location opportunities were realised with:
- Her Majesty's Revenues and Customs
 - Department of Work and Pensions
 - Ministry of Justice (Her Majesty's Courts service)
 - West Mercia Constabulary (MASH)
 - West Mercia Youth Offending service
- 6.4 These arrangements were further progressed over the subsequent period alongside the delivery phase of the council's accommodation plans. Further co-location arrangements have involved:
- The Environment Agency
 - The Driver Vehicle Standards Agency
 - Job Centre Plus
 - Herefordshire Clinical Commissioning Group
 - Wye Valley NHS Acute Trust
 - 2Gether NHS Mental Health Trust
- 6.5 Herefordshire Council also exploits opportunities to co-locate with its private sector providers and shares accommodation with providers including Balfour Beatty Living Places: Interserve and Integral.
- 6.6 As the next phase of the accommodation strategy commences, the council is at the heart of initiatives to drive economic growth within the area, and to reform public services so that they achieve better value for money and are

designed around the needs of residents rather than the organisations that provide them.

- 6.7 The government is setting clear expectations for the integration of health and care services at a local level, and the council is working with local health bodies on a joint transformation programme which will have significant implications for the accommodation strategies of the partner organisations. These include the development of health and wellbeing centres with a strong focus on drawing on the assets of local communities and the co-location of health and care professionals, perhaps on a “hub and spoke” or cluster model around primary care facilities. There are also plans for greater collaboration with “blue light” services and, subject to satisfactory negotiations, a joint police and fire facility is planned for Hereford city with the council potentially providing land to facilitate the development.
- 6.8 Overarching this, Herefordshire Council is developing a case for devolution, to demonstrate how the council and its partners wish to step up and take responsibility for ensuring the long-term economic sustainability of the area. The proposals will seek to accelerate the pace of transformation, creating jobs, reducing dependency and redesigning the way our public services support the local economy and communities.
- 6.9 The approaches set out in the property strategy 2016 – 2020 will support the council in delivering the objectives set out under the devolution proposals.

Section 7 - Disposal of property assets

- 7.1 The council holds land and buildings solely for, or in support of, the efficient and effective delivery of services to the local community. The strategy will identify, over time, properties that no longer serve a need for operational service delivery. When a property is no longer required for this purpose the financial procedure rules and procedures in the disposal policy will apply. (see appendix 1b).
- 7.2 The council also owns dispersed land and buildings which may provide an opportunity for housing or commercial development and/or regeneration through a formal partnership vehicle which could enhance the financial return to the council and make a contribution towards strategic growth and economic development. Such parcels of land include elements of the county farms estate which cabinet resolved to dispose of through a structured sale.
- 7.3 The council has determined to consult with potential development and regeneration partners with a view to understanding the potential benefits to the council in the establishment of a programme to jointly develop land and buildings as opposed to disposal on the open market. The consultation will also consider the potential delivery models for a development partnership which might provide an increased financial return to the council
- 7.4 For further details on the asset disposal process please refer to appendix 1b.

Section 8 – Community ‘right to bid’ and community asset transfer

Community right to bid (assets of community value)

- 8.1 The Localism Act 2011 passed significant new rights direct to communities and individuals, making it easier for them to get things done and achieve their ambitions for the place where they live.
- 8.2 Every town, village or neighbourhood is home to buildings or amenities that play a vital role in local life. They might include community centres, libraries, swimming pools, village shops, markets or pubs. Local life would not be the same without them, and if they are closed or sold into private use, it can be a real loss to the community.
- 8.3 The Localism Act requires councils to maintain a list of assets of community value which have been nominated by the local community. When listed assets come up for sale or change of ownership, the Act then gives community groups the time to develop a bid and raise the money to bid to buy the asset when it comes on the open market. This will help local communities keep much-loved sites in public use and part of local life
- 8.4 The council maintains a '[List of Assets of Community Value](#)', which are nominated successfully by local community groups. If any of the listed assets are put up for sale, the council will inform the community and give them time to consider bidding to take over the asset themselves as a community enterprise.
- 8.5 The legislation does not guarantee that the community will be able to buy the asset, it just allows them time to prepare a bid for it on the open market
- 8.6 Facilities up for nomination must be of community value: the building furthers the social wellbeing or social interests of the local community (or has done in the recent past). Social interest uses can include cultural, recreational and sporting interests. Examples include village pubs, shops, schools, community centres, library buildings.
- 8.7 Assets of community value cannot be:
 - Residential properties and associated land
 - Land licensed for use as a caravan site
 - Operational land used for transport, and other infrastructures
- 8.8 The Assets of Community Value Regulations 2012 provide more detail on assets that will be exempt from listing and who has the power to make this exemption. The Government has also produced a non-statutory advice note which provides additional guidance to councils about this process.

Community asset transfer

- 8.9 Community asset transfers assist the council in supporting local communities, through third sector organisations and parish councils, to sustain and increase control over local services and assets of value to the community. Furthermore, the council recognises that the way in which assets are managed can have a long-term positive impact on the strength of e.g. third sector organisations and local communities more generally.
- 8.10 Community asset transfers can have the effect, therefore, of enabling the council to rationalise its property estate and reducing associated capital and revenue costs/liabilities whilst enabling the continuation of services which might otherwise be lost to the local community.
- 8.11 The transfer of council-owned assets is covered by the Community Asset Transfer Policy attached at appendix 1d.