



Asset Management Strategy

2018-2022

Including Asset Management Plan 2018-19



monmouthshire
sir fynwy

Version Control

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Foreword

This document sets out the Councils vision, priorities and key actions to ensure that the management of the Councils assets is undertaken in a considered and sustainable way, whilst ensuring that we always strive to maximise financial and social value for our communities benefit.

Land and property can play a significant role in delivering the Councils vision of sustainable and resilient communities. They can support community regeneration, create safe spaces for social inclusion and enable the provision of local services. The prevailing financial conditions however, require us to ensure that we have robust policies and programmes in place and that our operational estate is lean, efficient, meets the needs of service users and is fit for purpose.

We also recognise the importance of maximising income from our property assets and we will actively seek opportunities to increase revenue generation and capital appreciation that align with our Commercial Strategy.

This strategy reflects our Asset Management Vision and policy framework for the duration of this administration. The Asset Management Action Plan will be reviewed annually to ensure that it continues to align with regional and corporate priorities, reflects emerging service or community aspirations and continues to provide a viable financial model.



Councillor Phil Murphy

Cabinet Member for Resources

Part A – Asset Management Strategy



Our Foundation: Purpose and Values

Monmouthshire County Council has a clear purpose. We shape this in line with the goals and ambitions of our partners in other public services that are part of the Monmouthshire Public Service Board (PSB). Monmouthshire County Council's Corporate Business Plan provides direction and sets out the things we will be working on for the next four years, taking us up to the end of the political term in 2022.

Purpose

Our Purpose is:

We want to help build sustainable and resilient communities that support the well-being of current and future generations.

This purpose is at the heart of everything we do to improve the economic, social, environmental and cultural well-being of Monmouthshire and we share this with our public service partners as part of the Public Service Board. We will consider sustainable development in how we plan and deliver the action set in this plan

Our Corporate Plan

Monmouthshire County Council's Corporate Business Plan sets out the things we will be working on in the medium term. The plan sets out our five Organisational Goals (also our well-being objectives) supported by the 22 commitments to action we will make and the ways in which they will be measured in the run-up to 2022. This plan has been developed aligned to the direction set in the Corporate Plan. The Plan is underpinned by a clear policy framework that sets out in more detail our work to enable the delivery of the plan (see appendix). The aspiration and objectives set for Monmouthshire by the PSB and Council are:

Purpose: Building Sustainable and Resilient Communities	
<i>Public Service Board Well-being Objectives</i>	<i>Monmouthshire County Council Goals & Well-being Objectives</i>
Provide children and young people with the best possible start in life	The best possible start in life
Respond to the challenges associated with demographic change	Lifelong well-being
Protect and enhance the resilience of our natural environment whilst mitigating and adapting to the impact of climate change	Maximise the potential of the natural and built environment
Develop opportunities for communities and businesses to be part of an economically thriving and well-connected county.	Thriving and well-connected county
	Future - focussed Council

Values

We can only achieve great things for our place through the people who live and work here, those on our payroll and those in Monmouthshire’s communities including the countless volunteers and groups that give this place a richness and vibrancy. Our values reflect who we are, how we do things and how we are shaping the future. We try our best to apply these in everything we do.

Openness. We are open and honest. People have the chance to get involved in decisions that affect them, tell us what matters and do things for themselves/their communities. If we cannot do something to help, we’ll say so; if it will take a while to get the answer we’ll explain why; if we can’t answer immediately we’ll try to connect you to the people who can help – building trust and engagement is a key foundation.



Fairness. We provide fair chances, to help people and communities thrive. If something does not seem fair, we will listen and help explain why. We will always try to treat everyone fairly and consistently. We cannot always make everyone happy, but will commit to listening and explaining why we did what we did.




Flexibility. We will continue to change and be flexible to enable delivery of the most effective and efficient services. This means a genuine commitment to working with everyone to embrace new ways of working.

Teamwork. We will work with you and our partners to support and inspire everyone to get involved so we can achieve great things together. We don’t see ourselves as the ‘fixers’ or problem-solvers, but we will leverage all of the ideas, assets and resources available to make sure we do the things that most positively impact our people and places.

Applying the Well-being of Future Generations Act

The Well-being of Future Generations Act is the fundamental legislation that requires us to carry out sustainable development, more information on the Act is in the appendix. We have applied the 5 ways of working set out in the act when developing our plan, the extent we have incorporated these is set out below:

Sustainable Development Principle	How have these principles driven the development of the policy
 <p>Long Term</p> <p>Balancing short term need with long term and planning for the future</p>	<p>The strategy supports the development of whole life costing principles, implementation of renewable technologies and low zero carbon technologies to reduce energy consumption. Rationalisation of the operational portfolio will continue and emerging polices support a commercial approach utilizing assets for income generation that can also support economic and regenerative activities</p>
 <p>Collaboration</p> <p>Working together with other partners to deliver objectives</p>	<p>The development of the community hubs supports a collaborative approach for integrated and co-located services. We work with Gwent Police on a collaborative approach to facilities, design and maintenance services and share accommodation with Aneurin Bevan Health Board.</p>

Sustainable Development Principle	How have these principles driven the development of the policy
 <p>Involvement</p> <p>Involving those with an interest and seeking their views</p>	<p>The Community Asset transfer policy will be subject to review working with stakeholders to develop a model based on best practice, GAVO and user feedback. We work with local members, community groups and other stakeholders when disposing of assets and will ensure feedback is provided in any Cabinet / Council reports</p>
 <p>Prevention</p> <p>Putting resources into preventing problems occurring or getting worse</p>	<p>We have implemented a whole life costing approach to refurbishments, actively seeking opportunities to upgrade mechanical and electrical infrastructure to reduce energy consumption, operating costs and CO2. Where assets are surplus to MCC requirements, we will work with local groups to undertake community asset transfers to provide additional community resource.</p>
 <p>Integration</p> <p>Considering impact on all wellbeing goals together and on other bodies</p>	<p>All decisions and policies will have regard to the well-being principles and the need to avoid short term decisions that have long term implications.</p>

We have also tried to maximise our contribution to achieving each of the seven national wellbeing goals. The contribution our local objectives make towards the seven national objectives has been assessed and is shown in the table below:

	Contribution to Well-being Goals						
	Prosperous Wales	Resilient Wales	Healthier Wales	More equal Wales	Wales of cohesive communities	vibrant culture and thriving Welsh Language	Globally responsible Wales
Putting sustainability and whole life costing principles at the heart of decision making	√	√					√
Providing affordable housing within development sites	√	√	√	√	√		

Ensuring buildings are safe, efficient and meet the needs of the services and users		✓	✓		✓		
Using assets to provide economic, financial and regenerative opportunities	✓	✓	✓	✓	✓		✓

1. Purpose of the Asset Management Strategy

1.1 Why the Council has an Asset Management Strategy

This strategy determines the high level strategic framework for the effective management of our land and property portfolio for the duration of the current political administration. It does not consider highways infrastructure, vehicles or any other portable or fixed assets held by the Council. It will guide decisions regarding the use of land and property assets ensuring that they support the maximisation of both financial and social value to meet the corporate objective of developing sustainable and resilient communities.

“Strategic asset management for land and buildings ensures that property assets are optimally structured in the best corporate interest, aligning the asset base with corporate goals and objectives and taking all requirements into account to deliver the optimal solution in terms of operational and financial goals”

Royal Institution of Chartered Surveyors 2008 Public Sector Asset Management Guidelines: A Guide to Best Practice.

In simplistic terms asset management is the name given to the effective management of the property assets that the Council owns or occupies. Properties should only be owned or leased if they are used:

- to deliver a service, e.g. schools (operational assets)
- generate an income e.g. shops (investment assets)
- add value to local communities e.g. parks. (community assets)

In all cases, assets should be aligned to delivering the Councils corporate priorities and must be maximised to ensure effective service, community or financial benefit. Since the adoption of the last plan in 2014, financial conditions continue to be challenging, whilst customer expectations and demand is increasing. The policy direction has been influenced by our well-being goals, entry into the Cardiff Capital City Region and the adoption of the Corporate Plan. In property terms, reducing accommodation costs, optimising their benefit for local communities and maximising revenue and capital generation remain the core principles for this strategy.

1.2 Our Vision

To effectively manage the Council's land and property assets to support the delivery of front line services, optimise community benefits and maximise financial return through 5 key themes:



The key elements of each theme are summarised below:

1.2.1 Service Transformation – Transforming how we deliver our services

- Implementing a corporate landlord model to provide a streamlined and integrated approach to the management of the council's assets.
- Using data from service users, building surveys and service managers to inform building refurbishment and maintenance programmes
- 21st century schools agenda – completion of Band A schools and implementation of the Council's aspirations for Band B.
- Supporting the delivery of the Council's ambition to develop a new model for the delivery of Leisure, Tourism and Cultural Services
- Providing the technical support to assist Social Services in their plans to develop a dementia care facility
- The delivery of the Council's Community Hub Model through the provision of a hub in Abergavenny

1.2.2 Effective and Efficient Operational Estate - Managing our operational holdings effectively

- Consolidating staff from Innovation House to the County Hall site to generate operating savings and reduce unnecessary travel and costs.
- Ensuring our current 2:1 workspace ratio is being applied consistently and appropriate supporting technology and policies are in place.
- Rationalising our operational estate by continuing to review condition, health and safety and suitability. Surplus space will be disposed of either through lettings or sales. Where feasible properties will be transferred to the investment portfolio to generate income streams e.g. Innovation House
- Ensuring assets are fit for purpose – to meet service operating models, user needs, technological advances and whole life costings
- Reducing energy utilisation by utilising loan schemes such as the re-fit programme, applying infrastructure upgrades when undertaking refurbishments or building improvements and the capital maintenance programme.
- Working with PSB partners to share accommodation and operating costs.

1.2.3 Commercialising our approach

- Adoption of an asset Investment strategy (please see appendix 1) aligned to the Commercial Strategy which will actively seek opportunities to acquire assets to generate a net revenue income.
- County Farms Strategy, (please see appendix 4) which allocates the holdings into core and non-core and identified opportunities for maximising revenue generation through diversification and estate management practices.
- Reviewing our Investment properties to minimise voids, rental arrears and operating costs and maximise returns by implementing rent reviews, lease renewals and refurbishment / re-development opportunities.
- Reviewing the markets service to make it relevant and attractive to consumers and traders and providing an attractive environment to improve dwell time and trading conditions.
- Supporting regeneration through the use of our assets
- Maximising capital receipts through the sale and development of surplus Council assets.
- Investigating opportunities to commercialise and trade the expertise of the Corporate Landlord Service.
- Maximising the potential of the Police SFM collaboration agreement
- Exploring the potential of undertaking our own developments/ construction on Council assets.
- Assessing the business need for the creation of a Council owned arm's length trading company to undertake commercial development and trade services.
- Promoting Council owned assets within the LDP review.

1.2.4 Supporting our communities

- Community Asset Transfer Programme – ensuring that our policy is fit for purpose, provides appropriate guidance and support and aligns with best practice.
- Affordable housing – creating opportunities on Council owned land and ensuring our development sites meet LDP criteria for units provided.
- Creating Self build opportunities
- Working with Y Prentis to provide apprentice opportunities and where legally and financially viable utilising and developing local supply networks for Council developments
- Working with partners to ensure residential developments are community focussed and incorporate sustainable development principles.
- Working with partners to provide a single front door approach to local service provision to improve service delivery for users.

1.2.5 Sustainable development

- Increasing our renewable energy generation where financially viable to do so
- Maximising the value of renewable energy generated through the provision of battery storage or the trading of energy to third parties
- Reducing energy consumption by replacing older inefficient technologies
- Implementing the hydrogen pilot and evaluating its success
- Reviewing the potential for other emerging technologies such as harnessing heat from rivers or hydroelectricity.
- Installing electric car charging points at Council owned sites.
- Reducing our carbon footprint

1.3 Aim and Objectives

The asset management aims and objectives are:

- Utilise property assets to support enterprise, local communities and income generation.
- Greening the estate through the ongoing implementation of renewable technologies and application of energy reducing technologies.
- Compliance with legislative and statutory duties to ensure that our portfolio is safe, accessible and fit for purpose.
- Adopt whole life costing principles
- Rationalisation of the operational estate to minimise operating costs

2. The Policy Framework

2.1 The Local Context

Monmouthshire covers an area of approximately 880 square kilometres with an estimated population of approximately 93,000. It is a predominantly rural county with only 53% of the total population living in wards defined as being in urban areas (i.e. with a population of more than 10,000). The key settlements in the County are Abergavenny, Chepstow, Monmouth, Caldicot and Usk.

The rich landscape and quality of life the county affords has seen an escalation in house prices, with South Monmouthshire prices rising on average by 10% in the last 5 years, compared to the Welsh average of 2%. The removal of the Severn Bridge tolls at the end of 2018 is predicted to accelerate this gap as residents from the south west of England migrate into South Monmouthshire. This is likely to place increased pressure on the need to provide affordable housing for the indigenous population as the gap between earnings of those that live and work in Monmouthshire compared to those that out commute grows. The median gross weekly pay for women working full-time in Monmouthshire in 2016 was £399.90 (Wales average £448.50) with Monmouthshire ranked 21st of out of 22 authorities on this measure with only Blaenau Gwent registered lower, at £360.00.

The current population projections predict that by 2035 there will be 184% more people over 85 years old living within Monmouthshire whilst conversely the population levels of young people are set to diminish by 14%. Demographic demands combined with a budget reduction of circa £14m over the next four years will drive new Council approaches to growth and service transformation. The removal of the tolls will present new opportunities to generate employment and residential growth and this strategy will enable the Council to consider service delivery and commercial opportunities as they arise.

2.2 Cardiff Capital City Region

Monmouthshire along with nine other local authorities has signed up to the creation of a joint Cabinet to oversee the delivery of the City Regions economic and growth agenda. This presents a significant opportunity for Monmouthshire to capitalise on its strategic location as a border town and a key member of the region team. The City Deal has the potential to generate £4bn of private sector investment alongside the £1.2 billion public sector investment pledged by the member local authorities and UK government. The funding will be used to deliver investment in infrastructure,

housing, skills and training, innovation, business growth and “Metro plus” transport proposals which should culminate in the creation of 25,000 new jobs by 2036.

A partnership approach is to be adopted to strategic planning with needs quantified at a regional level. This economic regeneration programme will also result in investment in education, skills and employability, increase mobility through the Metro scheme and provide support for emerging and developing business models that are future facing with long term employment potential.

Whilst the Capital City Region prevents many opportunities for growth, to maximise these Monmouthshire will need to play an active role in the development of housing and economic development strategies to avoid being typecast as a rural county with no ambitions for development and content to remain as a dormant, commuter belt and retirement destination.

2.4 The Councils Strategic Framework

2.4.1 The Corporate Plan

The Corporate Plan was adopted by Full Council on 15th February 2018. As outlined above this sets out the vision and priorities for the duration of the recently elected Conservative administration. The key vision of the Council remains ***sustainable and resilient communities***. The themes and vision are inter dependent and underpin all of the supporting strategic documents. The Asset Management Strategy is a supporting document that seeks to create a policy framework for the management of our land and property assets to ensure that they are used effectively as a mechanism to deliver the strategic aims. The actions we intend to undertake are outlined in our Asset Management Plan which forms Part B & C of this document.

2.4.2 Medium Term Financial Plan

Since 2008 the Medium Term Financial Plan (MTFP) has been focussed on managing the reduction in both revenue and capital resources, whilst still maximising opportunities to deliver the Councils priorities. Land and property assets provide the Council with the opportunity to adopt revenue generation approaches to offset the impact of the austerity measures and allow the Council to have more control over its future ambitions. The adoption of an investment and growth approach with adequate controls and risk accountability will enable us to increase revenue streams, target strategic growth in the residential and employment sectors and capitalise on our unique geographical location as a border county situated within the Capital City Region. The Commercial Strategy will provide the framework within which the asset investment policy will operate.

The Capital programme is largely ring fenced to the provision of 21st century schools, with additional funding earmarked to the maintenance of the highways and built infrastructure. Additional projects such as the refurbishment of J block at County Hall, need to be funded through borrowing with the requirement that revenue savings have to be realised to service the debt. This approach was adopted for the development of the Council’s solar farm where the business case was tested on its ability to generate a net income stream over and above the borrowing the costs.

The Asset Investment policy proposes a similar approach, where prudential borrowing will be incurred to acquire assets. The cost of borrowing will be paid back through the rental stream generated from the acquired asset. In addition investment assets will be expected to generate an

annual net return of 7%, which will be determined by combining the net rental income and capital value appreciation.

2.4.3 Local Development Plan

The Capital City Region provides a strategic oversight to spatial planning within the geographical region. This will be taken forward as a Regional Spatial Plan and work has commenced on its development. In the interim the Council has its own adopted Local Development Plan (LDP) which sets the context for local development opportunities, which is now being reviewed. Given the rich ecological and environmental landscapes that support our farming and tourism sectors, development has largely been confined to the existing urban settlements. The impact of this is that sites are generally expensive to deliver due to large abnormal and environmental constraints which has resulted in the Council being unable to meet its 5 year housing land supply targets for the last 2 years. Welsh government undertook a review of the agricultural land grading in 2017, which has increased the land in Monmouthshire classified as grade 1, 2 and 3, which will potentially further restrict the land availability for development and the impact on our urban settlements.

The government's announcement that the Severn Bridge Tolls will be removed at the end of 2018 has already created an acceleration in demand in residential properties in the South East of the County with a resulting uplift in house prices (14.8% in Severnside and 8.19% in Chepstow¹). A review of the LDP has been commenced as a result of the shortage in availability of housing land which will also have regard to the short and medium term impacts of the changing economic landscape which does present significant growth opportunities.

As a major landowner in the south east of the County, this strategy seeks to capitalise on these



opportunities through a commercial approach to development and property ownership, but at the same time acknowledge its social responsibility by working with RSL partners to deliver affordable housing. We will also strive to ensure that

residential developments have regard to its local surroundings and communities, avoiding the creation of stand alone, self-contained developments that do not integrate or benefit their local areas. The Council owns 3 strategic sites within the current LDP. We have adopted different disposal methods in an endeavour to maximise our social aspirations without impacting on the capital

¹ House price variations between December 2016 and December 2017 compiled by the Councils Housing Service using Hometrack data.

receipt. Crick Road is in the process of being disposed of to an RSL partner and a partnership approach has been undertaken in the adoption of the overriding development principals and legacy relationship. Whilst Rockfield Farm disposal has been undertaken following a traditional tender process, the S106 will be used to fund the development of a village hall in Magor, which has been a long held aspiration of the local community. The Landlord Services teams will oversee the development and at the point of completion transfer the asset to the local community.

2.4.4 Digital Strategy

The digital strategy is refocusing on strengthening the use of technology by service areas to improve customer services and refine operating models. This will inevitably have an impact on the Councils operational estate as it will need to adapt to the evolving needs of the service, meet increasing energy demands in a sustainable way and be capable of adaption and rationalisation. Where possible, refurbishment and new build projects will consider the IT and utilities infrastructure required to future proof buildings and minimise costs.

When considering residential developments, minimising energy demand will be a core element whilst ensuring that they have the IT capacity to be SMART, networked homes. Given the rurality of the County, broadband accessibility remains an issue in parts of the County and we will work with partners to assist in the provision of infrastructure utilising council owned land.

Safeguarding electronic data is a key component of the digital strategy and we will work with the Digital Team to provide appropriate physical and digital adaptations to support this theme.

2.4.5 People Strategy

This focuses on equipping staff with the resources and skills to enable officers to perform their duties as effectively as possible. Agile working is a key theme within this, which has enabled us to rationalise the operational estate and realise revenue savings. It is essential however, that there is parity in the quality of the working space being provided and that there is sufficient regard to the welfare of staff. In addition all operational sites need to be flexible and capable of adaptation to respond to individuals needs as dictated by the Equalities Act. Our assets will be used to support the core principles of the People Strategy, ensuring that we are responding to changing needs, properties are safe, suitable, fit for purpose and providing users with flexible, digitally enabled working environments.

The Accommodation Working Group made up of Officers representing digital, landlord services and finance oversee the management of the operational estate, having recently managed the refurbishment of E block at County Hall and the re-location of Social Services. They are now working on the refurbishment of J block and the associated projects required to enable its delivery.

2.4.6 Social Justice Strategy

This is an emerging strategy which seeks to place social justice at the heart of the organisation, working in a collaborative manner with PSB partners to maximise the benefits available to community members. It doesn't seek to provide the solutions, but instead build a framework within which the community can develop its own capacity, networks and resilience. The asset management strategy can support this through policy and development interventions such as the provision of

affordable housing and community asset transfers. In addition it can ensure that suitable premises exist to enable the development of place based community development, through our hub provisions and working with partners to facilitate a multi-use building where services can be integrated or co-located. We will also adopt dementia friendly development principles on the development sites that we deliver with partners or through our Landlord Services team.

2.4.7 Mon 2050

In order for the County to thrive, research has been commissioned to identify the economic and social infrastructures that will need to be put in place to create the right conditions for sustainable growth. As a landowner, this Council has a role to play in ensuring suitable sites are made available for the development of employment and ensuring housing sites meet affordable allocation requirements and support the creation of networked communities. In addition, the County Farms estate continues to provide valuable agricultural grade land, rural employment opportunities and diversification opportunities through tourism and renewable energies.

2.4.8 Commercial Strategy

Given the need to drive income generation to offset austerity measures, the use of the property portfolio will increasingly need to be seen through a commercial lens. Appendix 1 provides a new policy regarding the acquisition of Investment properties using our well-being powers. It is intended that potential acquisitions will be judged on their revenue generation, potential capital appreciation and if within Monmouthshire economic development opportunities.



The policy also aligns with the Commercial strategy which seeks to maximise the financial benefits that can be derived from the council's resources, people and property.

2.5 External drivers for Asset Management

2.5.1 Government policies and Statutory Responsibilities

Central government has placed increasing emphasis on the way assets are managed in the public sector, with initiatives such as the State of the Estate publications and the creation of a central Property Unit to drive rationalisation and collaborative working approaches. A similar method is also being adopted by the Welsh Government with the implementation of the National Assets Working Group which is a collaborative approach to the management of the public estate. All approaches are targeted at driving efficiencies, sharing resources and using the estate to support the delivery of government policy priorities. The Welsh Government released a White Paper in 2017, considered the future direction of local government and local democracy. This paper proposed the introduction of the General Power of Competence, which was introduced in England via the 2011 Localism Act. If adopted the powers would reinforce our powers to act in a commercial manner.

Statutory compliance remains a key determinant in the allocation of funding on the property estate. Legislation is continually evolving as it responds to actual events, case law and changes in research

and market conditions. The costs of compliance are increasing which places even greater focus on rationalising our estate to ensure that expenditure is targeted and effective.

2.5.2 Asset Management Guidelines

The Royal Institution of Chartered Surveyors (RICS) published revised guidelines on Strategic Asset Management in the public sector in 2008. These recognise the value of the estate to the public sector and the effective governance and management arrangements that need to be put in place.

Effective management is essential given the relative illiquidity and long lead in times required for property assets to react to service transformation changes, regeneration or investment needs. Effective management will be improved at Monmouthshire through the creation of a Corporate Landlord Model that will integrate the Estates and Property Services teams to create a new seamless service focussed on a whole life approach to the management of our assets and meeting service and user needs.

The Estates team has already been split into estate management and development teams in recognition of the dual requirement to provide good stewardship and management of the operational estate, whilst simultaneously seeking out and maximising income generation opportunities. There is an ambition to undertake development of our own sites, which would include residential properties, however if we wished to retain these properties and let them on short term tenancies to supplement the private rented sector we would need to undertake this work through an arm's length company. The creation of the development team is enabling us to build additional expertise working alongside external advisors and create the foundations for a commercial trading company.

2.6 Asset Management Policies

The Council has developed a number of key policies to support the management and disposal of property assets. The key policies are listed below and included for reference within the Appendices.

- Disposals Policy
- Concessionary Rental Grants
- Community Asset Transfer

In addition to develop the commercialisation agenda and maximise revenue income, an asset investment policy has been included that considers the creation of a commercial investment portfolio, funded by borrowing. Performance and risks will need to be managed and specialist advice procured to supplement capacity and knowledge and ensure that risk exposure and income opportunities are quantified and within agreed parameters.

3. Current Context

3.1 Financial

3.1.1 Current financial position of the asset base

As at the 31st March 2017 the Council has fixed assets of £260,584,000 as outlined in the table below.

Balance Sheet as at 31st March 2017			
31st March 2016 £000s		Note	31st March 2017 £000s
171,547	Other land and buildings	12.1	173,547
3,944	Community assets	12.1	4,021
10,079	Assets under construction	12.1	40,724
-	Surplus assets not held for sale	12.1	360
41,099	Investment Property	12.7	41,932

At the same time the accounts were evidencing expenditure of £39,507,000 against the property portfolio which was made up as follows:

- Schools Modernisation programme £26,494,000
- Asset Management Schemes £2,467,000
- Solar Farm development costs £4,299,000
- Regeneration Schemes £720,000

Capital receipts in the financial year 2016/17 amounted to £16,491,520 which were ring-fenced in line with current Council policy to the 21st Century schools build programme.

3.1.2 Financial outlook

The Councils Medium Term Financial Plan anticipates an on-going reduction in revenue support grant funding from the Welsh Government. Current predictions indicate a further reduction of £14,000,000 over the next 4 years amounting to 10% of the Councils revenue budget, this does not account for additional pressures from increasing service demand or falling grant funding.

The Council has an ambitious schools modernisation programme that has seen circa £80m of public sector funding being committed to the construction of new secondary schools at Caldicot and Monmouth. These have adopted a plaza approach to learning with associated changes to pedagogy and learning technologies. The schools have been provisioned on a 50:50 basis with Welsh Government through Band A 21st Century Schools funding. The Conservative administration are keen to ensure the continuation of this programme and the provision of two further secondary schools in Abergavenny and Chepstow within Band B and C of Welsh Governments programme. The construction of the new schools will pay additional pressure on the Councils revenue budgets as borrowing will inevitably be required to meet our match funding commitments. Opportunities to generate capital receipts will also be sought to mitigate the borrowing requirement. New approaches to building design and construction are being considered to drive down construction costs without compromising on quality and service requirements.

3.1.3 Financial context for asset decision making

The strategic and operational management of the council's property assets is set to embark on a process of transition with the implementation of the Corporate Landlord Model. Currently property revenue budgets are devolved to service areas and maintenance of the operational estate is managed corporately by Property Services and the investment estate by Estates. The integrated

approach will enable a whole life approach to be taken on the management and associated expenditure of the estate.

Capital expenditure requires the approval of the officer led Capital Working Group and Council approval for inclusion into the Capital Programme. Given the Councils commitment to 21st Century schools there is limited funding available for other projects and this has been largely prioritised to maintenance of property and highways infrastructure assets and specific projects such as the provision of a new pool in Monmouth. For new projects to be added to the Capital Programme they need to either displace an existing project or be self-financing. The construction of the Oak Grove Solar Farm has been undertaken on the basis of the latter principle with gross income being used to finance the borrowing costs. The refurbishment of J block will be undertaken on the same principle with the corporate landlord service being responsible for delivering the savings to fund the majority of the borrowing costs, however the costs of the wider scheme which includes additional car parking, refurbishment of M block and the re-location of the bus parking provision will be funded through the capital programme.

3.2 Service Pressures

Service transformation is a key determinant in the retention and utilisation of the Councils operational asset base. Revenue pressures and changing customer expectations are driving service changes as they evolve to stay relevant and sustainable. Over the life of the last asset management plan the Estates team worked with services to create the hubs delivery model, integrate Community Learning into the hubs, consolidated Children's Services in Usk and created children's contact centres in strategic locations. There remains a number of key drivers that will need to be addressed over the duration of this Strategic Plan which are as follows:

3.2.1 Creation of a community hub in Abergavenny

Council approval was granted to progress to the creation of finalised costed designs for a community hub provision within the Town Hall in Abergavenny. Given the listed nature of the building and the multi functioning and multi occupied provision of the building, this will inevitably be a complex project. GWP architects have been appointed to lead on the design work led by an internal multi-disciplinary team. A funding envelope of £2,000,000 has been agreed in principle, but this is subject to a further decision by Full Council following the completion of a final business case.



Gwent Police have indicated a desire to co-locate within our hubs in Abergavenny and Monmouth and plans are being considered to facilitate their needs.

3.2.2 Alternative Delivery Model

The Council has granted in principle consent for the creation of an Alternative Delivery Model to manage the Council's leisure and cultural assets through a wholly owned arm's length company, this is however subject to a further full Council decision. The principle around the ownership and maintenance of the property assets has to be determined to understand the financial consequences on both the proposed new trading company and the Council. It is understood at this stage that the Council will retain ownership of the assets and the repairing liabilities and the ADM will occupy on the basis of a lease agreement. Given the need of the ADM to generate income the condition of the assets will figure large in their risk considerations, particularly given the circa £20,000,000 backlog. Given that the Council will potentially continue to hold the liabilities for this portfolio with the additional implications of a lease contract and a reducing corporate maintenance allocation, this does create an increasing financial risk for the Council and the corporate landlord.

3.2.3 Severn View Replacement

Adult Social Services run Severn View care home which is in need of replacement to reflect the changing service and customer needs, dementia friendly design principles and the need to generate operational efficiencies. A project is underway which is modelling the re-provision with a funding package predicated on revenue savings and the potential of grant funding. It is proposed that the replacement is located within the allocated LDP site at Crick Road. Current indications are that this will occupy 2.2 acres, which the Council will need to acquire in order for this development to be undertaken. Cabinet approval has been granted to move to a final business model.

3.2.4 21st schools programme & ALN review

The Council has recently opened a new comprehensive school in Caldicot and Monmouth comprehensive is scheduled for completion in September 2018. The cost of the rebuilding of these schools is circa £80,000,000 which has been the priority for the Council's capital programme for the last 5 years.



The Council has committed to the re-provision of all of its secondary schools and as a result has submitted a Business case to WAG for funding to rebuild Abergavenny within its band B programme with Chepstow following on in band C. There is also a review underway that is considering the additional learning needs delivery models,

pupil referral units and provision of secondary Welsh medium education. As these projects crystallise the property and financial impacts will be assessed.

3.2.5 Future Monmouthshire Service Optimisation Models

As part of the budget setting work, the Council's Future Monmouthshire team are leading on a number of service reviews that may have property implications, these include a review of the Passenger Transport Unit and vehicle maintenance functions. As these projects develop the property opportunities will crystallise and detailed work can be commenced.

3.3 Building condition and suitability

The management of the buildings fabric is undertaken by the Councils Maintenance team, who manage the capital programme planned maintenance works and a revenue budget for reactive repairs. The planned maintenance programme is informed by survey data the key components of which are:

Condition: A rolling programme of condition surveys are commissioned by the Maintenance team which are used to inform the development of the planned maintenance programme, identify the maintenance backlog and inform strategic management.

Health and Safety Compliance – Health and safety surveys are commissioned to ensure compliance with changing legislation and inform the planned maintenance programme. If urgent issues are identified these are rectified immediately and monitoring regimes are implemented where appropriate e.g. undisturbed asbestos. Surveys are made available for site managers so that they can fulfil their statutory duties and ensure that users of the building do so in a safe manner. Key surveys include:

- Asbestos
- Fire Risk Assessments
- Legionella
- Glazing
- LPG Gas Tank Safety

Cyclical Maintenance - Periodic testing is undertaken on an annual basis and defects or recommendations are prioritised and allocated within the maintenance programme, or if urgent reactive repairs are undertaken. Key surveys include:

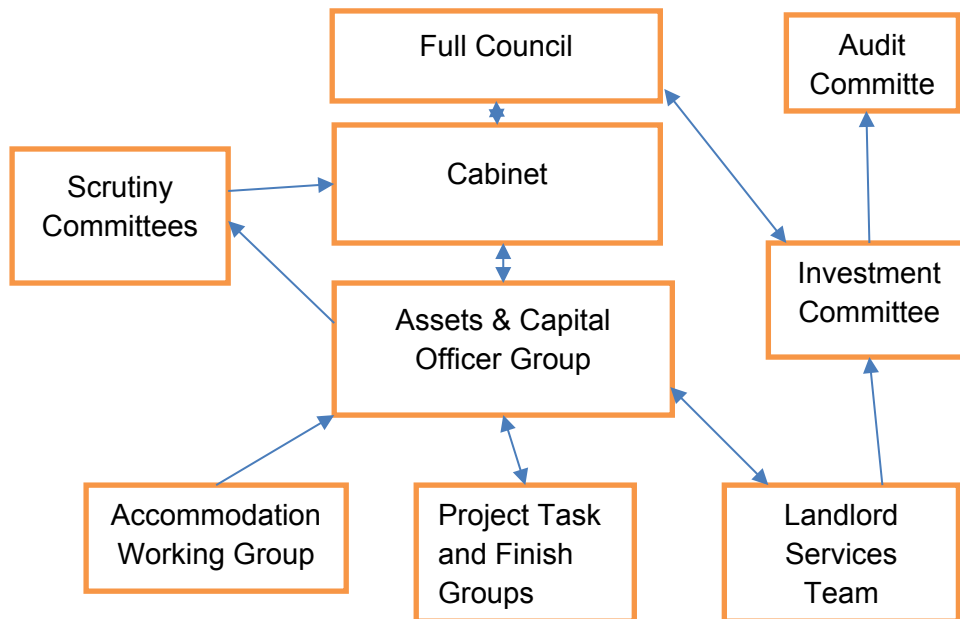
- Electrical Safety
- Gas Safety
- Air Conditioning Inspections
- Fire Alarm and Detection
- Emergency Lighting

Equalities Act – A small budget is allocated to undertake works to ensure compliance with legislation and equality of access for all service users. Planned works are undertaken on the basis of survey recommendations, nature and use of the buildings, with the school and leisure stock taking priority over recent years. Reactive works are also undertaken which predominantly involve responding to specific clients' needs e.g. adaptations required to school sites to accommodate specific needs for disabled students.

3.4 Governance arrangements

It is intended that the Capital Working Group and the Asset Management Steering Group are combined to create a more streamlined decision process, minimise meetings and facilitate better knowledge and information sharing amongst key officers. These plans are being developed, but will be implemented within the financial year 2018/19.

In the interim the officer Accommodation Working Group will continue to manage operational accommodation, reporting into SLT and to the Cabinet Member for Resources and Cabinet.



3.5 Our Current Estate and Performance

3.5.1 Operational Estate

As with all local government bodies, our property portfolio is varied and diverse, however is relatively small in numbers. The assets are largely legacy which resulted in the adoption of the Council's property rationalisation programme to relinquish properties that no longer met the corporate need or where unviable to refurbish or adapt.

The key operational assets are quantified in the following table:

Castle	1	Outdoor Education	2
Cemeteries	5	Primary Schools	23
Community Hubs	4	Secondary Schools	4
Contact Centre	1	Social Services (Non-residential)	4
Highways Depots	4	Social Services (residential)	6
Leisure Centres	4	Special Schools	1
Libraries	2	Theatre	1
Multiple Use Buildings	4	Tourism	2
Museums	3	Youth Service	2
Operational Offices (stand alone)	2		

This portfolio is continually reviewed to reflect service demands and drive operational efficiencies.

3.6 Investment Portfolio

With the exception of the recently constructed solar farm and livestock market, the assets are legacy as there has been no growth or development strategy. Assets declared surplus have previously been released to generate capital receipts to support the Councils 21st century schools programme. The austerity programme has resulted in a review of this approach and the requirement to generate revenue now has equal prominence with receipts generation. As a result development opportunities are being explored where the Council can retain the asset and generate revenue as well as capital appreciation. This inevitably involves a level of risk which needs to be quantified and managed, capacity and skill sets need to be developed and effective management and review practices developed. An asset investment policy has been developed to articulate this ambition which will meet the Councils commercialisation agenda whilst demonstrating a robust management framework.

The current portfolio is managed by the Estates team based on its use classification as each portfolio is governed by differing legislation.

3.6.1 Agricultural portfolio

The Council has a total of 26 holdings and 40 bare land units amounting to 1,122 hectares (2,773 acres). A review has been implemented of the County Farms Holding to develop a long term strategy that seeks to maximise revenue generation to the authority, whilst retaining strategic holdings with development potential. This needs to reflect changing agricultural practices e.g. precision agriculture, diversification opportunities, e.g. glamping and predict the impact of Brexit. The draft strategy and action plan will crystallise in the next 6 months. Rental income is predicted to fall in the next financial year due to the disposal of a county farm holding and non-core bare land.

The County Farms estate generated a net income of £246,991 in 17/18, against a target of £260,000.

3.6.2 Industrial Units

The portfolio is made up of 40 industrial units located within Caldicot and Raglan. The units range in size from 365ft² to 2,850ft². The units are let predominantly to small businesses initially on a tenancy at will progressing to a formal tenancy. Void rates in the third quarter of the 2017/18 financial year stood at 2% and rental arrears at 4.7% and a net income of £191,699 was realised against an annual income target of £178,952.

3.6.3 Commercial units

This portfolio is made up of 23 secondary retail units located within the Councils former housing stock in “Neighbourhood” shopping areas. The units are held on long leasehold interests from Monmouthshire Housing RSL where residential properties are located above them. The portfolio is spread across the county in locations such as Monmouth, Caldicot, Chepstow, Abergavenny and Goytre. In addition the Council also holds a recently constructed livestock market at Bryngwyn which forms part of this portfolio. In 17/18 the portfolio generated £290,731 against a target of £296,000.

The adoption of an Investment Acquisition policy will enable the Council to acquire strategic sites with strong economic, regeneration or income potential which will allow the creation of a blended portfolio to mitigate risk.

3.6.4 Markets



The Council runs 3 local markets in Abergavenny, Caldicot and Monmouth. The Abergavenny Market is a fixed indoor market which spills out into Brewery yard on a Tuesday and Saturday. Monmouth and Caldicot are marginal markets which operate two days a week within the town centres. All the markets are in a period of transition due to changing consumer demands and competition from retailers such as “Poundland” which have displaced the traditional demand profile. The service operation is being modernised and a review of Abergavenny Market will be commencing to ensure that the opportunities that the

Abergavenny Hub creates can be maximised.

The service generated a net income of £339,059 in 17/18 against a budget target of £342,524.

3.6.5 Sustainability

The Council had previously undertaken a programme of retrofit PV installations on larger building footprints, but this programme had ceased as a result of changes to the FIT regime which had marginalised returns on any additional installations. The Estates team turned their attention to large scale installations and alternative subsidy schemes which lead to the development of a 5MG watt solar farm being created on 25 acres of Oak Grove Farm which a council farm is holding. The scheme has been funded by borrowing in part from Welsh Government and the remainder from the PWLB. Income is derived from the former Renewal Obligation Certificates (ROCS) scheme and the sale of energy via a power purchasing agreement. The income is used to fund the borrowing costs and generate a net return to the Council over a 20 year period.



Investment Portfolio performance

Portfolio	Income 16/17	17/18	Target for 18/19
County Farms	£270,804	£246,991	£245,620
Industrial Estates	£190,557	£191,699	£188,275
Commercial	£427,497	£290,731	£245,000
Markets	£343,227	£339,059	£351,088
Sustainability	£100,540	£97,742	£95,113

Part B - Asset Management Plan



4. Achieving the Vision

As outlined in the Strategy delivery will focus on 5 key themes:



We will annually review and refresh the action plans assigned to deliver these themes and associated programmes and performance monitoring will be embodied within the Service Business Plans. The key projects forming the programme are detailed below.

4.1 Service Transformation – Transforming how we deliver our services

- Implementing the landlord services model
- Completion of demolition at Caldicot Comprehensive and completion of Monmouth comprehensive.
- Band B programme – new 3 – 18 provision at Abergavenny with Welsh Medium alongside.
- Alternative Delivery Model – creation new trading company and landlord / tenant relationship for the management of retained Council assets.
- Severn View Replacement – provision of a new dementia care home on the Crick Road site
- Abergavenny Hub – refurbishment of Abergavenny Town Hall to provide a multi-use space, whilst accommodating the needs of the Borough Theatre, Town Council and Gwent Police.

4.2 Effective and Efficient Operational Estate - Managing our operational holdings effectively

- County Hall consolidation - refurbishment of J block for office accommodation , M block to provide training provision, additional circa 125 car parking spaces, re-location of bus parking to Magor.
- Agile working – ensuring 2: 1 workspace allocation is consistently applied in office moves and meeting space is being effectively managed.
- Rationalising our estate – Innovation House will be released as an investment assets following completion of the County Hall works. Abergavenny Hub will release space in Pen y Pound which will be utilised to accommodate other MCC services.
- Reducing energy utilisation – We have signed up to the re-fit programme to lever in loan funding to realise energy savings through new mechanical and electrical infrastructures.
- Work with PSB partners to identify opportunities to share operational accommodation and operating costs.

4.3 Commercialising our approach

- Adoption of an Asset Investment policy aligned to the Commercial Strategy
- Adoption of new County Farms Strategy that will seek to maximise diversification opportunities to increase revenue generation. In addition seek opportunities to generate an

income stream from surplus holdings through tourism opportunities e.g. holiday lets, glamping etc.

- Reviewing Industrial and commercial portfolios to minimise voids and rental arrears.
- Undertake a review of Abergavenny Market Hall to identify opportunities to improve the offer and the revenue generated through changed management practices and improvements to the stalls and layout.
- Supporting the regeneration of Caldicot Shopping Centre utilising Council assets and working with private landowners.
- Maximising capital receipts to support the 21st century schools programme (sale of LDP strategic sites, County Farm holdings & land, surplus land)
- Investigating opportunities to trade the expertise within the Landlord Services Model to other public sector bodies
- Optimise the value of the Police SFM collaboration agreement
- Exploring the potential of undertaking our own developments/ construction on Council assets.
- Set up a sub committee to identify, work up and promote Council owned sites through the LDP review process.

4.4 Supporting our communities

- Community Asset Transfer Programme – updating the current policy, working with existing applicants (Melville theatre) and finalising those that have already been approved (Undy Football Club)
- Affordable housing –ensuring our development sites at Crick, Rockfield Farm and Raglan meet LDP criteria for units provided. Identify additional sites where affordable housing can be provided.
- Creating Self build opportunities, possible stand alone opportunities or within larger development sites.
- If undertaking our own developments work Y Prentis and use of local supply networks
- Crick Road – working with Melin Homes to promote the construction of a dementia friendly community with Melin retaining a long term interest in the site through their community development work.
- Working with Gwent Police to share accommodation with the Abergavenny One Stop Shop and Monmouth Hub

4.5 Sustainable development

- Identify opportunities to create additional renewable energy generation where financially feasible to do so.
- Undertake a feasibility study to establish the financial and operational benefits of installing battery storage within the Oak Grove Solar Farm
- Reducing energy consumption by replacing older inefficient technologies using the refit programme, implementing new infrastructure within Abergavenny Town Hall and J block as part of the proposed refurbishment programmes
- Implementing the hydrogen pilot and evaluating its success
- Reviewing the potential for other emerging technologies such as harnessing heat from rivers or hydroelectricity.
- Installing electric car charging points at County Hall.

Action Plan

Action	Expected Impact of the Action	MCC Objective & Strategic plan contributed to	Performance Indicator/milestone	Officer Responsible & Timescale
Develop, consult and implement a Landlord Services structure	Streamlined, integrated approach to the management of assets, which will build capacity and maximise staff resources.	Future-focussed Council	<ul style="list-style-type: none"> • Development of a cost neutral structure • Consultation with staff • Cabinet member approval and implementation 	Debra Hill-Howells Completed by September 2018
Completion of Band A 21 st Century Schools Projects within agreed timescales.	Modern, future proofed learning environments that provide safe, efficient and digitally enabled spaces.	Lifelong well-being Future Focussed Council Corporate Plan, MTFP	<ul style="list-style-type: none"> • Completion of demolition works at Caldicot Comprehensive by August 2018 • Opening of Monmouth Comp (excluding external works) 17th September 2018 • Completion of Monmouth external works November 2018 	Phil Kenney On-going
Creation of Abergavenny Hub within the Town Hall	Creation of a single integrated space for the provision of MCC and partner services. Improved access to services and service provision	Lifelong well-being Future Focussed Council Corporate Plan MTFP Social Justice Strategy	<ul style="list-style-type: none"> • Completion of design works and costings June 2018 • Full Council approval of Business Case July 2018 • Tender exercise and appointment of preferred contractor December 2018 • Commencement of works January 2019 • Completion of works May 2020 	Debra Hill-Howells / Ben Winstanley On-going

County Hall consolidation – refurbishment of J block, provision of additional car parking spaces, refurbishment of block M and re-location of bus parking to Magor	Consolidation of all non-location staff within single site to reduce operating costs, un-productive travelling times, expenses and support the development of a networked workforce	Future Focussed Council MTFP	<ul style="list-style-type: none"> • Finalisation of specification and costs. • Full Council approval for borrowing • Tender and appointment of preferred contractor • Completion of works April 2019 	Debra Hill-Howells / Mike Long
Implementation of re-fit programme to undertake improvement works to mechanical and electrical infrastructure within operational assets	Reduced energy costs and carbon footprint and improved working environments, enhanced asset life	Future Focussed Council MTFP	<ul style="list-style-type: none"> • Identifying scope of works • Tender invite • Implementation of projects and drawdown of loan funding 	Ian Hoccom
Acquisition of Investment Assets	Net revenue benefit, capital appreciation and economic and regeneration opportunities	<i>Maximise the potential of the natural and built environment</i> <i>Future Focussed Council</i> MTFP Commercial Strategy Corporate Plan	<ul style="list-style-type: none"> • £30,000 net income target 2018/19 	Peter Davies / Debra Hill-Howells
Development of Council sites by Landlord Services	Maximising capital receipts and potential revenue generation opportunities.	<i>Maximise the potential of the natural and built environment</i> <i>Future Focussed Council</i> MTFP Commercial Strategy Corporate Plan	<ul style="list-style-type: none"> • Business case for individual sites – requirement to fund development to secure revenue or capital receipts • Develop programme timescales, resource requirements, financial and social value • Confirm operating model 	Ben Winstanley

<p>Delivery of LDP strategic sites</p>	<p>Provision of affordable housing, support the delivery of the LDP's 5 year housing target and the generation of capital receipts to support the 21st century schools agenda</p>	<p><i>Thriving and well-connected county</i> <i>Maximise the potential of the natural and built environment</i> <i>Future focussed council</i></p> <p>Local Development Plan Corporate Plan MTFP Social Justice Strategy</p>	<ul style="list-style-type: none"> • Agreement of heads of terms on Crick Road and Rockfield Farm sites • Securing outline planning consent for Raglan Site • Development of an options appraisal for Raglan to determine preferred development strategy • Delivery of LDP affordable housing targets – 25% of consented units 	<p>Debra Hill-Howells/ Ben Winstanley</p>
<p>Reviewing the community asset transfer policy</p>	<p>To ensure it aligns with best practice, is delivering the aims of the strategy and is supported by GAVO</p>	<p><i>Thriving and well connected county</i> <i>Lifelong well-being</i> <i>Future Focussed Council</i></p> <p>Corporate Plan Social Justice Strategy</p>	<ul style="list-style-type: none"> • Working with stakeholder group to review policy and identify best practice • Amendment of policy and application process • Creation of independent support process for prospective applicants • Adoption of amended policy by Members 	<p>Debra Hill-Howells</p>

How we will evaluate progress

This section sets out how we will evaluate our progress to ensure transparency and accountability as part of our governance arrangements.

Specific actions and performance targets will be embedded within the Landlord Services Business Plan which will be reviewed on a quarterly basis. This will be largely quantitative data which will measure performance of property portfolios against income targets, void rate and arrears. In addition it will consider the impact of the renewable energy generated in terms of income generated and offsetting of our carbon footprint.

Additional targets will be monitored against project milestones which will monitor actual budget and timescales to ensure effective project management e.g. the delivery of Abergavenny Hub and Monmouth Comprehensive.

Performance Indicators

Indicator	Actual 2016/17	Actual 2017/18	Target 18/19	Comment
Capital receipts Forecast	16,491,520	1,529,900 Q3	10,415,000	
Commercial Property Income	427,497	209,731	245,000	
Industrial Units	190,557	191,669	188,275	
Market Service	343,227	339,059	351,088	
Sustainability	100,540	97,742	95,113	
GIA of MCC occupied operational floor space		tbc	tbc	New indicator to assess success of property rationalisation
Workspace ratio within MCC occupied operational properties		tbc	2:1	New target to monitor workspace ratios and efficient use of operational estate.
Consented affordable housing units on MCC development sites		tbc	tbc	New indicator to assess compliance with LDP affordable housing policies
Void rates Industrial Units	12%	2%	5%	
Void commercial units	4%	12%	10%	
Industrial arrears (%of total yearly income target)	10.5%	4%	5%	
Commercial arrears (% of total yearly income target)	0%	1.8%	3%	
County Farm arrears (% of total yearly income)	10.5%	4.7%	8%	
Capacity of renewable energy in the county driven by the council		1106 ²	tbc	
Percentage reduction of council carbon dioxide emissions			3% on 17/18	17/18 baseline to be calculated.

Risks

There are risks attached to the delivery of this plan and good governance will ensure these risks are understood, managed and communicated. The Council has an established risk management policy that sets out the Council's policy and approach to strategic risk management. The risks related to the delivery of this plan have been identified, assessed and mitigating actions established.

Risk	Reason why identified	Risk Level (Pre – mitigation)				Planned Mitigation & timescales	Residual Risk Level (Post – mitigation)			
		Year	Likelihood	Impact	Risk Level		Year	Likelihood	Impact	Risk Level
Lack of capacity within Landlord Services delays the delivery of projects, resulting in lost revenue, additional project costs and reputational damage.	There is no space capacity within the existing structure, coupled with the requirement to deliver additional revenue income and develop additional skill sets	18/19 19/20 20/21	Possible Possible	Major Major	Medium	Landlord Service model will build in additional capacity, where this is cost neutral and an evidenced need exists. If unable to recruit or the need is short term, external expertise will be procured	18/19 19/20 20/21	unlikely	Major	Low
Unable to deliver the anticipated revenue income forecast due to market variations, planning and environmental constraints, unable to compete in the marketplace due to elongated decision making process	Income targets increase year on year without additional assets being acquired or staff resources being supplemented. To gain credibility within the private marketplace we need to have a streamlined delegated decision process in place.	18/19 19/20 20/21	Probable	Major	High	Investment Acquisition policy proposes a streamlined decision process that will enable us to be responsive to market opportunities. The county farms and markets services are being reviewed for additional income generation potential	18/19 19/20 20/21	Possible	Major	Medium

External market conditions can significantly impact on capital values and result in delays in disposals	Following the market crash, development finance has become more expensive and difficult to obtain which has reduced land values and elongated sales, as developers try to de-risk sites before acquisition	18/19 19/20 20/21	Probable	Major	Medium	De-risk sites by undertaking our own surveys and securing planning consents, amend forecasts based on market conditions.	18/19 19/20 20/21	Possible	Major	Low
The authority is unable to deliver its political priorities due to insufficient capital funding availability which may also lead to risks of maintaining key infrastructure and other identified pressures.	Further refinement of priority assessments in the property and infrastructure budgets to ensure all pressures have been considered and ranked.	18/19 19/20 20/21	Likely	Major	High	A revised programme of property surveys and health and safety surveys will be used to prioritise the maintenance programme and associated backlog.	18/19 19/20 20/21	Possible	Major	Medium
The Asset Investment Policy creates additional financial burden due to changes in market value, poor tenant performance, voids and falling rent rolls	Acquiring assets for income streams is a new venture for the authority and will inevitably increase risks due to the illiquidity of property, cyclical and changing property market and exposure to the commercial marketplace	18/19 19/20 20/21	Possible	Major	High	External expertise has been commissioned to assist in the preparation of the policy, operating framework and the identification of suitable assets. We would seek to acquire a blended portfolio based on use and location to mitigate risks, however they can never be fully eliminated.	18/19 19/20 20/21	Possible	Major	Medium

Appendix 1

Asset Investment Policy

Appendix 1 – Asset Investment Policy

1. Introduction

Local government is being challenged to identify new ways to generate both revenue and capital funding streams to help bridge the gap between available funds and increasing service demands.

In common with all public bodies the Council has a property portfolio which is used to facilitate service delivery and deliver corporate objectives. The Council has been driving down holding costs through the rationalisation of its operational estate and the implementation of agile working. Whilst this process will continue to seek efficiencies, it is a process for managing costs rather than generating additional income. For that reason, it is now proposed that a more pro-active approach is developed in the form of a property acquisitions policy. The purpose of this paper is to:

- Provide a formal policy for the acquisition of investment opportunities that will derive a net return to the Council.
- Provide the governance and delegated authority arrangements
- Establish the criteria to support a proposed acquisition.

2. Objectives of the policy

- 2.1 To help sustain Council Services and enhance the asset base by investing in commercial property assets in order to increase the net rental income stream for the Council.
- 2.2 The Council's Corporate Plan 2017 – 2022 identifies five priorities, the last of which is a "future focussed Council". One of the key measures for this is *income generation from commercial investments*. This policy will provide the framework for the evaluation of potential commercial property investments.
- 2.2 We will actively seek out investment opportunities within the County of Monmouthshire, City Deal geographical boundary and neighbouring areas of economic influence which will support our economic and regeneration priorities. In order to manage and spread the risk we will also identify investment options beyond our county boundaries which meet our criteria.

3. Purpose of the Policy

- 3.1 The purpose of this policy is to formalise the commentary within the Councils Asset Management Strategy (AMS) and provide a robust governance framework. The AMS outlines the following:

The Estates team will actively seek opportunities for property investment where a Business Plan evidences:

- *Financial Criteria are met –In accordance with financial parameter's detailed below*

- *Investment Criteria are met – in accordance with the investment criteria detailed below.*

3.2 The principal purpose for acquiring land and property assets will be to improve the financial position of the Council and its communities. This could be in the form of a revenue stream to the Council or to facilitate economic development or regeneration schemes.

4. Powers to acquire land and property assets.

Power to acquire and hold assets

4.1 The 1972 Local Government act provides the authority for local government to both acquire and dispose of property assets. S120 deals with the acquisition of assets as follows:

S120 Acquisition of land by agreement by principal councils.

(1) For the purposes of—

(a) Any of their functions under this or any other enactment, or

(b) The benefit, improvement or development of their area,

(c) A principal council may acquire by agreement any land, whether situated inside or outside their area.

4.2 Well-being powers

Section 2 of the Local Government Act 2000, gives local authorities the power to do:

1) Anything which they consider is likely to achieve any one of the following objects:

(a) The promotion or improvement of the economic well-being of their area,

(b) The promotion or improvement of the social well-being of their area, and

(c) The promotion or improvement of the environmental well-being of their area

Section 2 (4), of the act provides local authorities with the ability to incur expenditure, give financial assistance, enter into arrangements or agreements and provide goods services and accommodation.

We have obtained specific advice on the application of these powers to acquire investment assets, which has confirmed that a direct benefit to the citizens of Monmouthshire needs to be accrued from the acquisition of the assets which can be tangible i.e. the provision of new facilities, or intangible i.e. funding service delivery.

General Power of Competence

Welsh Governments White Paper, *Reforming Local Government: Resilient and Renewed*, makes provision for the introduction of the general power of competence for Welsh local authorities to bring us in line with the powers already held by our English counterparts. The WLGA have advised that the White Paper proposals will provide powers which will allow councils to be more innovative and lend or invest money; or setup a company or co-operative society to trade and engage in commercial activity. Use of the power is not restricted to the geographical area of the authority or for the benefit of its residents.

Power to borrow

- 4.3 The power to borrow is provided via S1 of the 2003 Local Government Act. This determines that borrowing may be undertaken;
(b) For the purposes of prudent management of its financial affairs provided it does not exceed its affordable borrowing limit under s.3 Local Government Act 2003 (s.2 (1) and 2(4))

A number of English Authorities have sought advice on the extent of this power and whether it confers the right to borrow money for purely financial purposes. This is yet to be tested in the Courts, however Welsh Government proposals seem to infer a greater degree of freedom than that afforded by the Localism Act which confers the general power of competence to English authorities.

5. Financial Criteria

Individual acquisitions should meet the criteria set out below, acquisitions outside these criteria will require approval by Cabinet with a supporting business case and reasons for deviating from the agreed protocols.

- 5.1 Target Fund Value - £50 Million Pounds over a three year timeframe to be reviewed annually.
- 5.2 Maximum Lot size No greater than 20% of the Target fund value
- 5.3 Minimum Return - total cost of borrowing (interest and repayment) Target Income Return – 2% above the annual cost of borrowing (interest and repayment). Where the acquisition will result in net economic growth to Monmouthshire (through the provision of jobs, additional employment floor space, local regeneration etc) the Investment Committee can adopt a lower return, but the return cannot be lower than 0%.
- 5.4 Target Total Return - 7% per annum, to be reviewed annually to reflect prevailing market conditions.
- 5.5 Minimum Repayment Provision (MRP) will be assessed on a case by case basis by reference to the economic life of the land and buildings but in all cases will not exceed 50 years.

6. Acquisition & Governance Framework

- 6.1 All proposed land and property acquisitions are to be undertaken by the Council's Estates team or its appointed agents in accordance with prevailing legislation and the rules laid down by the relevant professional bodies. All valuations must be undertaken by a qualified² member of the Royal Institution of Chartered Surveyors with knowledge of the relevant local and specialist markets.
- 6.2 All potential investment acquisitions will be assessed against the following Investment Criteria at both a portfolio and asset level
- Location
 - Quality
 - Tenure
 - Portfolio blend
 - Strength and security of Income

² MRICS or FRICS

- Income and Capital growth potential
- Potential Landlord Liabilities
- Identifiable Risks
- Development and added value opportunities
- Economic, Regeneration and other Key Council priorities

6.3 All proposed acquisitions will need to be the subject of a Business Case which will be created in conjunction with the Council's Finance team. The report will consider both the Financial and Investment Criteria

6.4 The Business Case will be presented to the Investment Committee which will be made up of the Council Leader, Deputy Leader, Cabinet Member for Resources and the Leaders of the two largest opposition parties (political balance 3:1:1). The Committee will be advised by the Resources Chief Officer and Officers from Finance, Estates and Legal Services.

6.5 The Investment Committee will have delegated authority to make prudent decisions on the acquisition of investments utilising the £50,000,000 allocated borrowing. There will need to be 3 members in attendance for the meeting to be deemed quorate.

6.6 All acquisitions will be subject to

- An independent valuation report supporting the purchase price
- Satisfactory building survey and assessment of economic life
- Satisfactory report on title

7. Review Principles

7.1 An annual performance review of the Investment Committee and any acquisitions will be undertaken and reported to Audit Committee to ascertain performance against the following criteria:

- Governance arrangements and adherence to policy
- Relevant Market indexes
- Property performance locally
- Capital, Income and Total returns.

The Investment Strategy will be reviewed annually and adjusted to reflect prevailing market circumstances.

7.2 In the event that a property holding is deemed to be underperforming or fails to meet any debt repayment costs, a review will be undertaken to determine:

- The potential to increase the revenue generated or reduce holding costs
- The anticipated sale value of the asset

7.3 If it is determined that the net sale value will realise a receipt in excess of the purchase price and that there is little potential to increase the revenue then the asset will be sold. If however the net sale value will not realise a value equal to or in excess of that originally paid the asset will be retained until such time the capital value has increased. All income and expenditure will be funded and managed by the Estates Team.

7.4 Where the asset is located away from the County or has specific management skill requirements, external agents may be instructed to manage it on our behalf, all costs incurred will be deducted from the gross annual return.

8 Risks

8.1 As with all investment opportunities the property market will be subject to fluctuations which will result in either increases or decreases to the rental value and the resultant capital value.

8.2 Illiquidity - In the event that a property needs to be sold to generate capital funds the disposal process will generally take in the region of 6 – 12 months to complete, dependent on the prevailing market conditions.

8.3 Commercial property will require management to safeguard the physical condition of the asset and the landlord tenant relationship. Regardless of contractual arrangements there will always be the risk of tenant default.

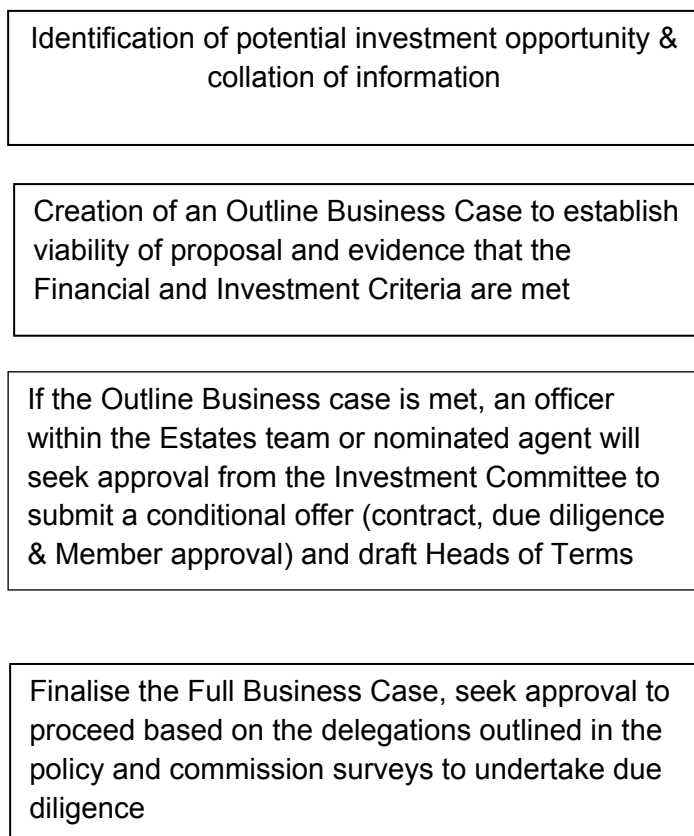
9. Purchasing and Finance.

9.1 - The Council benefits from the ability to access funding from the PWLB at relatively low interest rates and fixed repayment terms enabling the acquisition of land & property assets

9.2 - Alongside the purchase price the Council will incur fees at the point of purchase such as Legal and specialist fees, Land Transaction Tax and VAT. In the event no revenue funding is available these will be treated as Capital costs and aggregated into the total borrowing required.

9.3 A fund will be created to top slice net rental income to manage repairs, maintenance, staff resources and improvements, to prevent the portfolio becoming a net cost to the authority.

10.1 - Governance & Purchase Flow Chart



Commence legal process for purchase of the investment. Until exchange of contracts, all negotiations and investigations will be on a 'subject to contract' basis.

Exchange contracts. Council now financially committed to purchase.

Pre completion searches and arrange draw down of funds to complete transaction.

Post completion - payment of Land Transaction Tax and other fees, make arrangements for rental payments and ongoing property / portfolio management.

Complete Transaction, assume liability for the property. Update relevant colleagues internally and update terrier and other databases.

Undertake annual assessment to review financial return and compliance with policies outlined in this policy.

Appendix 2

Concessionary Lettings Policy

Concessionary Lettings Policy

Rental of Properties

1. If a department wishes to lease a property or rooms then they must contact Estates to arrange this. Estates will take it through the normal procedures to obtain consent for the lease, i.e. local members, cabinet members and the Chief Officer Resources.
2. The rental for the property will be calculated based on the open market value of the proposed use. At this stage no discount will be reflected in the rental calculation. The tenant must agree to this value before the rental grant process can proceed.
3. In negotiating the new lease it will be common practice to build a break clause exercisable by the tenant in the event that a rental grant is not forthcoming. This enables the tenant to leave the property without any financial penalties or onerous obligations if either the grant is not allowed or is later withdrawn.
4. The tenant will be required to complete a rental grant application as attached. The purpose of this form is to establish if the tenant has any other source of funding and their ability to meet the rental commitment.
5. The completed form must be returned to Estates who will then forward it on to Finance.
6. The maximum grant available is 95% (except in exceptional circumstances). Finance will also be testing whether the tenant is able to demonstrate that they have the ability to meet any repairing liabilities that they have committed to as part of the lease.
7. Finance will confirm the circumstances of the tenant to Estates. If a rental grant appears justified then a report will be presented to the Chief Officer Resources, who has delegated authority to make a decision.
8. If the grant has been awarded the tenant will be invoiced for their contribution only as the grant element will be deducted at source.
9. The grant will be awarded for a three year period only. At the end of this period the market rental will be re-determined and the same process will be completed.

Room Hire

1. If the building manager is to adopt two rates of charging then they must be explicit in how they determined the differences in the two rates. They should also have a list identifying the categories of users that would be eligible for the concessionary rental.
2. Records of the usage should be kept and made available at the end of each financial year to determine the costs to the Council and the beneficiaries of the reduced rates.

Electricity / Utility Costs

1. If occupying accommodation by virtue of a lease, then the utility costs should be the responsibility of the tenant. These can be determined by establishing the overall floor area of the building, the area that the tenancy covers and apportioning the costs accordingly. If there is a variance in the hours of occupation between various occupiers this can also be built into the calculation. Asset Management can assist in determining this as part of the lease negotiations.
2. If the rooms are let on an hourly rate then the utility costs should be built into the calculations to determine the hire costs. The concessionary rental charge must include these costs.
3. If the charity/ organisation has occasional use of desk space, this should be reviewed. For example if one of these occasional users is hurt on Council owned property, then MCC could be liable. If it is proven that this is the only option available then utility costs should be calculated on the same basis as 1 and reported back on an annual basis to determine the level of subsidy provided.

Office Supplies

1. If third parties are to be afforded access to photocopiers they must be given a separate code so that their usage can be quantified. This should be reported back on an annual basis.
2. Third parties should be liable for any office supplies or equipment purchased. Any donations of this kind by MCC to third parties must be recorded and reported back on the basis of unit cost per item, the details of the beneficiary and the rationale behind the decision to make the donation.

Appendix 3

Community Asset Transfer Policy

Community Asset Transfer Policy

Community Asset Transfer Policy

1. What is Community Asset Transfer?

Guidance from central guidance identifies the aim of community asset transfer as “community empowerment by ensuring that land and buildings are retained and operated for public benefit through community management and ownership”.

In essence it involves the transfer of the management / ownership of an asset from a public sector body to a community based organisation e.g. a charity, community interest company or a Town / Community Council.

The transfer of the asset can be achieved through either a freehold or long leasehold interest. Normally any transfer will be undertaken on the basis of full market value, however a sale or long leasehold interest can be undertaken at less than best consideration in accordance with the General Disposal Consent Order (Wales) 2003, subject to being satisfied that the sale / lease will result in long term sustainable local social, economic or environmental benefits.

2. Why has Monmouthshire County Council introduced a Community Asset Transfer Policy?

The Council has a large land and property holding which is used for a variety of different purposes including service delivery, economic development and community activities. For some of these assets, community ownership or management could bring benefits to the local community, the Council and other service providers.

The Governments Quirk Review “Making Assets Work” (2007), considered that transferring assets to the community would develop a greater sense of ownership, provide opportunities for finance and widen the benefits of the facility to the local community.

The Councils Your County Your Way and Whole Place agendas for the delivery of services in the future accords with the principal of the Quirke Review and this Community Asset Transfer policy (CAT) enables the transfer of land and property to be undertaken where the benefits of the proposal are proven through a business plan approach.

Broadly applications through the CAT process will need to demonstrate:

- Community development and empowerment
- Long term resilience and sustainability
- Economic development and economic well-being
- Social enterprise and social well-being
- Improvements to local service delivery
- Benefits to Monmouthshire communities
- Equality of access
- Environmental improvements and well-being
- Value for money

If the applicant is unable to provide clear evidence of direct community benefit, if surplus the asset will be sold on the open market so that it can ensure value for money.

3. Who is eligible to make a request for a community asset transfer?

Expressions of interest will be welcomed from community and voluntary sector groups as well as town and community councils. Applicants should meet the following criteria:

- The applicant must be community led i.e. its governance arrangements must ensure that it has strong links with the local community, constituted for social benefit and that members of the community are able to influence its operation and decision making process.
- It must be appropriately constituted e.g. a registered charity, a community interest company or a charitable incorporated organisation, a not for profit company or a co-operative.
- Must be a Town or Community Council within the county boundary of Monmouthshire County Council or predecessor.
- The primary purpose of the organisation must be non-profit making and they must be able to demonstrate that they have a clear understanding of the services they wish to deliver and a viable and sustainable business plan.
- Demonstrate that it has the skills and capacity to effectively deliver services and manage the asset to be transferred
- Have the potential to develop the necessary skills and capacity within their organisation and demonstrate how they intend to do this, if necessary by working with the Council or other partners.
- Embrace diversity and work to improve community cohesion.
- Engaged in economic, environmental or social regeneration in Monmouthshire or is providing a service of community benefit in line with the Council's core priorities.
- Must be able to demonstrate the long term sustainability of the of the applicant organisation. Proposals made by organisations with a small number of active members are unlikely to be successful.

4. What assets can be transferred?

Not all assets are available for transfer. The Council will consider transfer applications if:

- The asset is already identified as surplus and available for disposal.
- The asset is already occupied by a community or voluntary sector group as determined by Section 3 above and the asset does not form part of a larger commercial asset e.g., car park or hold long term development value.
- The asset is not excluded as per the Council's Disposal Policy as below:
 - Residential properties, including gardens, outbuildings and associated land
 - Caravan Sites
 - Operational land of statutory undertakers
 - Assets whose recent or current use does not meet the definition of community value, even if the intended use by a community purchaser would be of community value.
 - Agricultural land and buildings.

5. How will we assess applications?

5.1 In order to properly assess your application we will require you to provide detailed information on the following:

- What you intend to use the asset for and how this will help MCC in the delivery of the Your County Your Way and Whole Place agenda, meet its corporate needs and how it will improve access to services and facilities for Monmouthshire communities.
- How you intend to fund the running and maintenance costs of the asset.
- That there is a proven demand and need for the activities being proposed and consideration has been given as to whether or not this demand is being satisfactorily addressed through another provider.
- Clear management structure demonstrating how the premises will be managed on a day to day basis and consideration of how health and safety and legislative issues will be managed.
- A robust business plan which should address the following issues:
 - How the need for the proposed transfer and use of the asset has been identified – in particular what community needs will the transfer meet.
 - Planned outcomes and benefits of the transfer.
 - How will you measure the success of the transfer – i.e. what will be different and how will it be measured.
 - Finance modelling, including 5 year revenue and capital funding plans.
 - Type of transfer sought and why i.e. freehold or long leasehold
 - Where a transfer is being requested at less than market value, either freehold or leasehold, that the applicant has justified and quantified the benefits accruing to the community in order to justify the subsidy.
 - Any sources of finance including grants that the asset transfer will enable.
 - Capacity building and how this will be delivered.
 - Scope for collaboration, i.e. are there other community groups that could share the accommodation.
 - Details of how the proposed use will be monitored and proposed arrangements in the event that the transfer is not sustainable.
 - Risk log
- Any liabilities and how these will be addressed.
- Evidence of support from a Council Service provider or current owning department.

5.2 The Council will generally pursue long leasehold arrangements when considering asset transfer as this will enable us to influence the future use of the building and prevent changes which would be inappropriate or don't meet the original criteria.

It is however recognised that in some circumstances a freehold transfer may be appropriate. Any freehold proposal would need to evidence why the freehold as opposed to a long leasehold is necessary for the success of the project and provide assurances that the community benefit will be maintained in the long term.

5.3 Given the obligations on the Council to achieve maximum financial value, all transfers will be undertaken on the basis of best price. Any requests for a discount to the market value will be considered on a case by case basis and will be based on an assessment of the business plan and the extent of the community benefit to be derived from the proposal. Any proposed transfer at less than best price will be subject to an independent valuation.

Should a freehold transfer be agreed the legal title will contain a series of clauses designed to safeguard the long term future of the building which will include a restrictive covenant, claw back clause and right of pre-emption.

6. Benefits / Dis-benefits of managing property

6.1 It is important to remember that managing property requires both time and money and before commencing a CAT application the applicant should consider all the implications. Some points to consider are listed below:

6.2 What other organisations are already operating in your area? You will need to evidence demand and lack of supply as part of your application. It is important that you understand if there are other organisations offering a similar service or activities in the area and the impact on your proposals. It may well be the case that the area needs are such that both services are required however, there could be opportunities for collaboration which would reduce your operating costs e.g. through joint marketing or shared occupancy of a building. The Council is keen to promote collaboration and multiple use of buildings to maximise their benefits to the local communities.

6.3 What is the purpose of the CAT application? Are the objectives of your organisation clear and how does your CAT application support these objectives.

6.4 Have you fully considered all the costs and liabilities of operating a building? These include but are not limited to:

- Rent (if applicable)
- Rates
- Electricity, Gas, Water, Oil etc.
- Telephone & Broadband costs
- Insurance – Buildings, contents and public liability
- Repairs
- Staff costs and volunteer expenses
- Proposed refurbishments or building improvements
- Web site development and management
- General administrative costs
- Ensuring equality of access for all (Equalities Act 2010)
- Health & Safety Legislation
- Statutory requirements e.g. planning or building regulations.

6.5 Who will be responsible for day to day management of the building and how will this impact on the core purpose of your organisation.

7. How will your application be assessed?

7.1 The following process will be adopted:

Stage	Who is responsible
Asset identified for community transfer	Local partners and community
Estates team assess the property proposed for transfer against eligibility criteria.	Estates team
If property agreed as suitable for community asset transfer if occupied by a community group they will be invited to apply for a community asset transfer by submitting an application and business plan. If not occupied by a community group the property will be advertised for applications.	Community groups
Applications are assessed against criteria by the Estates Team. If the application meets the criteria a report will be presented to members for decision. If determined that the application does not meet the criteria the applicant will be presented with feedback and if the asset is surplus the asset will be placed on the open market.	Estates Team
Decision on proposed transfer	Cabinet / Individual Cabinet Member
If yes, negotiate terms and instruct legal documentation	Councils Estates and Legal Team Community group
Agree legal documentation, monitoring arrangements and agreed outcomes	Councils Estates and Legal Team Community group

Appendix 4 – County Farms Strategy

Please see separate attachment

Appendix 5

Disposals Policy

Disposal of Land & Property Assets Policy – May 2013

1. Legal Background

- 1.1 When disposing of property assets the Council is obliged via S123(2) of the Local Government Act 1972 not to dispose of land for a consideration less than the best that may reasonably be obtained other than by way of a short tenancy³.
- 1.2 When determining value any restrictions that the Council is choosing to impose as landowner must be disregarded. Instead the only restrictions that can be taken into account are those that were contained within the property's title prior to acquisition and those imposed by the Local Planning Authority through the LDP, SPGs or Site Master Plans.
- 1.3 The General Disposal Consent Order 2003 (Wales) gives LAs the ability to sell an asset for less than best consideration without referral to the Secretary of State where the reduction in value is £2,000,000 or less and the authority considers that the disposal is in the interests of the economic, social or environmental wellbeing of the whole or any part of its area or any or all persons resident or present in the area.
- 1.4 More recently the current government has introduced the Localism Act 2011 which includes specific provisions for community assets. These provisions specify that the Local Authority has an obligation to produce a list of assets with community value; these do not necessarily have to be owned by the Local Authority. Nominations can be made by the community groups to have buildings included on the list which the Local Authority must determine.
- 1.5 If a property is included on the list should the owner decide to sell the asset they must inform the local authority and an initial moratorium process is triggered? Within this period a Community Interest Group (this must be a legal entity derived on the basis of not for profit) must submit a non-binding initial expression of interest. If the group is eligible to submit this expression of interest a further 4.5 month moratorium commences, to give a total moratorium of 6 months. This process does not give the community group first right of refusal and it does not guarantee that they will be the successful purchaser. The owner of the property is free to market the site during the moratorium period but he will be unable to exchange contracts other than with a community interest group.
- 1.6 At the end of the six month moratorium the owner of the asset is free to sell the asset to whom they choose and no further moratorium period can be triggered for a period of 18 months.
- 1.7 This element of the Act has yet to be implemented in Wales and we are awaiting guidance on the criteria for assessing nominated buildings, values etc., however this legislation will influence the future sale of our assets.

³ Best consideration is defined as the amount that would be received for a disposal of a property where the principal aim of is to maximise the value of the receipt.

1.8 As WAG has yet to determine when this part of the Act will be enacted, this policy therefore provides a framework for disposals until such time the Act is applicable in Wales.

2. Disposal Protocol

Internal Consideration

2.1 Prior to declaring an asset surplus to requirements the Chief Officer of the occupying service, will need to have undertaken consultation with the local members, responsible Cabinet Member(s), estates, finance and other relevant officers

2.2 The Chief Officer will need to obtain Cabinet approval to formally declare the asset surplus and if no internal use is identified to dispose of the asset, whereupon the management of the asset will return to the Estates team. Associated running costs of the asset e.g. rates, utility costs etc. will transfer with the property to Estates.

2.3 Estates will liaise with Chief Officers to establish if they are aware of any internal accommodation needs. If a potential use is identified the prospective user will need to develop a business plan within 4 weeks of being notified of the availability of the property. The plan must identify:

- how they will fund the resulting revenue costs
- opportunities to make savings, e.g. through the release of other accommodation
- benefits to service provision and their users

2.2 The business plan will be evaluated by the Finance and Estates teams to determine financial viability and wider community benefits. The Accommodation Steering Group (or successor) will determine whether the application is successful based on the recommendations from Estates & Finance. If the plan is accepted the property will be appropriated to the service user, together with any budgets transferred from the previous occupier. If there is no internal requirement for the property or no business case is accepted, the following protocol will be applied.

2.3 *Disposal of the Asset following the Implementation of Part 5 of the Localism Act in Wales.*

2.3.1 The list of nominated community assets will be checked to establish if the property has been identified as an asset with community value. The definition for community value is as follows:

- The main current use of the asset meets the definition of community value⁴ and it is realistic to think that it can continue to do so.
- Where an asset is not currently in use in a way that meets this definition, it must have been so in the last 2 years and it is realistic to think that it could be within the next 2 years.

The following are specifically excluded from being considered as community assets:

- Residential properties, including gardens, outbuildings and associated land
- Caravan Sites
- Operational land of statutory undertakers

⁴ Community Value is defined in the Localism Act as the use of an asset to 'further the social wellbeing or social interests of the local community'. The term social interests includes in particular, though not exclusively, cultural interests, recreational interests and sporting interests.

- Assets whose recent or current use does not meet the definition of community value, even if the intended use by a community purchaser would be of community value.
- 2.3.2 If the property is included on the list, the protocols established by the legislation and subsequent guidance will be adhered to.
- 2.3.3 If the property is not on the aforementioned list the land/property will be disposed of at best consideration and added to the capital receipts forecast held by Finance.
- 2.4 *Disposal of an Asset Prior to the Implementation of Part 5 of the Localism Act 2011 in Wales.*
- 2.4.1 Prior to the implementation of the nominated community assets list the following process will apply.
- 2.4.2 If the asset is specifically excluded from being considered as a community asset as defined in 2.3.1 above (as determined by the Estates Team), it will be added to the capital receipts forecast maintained by Finance and disposed of at best consideration
- 2.4.3 If the asset does not fall with the specific exclusions as defined in 2.3.1 above, before marketing the asset the local ward member(s) will be contacted and advised of the intention to sell the land / property. They will be given 21 days from the date of the notification to communicate with local community groups to identify if there are any eligible⁵ local groups that wish to make a bid for the property. The County Councillor may wish to liaise with any community councils or community groups in their ward to determine this need.
- 2.4.4 If a group identifies a potential community use their proposal will be assessed in the first instance to determine if the group making the proposal is eligible to do so as defined by the Localism Act 2011(see footnote 3). If the group does not meet the criteria (to be determined by the Estates Team) the applicant and local member(s) will be advised and the property disposed of at best consideration.
- 2.4.5 If the group does meet the eligibility criteria, they will be contacted and given a period of 6 weeks to prepare a business plan to support their proposed use, which must include:
- The funding necessary to meet the acquisition and any refurbishment costs. The group will need to demonstrate how the funding will be raised and on-going revenue management, (at this stage they will only need to demonstrate how they intend to raise the funding and how they would fund on-going revenue costs)

 - The group will be required to demonstrate how their proposed use would further the social wellbeing or social interests of the local area, (the geographical area to be defined

⁵ The group must meet the criteria set out in the Localism Act, i.e. a legally constituted organisation such as a charity, a company limited by guarantee that does not distribute profits amongst its members, an Industrial and Provident Society, a Community Interest Company or a Community Council

by the applicant) and how this will assist in developing sustainable and resilient communities.⁶

- How the group will work in collaboration with other users
- 2.4.6 The business plan and supporting information will be assessed by Finance & Estates (with support from other Officers as required) to determine:
- The long term viability of the proposal (running costs of their proposal set against realistic income expectations).
 - The ability of the group to raise funding to acquire the asset and undertake any refurbishment / adaptation works.
 - How the proposal will serve the wider social wellbeing or social interests of the local area.
 - The potential for the organisation to assist in the delivery of MCC services or strategic goals.
 - How the acquisition of the asset will facilitate collaborative working with other community users in the local area.
- 2.4.7 A report will be presented to Cabinet with the outcome of the analysis and a recommendation as to whether the proposal should be accepted or rejected.
- 2.4.8 If the proposal is rejected by Cabinet the property will be advertised on the open market and the sale will proceed on the basis of best consideration.
- 2.4.9 If the proposal is viable the organisation will be given a further 4 month period to secure funding for the acquisition of the property. The value of the property will be determined based on the full market value of the proposed community use (based on its planning use designation), should the parties fail to reach an agreement an independent valuer will be appointed (by a referral to the Royal Institution of Chartered Surveyors) and both parties will equally share the cost of this process. Their determination will be binding on both parties.
- 2.4.10 if after 4 months the community group has been unable to secure funding the property will be advertised on the open market and the property will be sold on the basis of best consideration.
- 2.4.11 No extension to the 4 month timeframe will be considered unless the community group is able to demonstrate a reasonable prospect of securing the funding within 8 weeks of the 4 month period expiring. If following the 8 week extension the community group has been unable to secure the funding the property will be sold on the basis of best consideration.
- 2.4.12 If the community group is able to secure funding within the 4 month period the Council may choose to use its powers to sell at less than best consideration, subject to the valuation undertaken in 2.4.9. The sale conveyance will contain a 100% claw back in favour of MCC in the event that the community organisation subsequently sells all /part of the property. The claw back will be calculated on the basis of the subsequent disposal price less the original acquisition cost and disposal costs. MCC will obtain 100% of the net uplift in value.

⁶ Sustainable and resilient communities could include the following activities, reducing energy consumption, providing services that would normally be undertaken by a third party, tackling local social issues, environmental enhancements, reducing fuel poverty, supporting and developing the local economic base, supporting and developing lifelong learning

2.4.13 the legal document will also contain a right of pre-emption in favour of the Council to be exercised if the acquiring Community group (or successor) subsequently fail and the asset ceases to be used for the community benefit /purpose for which it was acquired. The acquisition price to the Council will be the original sale price cost plus a percentage uplift/decrease to reflect the property market trends from the date the property was sold to the Community group until the date that the Council exercises its right of pre-emption.

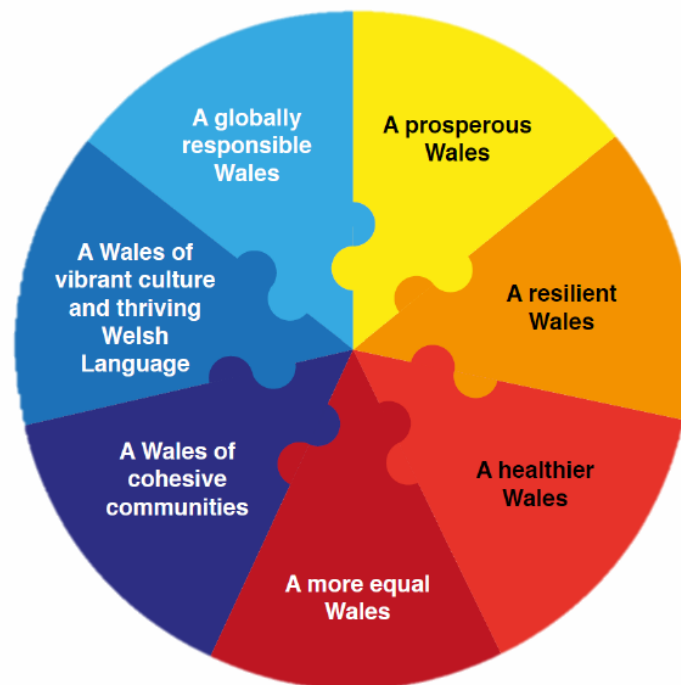
3. Purpose of the Policy

- 3.1 The Council's medium-term capital programme and forward commitments, combined with the need to reduce premises running costs amidst on-going budgetary pressures, require it to consolidate its estate and to maximise capital receipt generation. The need to seek best consideration however has to be measured against wider social needs and the requirement to develop more sustainable and resilient communities.
- 3.2 Community groups applying to acquire surplus buildings will be required to demonstrate how their proposal will help develop this resilience and enable collaborative approaches with similar organisations. We will not be supporting applications where groups continue to operate in isolation and ignore the opportunities for organisations to work together.
- 3.3 We will expect community organisations to demonstrate that they have the ability to generate sufficient income to operate and maintain the buildings in a reasonable condition without being reliant on grant funding.
- 3.4 Local Community interest groups wishing to acquire surplus land or buildings must be one of the following:
- a registered charity (with a demonstrable local interest in the area)
 - not for profit organisation
 - community interest company
 - Community benefit society
- 3.5 The protocol is intended to provide clarity for both the Council and those community groups wishing to acquire surplus assets, prior to the implementation in Wales of Chapter 3 of the Localism Act 2011. Following the introduction of this Act this policy will be amended to reflect the legislative requirements and supporting guidance.
- 3.6 The capital receipts projections provided by Estates will be on the basis of full market value unless Cabinet approval has been obtained to sell the asset to a community group at less than best price.

Appendix 6 - National Policy Context

The Well-Being of Future Generations Act

The Well-being of Future Generations Act is the fundamental legislation that requires us to carry out sustainable development, this should ensure that present needs are met without compromising future generations in meeting their own needs. When carrying out sustainable development, we have to publish well-being objectives which are designed to maximise our contribution to achieving each of the seven national wellbeing goals and take all reasonable steps to meet the objectives. The seven wellbeing goals are shown in the diagram below while our own well-being goals are incorporated within this plan. The contribution our plan makes towards the seven national objectives has been assessed and is shown in this plan.



In planning our services and taking action to meet our well-being objectives we must consider, but also demonstrate that we have applied, the following sustainable governance principles in our decision-making:

- Balancing short term needs with long term needs.
- Using an integrated approach, balancing social, economic and environmental needs.
- Involving others and considering their views.
- Working in collaboration with others.
- Putting resources into preventing problems

The Act also puts a well-being duty on specified public bodies to act jointly via Public Service Boards (PSB) to improve the economic, social, environmental and cultural well-being of their area by contributing to the achievement of the well-being goals

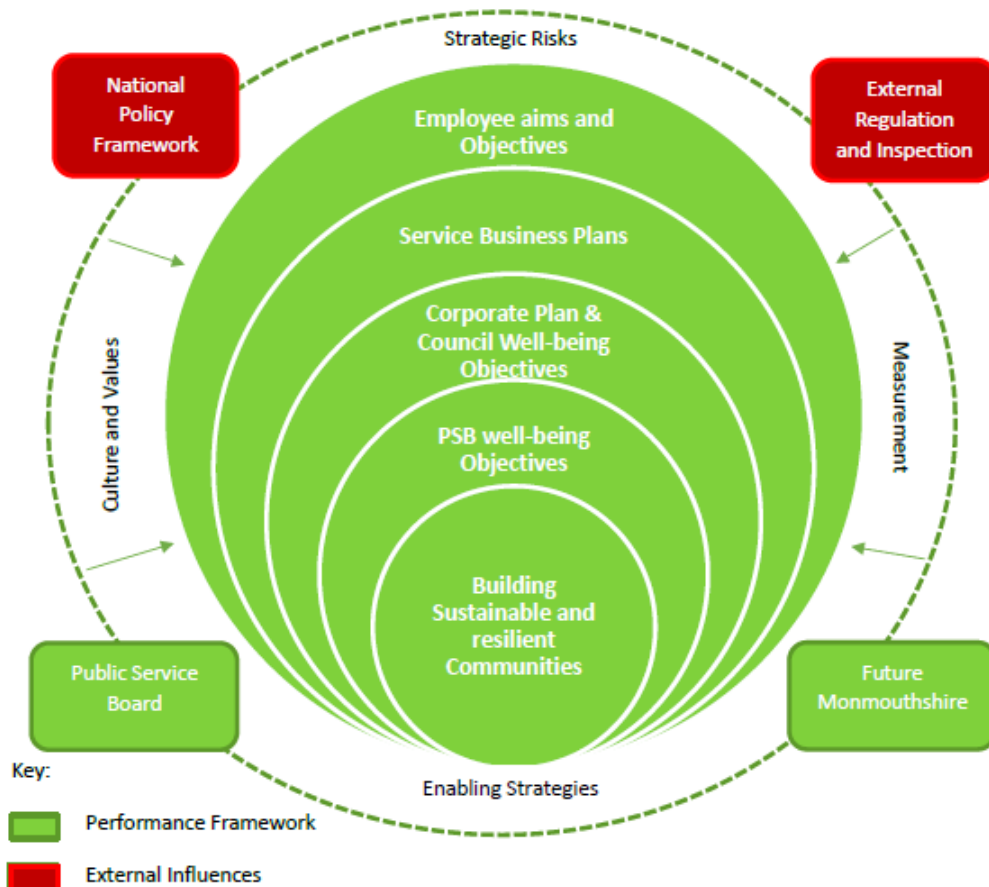
Appendix 7 – Local Policy context

Our Improvement Framework is supported by a range of plans as part of our Policy Framework that guide our actions to improve services.

Performance Management Framework

Our performance management framework; illustrates the interdependencies and how the policies, plans and programmes it contains, should be mutually reinforcing. In simple terms, our performance management framework is integral to the adoption and application of our plan because it makes sure that everyone is pulling in the same direction to deliver real and tangible outcomes.

Building sustainable and resilient communities is the unifying purpose of the diverse range of services for which we are responsible. We are a partner in the Public Service Board, which is responsible for setting well-being objectives for the county. The council's own well-being objectives are set by the Council based on the same well-being assessment as the PSB objectives and, form the backbone of our Five Organisational Goals in the corporate plan. Each of our teams has a business plan that aligns to these objectives. We have a range of performance measures that we use to keep track of our progress. Our risk management policy enables us to manage strategic risks to our delivery. Our employee aims and objectives show how the contributions that individual colleagues make to these objectives and delivering our vision in accordance with our values.



Our 'enabling strategies' support the delivery of our objectives. Our work is also informed and guided by national policy and external regulation and inspection.

Level	Policy Framework	
Vision	<p>The Public Service Board Well-Being Plan</p> <p>Monmouthshire's Public Service Board has produced a well-being plan which sets four objectives they will work on to improve well-being in the County now and in the future</p>	
Plan	<p>Corporate Plan including Council well-being objectives</p> <p>Monmouthshire County Council's Corporate Business Plan sets out the direction for the Council in the next 5 years. The plan sets five Organisational Goals (also the Council's well-being objectives) supported by the 22 commitments to action and the ways in which they will be measured in the run-up to 2022.</p>	
Strategy	<p>Asset Management Strategy & Plan</p> <p>Describes how we manage our land and property portfolio</p>	<p>Financial Plan</p> <p>Sets out the financial challenges we face & how we will meet these challenges</p>
	<p>People Strategy</p> <p>The strategy connects people to purpose to improve performance and deliver better outcomes</p>	<p>Digital and Customer Strategy</p> <p>The steps we will take to develop our digital offer in our services and communities</p>
	<p>Local Development Plan</p> <p>Our proposals and policies for future development and use of land</p>	
Programmes	<p>Economy and Enterprise Strategy</p> <p>Our proposals for increasing competitiveness, innovation and productivity.</p>	<p>Social Justice Strategy</p> <p>To set out the Council's commitment to address inequalities in the county in order to make our society function better.</p>
	<p>Commercial Strategy</p> <p>Provides a new policy regarding the acquisition of Investment properties.</p>	
Delivery	<p>Service business plans</p> <p>Each service has a plan that evaluates performance, plans actions for the year ahead, includes metrics to monitor performance and manages risks.</p>	<p>Employee Aims and Objectives</p> <p>Employee appraisals enable individuals and teams to outline the values and performance that is relevant in their role and connects them to the purpose of the organisation.</p>

Evaluation & Risks	Evaluation Evaluates performance, plans & metrics to monitor performance.	Strategic Risk Assessment Identifies, manages and monitors the Council's Strategic risks.
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Future Monmouthshire

The *Future Monmouthshire* programme is about ensuring the council remains relevant and viable for the next generation, while continuing to meet the day-to-day needs of residents, visitors and businesses. Future Monmouthshire and its interventions are built around our design principles. Future Monmouthshire has also focussed in on a number of significant future trends, such as the future of work, the utility of automated systems and machine learning, forward-looking land-use and house building and alternative models of service delivery. We have nine design principles that link to longer-term goals which help guide our work.