

North Somerset Council

Report to the Council

Date of Meeting: 23rd February 2021

Subject of Report: Asset, Accommodation and Development Strategies (AADS) – adoption

Town or Parish: All

Officer/Member presenting: Cllr Ashley Cartman, Executive Member for Finance and Performance

Key Decision: No

Reason:

Not an Executive Decision

Recommendations

The Council is asked to:

1. Agree the adoption of the following corporate strategies:
 - Strategic Asset Management Plan (SAMP)
 - Accommodation Strategy (AS)
 - Development Strategy (DS)
2. Agree that Feasibility and Business cases proceed, in relation to the recommendations arising from these strategies, as outlined in section 3 of the report. This work will inform future decision making to be brought to Executive and Full council as required by the constitution.
3. Note that financial allocations have been made through the MTFP & Capital programme to progress these strategies, as shown in table 1.1 subject to approval to spend these funds in accordance with the Capital Programme approvals process.
4. Note the outline timeframes in section 12 and high-level activities, to inform future decision making.

1. Summary of Report

1.1. The three corporate strategies are:

- Strategic Asset Management & Property Plan (SAMPP): a strategic framework setting core principles for the future use and management of the council's assets in order to enable the successful delivery of council services.
- Accommodation Strategy (AS): a specific piece of work focused on the council's ways of working and use of office accommodation.
- Development Strategy (DS): the preparation of a programme of investment, divestment or disposal for our potential development sites, including legal and financial advice on delivery mechanisms.

1.2. These three corporate strategies are fundamental to underpinning our transformation programmes and supporting our approach to meeting the needs of our residents, staff, local economy and partner organisations. These strategies will help to shape and inform our thinking around our use of assets, office accommodation and development site opportunities. Whilst Covid-19 is reflected in these documents and our emerging thinking, it is not the defining factor, as a lot of base line work and critical strategic thinking in this area happened pre Covid. The fundamental driver is that we cannot deliver great services to our residents without providing an excellent, fit for purpose and sustainable operational asset base; as part of an exemplar place making programme.

1.3. These three corporate pieces of work sit as independent but inextricably linked companion documents. They will inform our future and impact on the lives of our residents for future generations; be it a place to visit and enjoy, work or raise a family.

1.4. This paper details the key recommendations arising from the above strategies, which have been extracted from the full strategy documents appended to this report.

1.5. The report details how this work aligns with the council's Capital Strategy and references capital allocations made available, subject to approval, as part of the 2021/22 budget setting process to progress the Asset, Accommodation and Development Strategies.

1.6. The key milestones and actions required to develop and deliver these 3 strategies are outlined in section 12 and the milestones leading up to October 2021 will inform the next update of the Capital Strategy.

2. Policy

2.1. The project is identified in the;

- Corporate Plan
- Economic Plan
- Climate Emergency Action Plan
- Medium Term Financial Plan and Capital Strategy

3. Background

SAMP

- 3.1. The council has a significant challenge in the age of many of its facilities and the subsequent back log of maintenance and future estimated maintenance costs across core assets; which are fundamental to our operation such as depots, schools, children's centres, leisure centres & libraries.
- 3.2. It is highly likely we will need to invest in our assets whilst work to inform decision making on long term solutions takes place to ensure continued H&S compliance and operational requirements are met and to avoid significant contractual penalties.
- 3.3. The SAMP assessment tool kit has highlighted that a large proportion of the operational estate requires review and investment. Therefore, longer-term investment solutions are needed to ensure that we are maximising the benefits to our residents and achieving value for money in the delivery of these services. This is aligning with service-based strategies, indicating areas where the council may consider long term investment to ensure the Asset Strategy is informed and based upon service delivery requirements.
- 3.4. Figure 1.3 below shows the council's vision for the SAMP aligning with the corporate plan; including a further detailed breakdown of the groupings which many of the assets fall into. It is these groupings which will inform the strategic direction of travel for those assets.
- 3.5. Figure 1.4 highlights the recommended groupings for our assets. Assets may fall into more than one grouping, which will help inform future decision making; informed by service led assessments in accordance with the toolkits within the SAMP.

Figure 1.3 Councils SAMP vision



Figure 1.4 Asset Strategy groupings for the current council assets

Asset Strategy – likely strategic decisions/steer to come

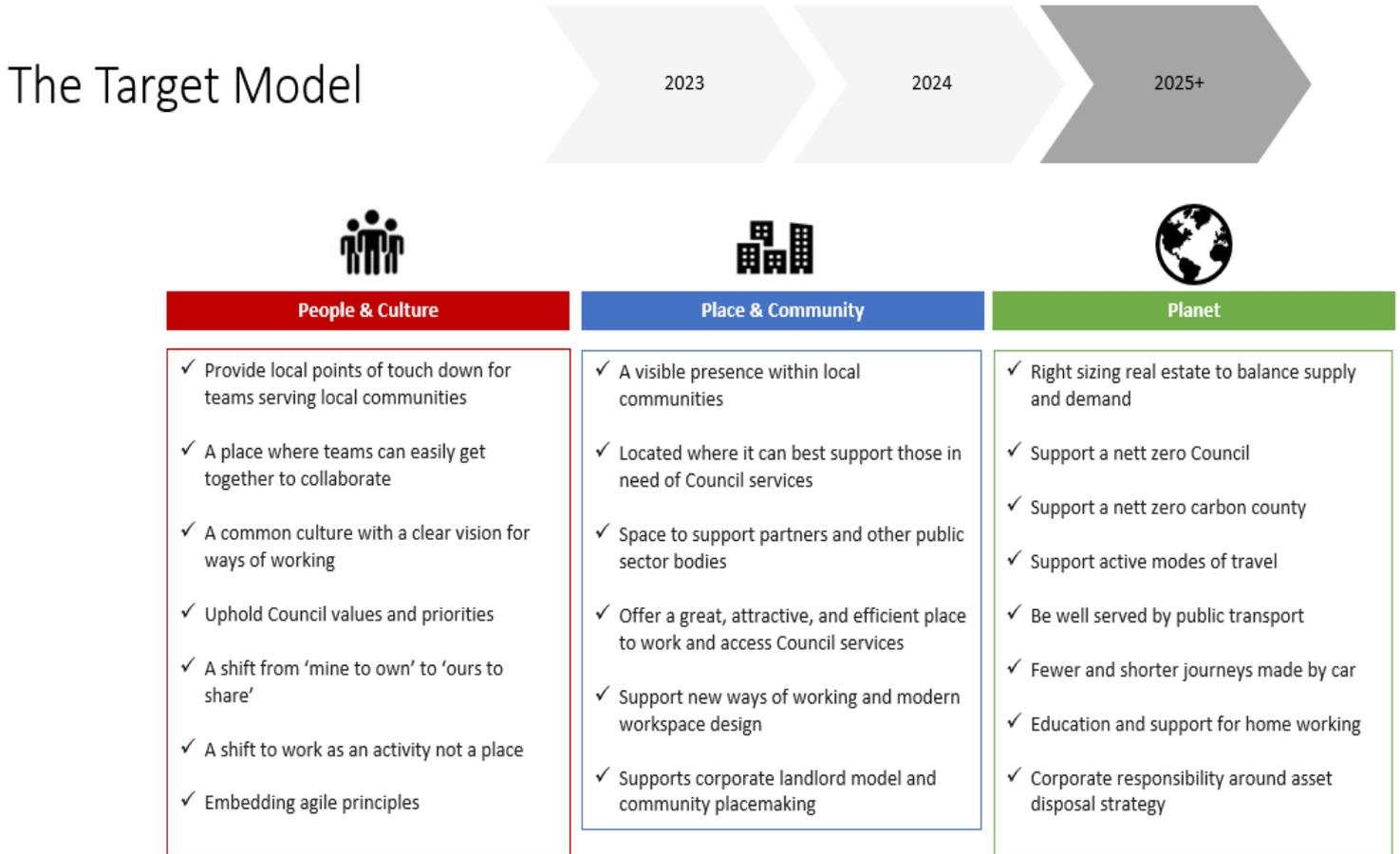


- Direct Regeneration Transfer**
 - Strategic decisions aligned with Development Programme
- Schools, Civic Amenity, Depots**
 - Strategic decisions required around funding options in context of MTFP and likely receipts generated from Development Programme; for these essential assets that will require significant investment
- Leased out sites**
 - Strategic decisions around how we maximise value from our leased out assets through community partnerships and potential Asset Transfer programmes
- High Income**
 - Strategic decision, protected and significant income generators that underpin councils financial planning
- High Running / Backlog**
 - These sites potentially score above average for existing use review, but are costing significant amounts to run. Likely to need full business reviews and major service delivery redesign
- Leased / Licensed Assets**
 - Strategic Decision – Objective is to own assets that are core to service delivery to maintain control over the future operation of that service

Accommodation Strategy

- 3.6. Working through the pandemic over the last year has seen a significant shift in work patterns across the world. It has challenged the traditional models of permanent office-based working and prompted many organisations to consider their future way of working, including ourselves. There are multiple drivers for the proposed changes outlined in the asset strategy. These include, reduced travel linked to our climate change ambition, better work life balance due to reduced commutes which improve the health and wellbeing of staff and improve productivity, and the opportunity to reduce our asset base, which support our MTFP and allows consideration of alternative use, supporting our housing and employment needs.
- 3.7. Pulse surveys undertaken with staff over the last year have shown support for a mixed model (50:50) of working moving forwards i.e. remote working mixed with working in an office or in our communities, dependent job role.
- 3.8. Given the drivers outlined in 3.6 the accommodation strategy concludes that the Town Hall in Weston-super-Mare should be retained as the primary office and cultural heart of the Council, whilst recognising that investment of between £0.75m and £1.2m is required to provide workspace to enable a new way of working.
- 3.9. This approach could lead, subject to future decision, to a phased transition from Castlewood in Clevedon, thereby releasing the site for re-development to support local regeneration and provide opportunities for either housing or employment or both. Any decision would then consider touch down locations and access to services within our retained assets across North Somerset.
- 3.10. Our target operating model, as outlined in greater detail in the Accommodation Strategy, is shown in figure 1.6 below. This also provides the high level route map on how the council would achieve this ambition.

Figure 1.6 – Accommodation Target Operating Model.



Strategic Development Programme

3.11. The Council’s role is not to compete with the private sector or replicate their usual outcomes but to deliver beyond the market norms. Therefore, a Development Strategy and Programme is needed to:

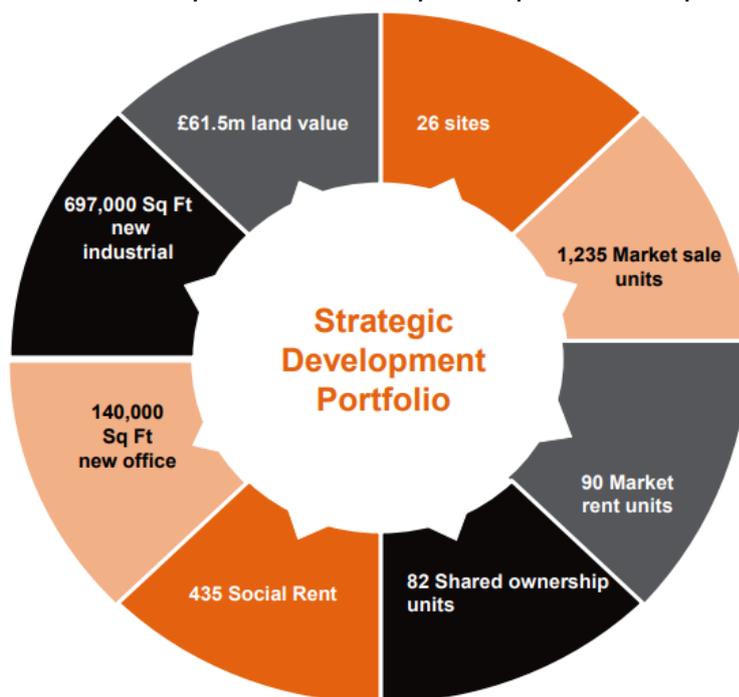
- Deliver where the market fails;
- Set higher standards and drive the market forward for better quality, more sustainable buildings;
- Make the most of our assets and capture value to fund other council pressures and priorities – including reinvestment in the asset programme; and
- Provide homes, employment and other facilities that meet the needs of our communities – current and future.

3.12. In setting a Development Strategy, the Council aims to create a balanced programme for the development (or re-development) of locations in the ownership of the Council, as shown in figure 1.7. This approach recognises that not all objectives can be achievable on all sites, and the programme will seek, as a whole, to ensure that there is a clear understanding of what each site can deliver. This may be a

regeneration-based outcome, additional affordable housing, higher levels of design or sustainability, community-led housing, or simply speed of delivery and/or a financial return which enables other objectives to be achieved elsewhere.

3.13. The North Somerset programme differs from a standard private sector institutional approach and recognises that Council's should own, operate, sell and invest in assets for reasons other than purely financial returns and that social, environmental and economic agendas are also important considerations in the context of the stewardship of public funds.

Figure 1.7 Overview of the potential development portfolio outputs



3.14. To develop the programme and identify opportunities, the full list of NSC-owned property of 3,000 assets was been considered through a three-stage sifting process:

- Stage One: To exclude all public infrastructure operationally unsuitable for development (for example highways and cemeteries).
- Stage Two: To exclude those assets which through reasons of size, physical and planning constraints and access were not considered developable (for example, beaches and/or sites in flood zones).
- Stage Three: To exclude sites following a market and feasibility review of each opportunity to produce a short list of sites.

3.15. NSC officers were consulted throughout this process, and decisions were made to exclude certain sites, as set out on page 25 of the report attached as Appendix 3. It was decided, for example, to exclude all formally designated Public Open Space and woodland. However, a small number of sports pitches were included, where there was felt to be potential for replacement or improved re-provision.

3.16. The filtering process above has led to a portfolio of 26 potential development sites. These have further been grouped into four categories:

- Group 1: sites on which development proposals are already well advanced (for example, Parklands Phase 1).
- Group 2A: sites that are already allocated within the adopted Sites & Allocations Plan, but on which work is less well advanced, including the council's only significant commercial opportunity at the Weston Business Quarter. Officers are working to prepare delivery proposals for these sites, which will be subject to individual business case sign-off and meeting statutory requirements (including statutory consultations and planning consents).
- Group 2B: sites that are not formally allocated, but which it is believed can be taken forward within current planning policies. These are typically small- to medium- sites located at existing settlements. The first stage of work on these sites is to undertake feasibility testing and consultation activity, with a view to reporting back on a final list in the autumn.
- Group 3 sites: these are longer-term opportunities and are typically larger and more financially valuable. However, they would in most cases represent a significant extension to an existing settlement or the creation of a new community, and so would be subject to the emerging Local Plan. Once the emerging spatial strategy is clearer, officer propose that relevant sites from this group be promoted for consideration to be allocated (subject to normal governance requirements and authorisations).

3.17. Group 1 and 2A sites are as follows:

Site	Group	Comments
Selworthy Road, Weston-super-Mare	1	Transferred to Alliance Homes to be brought forward as 100% affordable / low cost housing.
Parklands Village, phase 1	1	Keepmoat Homes appointed to deliver 425 new homes, including 30% affordable, 15% net zero dwellings and use of Modern Methods of Construction (MMC).
Land at the Uplands, Nailsea	2A	Planning application submitted for a scheme designed by Stirling Prize winning architects, Mikhail Riches, with 100% Passivhaus homes and use of MMC.
Walliscote Place, Weston-super-Mare	2A	Flagship brownfield site in Weston Town Centre. Potential high quality private rental and mixed-use scheme on site of former police station and Magistrates' Court.
Weston Business Quarter	2A	Strategic commercial site within the Junction 21 Enterprise Area. The opening of Foodworks has generated investor interest in further plots for food-related commercial development.
College building adjacent to Nailsea library	2A	Flagship brownfield location in Nailsea Town Centre. The building is not in NSC ownership, but we have a legal interest through a flying freehold and would want to see a high quality scheme that added interest and footfall to the town centre.
Land north of Churchill Avenue, Clevedon	2A	Site surrounded by affordable housing, potential to work with a Registered Provider to deliver further affordable / low cost housing and supported living as well as improved green space.
Field at Slade Road, Portishead:	2A	A relatively small site suitable for a quality SME developer scheme, or potentially self-build plots.
Fryth Way playing fields, Nailsea	2A	Part of a wider allocation for 450 dwellings, therefore NSC would need to work with adjacent landowners/developers to agree a joint masterplan and delivery proposals, including re-provision of the playing fields, which are in active use.

3.18. A failure to deliver Group 1 and 2A sites would impact on North Somerset's five-year housing supply, increasing the prospects of further speculative housing applications and appeals in less sustainable locations and which cannot or will not deliver the social and quality-based outcomes identified above.

3.19. Group 2B and 3 sites are contained within the exempt part of this report for reasons of commercial sensitivity, and to avoid raising concerns amongst existing residents or tenants in advance of further feasibility and consultation being undertaken, particularly as some sites may be excluded from the process over the next few months. They also include a small number of sites that remain part of the ongoing assets review (for example, a small number of car parks). The inclusion of these sites is on the basis that they could, if deemed surplus, present a suitable opportunity for development. Should a decision be made not to release a particular site, then it would be removed from the development programme.

- 3.20. Consideration of sites for the development programme has excluded locations of less than 0.1 hectare. These will be taken forward separately by NSC officers as a 'small sites programme' focused on enabling self-build and community-led housing opportunities, or for disposal to small and medium enterprise developers.
- 3.21. The sites identified in Appendix 3 represent the extent of the current land-based opportunities open to NSC. Further opportunities may be identified through the completion of the assets review, or would require a change in the criteria that have been used (for example, officers have currently excluded any formally designated green infrastructure).
- 3.22. There is potential for the council to boost its programme through the acquisition of sites, however realistic land-based opportunities in North Somerset are believed to be limited by the extent of developer options that are already in place. An early task of the governance structure detailed below will be to agree assessment criteria and processes as to if and how potential acquisitions be progressed, taking account also of recent changes in national regulations on borrowing for investment purposes.
- 3.23. North Somerset Council holds details of all its landholdings and their purpose (for example, highways, or education) in its Asset Register. Where a site's purpose is not currently listed as development, an Appropriations Process is required to be followed before it can be disposed of or developed. This process is wholly separate from the planning approval process and in some cases requires a two-week advertisement and consultation in a local newspaper, the outcomes of which must be properly and fairly considered. The consultation and decision process must confirm both that the site is no longer required for its current purpose, and that it is agreed that the site can be changed to be held for development. It is proposed that this process commence for sites in the Group 2A list.

4. Consultation

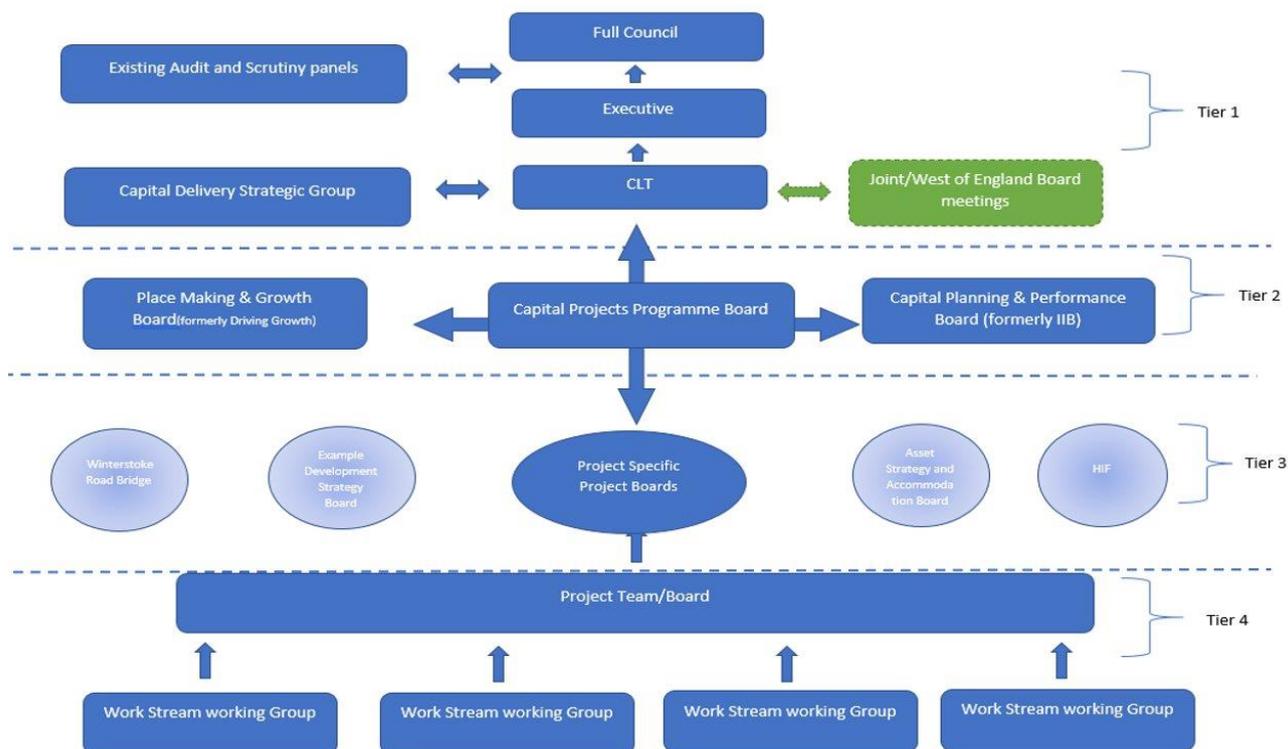
- 4.1. Service areas - Stakeholders were identified at the outset of the project and consulted at key milestones. In particular, the following directorates and departments have informed this report:



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5. Scrutiny engagement has been hosted by the Community and Corporate Organisation Policy and Scrutiny Panel (CoCo), with an open invitation to all members. Two sessions were held on the 2nd December 2020 and 25th January 2021.
 - 5.1. Moving forward it is proposed that there is an ongoing series of scrutiny sessions, hosted by CoCo and, where appropriate, the Strategic Planning and Economic Development and Regeneration Policy and Scrutiny Panel (SPEDR) given the cross-cutting nature of these strategies.
 - 5.2. Wider consultation with stakeholders will be informed on a project by project basis and in accordance with the council's decision-making process. Where required beyond the feasibility and business case decision, consultation will be carried out in accordance with any applicable statutory processes, such as planning and appropriation.
 - 5.3. The delivery of the strategies will be overseen by the Corporate Asset Strategy and Accommodation Board, as shown in figure 1.8. This board brings together key Service contacts with lead responsibility for the asset issues relating to their Service area. The Group is responsible for the development and delivery of the SAMP and development of priority projects. Group members have a responsibility to embed the strategy in Service Plans and operational decision-making within each Service. The Group is chaired by the Director of Place who has responsibility to progress and report on the SAMP to the Corporate Leadership Team. This group will also have a direct link to the council's Health, Safety and Wellbeing Steering Group.

Figure 1.8 – Governance structure for the development and delivery of the three strategies.



6. Financial Implications

6.1. The council's capital programme has made provision for 2021/22 as indicated in table 1.1 to progress, subject to approval, works relating to the Asset, Accommodation and Development Strategy programmes.

6.2. As has been reported in the Capital Strategy Papers, it is the intention to present a future report for consideration later in the financial year to allow further integration into the Council's longer-term capital planning requirements. The three strategies being considered, as part of this report, are fundamental to that longer-term planning requirement as part of an updated Capital Strategy Report.

6.3. The feasibility and business case activities outlined in section 12 will inform full resource requirements to deliver these projects and also the funding opportunities.

Table 1.1. Proposed new capital investment 2021/22 per MTFP

EXPENDITURE BUDGET	2021/22 £'000
New Additions - MTFP Capital Invest Proposals	
Investment in Lakes and community facilities	700
New Additions - Corporate / Maintenance	
Asset Strategy - Schools, Leisure, Depots	2,500
Accommodation Strategy	1,000
Development Strategy	1,000
Highways - Maintain steady state	1,250
New Additions - Schools	
Churchill Free School	100
SEMH Nailsea, ASD Hubs (school clusters)	500
SEMH Hubs (school clusters)	360
New Additions - Climate Emergency	
Decarbonisation of heat (boilers) - grant funded	1,000
Energy efficiency in buildings - invest-to-save	300
Rooftop solar Pilot re energy efficiency - i-2-save	100
	8,810

6.4. All proposed increases to the capital programme in table 1.1. are indicative and will require a full business case to be signed off prior to any works being commissioned, to ensure that resources are in place (where relevant) and that spending meets required outcomes, as well as demonstrating value for money.

6.5. The revenue impacts of all the proposals reflected within the table above have been factored into the Council's MTFP, including the revenue implications. Further to this all feasibility and business cases will consider both the revenue and capital implications.

6.6. The potential value of the Development Programme is £61.5m (including Group 1 income). This is a headline figure which will vary according to the number of sites that come forward, the mechanisms selected for delivery, and the necessary changes that will arise as the detail of the sites and scheme proposals become more developed.

6.7. The financial implications of any schemes to be taken forward will be reported and included as part of scheme specific decision-making reports

7. Legal Powers and Implications

7.1. There are no legal implications from the agreement to adopt these strategies. The legal implications for any scheme brought forward will be addressed on a project by project basis.

7.2. Under the local government act a Council has the powers to manage, develop and dispose of its assets as it sees fit, in accordance with any relevant statutory process triggered by such decisions.

7.3. Paragraph 3.23 sets out the legal appropriations process required for sites that are intended to be brought forward for development but which are not currently listed as such in the council's asset register.

8. Climate Change and Environmental Implications

8.1. There has been significant input from the council's Climate Emergency project manager and to ensure alignment with the council's Climate Emergency Action plan. As can be seen in the strategies, the council's commitment to achieving carbon neutrality is core to all respective tool kits and future operating models identified within the documents.

8.2. The delivery of the Strategic Asset Management Plan will be crucial to delivering the North Somerset Climate Emergency Strategy & Action Plan to achieve becoming a net zero carbon council by 2030 and having an energy efficient built environment. It is also imperative that the strategy embraces a commitment to sustainable development, particularly contributing to the allocation of sites for the required infrastructure needed to support economic growth and new homes, including retail, community facilities, transport, local waste and minerals.

8.3. The most relevant actions under each principle to address climate change, in terms of asset management, are:

Become a net zero carbon council

- Support flexible working and home working to reduce the carbon footprint of our workforce
- Review our estate to investigate means of increasing energy efficiency of heating, lighting and cooling systems.

An energy efficient built environment

- Aim for all our new homes to be zero carbon or net carbon plus
- Aim for all our own new commercial space to be zero carbon or net carbon plus
- Aim to focus new mixed-use development on brownfield land, in town centres with public transport and proximity to major employment hubs
- Work with schools and other stakeholders to ensure their estate is energy efficient and install renewable energy sources.

Renewable energy generation

- Explore the development of strategy that discourages investment in fossil fuels and promotes renewable energy generation.
- Reduce emissions from transport
- Continue to drive project delivery to shift from private car use.
- Replenish our carbon stores
- Identify Council land suitable for rewilding with aim of reducing areas off amenity grass by 20%.

Adapting to climate change

- Ensure a resilient infrastructure in North Somerset including retrofitting our built environment where necessary.

8.4. The graphic below is one of the three core elements of the future operating model for the council's accommodation, in accordance with the above Asset Management principles.



9. Risk Management

9.1. The top risks of not adopting these strategies are

- The council will not have an Adopted Asset, Accommodation and Development Strategy for the next 10 years which would impact the council's ability to adhere to the Prudential code for Capital Finance and limit its ability to invest in priority capital projects.
- Without appropriate Asset Management systems and processes in place, as recommended in the strategy, the council's assets will deteriorate leading to the loss of service provision that operate out of these buildings
- The council will be severely hampered in its ability to deliver our Climate Emergency Action plan, as the council's current assets are significant contributors to our Carbon emissions. The development site opportunities also offer a significant opportunity to help achieve our Climate neutrality target.

9.2. Full risk registers will be developed for each specific scheme arising from these strategies, which will form part of any Business Cases produced to inform future decision making.

10. Equality Implications

10.1. There are no equality implications arising from the adoption of these strategies. Any scheme informed by these strategies for future decision making will have a specific Equalities Assessment.

11. Corporate Implications

11.1. The strategies have been established following a review of the Corporate Plan 2020, the emerging priorities from the 2038 Local Plan and via consultation with senior stakeholders. The below illustration summarises the council's Corporate Plan:



11.2. In addition to the review of the Corporate Plan and establishment of key themes, the development of the strategies has also been informed by a range of departmental and organisational strategies. Our aim is to ensure that these strategies are service driven. They will be informed and based on department needs, organisation needs and priorities with corporate property and assets supporting the service delivery. They provide a framework in which to operate and inform decision making. The table below lists the documents that were reviewed as part of the consultation process:

Table 1.2. core documents reviewed as part of consultation process.

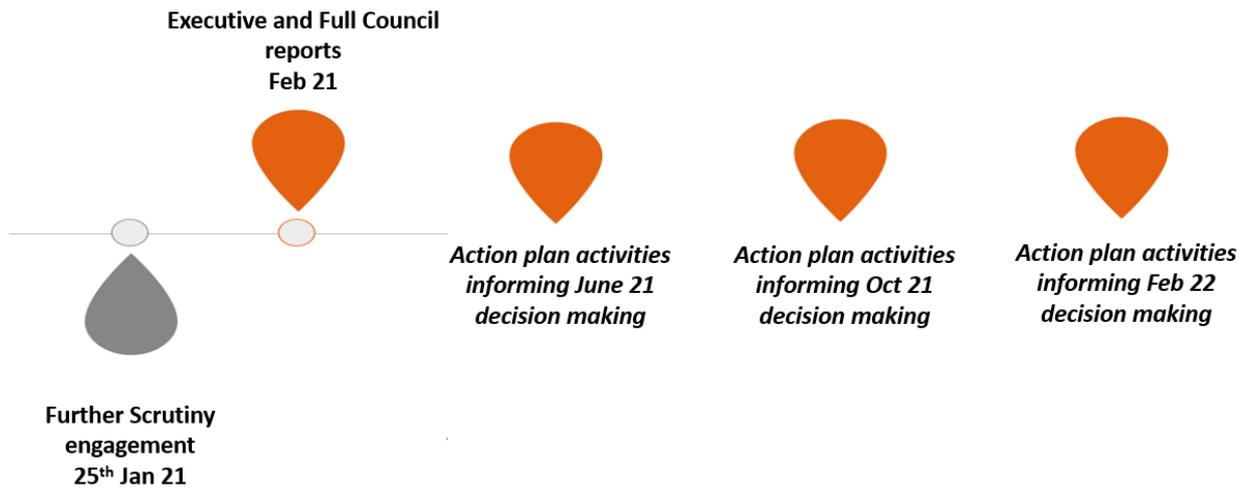
Emerging Departmental Strategies	
1	Corporate Asset Management Plan 2016-21
2	Sport, Leisure & Playing Pitch Draft Strategy 2020-2036
3	Libraries: An Essential Part of Local Recovery July 2020
4	Weston-Super-Mare Town Centre SPD and Weston Placemaking Strategy
5	Economic Plan
6	Capital strategy & latest capital programme

12. Options Considered

12.1. None relating to the development of these strategies.

13. Programme and key milestones

13.1. Scheme specific programmes will be included in future decision-making reports. The high-level milestones for the delivery of the SAMP priority projects and accommodation plan are detailed below. The tables below show the activities required over the next year, including formal decisions on the business cases for accommodation changes and a number of development site proposals in June.



Asset Strategy

	June 21	Oct 21	Mar 22
Milestone	<ul style="list-style-type: none"> Prioritisation of Projects agreed, aligned with Service Strategies (Tranches) Agreement on Corporate Asset Management Function & Process 	<ul style="list-style-type: none"> Recommendations for Capital programme approval of agreed priority projects (Tranche 1) Implementation of corporate Asset Management function & processes 	<ul style="list-style-type: none"> Full list of Retain and Manage, Optimise and Adapt, Dispose & Develop is produced
Key actions	<ul style="list-style-type: none"> Establish governance Joint Asset & Service resource plans and integrated programmes completed Commissioning of feasibility and production of service strategies to decision making Resourcing implemented & procurement for professional services Community Engagement and Consultation programme agreed 	<ul style="list-style-type: none"> Condition Survey programme Alignment with updated service strategies – i.e. Depot Strategy Review of leased licensed buildings Establishment of full operational costs for all sites 	<ul style="list-style-type: none"> Service Reviews & future ways of working completed Feasibility Studies – completed for next level Tranches two Condition Surveys Tranche two Utilisation Studies Tranche two

Accommodation Strategy



	June 21	Oct 21	Mar 22
Milestone	Future ways of working programme launched for consultation and engagement Phase 3 Covid office plans - physical changes to office layout	Office designs approved sign off of Strategic development proposals Future ways of working consultative period ends and implementation	On site works begin Implementation of Process, Workplace, People and Culture and Technology transformation programmes
Key actions	Establish governance	CW business case	Full staff adoption of new working practise
	Resourcing implemented & procurement for professional services	Service and staff engagement completed to inform office requirements	Negotiations with tenants and alternative provision agreed
	Consultation and engagement programmes developed	Drawings finalised ready for statutory approvals and costed	Touchdown sites confirmed
	On-going validation of future needs through pulse surveys	Castlewood meanwhile use programme agreed	

Development Strategy



	June 21	Oct 21	Mar 22
Milestone	Confirm Investment Plan & resourcing across programme Sign-off first business cases for Group 2A, incl. Uplands & Walliscote	Finalise group 2B and asset release sites Contract awards for early 2A sites (Uplands / Walliscote) Sign off further Group 2A business cases, incl. Castlewood	Remaining 2A contract awards Group 2B business cases Finalise Group 3 sites (subject to Local Plan progress)
Key actions	Establish governance	Public/community consultation and feasibility testing (2B sites)	2A procurements
	Agree programme approach & resourcing	Uplands/Walliscote procurements	2B & asset release appropriations & business cases
	Appropriations notices & business case preparation for Group 2A sites	Remaining 2A business cases (Castlewood priority)	Group 3 feasibility
	Agree criteria & processes for acquisitions	Assets review process / release of sites	

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Appendices

Appendix 1 – SAMP

Appendix 2 – Accommodation Strategy

Appendix 3 – Development Strategy

Appendix 4 – EXEMPT – Development Programme sites (proposed)

Background Papers