



monmouthshire
sir fynwy

Draft Asset Management Plan

October 2014

Contents

Foreword

Executive Summary

1	Why do we need an Asset Management Plan?	5
2	The Current Context	13
3	Governance Arrangements	14
4	Asset Management Policies and Priorities	18
5	Asset Management Action 2015 – 2016	25
6	Performance	27

Appendices

A - Community Asset Transfer Policy

B - Disposals Policy

C – Concessionary Rental Grant Policy

D – County Farms Strategy

Foreword by the Portfolio Holder for

This is a key enabling document which explains how the Councils land and property portfolio will support the delivery of the Councils key strategic objectives.

Premises management consumes a large proportion of the Councils expenditure, therefore we need to ensure that the buildings we use are in the right place, meet the needs of the local users and service providers and where possible are multi functioning.

Land and property can also act as a catalyst to support communities' aspirations to develop their own solutions to local needs as evidenced through the emerging Whole Place planning process. This strategy adopts the need to support local communities whilst recognising that this needs to be done in an equitable and coherent way, with robust governance arrangements and opportunity costs being evidenced.

The current financial climate demands that we look closely at the assets we hold and realise opportunities for asset rationalisation to release revenue savings, accrue capital receipts and promote innovative working practices.

Councillor Phil Murphy

Cabinet Member for Resources

Executive Summary

The prevailing financial conditions continue to place sharp focus on the management of public sector property assets and in particular the need to reduce the property estate to maximise financial or social value and reduce revenue expenditure.

Monmouthshire's property portfolio is a combination of operational assets held for the purpose of providing service delivery and investment assets held to generate revenue and capital income. The management of the estate is driven by both external and internal pressures and priorities and is constantly evolving to meet the requirements of emerging legislation, financial constraints and changing service provider and user needs.

The Asset Management Plan details the key priorities, policies, governance arrangements, outcomes and actions for the forthcoming year. It is intended that the document will be reviewed and updated annually to ensure that it remains relevant and aligned to corporate priorities.

Purpose

The purpose of this document is to articulate a strategy that utilises property assets to:

- Support service provision to be effective, innovative and adaptable recognising that the needs of the users are continually evolving.
- Maximise either the social or financial value of surplus assets dependent on evidenced local need and corporate priorities.
- Support the Councils key priorities and the Whole Place agenda.

Aim and Objectives

The asset management aims and objectives are:

- Property transformation to support enterprise, local communities and generate income.
- 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.

Section 1

1 Why do we need an Asset Management Plan?

“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
- generate an income e.g. shops
- add value to local communities e.g. parks.

Asset Management is delivered through the Council’s Estates team who strategically manage the Council’s property portfolio. Given the prevailing financial backdrop and the need to reduce revenue costs the effective management of the property estate is more crucial than ever. This plan and the policies contained therein will be used to inform the medium term financial plan, guide the rationalisation of the operational estate and support the ambitions within local Whole Place Plans, whilst aligning with key corporate priorities and evolving service delivery needs.

1.2 The Monmouthshire Context

Monmouthshire covers an area of approximately 880 square kilometres with an estimated population of approximately 93,000, 7.9% of which resided within the BBNP area of the County in 2011. 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 main settlements in the County are Abergavenny, Chepstow, Monmouth, Caldicot, Usk and Magor/Undy.

1.3 Supporting corporate priorities

1.3.1 Single Integrated Plan

The Asset Management Plan needs to align and support key Corporate Priorities, Policies and Plans. The Single Integrated Plan is a joint document by the Local Service Board and sets the key priorities

Nobody is Left Behind: we want to be a place of cohesive communities where everybody is treated with dignity and respect and has the same opportunity to achieve what they wish.

People are Confident, Capable and Involved: we want Monmouthshire to feel safe and people to be confident. We want to create a place where people want to be involved; they are confident in themselves and their abilities and what they contribute to their own community.

Our County Thrives: we want our county to thrive which includes the economy that supports our communities and families to live a good life. It also means that our environment, its range of habitats and biodiversity thrives.

for the period 2013 - 17. The plan sets out 3 key themes as outlined in the above table. The Asset Management Plan will support these themes as follows:

Nobody is Left Behind:

- We are working with registered social landlords and Housing colleagues to bring forward land suitable for affordable housing.
- We will use our land and properties to support the development of community places through the whole place planning process.
- Our properties will be where possible accessible for all ensuring inclusivity and equity.
- Our community growing scheme supports the use of council owned land for the growing of food to help tackle the poverty agenda and encourage social inclusion.
- The development of the community hub model will enable community members to access a variety of information and services in one location.

People are Confident, Capable and Involved:

- Community groups have the ability to apply to acquire a surplus Council asset before it is sold on the open market through the Disposal Policy.
- The Community Asset Transfer policy will enable community groups to acquire local properties in order to provide local services based on evidenced need.
- We operate a rental grants policy that enables not for profit groups occupying council owned properties to apply for a rental grant up to 95% of the annual rental.
- We will use our property assets where appropriate to support the key interventions being identified through local Whole Place plans.
- We will seek to expand the opportunities for communities to use our operational sites to maximise the social and financial value.

Our County Thrives

- We will use our investment portfolio to support enterprise for both existing and new entrants in the industrial, retail and agricultural sectors.

- We can support the economic and social regeneration of our communities by using land and property assets to act as match funding or catalysts for change.
- We will continue to implement renewable technologies within our operational and investment portfolios to reduce our carbon footprint and generate income.
- Our pollinator policy supports the development of bee friendly environments to support our eco-systems and reduce grass cutting liabilities.
- The disposal of our strategic sites will be undertaken to encourage local job employment and improved community infrastructure.

1.3.2 Other key strategies:

I County - The council's digital strategy is both inward and outward facing, recognising that internally IT when utilised correctly can offer significant efficiencies, supporting both the People Strategy and the property rationalisation programme. The strategy sets out the framework and motivation for driving these efficiencies to help deliver better more efficient services for both staff and Monmouthshire.

The external aspect of the strategy is around the enabling of infrastructure and new ideas set against the rural backdrop where IT can offer solutions for more localised service provision and reduce isolation. Within the urban setting it can also compliment the counties economic development and tourism aspirations.

Local Development Plan – The Council adopted their Local Development plan in February 2014. This sets the context and constraints for development within the County until 2021 and the Council owns two of the strategic sites, both of which are within the south of the county. The sites need to be developed in a coherent manner which seeks to;

- minimise the impact of the new houses on local communities
- provide new community infrastructure
- employment opportunities through the construction process
- maximise the value of the sites to meet the Councils match funding target to support the 21st century schools agenda.

Both sites also contain employment land allocation and the development strategies for these need to support local enterprise based on a needs and gap analysis.

Smaller, Council owned sites will support affordable housing in rural settlements and provide infill development in urban areas.

Whole Place – The Council is working with local communities to develop area plans which identify the key local priorities for the medium term. To date plans have been produced in Severnside and Bryn y Cwm and both contain themes involving the need for town centre regeneration. In both of these communities the Council has ongoing regeneration schemes which use local authority land to act as catalysts to increase footfall and improve the public realm and linkages to existing town centre provision. In both communities Town Teams have been formed alongside Partnership Programme Boards that will contribute to and influence the direction of travel on these key interventions that significantly impact on local communities and businesses.

People Strategy – The Strategy identifies six key themes, the first of which is “Our Work Environment”. This articulates the necessity for accessible, open shared space which is technology enabled and supports agile working. Our office accommodation at both Magor and Usk was designed to facilitate these key principles. Innovation House at Magor contains 200 work stations and is the designated base for 387 staff. Usk currently has 87 workspaces although this is currently being reviewed to increase capacity. Each building also hosts designated areas for agile working where staff not based at the buildings can work. All office based staff are provided with laptops equipped with virtual telephones enabling them to work in an agile manner. The combined ratio of our combined sites is 2: 1 (2 staff to 1 desk), it is anticipated that this will move closer to 3:1 as the property rationalisation programme develops. The reduction in the office accommodation has been possible as a result of the agile working policy and skill set development enabled through the People Strategy. The culture and attitude of the organisation has been a key driver to enabling the change in the built environment.

Medium Term Financial Plan (MTFP) – This document is the Council’s plan for managing the financial position, both capital and revenue, through the medium term. Since 2008 it has been focussed on managing the reduction in resources. The existing plan is predicated on 2.3% saving in revenue funding in 2015/16, however Welsh Government advised at the beginning of October that Monmouthshire’s settlement is actually a reduction in funding of 4.3%. The MTFP is therefore being revised to reflect this change and plan for continuing reductions over the next 3 years.

The AMP has to support these reductions, both capital and revenue through property rationalisation, increased efficiency, changing service delivery models, opportunities for income generation and prioritisation of property schemes.

1.4 What we have achieved so far

1.4.1 Property rationalisation



The need to vacate County Hall led to a full review of our office portfolio and working arrangements. In order to reduce accommodation an agile working policy has been introduced on the basis of 2 people to 1 desk. A building in Magor was acquired in 2010 and refurbished to provide open plan office accommodation and new headquarters were constructed on a shared site with Coleg Gwent in Usk.

The agile working policy enabled a property rationalisation which resulted in 3 properties, (High Trees, Coed Glas and Old Board School) being declared surplus reducing running costs and generating capital receipts.



1.4.2 Regeneration

We are using our assets to deliver town centre regeneration in the Abergavenny and Caldicot town centres.

Abergavenny involved the re-location of the livestock market from the town site to a brand new facility located in Bryngwyn which was opened in November 2013. The new facility has been well received by the farming community and has resulted in an increase in turnover figures in the first months of operation. The town centre site has been sold to Morrisons who will be constructing a 25,000ft² net foodstore in the near future. The scheme will provide coherent linkage through into the refurbished Brewery Yard and along Market Street to drive footfall into the town centre.

The **Caldicot** scheme involves the development of four acres of former school playing fields located on the edge of the town centre. An enhanced linkage here is even more critical to encourage footfall back into the town centre. The new Asda store will be open to trade at the end of 2014 and will create 60 full time and 140 part time jobs. The development has resulted in a net loss of one pitch to the school and a 3G pitch is being provided to offset this loss.

1.4.3 Renewable technologies

Since the introduction of the feed in tariff in April 2010, the Estates and Sustainability team has installed 25 PV installations which have generated over 250,000 kWh of renewable energy. A scheme was approved by Cabinet to fund installations through the revenue generated from the Feed in Tariff, Export Tariff and the avoided costs of not having to purchase energy from the grid. The installations have to meet a payback criteria which includes borrowing costs.



Of the 25 installations completed, 14 systems have been installed on a number of buildings including school roofs, ranging in size from 6kw (Castle Park Primary) up to 50kw at Abergavenny Leisure Centre, Monmouth Leisure Centre, Dewstow Primary School, the Dell Primary School and Raglan Depot. In total, 485kW's of renewable technology have been installed.

As of August 2014, Renewable technologies have generated £136,000 gross income through the FIT and Export Tariffs and achieved £28,000 worth of energy savings. Further schemes are being assessed for financial and technical viability. In quarter 1 of 2014/15 we have generated a cumulative total of over £19,000 of income and £5,000 of savings from installations alone.

1.4.4 21st Century Schools Programme

The management of our schools estate is undertaken by a discrete Programme Board consisting of Members and Senior Officers. Monmouthshire has also appointed a dedicated 21st Century School Team to deliver the required outcomes. The Programme Board is the strategic force behind the 21st Century School Programme and it provides the investment decision and top level endorsement for each of the projects. Welsh Government have allocated funding to support Local Authorities in delivering their programmes, providing 50% of the costs, following the submission and approval of individual business cases for each of the proposed projects.

The Estates Team is charged with securing capital receipts to enable the required match funding from Monmouthshire for the programme. The team also provides advice to the Programme Board on acquisition and disposal of land and buildings.

Monmouthshire submitted its 21st Century School Programme to Welsh Government in December 2011. The main impetus of it is intended to achieve our 21st Century learning strategy which is driven by developing a fundamental shift in learning and teaching across the whole authority. The programme also places greater emphasis on personalised and independent learning, with the development of transferable skills.

The criteria used to identify the schools within Band A of our programme was based upon the following factors:

- Condition and suitability of school buildings
- Removal of surplus places
- Readiness to deliver
- Collaborative working
- Achievable packages
- Individual site issues affecting standards of achievement
- Community benefit

This is not purely a building programme, it is a focused upon our overall aim of raising standards of achievement and attainment across the County. It also supports the Authority's key policy frameworks aimed at carbon reduction and sustainability.

The overall estimate of costs for our Band A proposals are £81 million, of which we are able to support with a 50% apportionment. The authority was also successful in accessing early Welsh Government funding, as part of our overall programme costs, to commence the replacement of the existing Raglan Primary School. (Total Project cost £4.5 million)

The other projects included within Band A of our programme are as follows:

- Caldicot School – A replacement new build, 1500 place 11 – 18 school. (£30.25 million)
- Monmouth Comprehensive School – A replacement new build, 1600 11 – 18 school (£36.25 million)
- Contribution towards a new Welsh Medium Secondary School within the South East Wales Consortium (MCC/Welsh Government contribution of £5 million)
- Associated works within the Caldicot and Monmouth Cluster of primary schools (£4.6 million)

All of the projects included within Band A of our 21st Century School Programme will have the facilities to enable and support Community provision and the timescale for delivering the programme is 5 years (2014 – 2018)

1.4.5 County Farms Strategy

A revised County Farms Strategy was adopted in June 2013 which splits the estate into core and non-core holdings. The core holdings are to be retained due to the underlying medium or long term development value of the asset. The non-core holdings will be disposed of at market value and since

the introduction of the strategy 2 holdings have been sold accruing a combined capital receipt of £1,235,000. The revenue consequence of the disposals is the loss of £8,587 annual rental.

2. The Current Context

2.1 External Pressures and their impact on Property

2.1.1 Financial Resources

The prevailing financial climate and on-going budget cuts in both revenue and capital have necessitated changes to the way that we deliver services and the capital projects that the Council is able to support. In 14/15 Members agreed that revenue savings amounting to £550,000 over a three year period would be achieved from property rationalisation. These savings are predicated on the need to reduce our operational portfolio and maximise revenue streams from our investment holdings. Revenue savings are largely accrued through the reduction in utilities costs, rates, repairs and maintenance. In addition the Council's requirement to match fund £40,000,000 for the 21st Century School Programme is to be largely funded from the sale of surplus assets and the resultant capital receipts.

Property Services have responsibility for the management of the condition of the property portfolio and they are allocated an annual capital sum to undertake works which are prioritised against evidence of need, e.g. condition surveys and health and safety legislation as the maintenance backlog out strip resources. Given the Council's commitment to the schools programme and the continuing reduction in financial resources this maintenance budget is likely to be further reduced, increasing the need to reduce the property portfolio and making sure that those that are retained are operated to maximum capacity as efficiently as possible.

2.1.3 Changing models of service delivery

Whilst the austerity measures are reducing available financial resources the demand for services are growing and evolving. The Council is currently considering how to manage this demand through Channel Shift, partnership working and "leaning in" to the communities themselves.

- **Channel Shift** – is the terminology used to express the process of changing the way in which citizen's access services. Communities can currently access localised services in a variety of different locations on the basis of face to face interactions, e.g. One Stop Shop, Library, Leisure Centre and Museum. Face to face interaction is the most expensive to provide, however is generally the most valued by the user. Simple enquiries however could be easily managed through a website or by telephone, both of which are cheaper to provide. Face to face interactions can be streamlined through the integration and co-habitation of localised services within one building.
- **Partnership Working** – using the relationships developed through the LSB and other collaborative models to avoid duplication and where possible co-locate services to provide a more effective solution for service users. This model is currently being explored in a collaboration between Monmouthshire and Torfaen's Housing teams who are located within Melin Homes headquarters and the co-location of Social Services and Aneurin Bevan Health Board staff.

- **Community Delivery** – The Whole Place approach pivots on the animation of local communities and their willingness to develop and deliver their own localised priorities. The Council and its partners are moving away from the traditional model of financial support to becoming more of an enabler, supporting communities to do things for themselves and in doing so developing their own resilience and sense of place. The Community Asset Transfer policy will enable the transfer of assets to support and enhance local service provision, a recent example of this being the transfer of a Council building in Gilwern to the Community Council to develop a local hub, with MCC continuing to deliver a library provision within the building.
- **Income generation** – Where possible the Council seeks to maximise efficiencies and income generation, as opposed to cutting services. The property estate is split between operational assets used for service delivery and investment assets used to generate capital or revenue income. Rental levels within the investment portfolio are reviewed in line with lease agreements and assessed at market values. Those eligible for the concessionary rentals grant can then apply for a discretionary rental grant up to 95% of the rental value. This policy now needs to be reviewed to reduce the level of rental subsidy offered and encourage collaborative working amongst occupiers. Alternative ways of generating income are continually being explored and current opportunities being considered include the acquisition of investment properties and the potential construction of a cycle track. Operational assets are also now being challenged to be more cost effective which has resulted in the a draft proposal to increase car parking charges, the installation of energy reducing / renewable technologies and reductions in occupied floor space.

2.1.2 Public Sector Reform

Given the report of the Williams commission and the recent appointment of Leighton Andrews to drive this agenda there is undoubtedly a commitment by Welsh Assembly to pursue the amalgamation of local authorities. This has inevitably raised concerns within local communities and the future of local service provision, however the on-going budget cuts provide more immediate concern. As discussed previously within this report the introduction of the Community Asset Transfer policy will provide local community organisations with the opportunity to future proof their valued services and buildings if they are able to demonstrate that their proposals are financially viable and robust.

Investment property assets will continue to be managed in a commercial manner and disposals will only be considered if they meet the requirements of the Disposal Policy and will deliver either maximum financial or social value.

2.2 Internal Service Pressures

2.2.1 Social Services - Children's Services

The service has recently completed an internal review which has resulted in the following property requirements:

- The relocation of the service from a number of smaller offices around the county to a main office hub. Magor was chosen as the preferred destination and the service has taken up

residence. The modern open plan nature of the office space will result in the service adopting a more professional approach and creates operational efficiencies by reducing email traffic and increasing knowledge sharing

- The creation of contact centres which are fit for purpose on the council's estate. The main requirements are in Abergavenny, Monmouth and Chepstow. Currently the service rents properties around the county which is inefficient.

2.2.2 Social Services - Adult Services

Currently occupy a building on Tudor Street which provides a hub/base to people with Learning disabilities, Mental Health and Physical Disabilities. Initially the building was to provide a temporary location for people displaced by the closing of the Coed Glas.

The service is now keen to establish Tudor Street as the permanent hub to further promote the "your day your life" concept, the intention is to develop the space into a place where communities are more connected and involved with the service. The building is not currently fit for purpose and will require adaptation works to ensure that it is suitable.

2.2.3 Community Hubs

Given the need to make significant financial savings over the medium term the Council has to consider whether to cut services or deliver them in a more cost effective way. The concept of community hubs involves the co-location of area based Council services within a single building. Whilst this may involve initial refurbishment costs to make the buildings suitable for both the service providers and users it will result in the reduction of the overall property base thereby reducing running costs and the generation of capital receipts.

The concept is currently being developed in Usk. The library and Community Learning occupy separate buildings within a leased site and the youth service occupy a building in the same street owned by the Council. The hub model being developed involves the re-location of the library and Community Learning Service within the youth building. This will enable the Council to relinquish the lease and the associated running costs. The co-location of these services will clearly require compromise on behalf of all the providers and effective management practices that enable the space to be utilised for a variety of different activities. Technology is being explored that will improve the library service to users through the provision of self-check in / out machines that enables library users to borrow or return books without a member of staff being present.

Member authority will be sought to roll this model out to the remaining communities in Monmouthshire detailing potential costs and associated savings.

2.2.4 Office accommodation

The councils main administrative functions are split across two sites at Usk and Magor, alongside this a number of services occupy buildings around the county. In order to achieve further operational

efficiency and reduce running costs it is important to relocate more people to the Usk site when and where it is prudent to do so.

The authority owns a building at the Usk site known as J-Block which is leased back to Coleg Gwent until December 2016. When the lease expires it is the current intention of the authority to refurbish this building as further office space; relocate Magor staff to Usk and release Magor to reduce revenue costs and generate a capital receipt. A continual ongoing review of the area based office accommodation is undertaken so that where possible staff who are not location sensitive can be re-located back to the main administrative buildings and buildings released for disposal.

2.2.5 Abergavenny Library

As part of the Council's Abergavenny regeneration scheme, the Council made a decision to progress the construction of a new library on the former cattle market site and allocated a capital sum of £3,500,000 for the project. Planning consent for the development has been obtained, however there is insufficient revenue budget within the library service to meet the additional costs of the new build. A survey was undertaken by the Friends of Abergavenny Library Service which posed the question whether the library should be retained in its existing building or re-located to the new site, which concluded that the existing building should be retained and some of the capital funding for the new build should be used to refurbish the property. More recently there is an emerging view from the group and community members that a third option should be considered which would require the acquisition of a building and associated refurbishment to enable the library to be re-located to an alternative home which would be less costly than the new build option.

Work is ongoing to review the financial consequences of the various options, however the potential of an Abergavenny Community Hub and integrated service delivery also need to be factored into any review process.

2.2.6 Cultural Services Review

The Museums service is currently considering the preferred options for Service delivery, including the creation of an arm's length trust. Clearly if this were to be the preferred delivery model, the future of the existing accommodation would need to be determined. This could be via long leasehold interests or freehold transfers, in accordance with the Community Asset Transfer policy or form part of the negotiations between the respective parties. Should the freeholds of the assets transfer to the trust there will be an opportunity cost to the Council if they transfer at less than best consideration.

2.2.7 Outdoor Education Review

The budget mandate process for 15/16 has highlighted the potential to review the delivery of outdoor education within Monmouthshire. The service is currently delivered from Gilwern and Hilston Park centres and a review is to be undertaken by the service area to determine the preferred future delivery model. The proposed mandate identifies a revenue saving of £150,000 through the re-modelling process.

2.2.8 Tourist Information Centres

The service is reviewing the preferred delivery methods for this service to reduce revenue costs whilst maintaining an effective service. In Abergavenny the service was transferred to the Tithe Barn following the withdrawal of BBNP from the shared hub. The now surplus building is being advertised for a commercial tenant to generate rental income and mitigate the Councils costs e.g. empty rates. It is intended that this model of working with other services providers and the tourism ambassadors will be replicated within the other towns. This may result in surplus accommodation which can be either let or sold.

3 Governance arrangements

3.1 Managing and reporting arrangements

The strategic management of the Councils portfolio is undertaken by the Estates team with technical support from Property Services. The management of property however cannot be undertaken in isolation of the needs and demands of service users and providers and without regard to financial constraints. This wider perspective has been traditionally provided through an Accommodation Working Group which was originally established to manage the acquisition and development of replacement office accommodation as a result of the structural issues at County Hall in Cwmbran. The group is made up of officers and members, albeit that latterly the group has deviated from its original terms of reference and delivery objectives. It is intended that this group will be disbanded and a new officer group created to be known as the Asset Management Working Group, with a clearer focus and terms of reference.

- **Asset Management Working Group**

This new working group will be made up of senior Service, Finance, Legal and Estates and Property Services representatives. The group will be charged with monitoring the delivery of the Asset Management Plan ensuring that it remains aligned to key corporate aims and remains an effective tool for the strategic management of property assets.

The group will operate on a 'task and finish' ethos which will draw on officers as required and will act as a forum for discussing and making recommendations to Members.

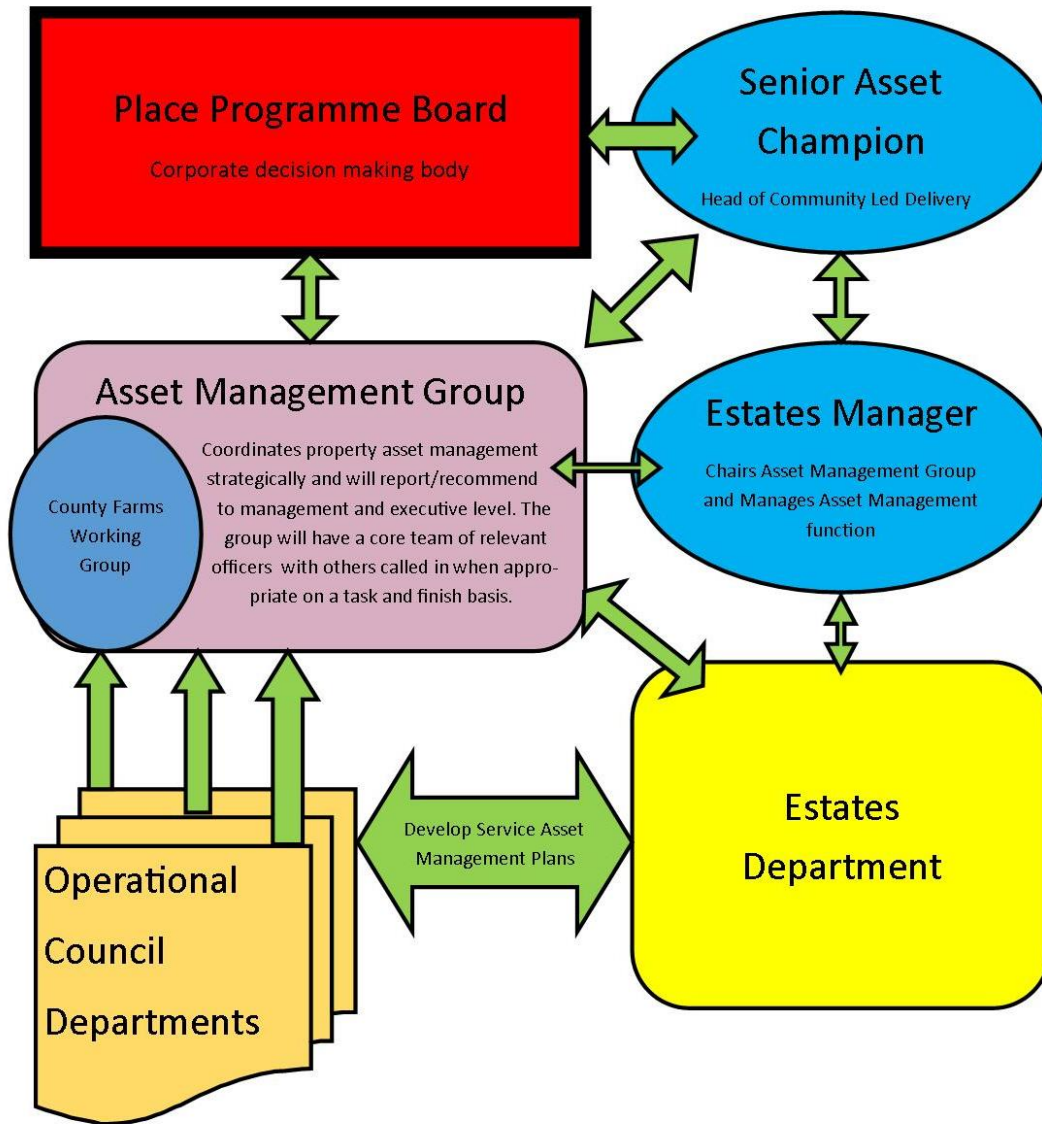
- **Place Programme Board**

Cabinet have recently agreed to the creation of a Member led Place Programme Board that will oversee projects and programmes that have a direct impact on local communities through the built environment, local service provision and Whole Place. The work of the Asset Management Group will be reported through to this group to ensure that delivery remains aligned to overlapping projects and that impacts on local areas are managed in a coherent and joined approach. Traditionally regeneration projects have had separate Member led programme boards e.g. Abergavenny and Caldicot regeneration projects, these will now be concluded and the projects managed through the Place Programme Board

- **County Farms Working Group**

The day to day management of the Councils agricultural estate is undertaken by the Councils Estates team, however the strategic management is driven through the member led County Farms Working Group. The County Farms Strategy was adopted by Cabinet in June 2013 and determines the future retention, management or disposals of the agricultural estate. The strategy is included in Appendix D. The group are charged with implementing the Strategy and overseeing the disposal of assets highlighted within the adopted County Farms Strategy.

The flow chart below provides an illustrative explanation of the governance arrangements.



3.2 Data management

The centralised management of accurate property data is essential to order to provide objective information used to inform the management of the property estate. The Council operates a terrier database which acts as a central repository for individual property information e.g. tenure, lease details, rent due etc.

Property Services are currently populating the system with data relating to condition, reactive and planned maintenance, fire, asbestos and other health and safety data.

3.3 Condition / Compliance

These work streams are managed by the Property Services team who hold the budgets and staff to execute the required surveys covering the following areas:

- **Condition**
 - A rolling programme of condition surveys are undertaken by the Property Services department.
 - A planned maintenance programme (funded through capital) is produced annually prioritised on the basis of survey data and available funding. In addition Property services hold a revenue budget to manage “reactive” maintenance for unplanned repairs that arise throughout the year.

- **Health and Safety Compliance** – Property Services are responsible for the commissioning of health and safety surveys the results of which are used to inform the planned maintenance programme. If urgent issues are identified these will be 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 of the entire portfolio is undertaken on an annual basis and defects or recommendations are prioritised and added to either the maintenance programme. Key surveys include:
 - - Electrical Safety
 - Gas Safety
 - Air Conditioning Inspections
 - Fire Alarm and Detection
 - Emergency Lighting

- **Equalities Act** – Property Services hold a budget to implement a planned programme of adaptation works to ensure equality of access. Reactive works are also undertaken which predominantly involve responding to specific clients’ needs e.g. adaptations required to school sites to accommodate particular disabled students.

4. Asset Management Policies & Priorities

4.1.1 The Council has developed a number of key policies to support the management and disposal of property assets. The key policies are;

- **Disposals Policy**
- **Concessionary Rental Grants**
- **Community Asset Transfer**
- **Renewable technology installations**

Both the Disposals and Community Asset Transfer policy seek to incorporate details of the Localism Act that have yet to be implemented in Wales. These are seen as key in developing social value through community delivery and have therefore be included as key infrastructure to support Whole Place and evolving service needs.

4.1.2 Disposals Policy

This was approved by Cabinet in May 2013. This policy provides a framework for the disposal of surplus assets including community's right to bid. The policy presumes that all disposals will be undertaken at market value to support the Councils policy of allocating all capital receipts to the 21st century schools agenda.

4.1.3 Concessionary Rental Grants

It is acknowledged that not for profit organisations and community groups do not always have the ability to lever in income required to support commercial rents. The concessionary rental grants scheme was first implemented in 2003 to ensure that any subsidies provided to occupiers of Council owned properties are transparent, consistently applied and necessary. The current scheme allows eligible applicants to apply for a rental grant of up to 95% of the market value. Given the prevailing financial conditions this policy needs to be reviewed to ensure affordability and that the grants provided are resulting in deliverable outcomes for the local community. The review of this policy will be one of the key actions for the Asset Management Steering Group for the forthcoming year.

4.1.4 Community Asset Transfer Policy

This provides an opportunity for community or not for profit organisations to apply to acquire a council owned property for the purpose of local service delivery. The property will either have to be surplus to requirements or currently occupied by a community organisation to be eligible for this process. The applicant will be required to demonstrate through a robust Business Plan that their proposals are financially viable, sustainable and yield a community benefit. Disposals will be on the basis of long leasehold interests or if there is a specific business need a freehold decision may be considered.

4.2 To support the policy framework evidenced above and to manage the competing pressures and reducing financial resources, key priorities have been identified which will deliver either service improvements or financial or social value.

4.2.1 Property Rationalisation

As discussed throughout this plan there is a clear need to minimise revenue expenditure through the rationalisation of the property estate. The programme of disposals will be determined on the basis of evidenced service need, the implementation of the community hub model and supporting property data.

4.2.2 Generation of revenue through investment portfolio

The investment portfolio is held for the generation of revenue income and is made up of;

- Agricultural properties
- Industrial units
- Retail units

Portfolio	Income for 13 / 14	Target 14 / 15
County Farms	£314,451	£303,713
Industrial Estates	£163,117	£173,490
Commercial	£163,551	£169,000
Sustainability	£72,293	£282,518

4.2.3 Agricultural portfolio

The Council has a total of 29 holdings, 40 bare land units amounting to 1,122 hectares (2,773 acres). A County Farms strategy was adopted in June 2013 which split the holdings into core and non-core holdings. The core holdings are to be retained because of their long term strategic value, whereas the non-core holdings will be disposed of as and when they become available or to the sitting tenant at market value. Given the adoption of the LDP, the strategy needs to be reviewed to determine if the core/ non-core allocations are in accord with the plan.

The forecast gross income for the agricultural portfolio in 14/15 is £303,713. Rent arrears stand at 18% for the first quarter of 2014/15 as against 14% for 13/14.

4.2.4 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 for the financial year 14/15 average 16% with rent arrears at approximately 19% of the rent roll. The void rate has increased from 12% in 13/14 and the rent arrears were at 13% reflecting a decrease in prevailing market conditions.

The forecast gross income for the industrial portfolio in 14/15 is £173,000.

4.2.5 Retail units

This portfolio is made up of 23 units within the former housing stock in “Neighbourhood” shopping areas. The portfolio is spread across the county in locations such as Monmouth, Caldicot, Chepstow, Abergavenny and Goytre.

The forecast gross income for 14/15 is £133,865 with rent arrears of approximately 5% of the rent roll.

4.2.6 Renewable technology installations

The Council has embarked on a retrofit programme of photo voltaic installations where a business case evidences that the income from the Feed in Tariff and the energy savings will result in a net income stream to the authority. To date we have installed 48kw generating £73,000 of gross income.

The Estates team are currently working on a proposed solar farm with the capacity to generate up to 5MW. A business plan has been produced which demonstrates the financial viability of the proposals and it is intended that a planning application will be submitted at the end of the calendar year following local consultation.

4.3 Maximisation of capital or social value

Inevitably there will be occasions where the disposal of an asset will result in a conflict of priority between financial or social value. The Council has a clear need to generate capital receipts to support the 21st century schools build programme therefore the disposals policy supports the generation of receipts at maximum market value.

The Community Asset Transfer policy however, enables qualifying groups to apply to acquire Council owned properties at less than best consideration as per the General Disposal Consent Order (Wales) 2003. Where a conflict arises the following protocol will be adopted:

- If a surplus property attracts a CAT application and a potential market bidder the CAT applicant will be invited to demonstrate the potential community benefits that will accrue to the local community as a consequence of the service that they would deliver from the property. The benefits need to demonstrate:
 - Reduction in revenue costs to the Council either by the Community replicating and providing a Council service (reduction in property operating costs will not be eligible)
 - How the local community will benefit, i.e. is it an enhancement to local service provision, will it be free to access, will there be eligibility criteria etc.
 - How many of the local community will potentially benefit
 - Capital funds that the scheme will lever into the local area, e.g. grant funding, private sector investments
 - Training or apprentice opportunities
 - Opportunities for the communities to become involved
 - How would the proposal support corporate priorities

- Does the proposal deliver or support the local Whole Place Plan
- A report will be taken to the Asset Management Steering group with an assessment of the information provided by the community group. If it is determined that the social value to the community will be significant and that the proposal accords to the local Whole Place Plan and Corporate Priorities a report will be presented to Cabinet for decision.
- If the assessment determines that the CAT proposal does not yield significant social value or does not align with either the corporate priorities or Whole Place plan the property will be sold at market value in accordance with the Disposal Policy. The CAT applicant will be advised and provided with feedback to guide any subsequent applications.

5. Asset Management Actions for 2015- 2016

5.1 Abergavenny Library

The required options appraisal needs to be concluded to determine the preferred option for the future of the library provision in Abergavenny. This needs to consider both the continuation of the service as a discrete stand-alone function and the potential integration of the service within a community hub model. The report needs to consider running costs, potential acquisition and refurbishment costs and any disposal opportunities.

5.2 Community Hub – Usk

The proposal for the co-habitation of the Community Learning, Library and Youth services within a council owned building need to be finalised and costed. Member consent will be required for any capital expenditure and a programme of works agreed and implemented. The landlords of the existing Community Learning centre will need to be formally advised of the Councils intention to terminate the tenancy, if the Members agree to the proposal. The future management of the building and users views will continue to be managed through the existing feedback mechanisms.

5.3 Community Hub Model

The concept of an integrated building delivering multiple services has been submitted as a budget mandate for 15/16 with associated savings of £300,000. If approved the requirements for each area need to be captured and a property solution devised that best meets the needs of the service providers and users, and also enables the rationalisation of the property estate and associated capital receipts.

5.4 Property Rationalisation

Opportunities to rationalise the Councils operational portfolio will be on-going working alongside the development of the Hub model and the office accommodation policy of centralising non location sensitive staff within the Magor and Usk hubs. A budget mandate of £100,000 has been agreed relating to revenue savings achieved through the disposal of property assets. Discussions with Coleg Gwent will be undertaken to establish the opportunities for early possession of J Block and in any event their exit strategy from the building and car park at the expiration of their lease in December 2016.

5.5 Development of the LDP Strategic Sites

A master plan needs to be produced that supports the development of the strategic site which minimises the impact of the developments in the existing local communities and maximises potential development gain, e.g. the provision of community facilities, apprentices etc. A disposal programme is to be developed that maximises potential income.

5.6 Development of individual operational property asset management plans

To understand the maximum opportunities available to the Council for either financial or social value it is intended to develop these for the operational properties only to support property

rationalisation process. These plans will provide a comprehensive view of the operating costs, suitability, capacity and opportunity costs.

5.7 Governance arrangements

Establish the Asset Management Steering Group and associated reporting and monitoring arrangements. Review and monitor the actions and KPI's incorporated within the Plan and ensure alignment with corporate priorities and Whole Place Plans.

5.8 Renewable Technologies

Progress the solar farm proposal through the public consultation and subsequent planning process. If approval is obtained implement the scheme to maximise the income generation opportunities to the Council and develop a community benefit scheme for the locality.

5.9 Investment Opportunities

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

- Financial Viability – The income from the proposed investment opportunity needs to be able to fund the borrowing costs for the purchase of the asset and generate surplus income.
- Occupiers – Must have a strong covenant and a long leasehold interest that covers the length of any loan required to fund the purchase or be in a prime position which will reduce any void periods.
- Support local Whole Place Plans – e.g. acquisitions that would strengthen the viability of town centre
- Support Corporate Priorities

5.10 Review the concessionary rental grant policy

Undertake an assessment of the policy to ensure it remains appropriate and affordable

5.11 Review the County Farms Strategy

Review the allocation of the core, non-core designations to holdings given the adoption of the Local Development Plan and the need to generate capital receipts to support the 21st century schools programme.

6 Performance

Performance needs to be measured to ensure the actions taken align with the corporate goals and have the intended outcomes and to allow comparison across the corporate estate and the Public sector estate in Wales

6.1 – Monmouthshire Indicators

Key Performance indicators

The following indicators have been developed to demonstrate how the strategy supports the Council priorities, the themes are as follows:

Nobody is left behind

- Number of affordable housing units developed on land disposed of by the Council.
- Number of sites disposed of at less than best consideration.
- Number of community growing schemes delivered.

People are confident capable and involved

- Number of applications for Community Asset Transfer.
- Number of Community Asset Transfer applications recommended for approval.
- Number of rental grants awarded to community / not for profit organisations to occupy council properties.

Our County Thrives

- Number of lettings to small businesses within the investment portfolio.
- Reduction in CO2 through renewable energy technology.
- Reduction of carbon emissions through the installation of renewable technologies.
- Percentage of electricity consumed that is generated from renewable sources.

Effective Resource Management

- Capital receipts achieved against target
- Revenue income achieved against target
- Void rates within industrial and retail units
- Rent arrears: % of arrears against rent roll (Farms, industrial units, retail)
Recovery of rent arrears (farms, industrial units, retail)

6.2 - National Indicators

Performance indicators are reported through CLAW to the Local Government Data Unit –Wales, these indicators are:

- **Value**
 - o Amount of GIA (Gross Internal Area) in condition A – D (Good – Bad).

- Total GIA.
- Percentage of GIA in condition A – D.
- The value of required maintenance for works of priority level 1 (Urgent) to level 3 (desirable)
- Total value of required maintenance for the year.
- Percentage of total value for works Level 1, 2 and 3.
- Total value of required maintenance per m².
- **Expenditure**
 - Total expenditure on required maintenance during the year and per m².
- **Estates Management**
 - The amount of surplus GIA in local authority buildings.
 - The percentage of the total GIA which is surplus.
 - Amount of vacant GIA.
 - Percentage of total GIA which is vacant.
 - Total GIA.
 - GIA in condition C/D.
- **Energy Efficiency**
 - The difference in the average (cumulative) operational rating score for local authority public buildings over 1,000 square metres where a DEC has been lodged on the Non Domestic Energy Performance Certificate Register between the previous financial year and the current financial year
 - The average DEC rating score in local authority public buildings over 1,000m² in the previous year
 - The percentage change in the average Display Energy Certificate (DEC) score within local authority public buildings over 1,000m²
- **Office Accommodation**
 - Total NIA (Net Internal Area) of office accommodation.
 - Total number of FTE office based employees.
 - Total useable office accommodation per m².
 - Office accommodation costs
 - Office accommodation costs per NIA m².
 - Office accommodation costs per FTE office based employee.

Appendix A

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:

Meeting County wide priorities

Demonstrate alignment with the County Council's plans and strategies.

Meeting Local Priorities

- 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.
- Evidence of community support for the proposal.

Improving Service Delivery

- A statement that demonstrates that the transfer of the asset supports an improvement in local service delivery
- How will you measure the success of the transfer – i.e. what will be different and how will it be measured.
- Evidence of support from a Council Service provider or current owning department.

Resources

- Finance modelling, including 5 year revenue and capital funding plans.
- A statement that demonstrates the capacity and expertise within the group to operate and maintain the asset
- A statement (evidenced by financial accounts) that the group has sufficient income to support the asset
- A financial plan and programme showing how the maintenance and running of the asset will be funded over a period of years
- Scope for collaboration, i.e. are there other community groups that could share the accommodation.
- Capacity building and how this will be delivered.

Investment

- Any sources of finance including grants that the asset transfer will enable.
- 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.

Risks

- 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.

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
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Appendix B

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 tenancy¹.
- 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.
- 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.

¹ 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.

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 value² 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

² 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 eligible³ 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)

³ 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

- 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 by the applicant) and how this will assist in developing sustainable and resilient communities.⁴
 - 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

⁴ 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

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.

- 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 C

Concessionary Rental Policy

Concessionary Lettings – Protocol

Rental of Properties

1. If a department wishes to lease a property or rooms then they must contact Asset Management to arrange this. Asset Management will take it through the normal procedures to obtain consent for the lease, i.e. local members, cabinet members and the Director of Resources and Customer Services.
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 Asset Management 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 Asset Management. If a rental grant appears justified then a report will be presented to the Director of Resources and Customer Services, 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 D

County Farms Strategy

County Farms Strategy 2013

1. Current Position

1.1 The Councils County Farm Estate comprises of

29 Farming Units (amounting to 1045 ha/2,584 acres)

11 Cottage Properties

40 Bare land holdings (79 hectares/ 195 acres)

18 Woodland (35 Hectares/86 Acres)

The average size of a council farm holding is 34ha (84 acres). Given the evolving nature of the farming industry it is acknowledged that such holdings are too small to continue to provide an income for the farming family. As a result the occupiers are increasingly seeking additional employment to secure income to supplement their earnings.

In addition due to the nature of the majority of the tenancy agreements, the farms tend to be occupied for the lifetime of the tenants and therefore vacancies are rare, thereby preventing new entrants into the industry.

Many other farm estates enjoy holdings larger than that held by Monmouthshire which enables progression for tenants. Due to the limited size of our estate we are unable to offer such opportunities.

As a consequence the County Farm holdings are not able to offer progression opportunities for existing farming tenants or indeed opportunities for new entrants to occupy viable agricultural units.

2. Future Strategy

2.1 Given the current economic conditions there is an increasing requirement to review Council assets and determine if they are still offering value for money, meeting the aims of the service and whether there is an opportunity cost to continuing to hold them. There is also the added pressure that the Council needs to raise in excess of £40,000,000 to meet its match funding requirement for the 21st Century Schools programme.

The current farm holdings generate a combined rental income of £186,624 per annum. Predicted maintenance costs (excluding mechanical and electrical) for the next 3 years are highlighted in the table below:

Year 1	Years 2 -3	4- 5	Total
345,000	325,000	586,000	1,256,000

There are also planned changes in the boundaries of the Nitrate Vulnerable Zones, which at the time of writing this report are likely to impact on a holding in Raglan. The details of the

enhanced requirements and associated costs at this stage are unknown, but are likely to result in a further capital expenditure pressure.

The County Farms estate is required to generate a trading surplus of £222,000 (against a predicted total income of £280,000 from rent, including bare land holdings and cottage properties). There is a capital allocation which deals with the planned maintenance and improvement programmes which will be used to meet the above identified costs; however as a service it is evident that income does not match the expenditure required to maintain the properties to a reasonable standard. As disposals occur the pressure on the maintenance budget will continue to increase and the gap between income and expenditure will continue to widen.

The on-going financial commitment combined with the size and nature of the portfolio has necessitated a full scale review of the remaining Council farm holdings and their long term future within the portfolio.

Each farm unit has been tested on the following general principle:

The general principle will be in favour of disposing of the holding unless:

- the holding sits within an area that offers long term development potential (Leech pool/Portskewett/Crick localities)
- the holding is adjacent to an existing settlement
- The holding offers potential strategic development opportunities i.e. possible location for a school etc.

Where holdings are identified as non-core, should a unit fall vacant the agricultural land will be either allocated to an existing Council holding to improve viability or it will be disposed of on the open market dependent on the individual circumstances of the holding, Council priorities and market conditions. The farmhouse and any farm buildings will be released to the open market to achieve maximum value.

2.2 Disposal Strategy

The disposal of all Council Holdings as a single portfolio has been considered but rejected as any such disposal would attract significant discounting to take account of sitting tenants.

All of the Councils holdings are currently occupied, therefore, in order to realise the maximum potential value of the holdings a strategy has to be put in place that encourages a managed release of the holdings.

It is proposed that all tenants who occupy non - core holdings will be contacted and negotiations are undertaken to establish if they would be prepared to relinquish their tenancy subject to the payment of compensation. The compensation payment will need to be assessed on an individual basis; however there will be a threshold cap (the combined total of the tenant's improvements compensation and surrender premium) against the anticipated market value. The cap will be agreed by CFWG prior to entering negotiations.

Cottage properties that become vacant will in the first instance be offered to existing farm tenants on the condition that they retire from their farm holding. If no farming tenant wishes to retire, the cottage will be sold on the open market.

The purchasers of all holdings and cottages will be required where possible, to provide a new mains water supply.

For those that are identified as core holdings, when they become vacant the following process will be undertaken:

- An assessment will be undertaken to ascertain whether the development opportunities could be realised at the time it becomes available or within a short period.

If the development opportunities can be realised:

- the holding will be declared surplus and held vacant
- a development strategy will be prepared
- The necessary reports and consents are obtained and the holding is realised to deliver the Councils strategic development aims.

If the development opportunities are not available:

- The property will be advertised for re-letting on the basis of a Farm Business Tenancy, with a term not exceeding 7 years.
- There will be no succession rights for the existing tenants relatives and if any family members wish to apply for the tenancy they will be subject to the same application process.
- The opportunity will be externally advertised and those on the waiting list will be contacted.
- Applications will be invited and a shortlist prepared.
- Interviews will be undertaken and the candidates will be assessed on the viability of their Business Plan, farming vision and experience.