

Forward Plan reference number: 'Not applicable'

Report title: Strategic Asset Management Plan Resource, Operational Estate Transformation, CMA	
Report to: Cllr Chris Whitbread - The Chancellor of Essex and Cabinet Member with Responsibility for Finance	
Report author: Ben Finlayson – Director for Property, Investment & Delivery	
Date: 18th January 2024	For: Decision
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County Divisions affected: 'All Essex'	

1. Everyone's Essex

- 1.1 Essex County Council (ECC) has committed to Everyone's Essex – Our plan for levelling up the county: 2021-2025. Given this programme of work touches on every single operational asset held by ECC, and the decisions we make about those assets will impact services and the places within which those assets are located, it therefore links to most of the 20 commitments that sit under the strategic priorities set out within the 'Everyone's Essex' Organisational Strategy.
- 1.2 The proposals to streamline and right-size the operational estate will release much needed resources to support front line services. Retention and enhancement of the best performing assets will also ensure that customer experience is improved. The work will also aid our journey to Net Zero by focussing on the retention of the most efficient assets.
- 1.3 This proposal also aligns with the Property Strategy as endorsed by ECC in October 2022 and outcomes for 2030 Whole Council transformation through a modern digital council.

2 Recommendations

- 2.1 Agree that the Council should work to prepare a Strategic Asset Management Plan (SAMP) for each of ECC's operational property assets to inform how the Council will manage its properties and ensure it is fit for purpose in the future.
- 2.2 To agree to deliver the SAMP via option 4 as set out in section 5 of the report at a total additional cost of £801,252 (split out below), to deliver a Strategic Asset Management Plan (SAMP) for each operational asset, providing a comprehensive information and data set that can then be used to make informed decisions on the future of the estate.

- 2.3 To approve the draw down of £188,920 from the Transformation Reserve to fund expert resource from external providers Avison Young and Lambert Smith Hampton as set out in 6.1.3.
- 2.4 To approve the draw down of £612,332 from the Transformation Reserve to cover the costs associated with additional internal resources as set out in 6.1.3.

3 Background and Proposal

- 3.1 The Estates Transformation Programme (ETP) was initiated following the endorsement of the ECC Property Strategy in October 2022. The Programme has been developed to deliver on the ambition set out in the Strategy, with the following 3 key aims:
 - **Smaller** – reducing the number of assets we hold and the overall floor space to better reflect our needs, especially where new ways of working and service transformation have led to reduced building utilisation (e.g., course digitisation at Adult Community Learning sites).
 - **Better** – Improving the property that we plan to retain to ensure that it is fit for purpose, well maintained and in the best location to deliver services effectively and efficiently.
 - **Greener** – Reducing the carbon footprint of our property estate with the aim of achieving net zero. This is to be achieved through a mixture of prioritising the retention of our best performing assets and retrofitting those assets that are to be retained with net zero measures.
- 3.2 Delivery of the three aims will, when combined, ensure that ECC is operating an efficient and value for money estate for its taxpayers, achieving a range of benefits, that include but are not limited to:

3.3 Table 1

Category	Benefit
Financial	Capital receipts generation
	Reduced operating costs (Revenue and Capital Maintenance)
	Revenue income generation
Environmental	Reduced energy utilisation
	Reduced building footprint
	Reduced travel through colocation and technology improvements
Operational	Improved productivity
	Improved staff retention / satisfaction
Public	Levelling Up opportunity
	Community benefits
	Broader public service benefits through One Public Estate approach

- 3.4 Delivering a more efficient and value for money estate requires a collaborative approach that is underpinned by an accurate, up-to-date, and complete data and information base that supports evidence-based decision making. ECC does not currently have the requisite data and information base.

- 3.5 The approved ECC Property Strategy sets out the need to undertake a process of asset review with services across the operational estate. It is proposed to do this by the production of a Strategic Asset Management Plan or SAMP which is a document that provides a comprehensive information and data set for individual assets. This might include for example: location, age, tenure, condition, environmental credentials, use (past, current, planned, usage/utilisation) etc. This information can then be used to take informed decisions for that property, either in isolation or in association with other assets.
- 3.6 The creation of high quality SAMPs for ECC's operational asset base will facilitate ECC's journey to a smaller, better, and greener estate. SAMPs will enable ECC to better manage its operational estate, providing a more effective and efficient portfolio of property that is right sized to its needs.
- 3.7 The ability to meet ECC's strategic aims such as Levelling up and Net Zero will be key considerations in the process as the options for the long-term future of each of the operational assets are established.
- 3.8 This programme of work will ensure that ECC has an efficient operational property portfolio, whilst delivering associated economic benefits. The key objectives and required outcomes are set out below under the two proposed phases:
- 3.9 Phase 1 – [Jan24 – Dec 24]**

Objectives

The overall aim of Phase 1 is for ECC to have the information, mechanisms, and resources in place by Christmas 2024 to begin to deliver a smaller, better and greener estate and enable the Corporate Landlord model to operate more effectively. This will be achieved by delivering the following objectives:

- To develop a comprehensive SAMP that considers every operational asset within ECC's portfolio.
- To develop a new and repeatable SAMP methodology based on good practice expertise and Service engagement.
- To embed the SAMP methodology within ECC's processes.
- To begin to utilise the information and options presented in the SAMP to deliver a smaller, better and greener estate, making changes as soon as practicable.
- To up-skill ECC staff to maintain and update the SAMP on an ongoing basis.
- To ensure ECC's Property and Facilities team is sufficiently resourced to; 1) maintain and update the SAMP on an ongoing basis; and 2) act on the information, options and opportunities provided by the SAMP.
- To drive collaboration with One Public Estate (OPE) partners.

Outputs

The following outputs will be produced during Phase 1

- Comprehensive SAMP.
- Data and information collection templates.

- Recruitment for 3 or 4 Full Time Equivalent (FTE) into the ECC Property and Facilities team.

3.10 Phase 2 – [Jan 25 – Dec 26]

Objectives

The overall objective of Phase 2 is for ECC to utilise the information, mechanisms, and resources developed in Phase 1 to deliver a smaller, better and greener estate and to effectively operate the Corporate Landlord model. This will be achieved by delivering the following objectives:

- To change ECC's operational asset base, be that through rationalisation, colocation or investment.
- To utilise the embedded process to maintain and update the SAMP.
- To develop a geographic based SAMP.
- To regularly engage with and work collaboratively with OPE partners to make better use of the public sector estate across Essex.
- To revise and relaunch the Corporate Landlord model.

Outputs

The following outputs will be produced during Phase 2:

- Updated and revised EEC Service based SAMP.
- Comprehensive EEC geographic based SAMP by region.
- SAMP that includes OPE partners' assets, where available.
- Prioritised work programme to deliver a smaller, better and greener estate for ECC individually and OPE partners more widely.

4 Links to our Strategic Ambitions

4.1 This report links to the following aims in the Essex Vision

- Develop our County sustainably
- Share prosperity with everyone

4.2 Approving the recommendations in this report will have the following impact on ECC's ambition to be net carbon neutral by 2030: Positive, Net Zero is a key driver for this work and will form part of the decision-making process for each asset with more efficient assets being targeted for retention.

4.3 This report links to the following strategic priorities in the emerging Organisational Strategy 'Everyone's Essex':

- A strong, inclusive, and sustainable economy
- A high-quality environment
- Health wellbeing and independence for all ages
- A good place for children and families to grow

5 Options

5.1 The existing ECC Property Team does not have the capacity to undertake the work set out above in 3.9 and 3.10 above, especially within a reasonable timeframe. As such a number of options have been considered to provide adequate capacity and expertise to deliver. With the exception of the “Do-nothing” option, each of the options set out below have the potential to deliver the desired outcome.

Option	Pros	Cons (including risks)	Reasons why/why not recommended
Option 1: Do nothing and do not have a SAMP (not recommended)	<ul style="list-style-type: none"> • No additional cost or resource requirement • No recruitment required 	<ul style="list-style-type: none"> • Does not deliver a comprehensive SAMP • Does not facilitate the delivery of a smaller, greener and better estate for ECC • ECC's Corporate Landlord model continues to operate at a sub-optimal level • Does not develop and embed a repeatable good practice SAMP methodology • Does not upskill ECC staff to maintain and update SAMP • Does not deliver sufficient on-going resources for the Property and Facilities team to maintain the SAMP and act upon the opportunities it presents 	<p>Not recommended –</p> <p>ECC and other OPE Authorities are facing escalating financial pressures. ECC must maximise the opportunity to deliver savings across its operational estate and requires the development of SAMPs to enable it to do so. This option does not allow this.</p>
Option 2: Use existing resources to deliver the SAMP (not recommended)	<ul style="list-style-type: none"> • No additional financial resources required • No recruitment required • SAMP developed 	<ul style="list-style-type: none"> • Does not deliver a comprehensive SAMP within the desired timeframe due to resource gap • Does not facilitate the delivery of a smaller, greener and better estate for ECC within the required timeframe • ECC's Corporate Landlord model continues to operate at a sub-optimal level in the short to medium-term • Does not deliver sufficient on-going resources for the Property and Facilities team • Risk of progressing with estate transformation without required data and information 	<p>Not recommended –</p> <p>Insufficient resource which: Compromises the ability to assess the estate in a timely manner; and</p> <p>Impacts opportunities for rationalisation through reduced innovation and external expertise.</p>

		<ul style="list-style-type: none"> • Risk that a new, good practice based SAMP methodology is not developed or embedded • Risk of Services not being sufficiently engaged with the process and outcomes. 	
Option 3: Recruit additional ECC staff to deliver the SAMP (not recommended)	<ul style="list-style-type: none"> • Requires comparatively lower financial resources (against preferred option). • Provides sufficient on-going staff resources for the Property and Facilities team that are sufficiently skilled to maintain, update and make effective use of the SAMP 	<ul style="list-style-type: none"> • Lead time for recruitment of internal team suggests this option will not deliver a comprehensive SAMP within the required timeframe • Delays the delivery of a smaller, greener and better estate for ECC. Risk that it doesn't start before the end of 2024 • ECC's Corporate Landlord model continues to operate at a sub-optimal level in the short to medium-term • Risk of progressing with estate transformation without required data and information • Risk that a new, good practice based SAMP methodology is not developed or embedded • Risk of Services not being sufficiently engaged with the process and outcomes • Lack of external advice with experience of delivering similar work across UK could result in suboptimal results 	<p>Not recommended –</p> <p>Inability to resource the team swiftly and no external expertise in the process will reduce outcomes.</p>
Option 4: Fund expert resource from external providers and recruit additional ECC staff to deliver a SAMP (recommended)	<ul style="list-style-type: none"> • Delivers a comprehensive SAMP within the required timeframe • Enables the process to deliver a smaller, greener and better estate to commence within 2024 • Enables ECC's Corporate Landlord model to operate more effectively in the short to medium-term • Delivers a new, good practice-based SAMP methodology that ensures Services are appropriately engaged 	<ul style="list-style-type: none"> • Higher cost option when compared to option 3 • Risk that delays in ECC recruitment negatively impact on the: <ul style="list-style-type: none"> • ability to commence the delivery of a smaller, better and greener estate in 2024 • opportunity for skills transfer from external to internal resources • ability to maintain and update SAMP 	<p>Recommended –</p> <p>Provides capacity to deliver the SAMP as required. This will include gathering quantitative and qualitative data to ensure the options presented in the SAMP are evidenced based, data led and take a range of metrics into account.</p> <p>Allows process to start immediately,</p>

	<p>and brought into the process</p> <ul style="list-style-type: none"> • Ensures external and internal resources are in place to embed the agreed SAMP process • Facilitates the required skills transfer to new and existing ECC staff • Provides sufficient on-going staff resources for the Property and Facilities team that are sufficiently skilled to maintain, update and make effective use of the SAMP • Provide continuing expert support as and when required 		<p>drawing on expert external support whilst building the internal team to take over the process.</p> <p>Enables key strategic initiatives to be underpinned, statutory obligations to be met and provides opportunities to deliver on Net Zero and Estate Rationalisation ambitions.</p>
<p>Option 5: Externalise the production and future management of the SAMP. (not recommended)</p>	<ul style="list-style-type: none"> • Delivers a comprehensive SAMP • Delivers a new, good practice-based SAMP methodology • Ensures external resources are in place to embed and take advantage of the agreed SAMP process • Recruitment of additional resources would not be necessary 	<ul style="list-style-type: none"> • Procurement timeframe, which is likely to include soft-market testing will likely impact on the ability to deliver SAMP and associated benefits within the desired timeframe • Most likely to be the highest cost option but this is unknown until Soft Market Testing has taken place • Additional procurement costs would be incurred • Market would determine the current and future price • Unlikely to be any intellectual gain for ECC • Risk that additional contract management expertise and resource required • Whilst the contract would set out contract requirements, ECC would lose day-to-day control of the process • Risk that there is limited market for this type of opportunity • Risk that this could result in job losses at ECC and/or the need to consider TUPE arrangements • Risk that Services are not appropriately brought into the process 	<p>Not recommended</p> <p>The procurement process required for this option is not consistent with ECC's desired timeframe. It is likely to be a very expensive option, will result in reduced if not entire loss of day-to-day control over the process and potentially the loss of jobs</p>

- 5.2 The recommended option is Option 4. In this option resource is requested to fund external expertise to lead the initial SAMP production process whilst embedding a repeatable methodology and transferring skills to ECC staff. Resources are also sought to boost the medium-term capacity of the ECC team, so it is able to quickly and efficiently take best advantage of the opportunities identified through the SAMP process.
- 5.3 Whilst the Council accesses its day-to-day property management services through the existing contract with MITIE and their sub-contractor Lambert Smith Hampton, there is a place for diversity in the provision of strategic property advice to an organisation such as ECC. That diversity of advice brings different perspectives and experiences of the property market and insights into how large organisations are realigning their property portfolios to meet their future needs and their ways of doing that.
- 5.4 The CMA seeking “Drawdown of Additional Resources for Property and Facilities Projects” signed in June 2022 sought permission to secure specialist external advice. The estimated value of that advice was up to £1m over a four-year term, to be funded from existing budgets or approved business cases for specific projects. This CMA and accompanying OBC represents one of these specific projects.
- 5.5 Avison Young are a specialist planning and property consultancy that have been secured through a competitive process by ECC via the NEPRO3Framework to provide this specialist advice. This work aligns with the existing commission and is within the scope and budget limit of the approval granted.
- 5.6 Specialist support from AY is being sought to deliver this work to:
- Enable the “different approach” to SAMP development required by ECC.
 - Bring proven and tried methodology and expertise tailoring products to meet ECC's needs.
 - Embed a repeatable process for future SAMP revision/update/maintenance at ECC.
 - Provide appropriately skilled and experienced staff that have previously worked with ECC or key ECC staff members.
 - Ensure quick access to a broad range of property sector expertise as and when required e.g., net zero / valuation.
 - Facilitate skills and knowledge transfer to ECC staff.
 - Provide ongoing expert support as and when to ease the transition of SAMP responsibility.

6 Issues for consideration

6.1 Financial implications

6.1.1 The total revenue costs associated with this project are £901,252 and will be spent across 4 financial years 2023/24, 2024/25, 2025/26 and 2026/27. The costs are split between external consultancy (Avison Young) and additional internal resources. Within the Estates Transformation CMA (approved March 2023), £100,000 of funding is allocated for a Strategic Asset Management Specialist and this funding will be utilised alongside this new request. Therefore, the incremental ask in this paper is £801,252 and approval is being sought to draw this funding down from the Transformation reserve. There is sufficient in the reserve to cover this request.

6.1.2 The work is expected to require 4 FTE's, brought into the Property Team in a phased way as the work increases over time and external consultancy support provided by Avison Young (AY) decreases in favour of internal delivery. Due to the extensive scope of this work, this is considered unachievable within current levels of staffing and additional resource is therefore required. It should be noted that currently, 1 FTE Property Manager is within the base budget, meaning 3 FTEs are additional.

6.1.3 The estimated costs in relation to this decision are set out in the table below:

Description	Expenditure £ 2023/24	Expenditure £ 2024/25	Expenditure £ 2025/26	Expenditure £ 2026/27	Total £
Internal Resource	18,237	152,461	233,265	178,448	582,410
Avison Young	-	104,600	34,320	-	138,920
Data Collection (Lambert Smith Hampton)	50,000	-	-	-	50,000
People and HR support	5,000	-	-	24,922	29,922
Total					801,252

Please note in addition to this £100,000 is being utilised from the Estates Transformation Programme CMA that was previously approved.

6.1.4 The following shows the breakdown of costs for AY consultancy support over a 2-year period and the breakdown by stage (detail around the activity within each stage is set out previously within this paper). £100,000 of this AY spend relates to the ETP CMA, the remaining £138,920 is part of this decision.

	2023		2024												2025	Stage
	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		Total
Stage 0 - PID	10	17														27
Stage 1 - Pilot			12	21	6											39
Stage 2 - Wave 1					12	18	2									32
Stage 2 - Wave 2							16	16								32
Stage 3 - Call off									5	4	4	5	4	3	0	25
Stage 4 - OPE															26	26
Monthly Total Days	10	17	12	21	18	18	18	16	5	4	4	5	4	3		
Monthly Total £	13,200	22,440	15,840	27,720	23,760	23,760	23,760	21,120	6,600	5,280	5,280	6,600	5,280	3,960		
Annual Total Days		27												128	26	181
Annual Total £		35,640												168,960	34,320	

Stage	£	Days	Commence	Conclude
Stage 0	35,640	27	10/11/2023	29/12/2023
Stage 1	51,480	39	08/01/2024	08/03/2024
Stage 2 - wave 1	42,240	32	11/03/2024	03/05/2024
Stage 2 - wave 2	42,240	32	06/05/2024	28/06/2024
Stage 3	33,000	25	01/07/2024	20/12/2024
Stage 4	34,320	26	02/01/2025	31/12/2025
Total	238,920	181		

6.1.5 An allowance of £50,000 has been included for the collection of any necessary data required to support SAMP development. This might include measured surveys of buildings or monitoring of utility consumption for example and is likely to be undertaken by Lambert Smith Hampton, ECC's existing long term Property Management provider.

6.1.6 The savings that are currently built into ECC's Medium Term Resource Strategy (MTRS) for Estates Transformation – Property Rationalisation are £302,000 for 2024/25 onwards and the outcome from this piece of work will contribute towards this. It is not possible to estimate the total saving that will be achieved due to the lack of data on future service need and the broader public estate opportunities.

6.2 Financial Assumptions

6.2.1 The costs are based upon the anticipated requirements and skillsets needed to deliver the work to transform ECC's operational estate as per the ECC Property Strategy that was endorsed in October 2022.

6.2.2 No contingency has been included in these costs; therefore, any unforeseen costs will have to be managed within existing budgets.

6.2.3 The scope of this ask does not include for the costs of implementation of change, other than the internal resources set out above (such as moving costs or physical works costs required). Any costs associated with the implementation of change, if in excess of team capacity, will be sought through further papers as and when required.

6.2.4 Internal resources that are brought in are assumed to be on Fixed Term Contracts of no more than 3 years, under the age of 55 and with no continuous service.

6.3 Financial Mitigations and Benefits

6.3.1 Progress against the stated objectives will be monitored to ensure value for money is being delivered in the timescales expected and any unused funding over the period will be returned to the Transformation reserve. Any changes needed that differ to the original request will be sought through a Change Control Notice.

6.4 Financial Risk

6.4.1 It has been assumed that the Internal resources that are brought in to fulfil these roles have no continuous service and are under the age of 55. If this is not the case, then there is a risk that the People and HR support costs are significantly higher than estimated creating a budget pressure.

7 Legal implications

7.1 A drawdown of funds in accordance with ECC policy and procedures has no specific legal implications.

8 Equality and Diversity Considerations

8.1 The Public Sector Equality Duty applies to ECC when it makes decisions. The duty requires us to have regard to the need to:

- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful
- (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
- (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

8.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, sex, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

8.3 The Equalities Comprehensive Impact Assessment indicates that the impacts resulting from the proposals in this report cannot be fully determined at this stage. The SAMP work will be considerate of protected characteristics in establishing future plans and further ECIA assessments will need to be undertaken as decisions on assets are put forward.

9 List of Appendices

9.1 ECIA564538155 - Completed ECIA - Operational Property Estate Transformation - Resource Investment Decision.pdf

10 List of Background papers

10.1 211223 SAMPS Resource OBC v1.4 - FINAL APPROVED.docx

I approve the above recommendations set out above for the reasons set out in the report.	Date
Councillor Chris Whitbread, The Chancellor of Essex and Cabinet Member with Responsibility for Finance	28.02.24

In consultation with:

Role	Date
Tom Walker - Executive Director for Economy, Investment & Public Health	27/02/2024
Executive Director, Corporate Services (S151 Officer) <i>Please send to your Head of Finance/Finance Business Partner who will arrange S151 sign off.</i>	
Daniel Tooke on behalf of Nicole Wood	02/01/2024
Director, Legal and Assurance (Monitoring Officer)	
Paul Turner	02/01/2024