

## 6

## Property Asset Management

### 1 Introduction

Since the 1990s it has become increasingly recognised that there are significant issues surrounding the management of assets within council ownership. Decisions regarding property assets are not always based on an understanding of the condition and fitness for purpose of buildings but more often on their immediate service need. This growing realisation has seen local authorities moving towards asset management frameworks to address portfolios containing significant numbers of buildings in poor condition, not fit for purpose, 'surplus to requirements' or deemed unaffordable. Led by government, supported by changes in arrangements for local authority investing and borrowing and directed by Audit Scotland guidance, this has led to the development of new council based Property Asset Management Plans. Both The Chartered Institute of Public Finance and Accountancy and The Royal Incorporation of Chartered Surveyors have published guidance to support this. There are considerable implications for heritage assets and for the buildings at risk challenge that require to be better understood and addressed in the process.

#### **Published guidance on local authority property asset management**

CIPFA Scotland *Capital Planning and Option Appraisal. A Best Practice Guide for Councils* (2006).  
RICS *Public Sector Asset Management Guidelines: A Guide to Best Practice* (2008).  
CIPFA Scotland *A Guide to Asset Management and Capital Planning in Local Authorities* (2008).  
RICS *RICS Local Authority Asset Management Guidance Booklets* (2009).  
RICS *Building maintenance: strategy, planning and procurement. Guidance note* (2nd edition) (2009).  
Audit Scotland *Asset Management in Local Government* (2009).  
Audit Commission *Good Practice in Strategic Asset Management* (2009).

### 2 Background

The Improvement Service, in a report of a study of property asset management across Scottish local authorities published in 2008<sup>1</sup>, noted that although definitions of corporate asset management vary, they tend to include four inter-related elements:

- Property asset management is at root concerned with the physical resourcing of service and corporate objectives, i.e. ensuring the right assets are in place to deliver efficiently and effectively to the public;

<sup>1</sup> The Improvement Service *Property Asset Management in Scotland's Councils: Moving Forward* (March 2008).

# The Buildings at Risk Toolkit 6

- Property asset management is about forward planning for the assets that will be necessary to meet need in the future, given the often lengthy timescales for investment, disinvestment and redevelopment;
- Property asset management is about minimising resource costs and maximising value achieved across a council's property portfolio in ways that are compatible with the points above. Value includes financial value as well as value to the community; and
- Property asset management is about ensuring that property is managed and maintained over time in ways that maintain and enhance value. The 'whole life costing' disciplines associated with Public Private Partnerships embed and reinforce this element.

Based on data from 30 of the 32 councils in Scotland, the report focused on the main aspects of property asset management practice:

- The arrangements councils have in place for the corporate planning and management of property assets;
- The core information councils hold on their property assets including the volume of assets they hold;
- The condition of those assets;
- The 'fitness for purpose' / suitability of those assets;
- The value;
- The arrangements in place for accounting for assets; and
- The performance of assets in supporting delivery of services and strategic objectives.

The principal recommendation of the study was that all councils should move to having a corporate property asset management plan based on portfolio review and projection of future asset requirements. This should be linked to a clear investment and disinvestment programme to ensure that future needs can be met, and a fully costed maintenance plan for all property assets in use. Among its other recommendations were several which also have a bearing on buildings at risk interests:

- That councils move towards having a core data set in place that provides complete and consistent information on condition, suitability, sufficiency (capacity and capacity utilisation) and cost across the whole property base. This should be developed collaboratively to maximise the potential for benchmarking between councils, and with partners;
- That to help achieve this, COSLA should initiate discussions with the Scottish Government and Audit Scotland to establish a national working group to ensure common definition, measurement and classification of core data. This should draw on work done already by individual organisations and initiatives, and give an **authoritative** definition of core data;
- That councils should in the short term rigorously review the management of the 'non-operational' portfolio. This should include setting a robust performance and accountability framework in place for the 'immediate' and 'phased' disposal of 'surplus' assets. It should also include benchmarking the performance of the so-called 'investment' portfolio, against alternative investments, and review of the opportunity cost of retaining the portfolio in terms of competing priorities;
- That councils should adopt as a requirement that no new lease, acquisition, or development of property can be put forward unless (a) the accommodation need has

# The Buildings at Risk Toolkit 6

been checked against available capacity within the councils own property base and (b) the accommodation has been checked against available capacity within partners property bases; and

- That councils should seek to project the long-term maintenance costs (10 years) of their property asset base, and review it for affordability **and** value for money.

The ‘non-operational portfolio’ was defined as that part of the corporate portfolio that is not necessary for delivering the core public business of the council: ‘It will inevitably be a focus of media, political and, potentially, audit attention for that reason. Value maximisation through immediate and phased disposal needs robustly managed and accounted for reputational and practical reasons. Given current pressures, the opportunity cost of investment portfolio needs recurrently scrutinised on commercial and social grounds’.

A subsequent report by Audit Scotland for the Accounts Commission<sup>2</sup> presented the results of an evaluation of the extent to which councils manage their assets to ensure effective service provision and achieve value for money. The report made recommendations for improving the management of local government assets; examined how councils manage property assets; outlined the key aspects of good asset management; and highlighted the key stages in the asset management process. It also looked at how improved asset management and partnership working can improve council efficiency. It recommended that councils should:

- Work together to implement a consistent methodology for measuring building suitability and ensure they have effective asset management plans and strategies for their property, IT, vehicles, roads and associated infrastructure. These should set out how each type of asset will contribute to council objectives and service aims set targets for assessing progress, including the condition and suitability of each asset describe an overall plan for achieving this;
- Ensure that asset information is up-to-date, complete, and held in a form which allows the production of appropriate management reports;
- Establish robust monitoring and reporting procedures for asset performance, to assess progress against their strategies;
- Formulate a long-term capital strategy, linked to achieving the aims of their asset management strategies. This should include a formal corporate approach to options appraisal for proposed capital projects;
- Ensure that whole-life costs are taken into account in capital and revenue planning;
- Consider issues of sustainability, such as CO2 emissions, in their whole-life costing model for proposed capital projects;
- Ensure that elected members and council officers have transparent mechanisms for scrutinising property use and the cost of holding property. Elected members should regularly consider reports on the condition, suitability and use of assets, property costs, and estimates of the maintenance backlog;
- Where significant changes are planned to assets in an area, or to a particular type of asset, for example school buildings, ensure consultation with residents is open about the issues the council is facing and provides clear information about the options for change; and
- Agree with community planning partners arrangements for joint planning, management and property sharing. This should include identifying and tackling the barriers to

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<sup>2</sup> Audit Scotland *Asset Management in Local Government* (2009).

# The Buildings at Risk Toolkit 6

strategic joint working around public assets and developing shared property databases to facilitate joint working.

In addition, and with relevance to buildings at risk, it was recommended that local authorities, Community Planning Partnerships and the Scottish Government should make use of legislation which allows councils to sell assets at below market value if it is for public benefit, where this is consistent with a published policy objective and would achieve best value for the public sector overall.

Other factors leading councils to properly consider options for important assets in the community and move towards more effective asset management have included increased attention to matters of Best Value and continuous improvement, new approaches to customer service delivery, expectations that councils deliver efficiency savings through redistribution of resources to fund improvements in front-line services, emerging rights and powers for communities and individuals, reform of the planning system and moves towards more local decision making.

## 3 Heritage Assets and Buildings at Risk

Most Scottish local authorities are now engaged in or are moving towards effective property asset management planning in accordance with the published guidance and recommendations.<sup>3</sup> An immediate implication for heritage assets is the number of listed buildings, properties in conservation areas and buildings of high townscape value being identified as not appropriate for continued use on account of their condition, unsuitability for adaptation or being surplus to needs on account of consolidation of services, enhanced partnership working, changing business practices, efficiency saving or rationalisation. Such buildings are being transferred to the third sector, vacated or, having been identified as opportunities for the generation of capital receipts for reinvestment by the council, brought forward for disposal. In the words of one local authority property asset management plan: One of the principal objectives of Highland Council in adopting such an approach is to reduce the number of property assets held by the Council, thus generating capital receipts from disposals and reducing the Council's overall revenue costs.' As more plans are adopted and existing ones are revised it is likely that the number of buildings falling into this category will increase considerably. Many of the properties being vacated and earmarked for disposal, and therefore placed at risk, are high-profile public buildings of traditional construction. It is these very buildings which are likely to attract communities interested in acquiring them to secure their futures (Toolkit text *10 Community Asset Transfer*).

A sample survey of interim and completed property asset management plans shows that, in general, the heritage aspects of asset are rarely given more than passing reference in the management planning process. Listed and conservation area status is often regarded as a constraint rather than something of potential, thus working against retention. Similarly, conservation staff are rarely invited to contribute to the asset plan. As a consequence there is a low level of awareness and understanding of asset planning among conservation and planning officers in local authorities and in other bodies with responsibility for heritage matters.

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<sup>3</sup> Audit Scotland published a report on progress: *Asset management in Local Government Summary impact report (12 months)* (June 2010).  
[http://www.audit-scotland.gov.uk/docs/local/2009/ir\\_091112\\_asset\\_management.pdf](http://www.audit-scotland.gov.uk/docs/local/2009/ir_091112_asset_management.pdf)

## The Buildings at Risk Toolkit 6

Conservation professionals therefore express frustration as they feel they are being left to respond to the at risk aspects of buildings after they have been vacated or brought forward for disposal or transfer. There is evidence too of communities expressing concern that they are excluded from the decision-making process, despite government promotion of the concept of community empowerment through ownership of assets:

There are many different ways in which communities can become more empowered. There is no one model which would fit every circumstance.

For some communities empowerment will involve owning assets. Communities owning land and buildings can have a huge impact on their empowerment. Asset ownership won't be the answer for all communities, depending on their circumstances and their own aims, but it can be very powerful.

Asset ownership can have key impacts. It can provide revenue for community organisations, making them more sustainable in the long term. It can give local people a renewed sense of pride in their communities, a real sense of a stake in the future of the places they live and work. For some community organisations, working towards asset ownership can be a fantastic catalyst for the group growing and maturing.<sup>4</sup>

Perhaps this situation should not come as a surprise, as the above mentioned guidance upon which property asset management plans is based contains no reference to the special qualities, needs and circumstances of buildings of special architectural or historic interest. Low property values, a subdued property market and parallel rationalisation of assets in other public bodies including health, courts, higher education and the churches compound the situation as further public buildings are added to the at risk register.

There are clearly considerable potential implications for the buildings at risk challenge that should be properly addressed in the property asset management planning process. To date, there has been little guidance or discussion around this area in Scotland.

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<sup>4</sup> DTAS *Public Asset Transfer. Empowering Communities. Policy and practice across Scotland.* (2010) Appendix A, p. 13. <http://www.scotland.gov.uk/Resource/Doc/1031/0098558.pdf>

## 4 Guidance specific to Heritage Assets

Guidance for local authorities on the management of their heritage assets has been published by both English Heritage and The Prince's Regeneration Trust.

**English Heritage *Managing local authority heritage assets : Some guiding principles for decision-makers (2003)***

This document considers the importance of heritage assets and local authority responsibilities before discussing a series of key objectives, backed by illustrative case studies:

- Championing quality
- Setting a good example
- Making the most of heritage assets
- Providing access for everyone
- Know what you own
- Developing a council wide strategy
- Understanding as the basis for management
- The importance of maintenance
- Take a positive attitude to disposal
- Obtain optimum value

More recently, The Princes Regeneration Trust has published its *Sustainable Heritage Toolkit*.<sup>5</sup> Concerned mainly with individual heritage assets rather than whole estates, it offers the combination of aspirational and practical steps summarised below, as well as suggestions for cases where disposal is being considered:

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<sup>5</sup> <http://www.princes-regeneration.org/sustainableheritage/toolkit>

## **The Princes Regeneration Trust *Sustainable Heritage Toolkit* (2010)**

### **Step 1 Manage your assets**

Local authorities need a functional estate of the appropriate size and quality to fulfil their responsibilities and support the delivery of their services. Taking rational decisions on the future use of heritage assets presupposes that the local authority has a sound understanding of the nature, significance, condition and potential of its heritage asset base relative to its wider property base. Local authorities can manage their heritage assets more effectively by:

- Having multidisciplinary asset management teams which proactively seek specialist input from local conservation and heritage officers on regeneration opportunities and consult with statutory heritage agencies;
- Having a dedicated estate manager who knows what the local authority owns and is responsible for maintaining records which detail for each asset any restrictions on re-use options in terms of restrictive covenants etc.
- Commissioning additional research, analysis, surveys or investigations to ensure value for money. This work should be proportionate to the nature of the asset and its significance; and
- Investing in effective property management systems.

### **Step 2 Maintain your building and carry out periodic surveys**

The best way to avoid many of the difficulties associated with the disposal of heritage assets, and to prevent many local authorities from having to dispose of heritage assets they own in the first place, is through better ongoing maintenance. Inadequate maintenance will make disposal more difficult and more costly. In other words, prevention is far better than cure. However, the Audit Commission, amongst others, has noted that property maintenance is frequently the first casualty of short-term revenue budget pressures that local authorities face, even where this runs counter to prudent asset management.

Postponing maintenance is a false economy and poor asset management. Better maintenance of heritage assets would save local authorities money in the long run and would enable funding from grant-aiding bodies such as English Heritage and the Heritage Lottery Fund to really add value. Where buildings are vacant pending disposal, it is essential that they are regularly inspected and that maintenance regimes are strictly observed to ensure that buildings are kept weatherproof and well ventilated.

A shift from cure to prevention in heritage asset conservation can be encouraged by:

- Undertaking periodic condition surveys to inform a prioritised and costed programme of maintenance and repair (visual inspections annually, with full detailed inspections at least every five years);
- Compiling and updating a building logbook or conservation manual;
- Selecting the right people to carry out the work; and
- Encouraging short term lets to temporary tenants to occupy heritage assets awaiting disposal for use as workshop space, community facilities or even residential accommodation. These tenants act as security guards and should have additional clauses in their agreements to report maintenance and security issues to the local authority.

## **Step 3 Keep a building log book**

The quinquennial report should form the core of a building log book or conservation manual. This may also include, for larger buildings: the conservation plan or statement; historical and archaeological assessments; fire, disaster and salvage plans; a health and safety file; a security plan, and disability access plan, as well as reports by specialists and conservators. Periodic reports on service installations, operating instructions and routine maintenance records should also be included. By putting all this information together, and keeping an up-to-date record of repairs and alterations, it should be possible to minimise disruption and make economies by co-ordinating future repairs, for example, to avoid peak visitor periods or take advantage of scaffolding.

## **Step 4 Involve the right people**

Building maintenance surveys of historic buildings should be carried out by experienced professionals with specialist knowledge of traditional building construction and materials, and their expected life span. An ability to judge when to repair, rather than replace, is essential. Though maintenance works do not necessarily require listed building consent, specialist staff can advise whether approvals are required (e.g. if repairs involve changing materials or colours or otherwise altering the character of the building such as replacing windows).

Maintenance contractors also need to be highly skilled individuals, selected on the basis of previous high quality work, familiar with traditional construction, and sensitive to the value of historic fabric. They should carry out work according to the principle of 'minimum intervention', which is usually also more economical. Maintenance works may also involve Health & Safety duties under the Construction Design & Management Regulations 2007 including, under most circumstances, the appointment of a Construction Design Management (CDM) Co-ordinator.

## **Step 5 Take the long term view**

Heritage assets are built to last so take a long-term view of their management. In their asset management plans, local authorities should take a long-term strategic view of the value and importance of the heritage assets they own or have responsibility for including the cultural, social and environmental value that these assets hold for the local community. They should avoid taking a 'buildings only' based approach to the historic environment, which has often resulted in 'old buildings' being restored in isolation from their contexts and often from just a fabric, as opposed to a functional, perspective. Many heritage assets are well constructed and are inherently sustainable, capable of significant adaptation to meet a local authority's changing property needs. Retention, investment and re-use of a heritage asset could therefore offer better value for money and a more sustainable outcome for the local taxpayer. Even with heritage assets that do not serve core local authority purposes, the best option may be to retain the buildings in certain circumstances because they may play an important strategic role in local authorities' housing and regeneration strategies.



# The Buildings at Risk Toolkit 6

The guidance stresses the value in using five-yearly reviews of assets:

## Quinquennial Inspections

The 'quinquennial' ('five-yearly') inspection and report is the basis of maintenance planning for the most important heritage assets as recommended in the British Standard Guide, BS 7913:1998 The Principles of the Conservation of Heritage Assets. Government heritage assets are inspected on a four yearly (quadrennial) cycle. Periodic professional inspections are often required by grant-giving bodies such as the Heritage Lottery Fund, English Heritage, Cadw and Historic Scotland. Quinquennial reports can guard against maintenance being dealt with on a purely reactive basis and insufficiently costed and enable local authorities to set aside funds for maintenance with contingencies for unexpected emergencies. Quinquennial inspection is a systematic risk management tool that can result in savings for the local authority (e.g. in insurance premiums). The main aim is to inform the owner of the building about its current and future maintenance needs, in a way that enables them to be prioritised and planned for in advance. In addition to describing the general condition of the building, the inspection should identify ongoing and potential defects in the different parts of the building and provide prioritised recommendations for addressing them, taking into account such aspects as accessibility. Illustrated with photographs or videos, and suggesting 'good housekeeping' and precautionary works, like improvements in ventilation to promote drying out, it may include recommendations for monitoring defects such as cracking, as well as specialised investigations of possible or suspected defects.

Heritage related guidance in England has been augmented by a report commissioned by English Heritage and The Heritage Lottery Fund.<sup>6</sup> This noted the variation in the ways in which local authorities manage their heritage assets and widely varying levels of integration between building conservation officers and property managers as reflected in the Asset Management Plans, policies and practices. The current wave of disposal of heritage assets is examined, against the background of surplus premises, government support for passing assets into the community for management and the encouragement of Localism. The research also evaluates the capacity of the third sector to acquire heritage property from local government and how this might be increased. There is a review of the practice of heritage asset disposal, transfer of day-to-day management and other partnerships, recipients, and the steps taken to safeguard the heritage interest after transfer. While not written for Scotland a number of the recommendations are instructive:

### *Local Authority Heritage Assets: Current Issues and Opportunities.*

#### **Recommendation 1**

All local authorities should carry out an audit of their properties to identify those with a heritage interest, if they have not already done so. This should begin with the identification of listed buildings, registered parks and gardens and scheduled ancient monuments. Other non-designated properties with a local heritage interest should also be specifically identified, following local consultations.

#### **Recommendation 2**

English Heritage should promote the inclusion of information about the designation status, use and condition of heritage assets within asset management plans and asset

<sup>6</sup> Green Balance with Grover Lewis Associates Ltd *Local Authority Heritage Assets: Current Issues and Opportunities. Report to English Heritage and the Heritage Lottery Fund* (2012).

registers, together with policies for their conservation. This should include public parks, cemeteries and open spaces. A Conservation Statement should be prepared for each heritage asset owned by a local authority, and a Conservation Management Plan for the more complex assets. Such actions could be promoted in collaboration with the Royal Institution of Chartered Surveyors through the updating of advice to local authorities on best practice in asset management.

### **Recommendation 3**

Local authorities need access to the right expertise when making decisions relating to their own heritage assets. English Heritage should continue to promote the importance of retaining access to such expertise and the importance of its involvement in decisions relating to authority's own property. English Heritage should also continue to explore methods of disseminating historic environment advice and guidance to key local authority staff in addition to conservation officers.

### **Recommendation 4**

English Heritage should work with relevant partners to improve the standing of heritage conservation in local government and the structures for co-operation between conservation and property interests. The Heritage Champion and Portfolio Holder with responsibility for heritage should lead this process at the local level. English Heritage should work with the Royal Institution of Chartered Surveyors and the Local Government Association to address this at the national level. Corporate ownership rather than departmental ownership of heritage assets should be encouraged.

### **Recommendation 5**

Early advice should be obtained as standard practice from appropriate specialists in heritage conservation when considering new uses or ownerships for heritage properties owned by local authorities.

### **Recommendation 6**

English Heritage should promote greater determination amongst local authorities to avoid heritage assets deteriorating by establishing the condition of heritage properties and then prioritising repairs and maintenance. This should be achieved principally by extending to local government the standards applicable to central government bodies in the *Protocol for the care of the Government historic estate 2009* so that, alongside other benefits, periodic reviews are instigated at all local authority-owned heritage properties.

### **Recommendation 7**

English Heritage and the Heritage Lottery Fund should be especially alert to the needs of the larger local authorities in more economically deprived areas where resources for heritage may be particularly stretched, yet the number of heritage properties for which they are directly responsible is disproportionately high, targeting funds notably at certain unitary authorities in the north of England.

### **Recommendation 8**

English Heritage and the Heritage Lottery Fund should develop funding packages which provide longer term commitment to third sector bodies which restore heritage properties so that benefits and experience can be spread to multiple projects, including special guidance and assistance for non-heritage new owners of heritage property.

**Recommendation 9**

Local authorities should be required to take a longer term view of heritage asset transfer, enabling large schemes to be phased so that established historic buildings restoration organisations can rescue buildings within their financial and organisational capacities.

**Recommendation 10**

English Heritage should establish a long-term training programme specifically targeted to the needs of Building Preservation Trusts and other third sector bodies engaged in building restoration.

**Recommendation 11**

In order to avoid the wastage of scarce risk funding, local authorities prepared to transfer a heritage asset to a third sector recipient should be required to enter into a time-limited binding agreement which commits them to the transfer if the recipient wishes to proceed following all necessary investigations and consultations (equivalent to an option agreement in the private sector).

**Recommendation 12**

English Heritage and the Heritage Lottery Fund should consider how to ensure that the revenue streams from heritage assets in use can be supplemented, particularly to ensure best public value from capital investments made in those assets beforehand. This should include but not be limited to an evaluation of:

- Occasions when capital endowments might be appropriate;
- The greater accommodation of income-generating activities at restored sites; and
- In the case of heritage parks, the scope for taking a Council Tax precept (similar to the Lee Valley Regional Park Authority).

**Recommendation 13**

Transfer of heritage assets by local authorities, whether by freehold sale or lease, should always incorporate appropriate safeguards to ensure the long term conservation of the asset. English Heritage should discuss and work with the Royal Institution of Chartered Surveyors with a view to preparing good practice guidance on the use of a variety of safeguards at point of disposal or transfer of local authority-owned heritage assets, so that their heritage significance is secured after the transaction takes place. Such guidance should be aimed at both asset managers and conservation officers in local authorities.

**Recommendation 14**

English Heritage should commission research into the means by which best practice in heritage asset management by local authorities can be insisted upon most effectively, including the recommendations in this report.

Another recent publication is the English Heritage *Pillars of the Community: The Transfer of Local Authority Heritage Assets*. Concerned mainly with asset transfer, and touched upon elsewhere in the Toolkit, the guide does contain a number of recommendations relative to listed buildings and property asset management plans:

## English Heritage *Pillars of the Community: The Transfer of Local Authority Heritage Assets* (2012)

- Within local authorities, the future of heritage assets is not just a matter for the departments that currently use or manage them. They will be of concern to those involved in planning and regeneration for their contribution to local character and quality of the environment, as well as other potential public benefits that would arise from their re-use. Local authorities are allowed to transfer land and buildings at less than market value, whether on a lease or freehold basis, where this 'would help to secure the promotion or improvement of the economic, social or environmental well-being of its area'.
- It is vital to take prompt action with unused heritage assets, as the cost of repairs can easily escalate when neglect takes hold.
- Dereliction can have a negative impact on the surrounding area, and a depressing effect on private investment, whereas re-use of heritage assets can support regeneration. Guidance for central government on the transfer of heritage assets contains the elements of best practice for the public sector as a whole, including local authorities. It advises:
  - Accepting the highest purchase offer is not always appropriate.
  - Any options for re-use of an asset should be considered before deciding to sell.
  - Unused heritage assets need to be actively protected through regular inspection and maintenance.
  - Information about the significance and condition of heritage assets should be made available to potential purchasers.
  - Alternative methods of sale may need to be considered to ensure that heritage assets find an appropriate new owner.
  - The transfer of large historic sites should be handled holistically, to avoid isolating heritage assets.
- These principles are relevant to any transfer of heritage assets from public to community ownership.
- There are many good examples of former assets being turned to new uses, as illustrated by the case studies which sit alongside this guidance and in various websites and publications (see Annex D3). Local authority estates include many assets which are particularly valued by the local community. They include old town halls, schools, libraries and public baths. Less obvious examples are blocks of flats, terraced houses, chapels, open spaces and cemeteries. Similarly, surplus property on the central government estate, such as hospitals and military sites, often include heritage assets that are capable of re-use.
- Does the local authority's Asset Management Plan identify heritage assets that are at risk or under-utilised?
- Has there been adequate consultation between the local authority and community groups regarding possible transfers of heritage assets?
- Are there any heritage assets on the Heritage at Risk Register that are suitable for transfer to community groups?
- Are heritage assets subject to transfer being adequately maintained?
- Does the local authority have a Heritage Champion who can promote a transfer from the local authority?

- Is the significance of the heritage asset explained in a statement of significance, Conservation statement or Conservation Management Plan?

## 5 Examples of Property Asset Management Planning

South Ayrshire Council's strategy is typical of the first wave of plans in its limited attention to heritage assets and response to buildings at risk:

### **South Ayrshire Council *Interim Property Asset Management Strategy (2009)***

Over 1000 buildings were considered and the strategy identified a list of those surplus to requirements and a list of those recommended for demolition. This latter included:

- Former Afflecks Buildings, Ayr (Ayr Common Good Fund);
- Buildings that are in dangerous condition including those where listed building consent would be required:
  - Holmston Cemetery - Main Bothy Rooms only, but listed along with cemetery. 'Building dangerous'; and
  - Holmston House - Store 'probably listed' but 'beyond repair'.

Aberdeenshire Council's *Corporate Asset Management Plan incorporating Capital Strategy 2010-2015* has as a stated goal to 'respect our unique environment and heritage by cherishing our built heritage by retaining old & historic bridges in use on the network and retaining & enhancing them when strengthening or improvement is necessary, in preference to replacement'. The council's Surplus Property Policy adopted in 2011<sup>7</sup> which is designed to support the *Corporate Asset Management Plan*, makes specific reference to listed buildings and the potential role of the local building preservation trust:

Prior to disposal to a public body, community group or on the open market, the Council will give The North East Scotland Preservation Trust (NESPT) the opportunity to purchase any surplus listed building that appears on the Listed Buildings at Risk Register, or that requires significant investment. The rationale behind this is that NESPT can secure funding that is not available to local authorities and should take a lead role in preserving buildings that contribute to local heritage. This is a variation and extension of the existing policy. Previously only Listed Buildings being acquired by Compulsory Purchase were offered to NESPT.

Aberdeen City Council's *Property Asset Management Plan 2012* identifies each building's listed status along with other core data such as its location, property type, age, ownership, covenants, occupancy, valuation, and unique property reference number.

West Lothian Council was an early adopter of property asset management and its first property plan took advantage of a close working relationship between conservation staff in planning and those responsible for preparing the strategy that already existed through a surplus buildings working group. This allowed incorporation of inventories of heritage assets and of public artworks and monuments in the guardianship of the council that had been compiled earlier. It

<sup>7</sup> Aberdeenshire Council *Surplus Property Policy Report to Policy and Resources Committee* 21 April 2011.

## The Buildings at Risk Toolkit 6

therefore ensured the recognition of structures such as listed historic wells and fountains without title deeds that might otherwise have escaped inclusion in the asset register. Early action included the commissioning low level condition surveys of all heritage and public art assets with more specialist reporting on priority cases, budgeting for future inspection and maintenance and the publication of a guide to the most significant items:

### **West Lothian Council *Corporate Asset Management Plan (2008)***

We will ensure the appropriate management of public art and heritage assets owned by or the responsibility of, the council by:

- Establishing a framework and responsibility for the management of public art and heritage assets owned by, or the responsibility of, the council;
- Developing an accurate register of public art and heritage assets owned by, or the responsibility of, the council;
- Monitoring the performance of public art and heritage assets owned by, or the responsibility of, the council; and
- Developing a strategy for improving the condition of public art and heritage assets owned by or the responsibility of, the council.

There is a question as to how property asset management plans should relate to councils' Strategic Environmental Assessment (SEA) obligations by which they are required to assess, consult and monitor the likely impacts of their plans, programmes and strategies on the environment. Perth and Kinross Council's *Corporate Asset Management Plan Strategic Environmental Assessment Pre-Screening Report* took the opinion that the plan is essentially 'an annual position statement' that brings together knowledge about the existing assets from across the council and identification of need arising from service strategies. The view was taken that the service strategies that inform needs sit above the plan and that these may or may not fall within the terms of the Act, depending on their nature. As a result it is these higher level documents that will require more detailed scrutiny when they are prepared by others to ascertain if SEA should apply. The plan was evaluated in accordance with the Act and it was considered that under the exemptions in Section 7(1) it would have no or minimal effect in relation to the environment. After the plan was evaluated against the criteria in Schedule 2 it was considered it would have no or minor significance effects on the environment. If such documents are in fact only reporting mechanisms collating information on choices being made through other processes then it raises the question as to whether they are truly strategic plans.

## 6 Linking with Buildings at Risk Strategies

There are obviously opportunities for integrating the information, priority setting and decision making of a council's property asset management plan and its buildings at risk strategy. The City of Leeds has taken steps to link both in its strategy and register:

### **City of Leeds *Buildings at Risk Strategy and Register* (2009)**

This maintains and develops an earlier commitment to a five-point plan for council owned buildings at risk:

- **Building surveys and urgent works:** The surveying of buildings at risk is dealt with through our on-going condition survey programme.
- **Action plans:** The preparation of an action plan for each building at risk needs to be agreed between Corporate Property Management and the Service which is operationally responsible.
- **Planned maintenance:** This needs to be agreed by Corporate Property Management.
- **Capital receipts disposal:** The disposal of surplus buildings at risk as quickly as possible is already an existing objective, but is subject to market demand. The aim is to keep such buildings wind and watertight in the meantime where practically possible until disposal can take place.
- **Asset Management Plan policies:** The Council's commitment to this area of work is likely to be reiterated in the Council's Asset Management Plan for 2010/11.

The Scottish Futures Trust (SFT) is an independent company, established by the Scottish Government in 2008, with a responsibility for delivering value for money across all public sector infrastructure investment. The SFT operates at arm's length from the Government but works closely with the public sector to seek and deliver improved value for taxpayers.

In May 2012, the Trust was formally invited by the Cabinet Secretary for Infrastructure and Capital Investment to work collaboratively across the public sector to add value and take forward a programme management role for improving property asset management with the aim of achieving 'a smaller, leaner, greener more effective and smarter property estate which enables the delivery of enhanced quality and efficiency of public sector activities'. In relation to the strategic transfer of publicly owned assets the aim was to 'achieve the timely realisation of improved value for the disposal of surplus property.'

In this the Trust seeks to work with public bodies to develop robust disposal strategies and to enable sites to come forward through access to funds for:

- Consultants' fees;
- Selective demolitions; and
- Staffing assistance.

It uses its knowledge of the development industry to ensure opportunities are 'market facing' and takes a 'strategic enabler' role with a national perspective on the scale of the situation

# The Buildings at Risk Toolkit 6

The Trust has been particularly closely engaged with the NHS portfolio in Scotland, which contains a large number of historic properties. This carries a number of challenges. NHS disposals are bound by the Property Transactions Handbook which requires that property must be sold at a price that is the 'best obtainable'. There is also a need to face public aspirations for 'publicly owned' land, with sites that are often designed specifically for a certain purpose in the Structure Plan or are located in weak market areas. Furthermore it has been found that there is sometimes a lack of co-ordination with the marketing of other public sector land and a historical lack of collaboration between the NHS and local authorities in some situations.

The Trust's response has involved the identification of priorities for attention, engagement with Historic Scotland, local authorities and the portfolio holder on reviews of listing and the development of heritage statements and options appraisals, master planning and the development of effective and appropriate planning and listed building consent applications. The Trust works to ensure that consultants handling such sites adopt best practice and

- Consult fully with Local Authority;
- Engage effectively with local communities; and
- Understand the requirements of the NHS.

It also recognises that it needs to spread awareness of its activities further by engaging and working collaboratively with local authorities and other key agencies and with the development industry.

## 7 Property Asset Management in Private Estates

Effective property asset management is not just for local authorities or other public bodies but can be relevant to private estates also. A buildings at risk strategy can be an integral component of the asset management plan too.

Yorkshire Water manages the property portfolio that it inherited from the nationalised water company. A large part of its Northern Estate was originally acquired for reservoir construction and water quality management. It is largely rural and agriculture related including working farms and abandoned farmsteads, isolated field barns and sheep folds. Much of the estate is within the Nidderdale Area of Outstanding Natural Beauty or Yorkshire Dales National Park. The company engaged consultants Capita Symonds to produce an overview of the built structures including an appraisal of their significance and development of policy and advice for their future management and maintenance.



## **Yorkshire Water *Heritage Asset Management Plan***

### **The Issues**

Yorkshire Water's focus is to maintain the rural estate in a sustainable manner that supports land management to deliver a good quality and quantity of water supply. The nature of farming is changing and there are increasing numbers of buildings that are unused or under utilised within the portfolio. Buildings are often in the wrong place or too small for modern agriculture. Maintaining the under utilised buildings competes with other work to do with utility delivery or other national objectives like Sites of Special Scientific Interest.

### **The Assets**

- 24 working farms.
- 5 totally derelict farmsteads.
- 5 Grade II listed field barns.
- 1 scheduled Ancient Monument.
- Numerous archaeological sites (HER).
- Assorted sheep folds, ruinous structures and an abandoned village.
- Large areas of moor where shooting rights were retained by the previous landowners.

### **Methodology Used**

- Desktop audit of project area to summarise designations, existing policy and planning, use and condition and current tenancy.
- Review of Yorkshire Water Building Audit and tenancy arrangements.
- Assessment of significance of each building group.
- Assessment of significance of Yorkshire Water owned building portfolio.
- Confirmation of heritage priorities.

### **Develop Management and Maintenance objectives**

- Identifying structures redundant from current farming operations.
- Developing possibilities for diversification for further discussion by Yorkshire Water with tenants.
- Identifying opportunities for new uses in buildings in poor condition and discussing with the planning authorities.
- Identifying ruinous structures that could be used for recycling of materials.

### **Initial Proposals**

- Opportunities for leisure and recreation in partnership including eco-tourism and off grid activities.
- Consolidation of ruins including use as bird hides and for interpretation.
- Consolidation and interpretation of structures.
- Holiday lets within working farms including camping barns.
- Agricultural diversification.
- 'Grand Designs' solutions where appropriate.

# The Buildings at Risk Toolkit 6

The National Trust for Scotland takes a strategic approach to the management of its portfolio of properties in care. Quinquennial ‘health checks’ of key sites are undertaken by external professional consultants every 5-7 years and there is regular inspection of roofs followed by repair. The work is overseen by an in-house buildings team, including conservation accredited regional surveyors and supported by the Annual Repair Grant (ARG) from Historic Scotland for prioritised building repair and the Surveyor Expenditure Budget (SEB) for other works, including roof maintenance. An innovative database of information, known as ‘the 10-year planner’ has been developed to capture the identified work needs of the estate’s buildings via the condition survey programme. This is fundamental to the successful planning and budgeting of care activities. The Trust has also introduced Service Level Agreements (SLAs) between its Property Managers and Buildings Team staff. Such documents provide a clear statement of roles and responsibilities of the staff engaged in buildings management and details the many complex arrangements for ensuring each property is well maintained and fit for purpose.<sup>8</sup>

## 8 Steps towards effective Asset Management

- Local authorities should ensure there is an inventory of all heritage assets in their care
- Make provisions for the regular inspection of such assets
- Log all incidents involving buildings at risk
- Ensure this information is integrated into the council asset management plan
- Prepare briefs for key building prior to disposal
- Publicise and share asset management plans with affected communities
- Give due consideration to actual or potential buildings at risk
- Establish and apply mothballing standards
- Integrate buildings at risk strategies and registers into asset management
- Engage conservation staff in the development of property asset management plans
- Take account of published guidance relating to heritage assets
- Use expert advisors and consultants where appropriate

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The above guidance was prepared by The Architectural Heritage Fund for Historic Scotland and is published by the Buildings at Risk Register for Scotland as part of the Buildings at Risk Toolkit. <http://www.buildingsatrisk.org.uk/>

The text contains references to legislation and its interpretation that may contain inaccuracies or be out of date. Ensure you take appropriate professional advice before making decisions relating to property. Feedback, relevant case studies and suggested changes are welcomed.

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<sup>8</sup> National Trust for Scotland *Building Team Annual Reports* (2010-2012).