



Llywodraeth Cymru
Welsh Government

Corporate Asset Management Strategy

2021-2024



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Chapter 1

Introduction

About

Welsh Government owns large portfolios of properties that have been acquired over many years. The land and property assets that make up these portfolios are varied in use and objectives. Welsh Government owns over 600¹ assets, including offices, development property, heritage assets, specialised buildings and development land, and it funds wider public sector assets such as hospitals and schools.

A key element of how we achieve Welsh Government policy objectives is how we manage our land and property assets. To do this, we have adopted a new Corporate Asset Management Strategy (CAMS) in three parts, comprising:

- Asset Management Policy (AMP)
- Asset Management Strategy (AMS)
- Portfolio Management Plans (PMPs).

This structure allows us more flexibility in updating the CAMS as each section has a different lifespan. The benefit of adopting this approach is that many elements of asset management policy and wider Welsh Government policy will be constant for several years, whereas the strategy will have a slightly shorter lifespan as it is likely to change more frequently than our land and property policy objectives. These two documents will be supported by portfolio management plans for each division. These will be “living documents” which will be regularly updated to reflect changing priorities.

Objectives

This Asset Management Strategy provides an overview of our land and property estate, together with our main priorities for managing and developing that estate over the next five years.

The Strategy will be reviewed and amended within three years to ensure our assets fully support Welsh Government’s national plan by contributing to the key objectives for asset management.

1. To plan and manage land and property assets as a corporate resource to improve the well-being of the people of Wales.
2. To provide the right property, fit for purpose, in the right place, to meet local economic, environmental and social needs, and to plan for a future resilient Wales.
3. To manage and maintain property effectively, efficiently and sustainably and to optimise public value outcomes from the acquisition, management, and disposal of assets.
4. To manage conflicting priorities to stimulate sustainable development and growth, whilst ensuring strategic alignment for a prosperous Wales.
5. To promote collaboration to provide benefit for the economy, environment and well-being of the people of Wales.

¹ For this purpose assets are defined as separate entries on e-PIMS. These assets could be subdivided into multiple plots and buildings which will be detailed in Portfolio Management Plans.

Chapter 2

Our land and buildings

Overview

Welsh Government holds a diverse range of land and property assets within a number of departmental portfolios with distinct aims and objectives. Welsh Government assets have the potential to provide great public value to the people of Wales so it is important that we manage our assets in a way that maximises benefit.

Land Division

The Land Division portfolio currently holds 22² land and property assets valued at £19.8m³. Land Division was established to deliver better policy outcomes with an initial focus on developing sites for well designed, affordable and sustainable homes and places. Where land is found to have no residential development potential, the potential for sites to deliver other public value outcomes, such as energy generation or recreational community spaces will be explored.

Land Division also manages a portfolio of sites with residential potential where grants were provided to local authorities for reclamation works. Land Division ensures any receipts from the sale or lease of the sites are properly recovered under the terms of the relevant Grant Explanatory Memorandum.

Administrative Estate

The Welsh Government administrative estate portfolio comprises 24 properties valued at £114.3m⁴, the majority consolidated at 12 core offices across Wales, with three properties awaiting disposal. This portfolio publishes an annual review of the efficiency of the estate in the State of the Estate report.

The portfolio aims to deliver a modern, sustainable administrative estate fully compatible with Welsh Government's operational requirements, primary goals and policy objectives. The Administrative Estate will explore opportunities for collaboration with other public bodies in the office space. A key aim of the portfolio is to contribute towards wider Welsh Government objectives with a particular focus on decarbonisation of the estate by 2030.

² Separate entries on e-PIMS

³ March 2020

⁴ March 2020

Economy, Skills and Natural Resources

Welsh Government's Economy, Skills and Natural Resources group holds approximately 531⁵ assets, valued in excess of £180m within five portfolios, each with its own aims and objectives.

Economic Development Property Portfolio

The Economic Development Property Portfolio includes offices, industrial premises and development sites. The portfolio holds 269⁶ assets, comprising:

- 5.5m sq ft built floor space
- 4.7m sq ft occupied or available for letting
- 4.3m sq ft (91.4%) currently let
- 3,791 acres of land.

The key objective of this portfolio is to help deliver high quality, future proofed property infrastructure and property solutions to meet the needs of both Welsh businesses and those seeking to invest in Wales, and so support wider economic development policy to deliver a more prosperous and fairer Wales.

As the estate is currently almost fully let there is an opportunity to both revitalise the portfolio to improve the offer to the marketplace and accelerate decarbonisation.

Transport – Operational Network

The Operational Network Portfolio comprises 17 properties (such as depots) valued at £13,75m⁷. Highways are managed by the North and Mid Wales Trunk Road Agency and the South Wales Trunk Road Agency. Many infrastructure assets are integrated with the local authorities' road network and management is regulated by statute.

Transport – Infrastructure

The Transport Infrastructure Portfolio includes 113⁸ land and property assets split between those in management and those that are surplus to requirements. Assets are acquired, managed until development takes place, or are disposed of once deemed surplus. Transport contributes to a number of wider Welsh Government aims, including economic growth, by enhancing Wales' transport connectivity and through substantial investment in transport infrastructure enabling access to employment and public services. Welsh Government is bound by statutory procedures when conducting Compulsory Purchase Orders.

Transport – Metro

The Transport Metro Portfolio comprises five⁹ property assets held by Welsh Government pending transfer to Transport for Wales.

5 Separate entries on e-PIMS excluding roads and tunnels

6 Separate entries on e-PIMS

7 March 2020

8 Separate entries on e-PIMS

9 Separate entries on e-PIMS

Cadw

The Cadw portfolio consists of 127¹⁰ heritage assets for which Welsh Government has guardianship responsibility and a number of ancillary properties, including commercial holiday lets. This is a diverse, largely static portfolio, with assets ranging from monuments such as prehistoric standing stones, to World Heritage Sites such as *The Castles & Town Walls of King Edward I in Gwynedd*.

Cadw's aims are to conserve Wales' heritage to the highest standard, to sustain the distinctive character of Wales' landscapes and towns, to help people understand and care about place and history, and to make a real difference to people's wellbeing. Heritage assets are important for preserving the cultural wellbeing of Wales, including the Welsh language, as well as being valuable to local communities for tourism and contributing to the economy.



¹⁰ Separate entries on e-PIMS

Chapter 3

Other Public Assets

Welsh Government also invests in other public sector assets through the provision of capital and revenue funding and provides advice and guidance on best practice to support public and third sector partners.

Education

The department for Education and Public Services provides capital funding to local authorities to build and improve schools and colleges.

Welsh Government provides around £250m capital investment per year, of which the majority goes towards the 21st Century Schools programme. Grants are also provided for refurbishment to ensure education properties provide an environment that has a positive impact on attainment. A key priority for investment is decarbonisation.

Health and Social Services

The NHS Wales estate is owned and operated by Local Health Boards and NHS Trusts. Welsh Government provides funding for new premises and refurbishment, and seeks to influence asset management by sharing best practice and encouraging collaboration. Welsh Government has invested £1.6 billion in the all-Wales capital investment programme over the last five years.

Housing and Regeneration

The Housing and Regeneration department of Welsh Government provides grants and loans to Local Authorities and Registered Social Landlords for the development of affordable housing and for regeneration, particularly of town centres. £250m funding per year is invested through the Social Housing Grant and £40m through the Integrated Care Fund. Welsh Government seeks to influence asset management through this funding and ensure housing and regeneration contribute towards wider policy objectives such as wellbeing, the economy and decarbonisation.

Chapter 4

Public Value

Welsh Government has an ambitious agenda for improving the social, cultural, environmental and economic well-being of Wales and our estate should continue to contribute towards these public value¹¹ goals. Climate change is a clear priority for this government, alongside community, equality and social justice, and a greener, fairer economy. Our actions to innovate and reduce carbon from our investment in, and use of property assets will make a positive contribution to our commitments to both Wales and to global wellbeing.

Welsh Government land and property assets have considerable potential to contribute to public value outcomes, including economic recovery, decarbonisation and the wellbeing of communities, which will help make our cities, towns and villages even better places in which to live and work. The following areas have been highlighted as priorities for the Welsh Government Estate:

- adopting a place based approach;
- adopting a focus on housing led development to create jobs and support a foundational economy;
- decarbonisation;
- the provision of social and affordable housing and community energy;
- supporting the development of innovative technologies in the construction sector;

- providing modern investment ready sites and premises to support economic growth;
- delivery of Welsh Transport Strategy objectives;
- supporting community cohesion and the Welsh Language by providing employment opportunities in all parts of Wales;
- promoting our cultural heritage; and
- improving biodiversity.

Portfolio Management Plans (PMPs) are a key element of the Welsh Government Corporate Asset Management Strategy. They should set out clear aims and objectives that relate to the core public value aims of our asset management policy and strategy. Portfolio Managers must be able to demonstrate how public value aims are being delivered through their PMP.

A framework of public value indicators relevant to assets will be developed to assist in demonstrating how we are delivering against our public value aims.

Decarbonisation of the public sector by 2030 is a priority for Welsh Government. Effective asset management to tackle climate change will help us to deliver against our commitment to public value, for Wales and our global partners.

11 Public Value: outputs and outcomes that improve people's lives and economic wellbeing

Public Value priority: Decarbonisation and Biodiversity

Decarbonisation and biodiversity are key elements of public value that can be delivered through management of our estate. The Welsh Government has declared a climate emergency and has set the ambitious target of a net-zero carbon public sector by 2030. If we are to meet our climate targets, we must act to tackle climate change by prioritising carbon reduction and zero emissions through more responsible and sustainable asset management.

Managing our assets responsibly and sustainably and the adoption and effective use of smart energy technologies and renewable energy production will reduce emissions and contribute to reduction of occupier costs. Reducing our carbon footprint and our reliance on fossil fuels has a positive global impact as well as contributing to business efficiency and reducing fuel poverty. We must also recognise that not all assets can be carbon neutral so we must look at opportunities to find innovative solutions for the estate as a whole.

Welsh Government must comply with the duty on public authorities to seek to maintain and enhance biodiversity, and in so doing promote the resilience of ecosystems. Measures to improve biodiversity, such as installing bat boxes and planting wildflower areas to encourage pollinators, have already been adopted across some of our assets. We must continue to increase our use of these measures in order to maintain and enhance biodiversity across the Welsh Government estate.

Decarbonisation and improving biodiversity are key to building a resilient Wales with the capacity to adapt to climate change. Decarbonisation of the public estate and actions to maintain and enhance biodiversity must be included in the PMPs.



Image supplied by Innogy

Chapter 5

Governance

There is a robust governance structure in place providing direction and transparency of the management of the Welsh Government estate. Governance is key for ensuring accountability and transparency. The Permanent Secretary and ExCo support delivery of the government agenda and are advised by the Finance Sub-Committee on the financial governance and commercial management of Welsh Government. The Finance Sub-Committee has oversight of the Corporate Asset Management Strategy (CAMS).

The Ministerial Assets Advisory Group (MAAG) provides a mechanism for shaping and reviewing the strategic direction of the acquisition, management and disposal of land and property assets held in the name of the Welsh Ministers. It acts as an advisory role in respect of assets to ensure that the Welsh Government estate delivers public value.

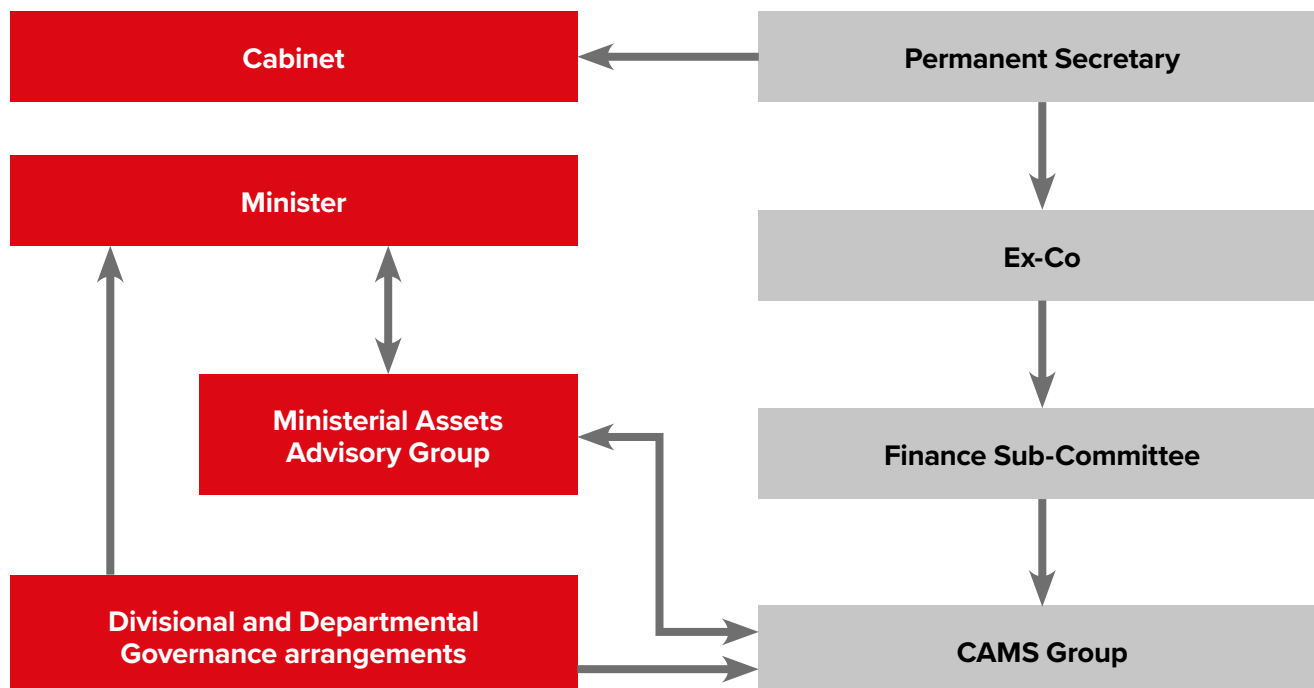
The CAMS Group is responsible for:

- ensuring the strategic direction of the acquisition, management and disposal of land and property assets set by the Welsh Ministers is being delivered across government departments;
- ensuring that a public value approach to asset management is taken across government, including considering how asset management can contribute to wider policy objectives;
- ensuring delivery of strategic objectives and cascading priorities to property professionals, including producing PMPs and annual reports against agreed indicators for each portfolio;
- providing challenge to the portfolio asset review process;
- reporting corporate progress against the strategy to the Finance Sub-Committee of ExCo.



Each portfolio has its own governance structure through divisional and departmental governance arrangements. These arrangements will be set out in the PMPs.

Figure 1 – This diagram outlines the organisational structure for the governance of corporate land and building assets



Asset Categorisation

Categorising our assets in a clear and transparent way is an important element of asset governance.

The 2016 CAMS set out definitions of core-inflexible; core flexible and non-core surplus categories aligned with the electronic Property Information Mapping System (e-PIMS) database definitions. The key principle underpinning these definitions is that where assets no longer contribute to the portfolio aims, they should be re-classified and when surplus should be disposed of in accordance with published guidance.

These definitions have been reviewed and revised to be more relevant to the main principles of this Strategy and the nature of the Welsh Government Asset portfolio.

- **Properties held for policy delivery:** This includes land and buildings let or to be let or sold to third parties where Welsh Government has not declared them surplus. This also includes heritage assets held by Cadw. Properties should have a clear purpose, for example economic, infrastructure or housing development.
- **Properties held for operational purposes:** Operational properties occupied primarily by Welsh Government, including properties within the transport network.
- **Surplus properties:** Properties which have been declared surplus to operational and policy requirements and are awaiting disposal.

Chapter 6

Managing our Assets

Portfolio Management Plans

Management plans will outline the day-to-day actions to be taken to demonstrate that we manage our assets to achieve the strategic priorities of each portfolio.

The Portfolio Management Plans (PMPs) will be produced for each portfolio, subject to annual review and shared with the CAMS Group.

Key considerations that should be included in the PMPs include:

- Strategic aims and SMART objectives of the portfolio.
- Resources – financial and non-financial.
- Risk register.
- Governance – including delegations, arrangement for peer review of transactions, mechanisms for challenging our assets and management activity, and wider reporting proposals.
- Asset register – including relevant metrics such as sq m, asset type and classification, and latest asset valuations (portfolio).

The CAMS Group have responsibility for oversight of the Plans and ensuring that portfolios are delivering against their respective objectives. Portfolio reviews covering key measures¹² and activity in the preceding financial year will be considered by the Group in the autumn of each year.

A summary report will be prepared by the CAMS secretariat for the Finance Sub-Committee and Permanent Secretary, and will be shared with the Ministerial Assets Advisory Group.

Reporting and Accountability

To manage our assets effectively and efficiently we need to know how they are performing. Welsh Government will continue to report on asset value in the annual Consolidated Accounts. Each portfolio should produce an annual report demonstrating how the portfolio has delivered against its strategic objectives.

The reasons for holding assets will vary across the portfolios and, as a result, we may need to measure their performance in different ways. Performance of each asset must therefore be linked to the strategic purpose for holding it. The PMPs should set out how to demonstrate progress against their aims and objectives.

¹² For example, size, value, cost

Challenging our Assets

Proper and effective challenge of the performance of assets is a key part of asset management. The performance of each asset against strategic and policy objectives for each portfolio should feed into the asset challenge process. This means that each asset should be subject to regular scrutiny to assess whether they are delivering, or remain capable of delivering, their objectives.

As part of the development of the PMPs, asset managers must assess whether their asset challenge process is effective and suitable to use for the current estate. The CAMS Group must consider whether there is consistency in the challenge process across the estate and develop a challenge process for all asset managers to use if necessary.

Welsh Government should ensure that this is an open challenge process. Portfolio managers should present the findings of their asset reviews to the CAMS Group for information.



Chapter 7

Collaboration

The benefits of collaboration are well established. Breaking down internal government silos and working between organisations to develop collaborative asset projects can deliver public benefits, examples of which are celebrated in the Ystadau Cymru awards.

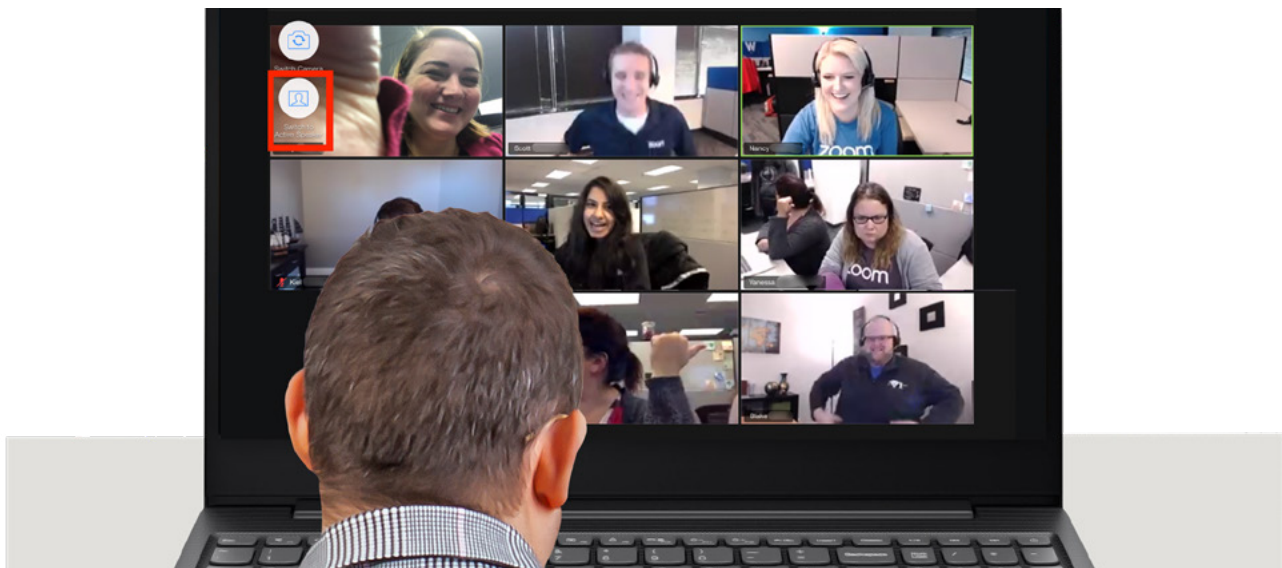
Collaborative approaches to asset management enable our activities to have a greater impact on direct and indirect outcomes from our investment in public assets.

We have provided support in the form of guidance and toolkits:

- Property Collaboration Toolkit.
- Community Asset Transfer guidance.
- Estate co-location and land transfer protocol.
- Identification and disposal of Welsh Government non-core surplus land and buildings.
- Guidance for the acquisition of property assets by Welsh Government.

Our disposal guidance prioritises alternative uses and the need for government to explore collaboration before disposal of surplus assets, enabling financial efficiencies as well as having a positive impact on carbon emissions by re-using a valuable resource.

Ystadau Cymru continue to lead on asset collaboration between public sector organisations. Our public sector partners have valuable knowledge and experience and extensive asset holdings. Ystadau Cymru will continue to play a key part in our approach to strategic asset management across the public sector.



Chapter 8

Our Forward Plan

This document outlines the key strategic objectives for the Welsh Government Estate over the next three years. The Asset Management Strategy will be reviewed annually. Details of the activities that will be undertaken to deliver against the strategic objectives are contained within the Portfolio Management Plans.