



Property Asset Management Strategy 2023 - 2028 (Corporate Estate)

Our vision;

'Provide the right property asset, in the right location, at the right price and quality'

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1. Executive summary

This is Shetland Islands Council's (SIC) Property Asset Management Strategy 2023-2028 (PAMS). This supersedes our current Asset Strategy 2014 – approved by the Council 05 November 2014 (ref 83/14). It also supersedes the Implementation Plan associated with the draft PAMS 2019-2024.

Like all public services throughout the United Kingdom, the Council is currently tackling financial pressures from central government and other revenue sources. This makes it even more important to deliver the greatest positive impact to the people, families and communities of Shetland, by the efficient use of our assets and resources, asking our estates to do more with less.

This PAMS will help our Council to deliver Our Ambition 2021-26 by adhering to the principles of best value, continuous improvement, sound performance management, partnership working and sustainable development. The focus of the PAMS document is the positive role that robust asset management has in allowing the Council to continue to deliver effective, efficient services, along with the recognition of continued planned investment in maintaining and replacement of essential assets in a climate of reducing public finances.

This process will guide the Council in making strategic rationalisation and disposal decisions that are in line with our core principles and values and deliver Our Ambition 2021-26.

We must, as a Council, an employer and a service provider, recognise that the world of work and service provision is changing. This has been demonstrated by our response to the Covid-19 pandemic, which has proved how practical and effective new ways of working can be. Many staff no longer need to be office-based to deliver services - we can work smarter than that. There are opportunities to save money on property, empower individuals and enhance service delivery.

Remote working does pose challenges for some staff and there are downsides, however managers should consider flexible working wherever it is practical and effective.

Our Net Zero targets are a key part of all our investment decisions and are fully integrated into this PAMS and its associated Action Plan.

We believe that a smart PAMS has the ability to unlock improved service delivery from an estate that is fit for purpose, sustainable and represents best value for the Council.

1.1 PAMS - a hierarchy of control

The Property Asset Management Strategy (PAMS) is a set of guiding principles that effectively and efficiently channel decisions from members, informed by officers, into action – a hierarchy of control. Some actions will become Business As Usual (BAU). However, other actions will require discrete pieces of work and will therefore become projects.

Since 2010, our activity has seen reductions of the leased in estate and continued active management of our leased out properties and croft/agricultural estate. From 2013 to 2018 these actions have delivered over £2 million in capital receipts and upwards of £500k recurring revenue savings for SIC. In addition to these savings and revenue generation we have carried out projects to increase tenanted estate regulatory compliance, a review of sub-market rents, a tertiary education review and the assimilation of SLAP properties into the SIC property portfolio.

Some projects will, in-turn, evolve into BAU. The cyclical processes involved in this hierarchy of control are illustrated in figures 1a & 1b below. The diagrams depict the interrelationship between business

and property processes and the overarching requirement to satisfy end users of services – putting the customer first.

1.2 Figure 1a. – PAMS Process flow

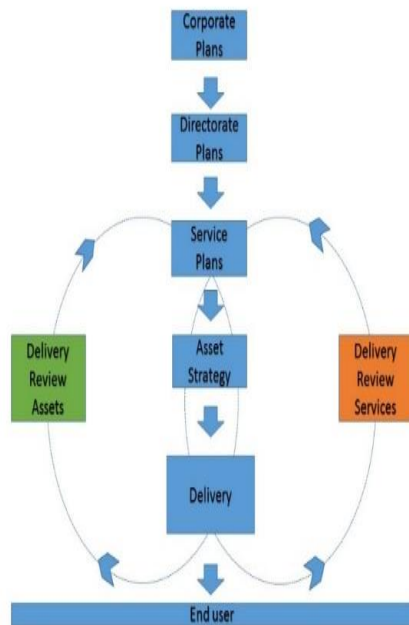
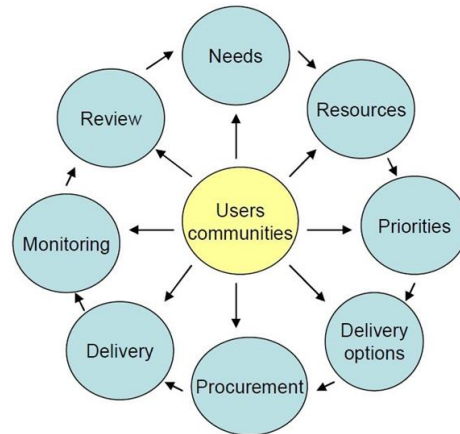


Figure 1b. – Process flow



The Property Asset Management Strategy cannot work in isolation and must be continuously informed, shaped and directed by service requirements, operational context and customer needs.

1.3 What assets are covered by PAMS?

Our PAMS covers all SIC Property Assets that are managed under the Corporate Landlord Model, comprising;

- All office accommodation
- All commercial buildings, warehouses and storage
- All community care facilities
- Landed estates (croft, agricultural and other land held by the Council)
- All leases of buildings and land to the Council and by the Council to others, including matters relating to the Crown Estate
- All Schools and associated buildings and land – this includes school houses and sports facilities that are linked to schools, such as gymnasiums, multi courts, play facilities and sports pitches
- All acquisitions, disposals and commercial negotiations relating to property and land
- Maintaining a comprehensive Asset Database in conjunction with Estate Operations
- Carrying out and/or commissioning valuations

1.4 Why do we need to refresh our PAMS?

This document builds upon the previous strategy. It sets out the vision and aspirations for the effective management of the Council's property asset portfolio in the current, short and medium term. It plays an important role in supporting the delivery of a number of goals in Our Ambition 2021-26 and beyond, with specific emphasis on,

- Taking a lead role in building a more sustainable and fairer Shetland;

- Continue and, where possible, accelerate current energy efficiency, energy conversion, waste reduction and reuse initiatives;
- Ensuring the Council is a fabulous place to work;
- Focus on delivering excellent services to the public;
- Using technology to support modern, accessible customer interactions; and,
- Becoming more financially sustainable and resilient, safeguarding public funds while achieving value for money.

The SIC property portfolio encompasses a wide range of assets. Our portfolio will continue being developed, providing a fit for purpose estate that delivers the '**right service in the right place for the right price**' now and in the future. Our property assets provide the opportunity for improved collaborative working with stakeholders and easier public access that enhances the quality of the public realm.

Our PAMS places sustainability, workplace flexibility and value for money at its heart and aspires to deliver,

- Reduced energy consumption
- Increased staff wellbeing and productivity
- Sustainable, responsive and flexible buildings
- Buildings that are not just 'warm, safe & dry' but a pleasure to be in

1.5 Strategy Hierarchy

Our strategy is structured using the best practice guidelines of the Royal Institute of Chartered Surveyors (RICS), and comprises three separate parts:

a. The Property Asset Management Policy Statement;

Our Plan 2021-26 stands as the Policy Statement. It gives a mandate for action, describes priorities for the Council and sets goals.

b. The Property Asset Management Strategy;

This document sets out in plain English what the Council will do with its property assets, who is responsible for delivery and why we are doing what we are doing.

This strategy document establishes the 'big picture' for a five-year period, describing how the Council will turn its policy relating to property assets into a deliverable action plan.

This Property Asset Management Strategy will ensure that any investments made in our assets will help to realise our corporate goals in delivering services to the Shetland community. The lead service with responsibility for delivering this plan is the Council's **Assets, Commissioning and Procurement Service** under a 'Corporate Landlord Model'.

c. The Property Asset Management Action Plan;

The action plan is the implementation document; it presents the agreed measures for delivering the strategic goals and realising the priorities contained within Our Ambition 2021-26. This Action Plan delivers covers the period from the present until 2028.

It comprises a mix of repurposing, relocations, acquisitions, disposals and policy decisions that describe a coherent plan, moving forward.

Note: Detailed action plans presented in section 14.

2. Introduction

This is the Shetland Islands Council Property Asset Management Strategy (PAMS), 2023 - 2028. It supersedes the previous Asset Strategy 2014 update - approved by Policy & Resources Committee 27 October 2014 (Min ref: 13/14).

This strategy relates to properties to property held on the General Fund. Where its scope is proposed to affect, or link with, plans that fall within the Housing Revenue Account (HRA) that is clearly stated.

Our Council owns a diverse range of land and property assets, some unique to Shetland. They should all make an important and positive contribution to achieving our corporate objectives. The quality, condition, suitability and sustainability of our property assets have a direct bearing on the quality, deliverability and sustainability of our front line services. It is therefore extremely important that these assets are managed in a proactive and efficient way to deliver a continued positive contribution for the people of Shetland.

Our property assets are, and will continue to be an important part of supporting and enabling us to transform the way we deliver public services with our partners. It is therefore essential that we have an innovative and forward thinking PAMS in place that relates to the wider Shetland (Community Planning) Partnership. The document sets out the context, vision and roadmap to success that will deliver effective management of the corporate asset portfolio. It outlines the role asset management must undertake in order to enhance the delivery of goals in Our Ambition 2021-26, and beyond.

Asset management, in the Shetland Island Council (SIC) context, is a broad term. It encompasses the various actions SIC undertakes to ensure that its assets are efficiently planned, designed, delivered, managed and reviewed in a cost effective and sustainable manner and that these assets remain relevant to changing needs and expectations.

This PAMS has been developed to outline how SIC will deliver its asset management policy intentions and sets the future directions and improvement actions necessary for relevant, evidence-based and flexible asset management practices and capability to achieve the asset management goals and objectives.

The primary objectives of this Asset Management Strategy are to provide a way forward for the SIC to meet its responsibility for the stewardship of its public assets, to ensure equal access to all public assets and to enable the delivery of sustainable and effective services, programs and activities that contribute to our quality of life. The vision of the PAMS is to, 'Provide the right property asset, in the right location, at the right price and quality'

This Asset Strategy will enable the fulfilment of the Council's vision for asset management from **Our Ambition 2021-26**, namely;

- Taking a lead role in building a more sustainable and fairer Shetland;
- Continue and, where possible, accelerate current energy efficiency, energy conversion, waste reduction and reuse initiatives;
- Ensuring the Council is a fabulous place to work;
- Focus on delivering excellent services to the public;
- Using technology to support modern, accessible customer interactions; and,
- Becoming more financially sustainable and resilient, safeguarding public funds while achieving value for money.

Delivering the vision requires internal stakeholder commitment and ownership from all directorates. It will be also be shaped by external stakeholder relationships and legislative obligations and compliance.

The Strategy follows RICS best practice guidelines¹ to ensure robust management control is retained and measurable outcomes are agreed and delivered.

As described in the RICS Public Sector Asset Management Guidelines, there are three core elements to the Asset Management document. These are:

- a. The Property Asset Management Policy Statement, i.e. - Our Ambition 2021-26
- b. The Property Asset Management Strategy - 2023-2028
- c. The Property Asset Management Action Plan – 2023-28

2.1 Scope

In compiling this strategy, the author has consulted with the relevant Directors and Executive Managers. Furthermore, the PAMS considers the role and needs of;

- Digital Strategies
- Recruitment and Retention Strategies
- Local development strategy
- Operational estates (offices, workshops & stores for example)
- Croft and agricultural estate
- Learning Estate Strategy
- Tertiary education estate
- Social care estate
- Childcare estate
- Knab Masterplan
- Sullom Voe Masterplan
- NHS & IJB
- Harbour Board

The SIC property portfolio encompasses a range of building types that will be developed to provide fit for purpose assets that deliver the ***'right service in the right place for the right price'*** now and in the future. Our development sites provide the opportunity for more collaborative working, delivering on Our Ambition 2021-26 and positively contributing to the quality of the public realm.

3. Our vision

Our previous approved vision for property assets:

'A Shetland where we fully recognise, understand and value the importance of our building and land resources, and where our plans and decisions about asset use deliver improved and enduring benefits, enhancing the wellbeing of our community'

The vision is as valid today as it was at its inception in 2011. However, nothing is static, the strategy and its place in the SIC governance structure must adapt and change to remain relevant for the needs of its users. Therefore, this document reflects the changes in the national and local context that has evolved since then and ensures this revised PAMS is robust and fit for purpose with a forward view of 5 years.

The Council's vision for asset management from Our Ambition 2021-26, is that we will:

¹ RICS Public Sector Asset Management Guidelines 'A guide to best practice', Keith Jones & Alan D. White, 2008

- Take a lead role in building a more sustainable and fairer Shetland;
- Continue and, where possible, accelerate current energy efficiency, energy conversion, waste reduction and reuse initiatives;
- Ensure the Council is a fabulous place to work;
- Focus on delivering excellent services to the public;
- Use technology to support modern, accessible customer interactions; and,
- Become more financially sustainable and resilient, safeguarding public funds while achieving value for money.

Addressing the pressure in the local housing market remains a priority for Shetland. Specific plans to address that are set out in other strategic documents but any potential crossover between this strategy and housing activity will be clearly referenced.

3.1 The Strategy Framework

This PAMS sets the high-level strategic framework for managing our property portfolio effectively over the next 5 years and beyond. It will guide our future strategic property decisions to ensure we manage our property portfolio sustainably and efficiently. The output of which is a fit for purpose estate that is able to deliver Our Ambition 2021-26 and ensure agility to adapt to future service delivery.

Since the last Asset Management Plan (2014-18), the environment in which the Council operates has changed considerably. This presents both a number of challenges and opportunities, to drive change in how we deliver our services and the infrastructure needed to support this.

Our property assets are an important part of supporting and enabling us to transform the way we deliver public services with our partners and it is therefore essential that we have an innovative and forward thinking strategy in place.

“Strategic Property Asset Management is the process which aligns business and property asset strategies, ensuring the optimisation of an organisation’s property assets in a way which best supports its key business goals and objectives”²

As outlined in the RICS Public Sector Asset Management Guidelines, there are three core elements to the Asset Management document. These are:

A. The Property Asset Management Policy Statement;

Our Plan 2021-26 stands as the Policy Statement. It gives a mandate for action, describes priorities for the Council and sets goals.

B. The Property Asset Management Strategy;

This document sets out in plain English what the Council will do with its property assets, who is responsible for delivery and why we are doing what we are doing.

This strategy document establishes the ‘big picture’ for a five-year period, describing how the Council will turn its policy relating to property assets into a deliverable action plan.

This Property Asset Management Strategy will ensure that any investments made in our assets will help to realise our corporate goals in delivering services to the Shetland

² RICS Public Sector Asset Management Guidelines

community. The lead service with responsibility for delivering this plan is the Council's **Assets, Commissioning and Procurement Service** under a 'Corporate Landlord Model'.

C. The Property Asset Management Action Plan;

The action plan is the implementation document; it presents the agreed measures for delivering the strategic goals and realising the priorities contained within Our Ambition 2021-26.

3.2 The Strategy – context

Successful delivery of the PAMS will play an important role in the mitigation of some of SICs cost pressures. The strategy, via the Action Plan, will allow SIC to actively manage its estate in a responsible manner that allows each asset to be maximised to its full potential. This will see some properties improved and some properties being repurposed or disposed of.

It is reasonable to suggest that SIC currently operates from an estate that is larger, and therefore costlier to operate from than is reasonably required to deliver effective services. This is supported by the relative ease with which the Council was able to quickly adjust to changes in working practices due to the Covid-19 pandemic. It is therefore sensible for a degree of asset rationalisation to be part of this PAMS.

This does present a challenge to SIC, however it also presents a huge opportunity for services to deliver their plans in a manner that maximises front line spend by reducing built environment overheads. The outcome of this PAMS will be a rationalised estate that is fit for purpose and is responsive to service needs, operating from buildings that are suitable and sufficient to deliver those services.

The underpinning objective for the PAMS is to ensure that Shetland continues to be a great place to live, work, visit and do business. The PAMS will provide the estate to enable the implementation of Our Ambition 2021-26. The PAMS makes real the Implementation of this plan, which will ensure that investment in service delivery has maximum positive impact on the Shetland community. The business processes for effective property asset management are illustrated in Figure 2a & 2b below. The diagram emphasises the essential interrelationship between business and property processes and the overarching requirement to satisfy end users of services.

3.3 Figure 2a – PAMS Process flow

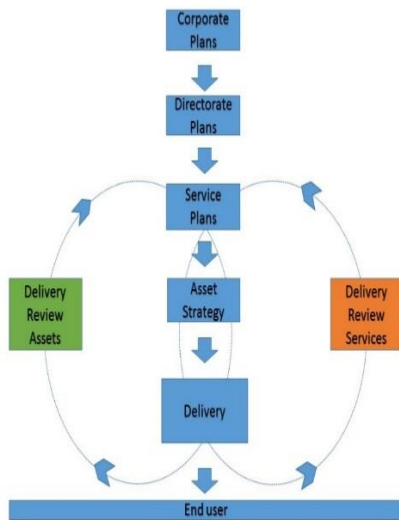
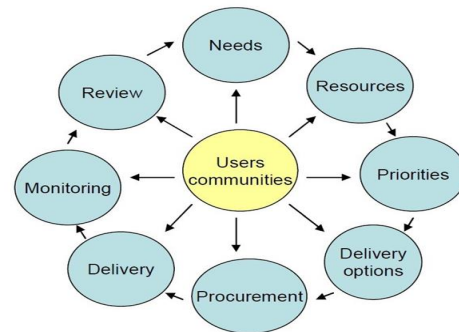


Figure 2b – Process flow



The Property Asset Management Strategy cannot work in isolation and must be informed, shaped and directed by service requirements and operational context. For example the needs of Schools Service are reviewed regularly through the Learning Estate Liaison Group, which brings together client staff, ACP and Estate Operations.

4. SIC Approach to Property Asset Management

Centralising asset management using the Corporate Landlord Model in one service area led by Assets, Commissioning and Procurement (ACP), allows the overarching corporate strategies outlined in this plan to be evenly and equally applied across all service areas, instead of unnecessarily duplicating this activity across each directorate. This approach eases the burden of property management resources used within a wide variety of service areas and streamlines budget management by enabling services to focus more on service delivery and less on the management of the property assets used.

4.1 Benefits of Asset Management

Our property portfolio is a valuable resource and we have a duty to deliver “**best value**” in how we manage our estate to ensure that we can achieve the best social, economic and environmental benefit for the people of Shetland. This means managing our limited resources in an intelligent and integrated way to provide value for money for the community.

How the Council uses its property portfolio can play a significant role to stimulate regeneration and growth for the local economy. Public services, and the needs and demands of our customers, are evolving and changing rapidly. It is important that our approach to asset management remains relevant, innovative and flexible enough to respond to changing needs and priorities of our services and communities. This strategy sets out how we will achieve this.

4.2 Context

The current financial conditions faced by all local authorities in Scotland are very challenging. The UK and Scottish Government budget restrictions along with continued high inflation will have a significant

effect on what the Council can afford to spend on local services. We must manage our estate in a way that maximises investment in service delivery to ensure maximum positive impact on the Shetland community.

Following employee costs, expenditure associated with the maintenance and ongoing provision of assets represents the second highest element of revenue spending for our Council. In addition, the majority of capital investment is focused on delivering and maintaining Council property assets. This places great emphasis on ensuring that resources are most effectively allocated.

The Scottish Government, Audit Scotland and other professional bodies all recommend that local authorities adopt robust asset management planning processes. This is to ensure that assets are properly and accountably managed, resources are deployed efficiently along with providing a framework in support of effective investment decision making. In formulating this strategy, consideration has been given to the guidance on local authority asset management strategy published by the following organisations:

- Royal Institution of Chartered Surveyors (RICS);
- Institution of Asset Management (IAM);
- BSI ISO 55000: 2014 – Asset Management; and
- Chartered Institute of Public Finance and Accountancy (CIPFA).

This guidance outlines the requirements for Councils to have effective and efficient asset management, informed investment decision-making, options appraisal frameworks and Capital investment plans all linked to strategic priorities.

5. A Shared Vision for Shetland – *the Shetland Partnership Plan*

“Shetland is a place where everyone is able to thrive; living well in strong, resilient communities; and where people and communities are able to help plan and deliver solutions to future challenges”³

5.1 Drivers for the new Property Asset Management Strategy

This strategy is to enable informed, intelligent review and debate and the implementation of opportunities, to ‘work smart’. The strategy reflects changes in service delivery and expectations of customers and the workforce.

We must, as a Council, an employer and a service provider, recognise that the world of work and service provision is changing. This has been demonstrated by our response to the Covid-19 pandemic, which has proved how practical and effective new ways of working can be. Many staff no longer need to be office-based to deliver services - we can work smarter than that. There are opportunities to save money on property, empower individuals and enhance service delivery.

Remote working does pose challenges for some staff and there are downsides, however managers should consider flexible working wherever it is practical and effective.

We believe that a smart Property Asset Management Strategy (PAMS) is the key to unlocking the potential for excellent service delivery from an estate that is sustainable, responsible and accountable by staff who take personal responsibility and work well together. This will also help the Council deliver on its commitment of being “Happy to talk flexible”.

³ <https://www.shetland.gov.uk/communityplanning/documents/180801SPPforWebFINAL.pdf>

The current financial conditions faced by all local authorities is very challenging. The UK and Scottish Government budget restrictions along with continued high inflation will have a significant effect on what the Council can afford to spend on services. The increasing tension between resource availability and service delivery will inevitably raise questions about the sustainability and proportionality of non-statutory and statutory spend. Put simply if we cannot do more with less we may just have to do less.

It would be easy to view this as a call for savings for savings sake, however interventions that may save cash in the short term could leave services unable to operate effectively. Whole life costs and sustainability must lie at the heart of decision-making.

5.2 What does this mean for our estate?

The challenge is for the Council to continue to work hard to identify opportunities for cost reductions in ways that enhance rather than negatively impacts on services and staff. We must continue to utilise our built estate to maximise its full potential for improved service delivery while looking after our staff and delivering required legislative requirements relating to office space allocations per person.

5.3 How do we achieve this?

By embracing the opportunities that new technology and service delivery models have to offer, coupled with practical asset management we can ensure that we;

- Work in ways that minimise our need for space;
- Use what we have more efficiently;
- Dispose of surplus property to maximise Capital receipts and reduce revenue costs; and
- Empower the individual

This approach requires the long term joined up strategic decision-making afforded by the Corporate Landlord, but involving the managers and staff that are affected to ensure service requirements are met.

6. A Corporate Approach to Property Asset Management

Council owned property asset is held corporately, and as such, their management must be coordinated across the organisation. This is to maximise benefits and to support the delivery of the Council's key objectives as set out in Our Ambition 2021-26.

The key drivers for changes in the demand for public services are:

- Changing public needs and priorities.
- Increasing public expectations on quality and ease of access to joined up public services.
- Local community aspirations.
- Community Empowerment (Scotland) Act 2015.

The key drivers for changes in the provision of public services are:

- Reducing budgets in the face of increasing operating costs.
- Demographic changes.
- The need to identify and adopt new efficient and effective ways of working.
- Opportunities to collaborate and work closely with community partners.

We aim to manage our property assets in a balanced manner taking proper account of the Council's service requirements and of the upkeep of our assets to ensure their optimum use over the long term.

6.1 The Corporate Landlord Model

Since 2014, Responsibility for the management of all Council-owned property and land and any properties or land leased by the Council has transferred to Assets, Commissioning and Procurement (ACP). This provides a more centralised model of Asset Management, which helps the Asset and Properties team to maximise the use of buildings, reduce the number of vacant properties, and maximise income from the estate generally. This centralised model also assists Estate Operations in their efforts to plan operational maintenance with a focus on key facilities, while embedding carbon management in all property-related activities.

6.2 The Corporate Landlord Model – a definition:

“The Corporate Landlord model centralises all... decision making and activities within a central team – the Corporate Landlord. Service departments become tenants of the Corporate Landlord. The service department has to make a case for the property that they wish to deliver a service from, which allows for the Corporate Landlord to offer sufficient space – and no more space than is required – for these functions.”⁴

The objective for the Corporate Landlord using the PAMS is to provide the right property asset, in the right location, at the right price and quality.

The scope of the facilities now managed by ACP, as Corporate Landlord specifically includes:

- Schools and associated buildings and land. This would include schoolhouses and sports facilities that are linked to schools, such as gymnasiums, multi courts, play facilities and sports pitches.
- All office accommodation, commercial buildings, warehouses and storage.
- All community care facilities.
- The Burra and Busta estates along with other land held by the Council.
- All leases of buildings and land to the Council and by the Council to others, including matters relating to the Crown Estate.
- Continued responsibility for the Council’s Asset Strategy, including acquisitions, disposals and commercial negotiations relating to development opportunities.
- Maintaining a comprehensive Asset Database in conjunction with Estate Operations.
- Carrying out and/or commissioning valuations.

Specific exclusions include:

Properties managed by Infrastructure directorate

- Public toilets.
- Cemeteries.
- Process plant and waste management facilities.
- Quarries operated by the Council.
- Roads.
- Ferry terminals and piers, and associated buildings.
- Airfields.

Properties managed by Development directorate

- Land and property held on the HRA account.

⁴ Welsh government, An inquiry report of the: Policy Review & Performance Scrutiny Committee, annex F, May 2018

- General fund property managed by Development directorate, such as temporary accommodation, chalets, schoolhouses, shop units and associated land.

Activities managed by Children's Services

- Cleaning.

Note: While these lists set out the default position, it does not preclude the involvement of the Asset and Properties section in the management or disposal of any buildings or land.

6.3 Budget Responsibility

As Client for this portfolio, budgets relating to these assets will be set by ACP, based on an agreed schedule of maintenance and repair works, planned and agreed between the Executive Manager – ACP and the Executive Manager – Estate Operations. Subsequent operational management and delivery of maintenance services will remain with Estates Operations. From a financial reporting perspective, the budgets for each property will remain with the individual occupying service, but would be fixed by ACP in consultation with Estate Operations.

6.4 Property Leased to Others

In order to ensure that the Council's statutory obligations in relation to maintenance, inspection and testing are being complied with, properties that are regarded as surplus and properties which are leased to others (always on a commercial basis) will have individual cost centres. Short-term leases rarely transfer maintenance obligations to the lessee, so this will ensure that maintenance budgets are not overlooked in those cases.

6.5 Requests for Changes to Accommodation or Facilities

Where individual services identify a need for additional or different accommodation or facilities, this need must be articulated to the Council in the form of a Business Case. This may take any form as long as it includes appropriate levels of information and detail. A template/checklist is available from Assets, Commissioning and Procurement service.

7. Strategic Overview

The key objective of this Property Asset Management Plan is to manage the Council's property assets effectively and efficiently to deliver on Council objectives by ensuring the most appropriate properties are available to all service delivery partners. This is particularly critical for the next five years given the local and national economic context.

In line with good practice, the development of a corporate approach to property asset management enables the Council to take a strong corporate view with oversight across all service area needs and requirements in order to make the best decisions using the available resources.

This PAMS sets out the proposed objectives and processes required to deliver a corporate approach to property asset, via in part the Corporate Landlord Model.

A proposed Action Plan is detailed in this document which will be developed and refined as work on progresses.

7.1 Legislative Changes influencing PAMS – since 2014

- Energy Performance of Buildings (Scotland) Regulations 2008

- Community Empowerment (Scotland) Act 2015
- The Children and Young People (Scotland) Act 2014
- The Education (Scotland) Act 2016
- The Assessment of Energy Performance of Non-domestic Buildings (Scotland) Regulations 2016
- Islands (Scotland) Act 2018
- The Scottish Public Services Ombudsman Act 2002 , as amended
- The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012, as amended
- The Local Government Finance (Scotland) Order 2023
- The Procurement (Scotland) Regulations 2016
- The Community Empowerment (Scotland) Act 2015, Part 2 Community Planning: guidance
- The Land Reform (Scotland) Act (2016) was given Royal Assent on 22 April 2016. Agricultural Tenancies, Land rights and responsibilities, Establishment of the Scottish Land Commission, Information on the control of land, Community engagement, The right to buy land for sustainable development, Core Paths, Valuation rolls exclusion and SNH powers.

8. Asset Investment, Maintenance and Replacement

“We need to focus on the priorities that we can genuinely deliver and translate those priorities into Specific, Measurable, Achievable, Relevant and Time-bound (SMART) plans that can quantify the level of investment and potential efficiencies and savings that could be made. The Council will need to prioritise which projects to take forward, recognising that it cannot deliver everything in Our Ambition...”

5.i) The Council's Medium Term Financial Outlook 2022-2027

The current 5 Year Asset Investment Plan is the Capital budget for the Council for a five year period from 2023-2028 in line with the Capital Investment Planning policy set out in the Medium Term Financial Outlook 2022-2027.

The Property Asset Management Strategy will help SIC ‘do more with less’ by reducing our estate costs both in revenue and capital terms. This will be achieved by reducing our overall estate size together with improvements in working practices, energy efficiency, capital receipts and partnerships.

There are a number of areas where work is progressing in relation to the necessary business cases required by the approved Council's Gateway Process for the Management of Capital Projects. Key areas of activity include:

- Knab site redevelopment;
- Redevelopment of former Eric Gray site at Kantersted;
- Redevelopment of Hayfield site;
- Museum storage;
- Masterplan – Pitt lane to Hill Lane;
- Place-based plan for sustaining education in the north mainland;
- Enhanced Provision and accessibility works across the schools estate
- Provision of childcare in Lerwick;
- Future use of Scatsta Airport buildings;

The funding for projects in these areas will only be allocated following approval through the Council's Gateway Process and until then these projects do not represent a commitment in the Plan.

8.1 Community Property Asset Transfer

The **Asset transfer** element of the **Community Empowerment (Scotland) Act 2015** will help to empower community organisations through the **transfer** of land and buildings, and by strengthening their voices in the decisions that matter to them. Public sector bodies must publish and maintain a list of **assets** that they own or lease to facilitate this. Asset Transfer must be recognised as an opportunity to help rationalise the SIC estate. However, the PAMS methodology must be used to help assess applications and inform decision-making.

9. Effective Property Asset Management – ‘Business as Usual’

Effective property asset management is vital in addressing a number of key challenges for our property portfolio. First and foremost property assets must be used to maximise benefit to service areas in the most efficient and effective manner. The exception is where property assets are held for financial/investment purposes rather than for service requirements and in this case the focus will be on maximising the financial return.

Strategic asset management of our property assets can be summarised as follows:

- Ensuring properties are managed effectively and demonstrate that they deliver best value.
- Linked with business, corporate and organisational objectives.
- Maintaining and improving the portfolio of properties as required to support the delivery of Council services through a variety of service delivery models, including co-location and joint working with partners and local community partners.
- Compliance with statutory obligations such as the Equalities Act 2010 and health and safety standards.
- Ensuring the property portfolio meets the current and future needs of local communities.
- Ensuring the property portfolio is able to meet and exceed sustainability targets.

10. Action and Implementation Plan

10.1 Delivering Change

The Council's approach to property asset management is a key part of delivering services across Shetland. It is therefore essential that measurable outcomes are agreed, implemented and that these outcomes form the basis of the Council's future service planning objectives.

There will be short, medium and long-term phases with the PAMS implementation. The following sections describe the short (phase 1) and medium (phase 2) options for the SIC estates up to 2028. Long term options post 2028 will be guided by instruments such as the medium and long-term financial Plans.

The delivery Action Plan for the period covered by this 2023-28 strategy are split into two phases;

- **Phase 1 (2023-25)**
This phase will build on the actions from previous iterations of this strategy and continue to complete on those projects that are still underway.
- **Phase 2 (2025-28)**
This phase will introduce a new tranche of proposals that will be developed in consultation with all relevant officers in response to the changing financial and demographic challenges being

faced by the Council. Members will be kept informed as these proposals develop and will take strategic decisions as these become necessary.

11. Phase One recommendations

11.1 Knab Redevelopment

Work to redevelop the former Anderson High School at the Knab, in Lerwick, continues in line with the Council decision of 22 February 2023 (Min Ref: 10/23). Namely to;

1. Complete the design of infrastructure and public realm phase
2. To proceed with obtaining all necessary consents
3. To commission the design of the first housing phase
4. To carry out accessibility and other works to the AEI building to facilitate its re-use

Moving forward, it is recommended that the following work streams are taken forward, in order to deliver the masterplan for the site.

11.1.1 Develop more detailed plans for the listed buildings at the Knab

The Council has plans in principle for the AEI building, the Bruce Hostel and the Janet Courtney Hostel, but to realise those plans it will be necessary to engage with third parties and to resolve a number of challenges. It is proposed that officers continue to work proactively to develop more detailed proposals for these buildings and to bring forward those plans to Members for decision as soon as possible.

11.2 Museum Store

The Council currently leases in storage for artefacts forming part of the Museum Collection that cannot be displayed in the museum due to lack of space. Current storage requirements are at capacity.

The lease has recently been extended to give time for the Council to consider its options moving forward. Feasibility work is already underway and it is recommended that this continues, in collaboration with Shetland Amenity Trust, and that plans are presented to Members for decision as soon as possible.

11.3 Industrial Sites

There is significant unmet demand in Shetland for commercial property and land suitable for industrial use, particularly in the central mainland. The Council holds land in the Staney Hill area that has potential to address some of that demand. Development of this land has so far been inhibited by the ground conditions, however officers are currently exploring innovative ways of overcoming those obstacles. It is recommended that this work continues as a matter of urgency. There are obviously potential benefits to the local economy as a result of this work. Potential benefits to the Council include revenue income and acquisition of land with further development potential.

11.4 Train Shetland Building

Market testing has concluded that at the present time there is insufficient demand for office accommodation to make that a viable option for the Train Shetland building. Short-term uses being explored include the Creative Hub pilot project, ultimately planned for the former Anderson Educational

Institute at the Knab. Should that not proceed, other options for short-term letting of individual parts of the building will be explored until a sustainable long-term plan is developed.

11.5 Enhanced Provision and accessibility works across the schools estate

Further to recent condition and suitability surveys across the learning estate, priority is being given to addressing Enhanced Provision and accessibility. A works programme is being developed and implemented between Schools Service, ACP and Estate Operations. This is expected to be an ongoing programme for a number of years.

12. Phase Two recommendations

12.1 Scatsta Airport

Lease terms are currently being negotiated with a preferred bidder for the land surrounding the former Scatsta Airport. The airport buildings and apron areas are not currently part of those negotiations.

It is likely that the nature of the use of the surrounding area (likely being subject to COMAH regulations) could affect the future use of the buildings.

It is therefore proposed that short-term uses, similar to those already in place, be continued at least until the land lease is finalised.

12.2 Hayfield House Site

The current headquarters for Children's Services are located at Hayfield House. Reviews of suitability and compliance lead officers to conclude that Hayfield House will require significant investment to continue to remain fit for purpose, particularly in relation to energy performance. The building has considerable constraints in terms of how it could be adapted in line with future working practices. However, the site holds significant development potential and market value, particularly in relation to future potential housing developments.

It is therefore proposed that the site be retained for potential housing development and that feasibility work on options for alternative office accommodation for Children's Services be taken forward, in consultation with the services affected.

12.3 Former Eric Gray Site

Since the demolition of the former Eric Gray Resource Centre, this site has remained vacant. However, it has significant potential in terms of 'Homes for Life', bearing in mind the proximity of support staff at the nearby Edward Thomason and Taing House facilities.

It is proposed that this site be retained for future housing development.

12.4 Hill Lane to Pitt Lane

This represents a significant redevelopment opportunity in the town centre. The land is exclusively in Council ownership, some in the HRA and some held on the General Fund.

Rather than redevelopment of the HRA land on a 'like-for-like' basis, it is proposed that a masterplan for the entire area is developed. The masterplan would need to recognise current housing needs and demands as well as changing work and travel trends, whilst taking cognisance of the significance of

the Lerwick Lanes conservation area. It is recommended that all affected land is retained in Council ownership, at least until the masterplan is completed.

13. Risk Management

There are a number of factors that may influence the Council's ability to deliver the full range of outcomes set out in this plan. However close working with community partners, services, senior management and elected members will ensure full visibility of the issues and risks arising throughout the life of this plan. Thereby enabling these to be managed to enable delivery of the stated objectives as planned.

To ensure successful property asset management planning and implementation we will engage with all property users, from the public to service delivery management teams and to frontline staff to ensure that the full range of property related issues and concerns are identified and to share information about decisions and anticipated outcomes and implications. We will ensure there is an effective dialogue on asset management issues across the Council and our community partners.

14. Key stakeholders

The Council's assets and the strategy and policies that govern their use are not separate, standalone entities. This document and the success or failure of its application are shaped, influenced and delivered by the Vision and Goals drawn from all stakeholders in our service including those of our users. However, the key stakeholders can be viewed as;

Governance

- SIC elected Members
- Scottish Government
- UK Government

The Shetland Island Community Plans

- Local Outcomes Improvement Plan
- Shetlands Partnership Plan
- Local Area Plans
- Local Development Plans
- Local Development Strategy for Shetland 2014-20

SIC Corporate Governance

- Our Ambition 2021-26
- Directorates Plans;
 - Children's Services
 - Community Health & Social Care Services
 - Development Services
 - Infrastructure Services
 - Corporate & Executive Services
- Service Plans
- Team Plans
- Individual Staff Work Plans

We all, therefore, have a role to ensure the Asset Management Strategy is fit for purpose and reflects the needs of the provider and user in providing best value for our services and the people of Shetland.

However, to ensure a coordinated and coherent approach is achieved an Asset Manager is tasked with taking ownership of strategy formation and implementation. In SIC the coordination role is fulfilled by officers of the Asset & Properties team within the ACP service. It is their mandate to manage the Council's property portfolio effectively.