

# CORPORATE ASSET MANAGEMENT PLAN



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# 1 INTRODUCTION

## 1.1 Purpose of Document

### 1.1.1 Overall Scope & Aim

The Council's property portfolio is made of circa 900 property assets and has a net book value of around £900million. This valuation is undertaken in line with CIPFA requirements and for many of the properties this does not represent the realisable value of the assets if they were to be sold in the open market.

It is recognised good practice for local authorities to produce an Asset Management Plan setting out their broad objectives for the management, development, and rationalisation of their built and land asset base over a five-year period. Asset management provides a structured process to ensure value for money from property in serving the needs of the organisation and local residents. Section 151 of the Local Government Act 1972 requires councils to put in place processes for the management of their finances, including their assets. This Corporate Asset Management Plan demonstrates the Council's commitment to meeting these requirements in a structured and considered manner.

Property assets can be used proactively to initiate and support service-related outcomes, and to benefit the Borough, its communities and residents, but are also expensive, in terms of both their capital value and annual maintenance and running costs. They need to be carefully managed over their lives to ensure best value through their use, maintenance, and generation of income.

The Council, like many other public sector organisations, is under unprecedented and increasing pressure to reduce expenditure whilst improving services. LBC must continue to demonstrate "Value for Money" in every aspect of service delivery and must ensure that the services they deliver to residents are cost effective and efficient. It is therefore important that this remains a dynamic plan with annual reviews and challenges as to how services use corporate accommodation, active management of let space and develop a longer term plan for income producing assets to ensure that income levels can be secured and increased wherever possible. The Council's assets not only have to be able to support the demands of the Council and residents but also help support the delivery of services through income generation or realisation of capital receipts.

The last Asset Strategy effectively expired in 2019 but the Council have continued to make significant progress in the management, consolidation and improvement of assets by improving the effectiveness, sustainability, and efficiency of the Council's property portfolio. This Corporate Asset Management Plan will develop this work further and will inform the Council's governance process, set out a strategy to support best practice asset management, enable post-COVID changes to working practices such as flexible and hybrid working space and inform the development of a targeted capital investment strategy.

Following the recent election of the Executive Mayor the commitments made in his campaign will form the basis of priorities for the Council over the next four years. The Council's strategic objectives and plan have not yet been agreed but will set out the programme of action for implementing those commitments to help achieve the priorities. Many of the Executive Mayor's priorities will be reflected in the way the Council treats its assets and the processes adopted for future changes to the portfolio.

In particular, the areas that could impact the use of our assets:

- **Listening to Croydon** – any changes to the portfolio will need to involve more consultation and involvement with local resident groups as well as councillors and service areas for any key decisions.

- **Clean Up Croydon** – a more proactive decision route around surplus properties will reduce the opportunity for fly-tipping and antisocial behaviour so it will be necessary to improve forward planning for any likely closures to ensure decisions are made early to allow re-use or disposal of assets in a timely manner. This will also help minimise costs incurred in holding assets.
- **Crime Safety and Community** – look to improve the general environment around assets and minimise void periods. Look at opportunities to redevelop areas that attract antisocial behaviour.
- **Finance** – key to the better use of assets to reduces operating costs, allow consolidation, sharing properties with partners and making sure any tenanted assets are properly managed to maximise income opportunities. There will be a careful balance between maximising financial benefits from assets and meeting some of the other priorities and this will need to be reviewed for each individual property to try and achieve the most balanced result.
- **Housing** – although not a direct responsibility, the assets team can support Housing through the purchase and development of new housing, identify sites for development and review vacant stock to sell or refurbish.
- **Planning** – identify opportunities that help support the proposed changes whilst still trying to get the best value or use for the asset.
- **Town and District Regeneration** – the use of our assets within key centres can be used to try and improve facilities and regeneration opportunities. This can often require re-appraisal of earlier schemes which may require simplification of projects to ensure delivery becomes possible.
- **Climate Change and Carbon Reduction** – a key element of building maintenance will be to look at more sustainable ways to heat and cool buildings and to improve energy performance for our tenanted properties. Opportunities within the wider estate for electric vehicle charging for both Council vehicles and residents' cars will be considered where possible.

## 2 VISION

### 2.1 Vision

#### 2.1.1 Overarching Vision

The Council's property assets should support service delivery, enable regeneration and development, or generate income. The property portfolio will be reviewed over the next 4 years in line with the corporate priorities so that the Council has a property estate that is: -

- **Fit for purpose, cost effective and well utilised.**

Assets function effectively and enable staff and the public to use them and value for money is achieved by creating flexible buildings that support high utilisation and multiple uses

- **Sustainable and efficient.**

Assets are well maintained and are efficient in their uses of power, resources, and new technology to support carbon zero target.

- **Commercially Managed.**

Assets that are held for investment purposes will be commercially managed and driven to generate income to support frontline services or sold if not supporting these objectives.

- **Easily accessible and multi-functional.**

Assets will be located close to good transport links. Where possible, the Council will share facilities with other public bodies and not for profit agencies to ensure that residents have access to all the facilities and support they need.

- **Treats all assets strategically and corporately.**

Ensure assets are managed strategically to support corporate priorities and supplement service delivery aspirations

- Live within our means

Look to maximise the use of operational asset through developing hubs/shared space to allow a more streamlined delivery approach whilst reducing operational costs

## 3 CURRENT ESTATE, OBJECTIVES & PRIORITIES

### 3.1 Current Estate

The Council owns and leases around 400 corporate and commercial property assets within the Authority boundary. Over the last 10 years there has been a focus on releasing expensive leasehold properties and therefore most of property assets are now held freehold, but there are a small number of leasehold properties retained in the portfolio. The Council has disposed of a significant number of assets over the last 25 years and therefore the majority of properties are held directly for the delivery of services or community use. Approximately 25% of the estate is either held for investment purposes and to generate a financial return or for the delivery of services to local residents through community organisations using council properties.

London Borough of Croydon has four principal property portfolios:

- **Operational Property** – land and buildings that are utilised directly by the organisation for the delivery of corporate function and to deliver services to residents and businesses
- **Investment Property** – land and buildings held to receive income to support the Council has a limited commercial investment asset portfolio and therefore it is essential that what is available is effectively managed.
- **Community Properties** – land and buildings utilised by third sector to support community initiatives and for use by causes that LB of Croydon seeks to support. Some of these uses, should they not be performed, might create a statutory or moral obligation to revert to the Council
- **Housing Property – primarily in Housing Revenue Account**, however there are some other Croydon specific structures, not least Croydon Affordable Homes / Croydon Affordable Tenures, and those properties / initiatives to support Emergency Accommodation and Temporary Accommodation (EA/TA) held outside of the HRA.

In addition there are a large number of heritage assets which include both listed buildings such as the Town Hall, Purley Library, Davidson Lodge, Ramsey Court, Shirley Windmill, the Park Hill Water Tower, Heathfield House and Norwood Grove as well as war memorials. These are an important part of the Boroughs history and proposals to ensure their maintenance and suitability for continued beneficial use need to be developed and included within the overall asset maintenance and management plans

The table below details the Council's property estate within the four principal property portfolios.

Property Portfolio	Site Type	Number
Operational	Adult Education	1
	Adult Care Homes/ Facilities	14
	Civic	1
	Compound / Depots	8
	Electrical Substation	11
	Household Recycling Centres	3
	Leisure	5
	Library	13
	Offices	6
	Public Toilet	8

	Schools - community incl. SEN/PRU	36
	Schools and nurseries – Academy/Foundation	67
	Storage	2
	Youth Centres/Buildings	6
<b>Operational Total</b>		<b>181</b>
<b>Investment</b> (used to generate income to support net budget requirements)		
	Asset held for sale	14
	Allotment Sites	17
	Car Park	27
	<ul style="list-style-type: none"> <li>• Colonnades</li> <li>• 60 Vulcan Way</li> <li>• 37-39 Imperial Way</li> <li>• Davis House</li> </ul>	4
	Commercial	11
	Light Industrial	2
	Other Buildings	5
	Retail	1
<b>Investment Total</b>		<b>81</b>
<b>Community</b>		
	Buildings let to Community Groups	78
	Nursery	1
	Parks and Playing Fields	107
<b>Community Total</b>		<b>186</b>
<b>Housing</b>		
	Residential	35
	Residential Homes Children	1
	Traveller Site	1
<b>Housing Total</b>		<b>37</b>
<b>Surplus or Development Assets</b>		
	Surplus or Development Sites	3
<b>Surplus or Development Assets Total</b>		<b>3</b>

The key assets are identified on the attached Borough plan to help identify the geographic spread of the assets by type

### 3.2 Corporate Asset Management Plan Objectives

The Council, like many other public sector organisations, is under unprecedented and increasing pressure to reduce expenditure whilst improving services. LBC must continue to demonstrate “Value for Money” in every aspect of service delivery and must ensure that the services they deliver to residents are cost effective and efficient.

The last Asset Strategy effectively expired in 2019 but the Council have continued to make significant progress in managing, consolidation and improvement of assets. The new Corporate Asset Management Plan will develop this work further and will inform the Council’s governance

process, set out a strategy to support best practice asset management, prioritise post COVID activities such as flexible working space and inform the development of a targeted capital investment strategy.

This Plan will deliver a more integrated approach to the use of the Council's assets from both service delivery and financial perspectives, by:

- provision of properties that will directly contribute to the delivery of good quality services to our communities and other stakeholders;
- securing sustainable income streams from non-operational and investment properties.
- helping plan and manage property utilisation in support of the Council's initiatives and service delivery;
- supporting the delivery of the Council's corporate vision, aims and priorities;
- formalising systems, procedures and controls;
- ensuring fire, health and safety management;
- a more robust understanding of the current condition of our key operational assets to enable a more reliable budgeting and repairs programme moving forward.

With a view to consolidating the existing assets currently held and a strengthening of the governance processes, the Council will be in a better position to deliver the best returns and long-term income security. This in turn may identify the need, in some cases, for capital investment to retain and help improve income streams.

This CAMP and the supporting proposed Corporate Property and Disposal Strategy (see Appendix1) will complement the Council's priorities for 2022-25 as set out in the Updated Capital Programme and the Medium Term Financial Strategy and will also align with the Executive Mayors and Corporate priorities and the Croydon Renewal Improvement Plan for new priorities and ways of working.

The CAMP will include reference to the existing property related strategies and policies including the acquisition, disposal and investment strategies in line with the requirements of the Report in the Public Interest.

### 3.2.1 Priorities

To support the Plan objectives, the following key priorities have been identified: -

- I. **Maximise the use of Council Assets** – this will include:
  - a. **Asset Review and Challenge Programme** - Implement a property review programme to assess how operational buildings are used and to assess the performance of the investment estate. This is already underway as part of the current MTFS challenge process
  - b. **Property Management Governance Framework** - Implement a property management governance structure to support asset review, challenge and decision making including best value use of assets and a review of software systems and data collection processes to improve and consolidate how property data is collected and used to produce management information.

- c. **Release of surplus assets** –building on the interim disposal strategy, the new Corporate Property and Disposal Strategy will help secure the most efficient way to release properties to ensure best consideration is achieved for any letting or disposal of assets and set out a clear governance process

II. **Review of Operational Asset Management** – this will include:

- Condition Surveys for all key assets,
- Maintenance Programme, to be reviewed annually
- More focused Corporate H&S Policy to include a review of schools and third-party data,
- Corporate Risk Register - how to escalate to & manage,
- Budgeting & Compliance,
- More integrated approach with FM especially around potential closures and tenanted assets
- Better understanding of the Housing Strategy to help deliver new social housing opportunities.

III. **Housing and Regeneration** – Working together with housing and regeneration schemes to deliver new housing, workplaces, and job opportunities through the identification, release and development of surplus sites. This will include a full review of former Brick by Brick sites as well as the wider Council portfolio and will look at delivery options.

IV. **Future Property Approach** – Develop and adopt a property approach to reflect the evolving societal impacts of the Covid-19 pandemic over the coming years, from enabling changing working practices such as flexible working space, to stimulating a positive environment for inward investment.

V. **Sustainable Estate** - Develop a carbon re-fit, plant replacement and maintenance program to support carbon neutral target and improve energy efficiency

### 3.2.2 Management of the Asset Portfolio

Now that the Council have moved to a mayoral model, the governance process has been amended and all key decisions will now be made by the Elected Mayor unless delegated to Cabinet or the Corporate Management Team.

The Cabinet member for Finance is the portfolio holder for Assets together with a wider remit including Capital Programme and budget delivery and development, both of which will form an integral part of the CAMP. The Corporate Director for Resources and s151 officer is accountable for asset management within the Council demonstrating the importance and recognition of making the best use of the Council's property assets and the part they can play to support the wider objectives.

The Council operate a corporate landlord model whereby for the majority of assets, the ownership and responsibility for their management and maintenance is transferred from the service area to the corporate centre. This enables teams to focus on service delivery and for the property teams to ensure the services are adequately accommodated and the buildings are safe, well maintained and managed. Separate arrangements are made in connection with Housing Revenue Account (HRA) assets and for some elements of Highways Assets where a separate Asset Management Strategy is in place due to their more specialist nature.

The Assets and FM teams manage the following key areas:

- Property maintenance and management

- Statutory testing and compliance
- Cleaning
- Security
- Rates payments
- Health and Safety compliance
- Utilities supply and payment
- Estate management for non-service delivery areas
- All acquisitions and disposals of property assets
- Annual asset revaluation for all corporate assets including HRA
- All Right to Buy, enfranchisement and lease extension work for the HRA

## **4 PROPERTY RELATED STRATEGIES AND POLICIES**

The acquisition, disposal and investment strategies in line with the requirements of the Report in the Public Interest are:

### **4.1 Corporate Property and Disposal Strategy 2022-27**

The Interim Asset Disposal Strategy has been revised to reflect the current governance process and lessons learned from the first round of disposals

### **4.2 Community Strategy**

The Community Strategy is the overarching strategy for the borough, setting out our overall strategic direction, the priorities and outcomes we will focus on. It is produced by the Local Strategic Partnership (LSP), which is made up of businesses, voluntary groups, private and public sector organisations to identify, prioritise & find answers to Croydon's challenges. The last Community Strategy expired in 2021 and is to be reviewed shortly.

In its last iteration, the Community Strategy identified the need to meet a rising demand for new jobs, new homes and school places & ensure services meet the needs of local people. The Council's property assets can certainly be used proactively to initiate and support service-related outcomes, and to benefit the Borough, its communities and residents, by working with the LSP partnership but their use must also be approached carefully to ensure best value whilst achieving a balance of their use, maintenance, and generation of income.

### **4.3 Education Estate Strategy**

### **4.4 Community Asset Transfer Policy**

# 5 FUTURE PROPERTY APPROACH

## 5.1 Post COVID-19 Impacts

The COVID-19 pandemic has changed how our communities, residents and staff live their lives. The effect of the pandemic has and will continue to change how people work, educate, socialise, spend leisure time, and access public services. The impact on life in the UK is yet to be fully understood, but it is accepted that the pandemic is likely to take decades to recover from. Local Authorities will play a critical role in supporting the recovery.

The Council's property estate will need to change, adapt, and flex to reflect the evolving societal impacts of the pandemic over the coming years.

It is important that the Council continue to use our assets for the benefit of residents, businesses, staff and communities, stimulating a positive environment for inward investment. This may require use of some of our income producing assets being used to support and stimulate local markets or communities through subsidised rents, community asset transfers or other concessionary agreements where there is a clear social, economic or environmental basis.

The future property approach will consider the following:

- a. Council – especially future office strategy around flexible working and opportunities to release more space
- b. Corporate users – changes to service delivery through alternative delivery platforms
- c. Commercial tenants – adjustment to reflect current commercial demand/agreements
- d. Demand for both services and property
- e. Rent levels – adopting a more flexible approach
- f. Potential disposals – to support wider council demands and change in service delivery

## 5.2 Recovery & Investment Programme

In response to the Improvement Panels' focus around Asset Management, the following key deliverables were identified: -

- Presentation of a new Asset Management Plan
- Undertaking condition surveys for all corporate assets to provide better medium-term budgeting
- Disposal of assets to deliver capital receipts and reduced operational costs
- Better reporting for Investment assets

All of these deliverables are being addressed and will be delivered during 2022/23 as part of the overall property focus.

## 5.3 Future Office Strategy

The Council will change how and where it operates by using the lessons learnt from the organisation's experience during the COVID-19 pandemic to shape future ways of working. This will include supporting the reduction of office and service delivery space, reduce costs and deliver revenue savings to support the organisation's financial challenges.

The principles are:

- Enable better use of our assets - focus will be on multi use of space to maximise asset potential and provide a more comprehensive service offer from a single building.
- Reduce the estate footprint – through better space utilisation and focus on statutory services, more space will be released.
- Redesign face-to-face service delivery - review delivery of services on a more “hub” based approach to bring services together to deliver from a single site.
- Enable flexible and hybrid working - through the work that the property, IT and HR teams are doing to develop a more flexible working model, additional space can be released as well as accommodating a wider variety of delivery methods for residents and maximising online options where possible.

## 5.4 Investment Estate

The Council implemented an investment strategy in 2018 to deliver income producing assets to help support front line services. This resulted in the purchase of four investment assets with the view to deliver a longer-term income stream to add to existing income producing properties.

With the uncertainties caused as a result of the pandemic and a change to the Public Works Loan Board (PWLB) guidance in August 2020, the purchase of investment assets has been placed on hold. One of the assets has subsequently been sold as it no longer supported the requirements of the investment strategy.

The remaining properties continue to deliver positive financial returns but will require capital investment and careful asset management in order to maintain the required income streams. It is important that these assets, are continually reviewed and regular reporting on their performance is provided on a six-month basis to CMT and annual report to Cabinet.

A formal review of each of the main income producing assets will be undertaken to provide a report to include:

- Recommendations to retain or dispose of the asset
- Current income generation and return against the operational/holding costs
- Opportunities for further income growth
- Essential capital expenditure required to maintain the income levels
- Capital expenditure to help grow future income

It is proposed that this review and report will be carried out and reported to CMT and Cabinet on an annual basis. Any proposed capital expenditure will need to be reported through the Capital Board.

The minimum return required after all investment and holding costs was originally set at 2.5% for the investments purchased under the recent Investment Strategy. Due to the impact of Covid, for some of the assets the income has been reduced either through prolonged voids, deferred payment agreements or reduced rents. Through adopting a more structured approach, opportunities to steadily improve returns or identify disposal routes can be recommended on a more pro-active basis.

## 6 SUSTAINABLE ESTATE

### 6.1 Croydon Climate Crisis

**6.1.1** The Council declared a climate change and ecological emergency in July 2019 and Cabinet agreed that the Council would become carbon neutral by 2030. A wide range of actions have already been undertaken in Croydon to combat climate change

**6.1.2** Compared to the other London boroughs, Croydon's emissions are above the median. The Council is committed to deliver as many of the Commission's recommendations as possible and these recommendations form the basis of the Action Plan.

**6.1.3** The Council has already taken steps to tackle the Climate Emergency as part of existing plans for service delivery and details of these existing work streams, programmes and projects are included within the draft action plan, Appendix 2. Some of the headline work streams include:

- a) An emission-based parking policy was launched in 2019.
- b) Officers will publish an updated Air Quality Action Plan in 2022.
- c) 3,500 trees will be planted by end of 2022.
- d) 124 properties in council housing benefiting from ground source heat pumps.
- e) During 20/21, £729k was spent on campaigns for healthy school neighbourhoods and healthy neighbourhoods.
- f) Since 2016, over 38km of cycle lanes have been installed.
- g) There are 42 cycle hangers across the borough.
- h) Between 2018-20, 828 home visits to fuel impoverished residents were carried out, delivering 5,600 small energy savings measures.
- i) 400 electric vehicle charge points are to be installed by end of 2022.

**6.1.4** The Councils key priorities to help progress and move towards the Carbon neutral target by 2030 are:

- **Governance and engagement** – It is proposed that there will be two governance mechanisms in place: internal and political and an external engagement forum.
- **Financial resourcing** - achieving carbon neutrality by 2030 will require significant financial investment. The financial investment will need to be funded from a variety of sources, including council driven expenditure as well as external allocations from the business sector and available grant-funding streams.
- **Embedding carbon neutral principles across the council** - There are many teams across the council that are delivering services which impact on our carbon emissions and it is imperative that we embed sustainable practices across all of them. This will require a mandate from corporate management to ensure buy-in and implementation at a service delivery level.
- **Communication and public engagement** - The council can take a leadership role to help drive action through the creation and delivery of a carbon neutral communications and engagement campaign to inform all parties to demonstrate how they can contribute to reducing their carbon footprint, as well as the progress that we are all making towards our carbon neutral target of 2030.

## 6.2 Non-Operational Buildings

6.2.1 One of the key elements from a building perspective in addressing the Climate Emergency will be through better building performance. This will become more focused over the next few years with the changes the Energy Performance requirements for buildings that are being let or disposed of

### 6.2.2 The current position

- **Since 1 April 2018** the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 (the PRS Regulations) sets a minimum energy efficiency standard (MEES) of EPC E for private rented properties subject to a few minor exemptions.
- **From 1 April 2023**, this will be extended to include existing leases making it unlawful for a landlord to **continue to let** commercial property (unless an exemption applies and is validly registered).

### 6.2.3 The Future

#### *First Compliance Window: EPC C (2025-2027)*

- **1 April 2025**: Landlords of all commercial rented buildings in scope of MEES must present a valid EPC. This will trigger a clear time period within which landlords will be expected to undertake improvements if they have not done so already
- **1 April 2027**: All commercial rented buildings must have improved the building to an EPC  $\geq$  C, or register a valid exemption.

#### *Second Compliance Window: EPC B (2028 – 2030)*

- **1 April 2028**: Landlords of all commercial rented buildings in scope of MEES must present a valid EPC.
- **1 April 2030**: All commercial rented buildings must have improved the building to an EPC  $\geq$  B, or register a valid exemption.

6.2.4 To comply with the requirements will require an early assessment and capital expenditure on many of the non-operational buildings as much of the Council stock, especially for the community assets, are unlikely to meet the required EPC C without further work.

# 7 OPERATIONAL ESTATE MANAGEMENT

The key driver for the Asset Management Strategy is to ensure that the Council make best use of its available assets and drive down operational costs through more intensive use of assets. This will create opportunities to deliver substantial savings and release assets for wider development and regeneration opportunities.

Whilst the Council have always adopted a challenging asset management process to ensure that opportunities are captured to reduce costs, the impact of new working styles and different service delivery methods adopted as a result of the pandemic have now generated additional opportunities to adopt a more challenge focused approach to looking at the requirements for the delivery of services to residents.

Consideration of the Operational Estate can be focused in four main areas:

1. The utilisation of existing properties and how services can best be provided in the most cost-effective way.
2. The maintenance and management of buildings so that they are fully compliant, safe and comfortable for staff to work from.
3. Accurate budgeting and cost-effective operation.
4. Energy efficient use

## 7.1 Property Utilisation

**7.1.1** A number of initiatives have been undertaken to try and reduce the number of operational properties through better use of existing buildings and a move away, where appropriate, from single use assets to encouraging more shared use of key facilities. Following the service led asset review a model was developed to work with service areas to challenge their space requirements. This led to a number of proposed projects which allowed key delivery areas such as the Autism service being relocated into assets that allowed a new way of delivering services at a reduced cost.

**7.1.2** A model has been developed to help form the basis of future challenge to service areas to allow a full understanding of their current use of properties and future requirements to assess whether these could be improved both from a service delivery but also cost perspective.

This approach could be utilised with a number of wider service areas such as CALAT, libraries and Youth Services but also in connection with various individual sites.

**7.1.3** All non-operational and surplus assets will be reviewed to identify opportunities to create or increase revenue income, provide investment opportunities or deliver capital receipts. Considerable work has already been undertaken in this area.

**7.1.4** The impact of the community strategy with the removal of the rent and discretionary rate relief subsidies will also impact community assets. This may deliver new opportunities as well as challenges and will require close working with the communities team to deliver the best outcomes for residents

## 7.2 Maintenance and Management

**7.2.1** In order to accurately budget for the maintenance and repairs for the corporate estate it is essential that a programme of condition surveys is undertaken with a 5- and 10-year cost plan for works required. This will allow for a more robust plan to invest properly in all retained assets to ensure that they are fit for future service delivery. It will also allow for accurate revenue and capital budgeting and to identify any future pressures and need for additional funding.

**7.2.2** This will also allow officers to take a more considered approach for the long-term suitability or retention of assets where large amounts of work are identified.

**7.2.3** This more structured approach will also help identify the best times to undertake major repairs to minimise impact on services delivery such as for educational assets where the longer school holiday periods can be targeted.

### 7.2.3 Fire, Health and Safety Policy for Tenants

An important element of ensuring buildings are fit for purpose is ensuring better Health and Safety compliance. This is a key area that is now being reviewed at a corporate level with individual Directorate boards being set up to review matters to pick up service specific areas.

From a property perspective, there are several key areas that are being progressed:

- Occupied Estate

Increase in the number of building audits and risk assessments undertaken. This is particularly important in response to the new ways of operating from assets post covid-19.

- Tenanted Estate

At present there is a range of responsibilities within leases for statutory and fire safety duties in respect of leased properties. This is in part due to historic arrangements where Council staff may have been present. A Review is underway to assess tenants liabilities under the terms of their occupation agreement and the following process adopted:

Tenants have been contacted in respect of requests for their Fire Risk Assessments (FRA) and where these have not been carried out support has been offered to help them undertake compliant assessments. Going forward, Tenants will be contacted every two years asking for confirmation regarding FRA

A similar approach is being adopted for statutory testing. A review of all current leases will be undertaken to assess the contractual responsibility and the Estates Team will work with the tenants to ensure that all necessary testing has been undertaken and the buildings compliant. Where the tenant is not able to arrange for such work to be carried out the Council will arrange for the testing to take place and where the occupational agreements allow, will agree and recover the costs.

## **7.3 Budgeting**

### **7.3.1 Rent Collection Strategy**

As part of our overall management of our let estate it is essential that we have a clear policy regarding rent collection. Over the Pandemic a policy was put in place to help support tenants through rent deferment but now that businesses are beginning to re-establish themselves, a review of existing processes will be undertaken and a new process put forward. By inclusion within the Asset Management Plan and through informing our tenants we can adopt a clear policy that is both fair and reasonable to the tenants and Council alike.

The proposed process will be:

- Rent demands to be issued 4 weeks prior to payment date.
- Debtors Report to be issued at 15, 30, 60 and 90 days plus.
- Tenants contacted after 15days of the rent being due, requesting payment.
- Second letter to be sent by Estates team stating that unless payment made within 10 working days the matter will be referred to solicitor.
- Solicitors' letter to be sent after 60 days of the rent due date requesting payment within 10 working days.
- Second solicitors' letter if no payment made to state that bailiffs will be instructed.

## **7.4 Energy Efficiency**

With the ever increasing cost of energy and a requirement to be more fuel efficient, a full review will need to be undertaken of the corporate assets to establish

- Baseline data for current energy use
- Identify ways to reduce consumption through
  1. Reduced operating hours
  2. Reduced cooling/heating temperatures for buildings whilst retaining a comfortable and compliant environment
  3. Use of different technologies to support lower energy use
- Any supplies made to third parties to be carefully reviewed and fully recovered

## **8 ASSET REVIEW AND CHALLENGE PROGRAMME**

### **8.1 Improving How We Work**

Key areas are already incorporated within a central model with Statutory testing, repairs, maintenance, cleaning, security and the payment of utilities and rates all controlled centrally to ensure good quality services. This could, however, be further developed to help deliver cost savings and better service delivery.

Whilst certain key areas are corporately controlled, there are still examples of local management of buildings with services making decisions on some minor alterations using their own budgets. There are other examples where responsibility for certain activities remains unclear as to budget or decision responsibility, which can result in delay or works being done in an un-structured way.

A decision to clearly identify responsibility across all areas and aligning budgets on a central basis would help streamline this process. For example, unadopted sections of roadway and paths are currently the responsibility of the Assets team who do not have the specialist knowledge to suitably manage such areas. By incorporating these within the Highways team, regular inspections could be undertaken in line with adopted highways to minimise risk and ensure the correct repairs are carried out. This process should also extend to lighting within parks etc., that are not currently within the main contract.

Similarly, ground maintenance work could be extended with suitable budget provision to include non-public green spaces such as common areas within estates rather than paying for third parties to carry out work.

A clearer definition of responsibilities within central rather than service area control will allow better decision making and challenge on all property matters. It will also help deliver cost savings and better Health and Safety through the utilisation of properly procured and managed contracts.

Centralisation of these property functions will help remove delays and confusion over areas of responsibility and allow the necessary works to be completed in a more timely and cost effective manner. This should help reduce levels of complaints from residents.

This approach has already been adopted in terms of business rates, insurance and utility payments but does require an open book approach to allow budgets to be transferred across correctly.

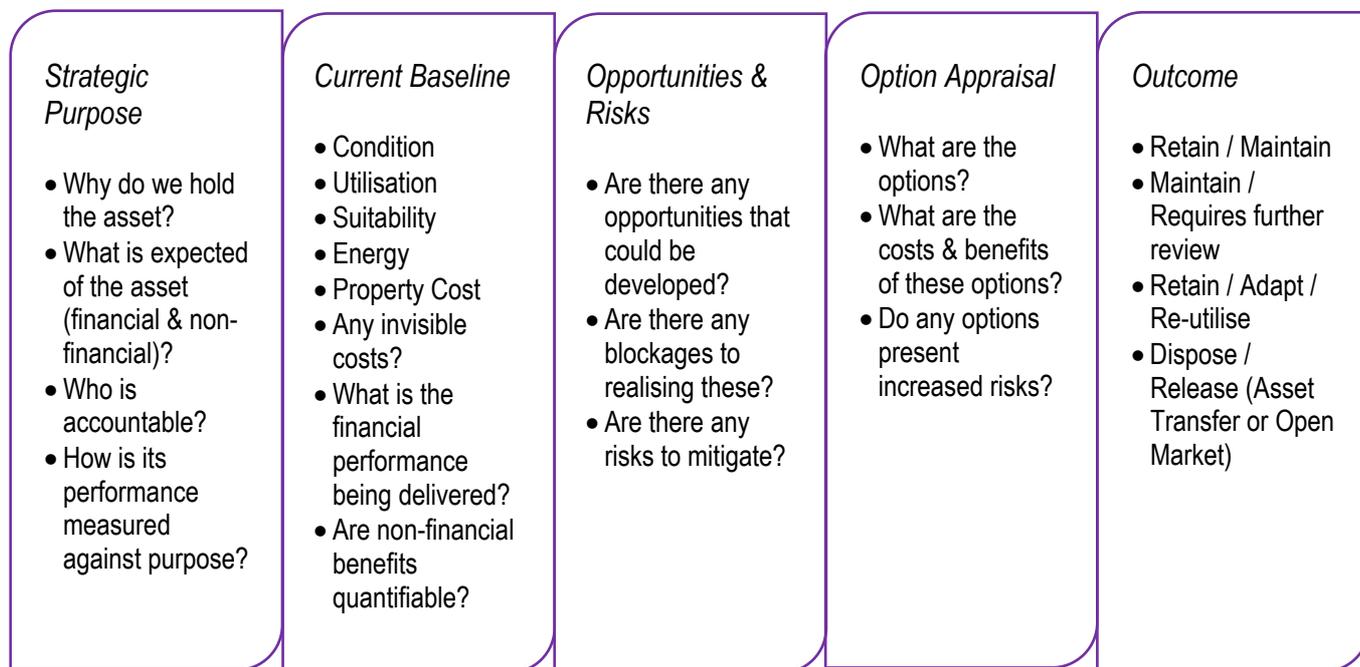
### **8.2 Asset Challenge & Review**

The Asset Challenge is a process to continually review our Asset portfolio on a continuous rolling programme, ensuring that only those Assets needed or performing to acceptable levels are retained.

The Council occupies and delivers core services from circa 120 The buildings. To meet the Council's Carbon targets & energy efficiencies, contribute to cost reductions & financial efficiencies to best support residents in a flexible and increasingly digital world, the Asset Challenge aims to identify assets to be retained for use and/or invested in and those that can be disposed of.

Each asset will be assessed periodically using the Asset Challenge criteria for determining the future options. Assets can then be broadly categorised into those that will form part of the long-term estate,

those that present potential opportunity to deliver and / or support change and finally those that do not support service and are poor performing and therefore can be considered for disposal or alternative use.



The Asset Challenge Process

### 8.3 Review of Investment Estate

The council have four key investment assets and a number of other properties that generate income and are not primarily held to support service delivery.

Whilst these assets are regularly reviewed and managed, there is currently no formal process in place for reporting asset performance. The following actions will therefore be adopted to allow clear review and decision making around these important assets

An Asset Management Plan will be developed for each site to include:

1. Simple lease renewal options – retain existing tenants with minimal change/investment
2. Lease regears and redevelopment/refurbishment options – look at whether lease expiries offer opportunities to update the asset, alter layout of units to meet current demands and change nature of occupiers/offer
3. Disposal – is it the right time to sell based on Council’s need for capital or revenue, market conditions, special purchasers etc
4. Capital investment – what is required under the two options
5. Financial appraisal – to reflect the returns under option 1, 2 and 3 and fully reflecting rental interruptions for redevelopments, lease renewal incentives and longer-term rental income as well as improved capital values or benefit of capital receipt
6. Recommendations

For some assets that are single let this will be straightforward but for multi-let larger investment assets this will require external consultants to provide some input to ensure that the current market position is fully understood and reflected in any recommendations.

It is proposed that a full consideration is made on an annual basis with a refresh undertaken after 6 months or more frequently in a volatile market to ensure that opportunities are not lost.

Any future investment in property is currently not being pursued by the Council and therefore the investment strategy has not been included at this stage

#### **8.4 Improving Utilisation across Public Sector**

With increasing financial pressure across all public services it is essential that councils work more closely with other government departments to maximise use of their assets and available grant funding. This will help ensure that key services can continue to be delivered to local residents. The Council already works closely with a number of partners and in particular the NHS/out of hospital services. Regular strategic meetings have been established which has led to the delivery of a number of successful projects for the provision of new school sites, medical facilities and shared service opportunities. This continues to be a key focus with at least 3 more key sites being brought forward. This approach now needs to be widened across other delivery partners.

The Council is also fully engaged with the Government Property Agency (GPA) in respect of letting surplus office accommodation and has already secured a number of teams such as DWP and the Home Office

The utilisation of external funding sources will also be key and work with One Public Estate will need to be undertaken in a more structured way with a clearly defined approach to ensure the best chance of securing funding. Whilst the Council have been successful in a number of earlier rounds, following team restructures there is no clear resource now allocated to securing future funding. With opportunities around housing regeneration this will become more important given the current funding opportunities through the Brownfield Land Release Funding.

## 9 PROPERTY MANAGEMENT GOVERNANCE FRAMEWORK

Implementing a property management governance structure will support asset review, challenge and decision making including best value use of assets and improved property data collection to produce management information.

### 9.1 Property Management Governance

Property assets are a major Council resource and robust management processes, and procedures need to be in place to ensure that they are high performing and serving their purpose in supporting service delivery, generating a return or supporting development and regeneration.

The Royal Institution of Chartered Surveyors (RICS) – Public Sector Asset Management Guidelines states "Strategic asset management for land and buildings ensures that property assets are optimally structured in the best corporate interest by aligning the asset base with the organisations goals and objectives".

#### 9.1.1 Management Structure & Processes

The Corporate Asset Management Plan (CAMP) sets out the structure for the delivery of the Council's Property Asset Management activities as follows:

##### A. Structure

The Property Services Team leads on strategic asset management of the Council's property portfolio and the development and implementation of the CAMP. A key output from this is to identify areas where financial efficiencies and rationalisation opportunities can be derived from the property portfolio.

##### B. Roles and Responsibilities

The roles & responsibilities relating to the Asset Management processes are as follows:

- **Corporate Management Team (CMT)**

The CMT provides oversight and direction to the CAMP to ensure management of the Council's assets is considered corporately. Directors are responsible for ensuring that the Strategy is embedded in Service and Resource Plans. Regular updates are provided to CMT on progress and the delivery of Corporate priorities. The Corporate Director of Resources has lead responsibility for the overall strategic asset management at CMT.

Assets are a corporate resource and the Council, through its Resources Directorate has responsibility for obtaining the approval and subsequent monitoring of the CAMP, its constituent priorities and any related decision-making and resource allocation regarding Council assets. Reports on progress are provided to the corporate director and lead member on asset related issues.

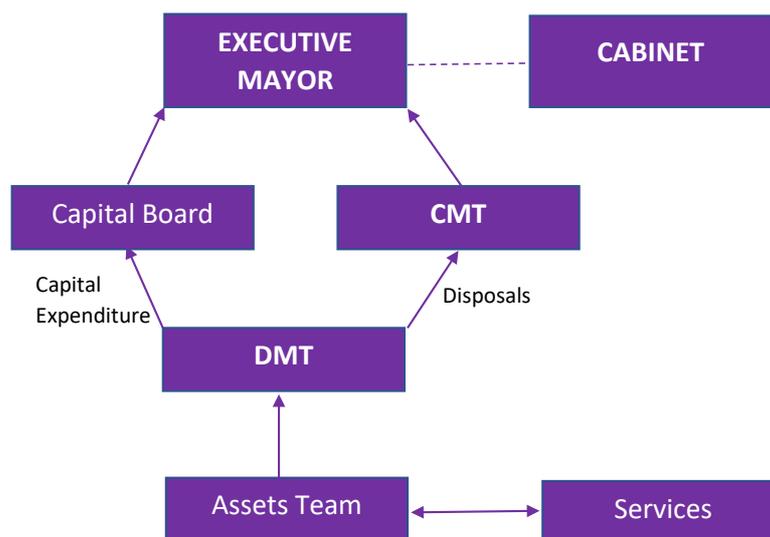
- **Capital Board**

The Capital Board brings together key Service contacts with lead responsibility for the asset issues relating to their Service. The Group is responsible for decisions around capital investment within the Council including any corporate assets. Group members have a responsibility to embed the strategy in Service Plans and operational decision-making within each Service. The Group is chaired by the Director for Commercial Investment and Capital.

• **Service Responsibilities**

The responsibility of each Service is to support the management and maintenance of its property assets in compliance with the Council's strategy, to ensure these assets are fit for purpose and meet the relevant legislative and other standards for use. The performance of property assets will be reviewed on a regular basis by Asset and Facilities Management Teams. Services will promote asset management through:

- decision-making for operational service delivery,
- adhering to corporate guidelines relating to capital investment,
- premises Management,
- carbon, and energy management planning and practice.



– Property Management Governance Structure

**9.1.2 Best value use of assets**

Ensuring that processes and practices are in place to enable decisions for the better use of our assets to maximise best value. This will include:

- Balancing Capital vs Revenue conflicts – enabling informed decisions, about whether to sell for immediate capital gain or keep income driving assets, with robust financial modelling & assessment of whether rental income is greater than the asset’s capital value.

**9.1.3 Property Information and Data Management**

Good decision making relies on accurate and current data. The collation of quality, accurate data is a key priority for the Council and will support an Asset Review and present immediate opportunities to identify poorly performing and costly property stock. Over the next 24 months the Council will focus on collating and commissioning with the help of third party companies where necessary to support the following activities: -

- Implementation of an initial condition survey programme
- Collation of running costs for all corporate buildings (utilities, rates, maintenance)
- Collecting utilisation information
- Development of corporate maintenance strategy that is linked to retention

Initially a 2-year condition survey programme will be developed and will target 50% of the key assets per annum. This will then be further developed to include all assets over the following years and a regular refresh will be adopted, at least for the key assets over a 5-year cycle. It is considered good practice by the RICS to conduct regular condition surveys of property assets. This enables early identification of issues, cost avoidance in treating fabric defects early and regular monitoring of major plant items to inform maintenance programmes and strategies and better planning to minimise any impact on service delivery. The data and information that is collected will be stored in the Council's Property Asset Management system.

The Condition Surveys will identify backlog maintenance of property assets to inform and develop a 5-10 year planned capital investment strategy. The condition surveys will also identify opportunities to contribute to carbon zero target by replacing M&E kit such as boilers with ground/air source heat pumps and the installation of energy efficient materials and plant such as solar panels.

The Asset Management and Facilities team will work with corporate finance and other departments to collate the running costs for all properties that form the corporate estate. This will include the collection of utilities spend and consumption, business rates charges and revenue-based maintenance costs (such as boiler servicing and repairs). The collection of this information, over a period of approximately 2 years will provide property staff with a reasonably accurate running cost to support decision making and the development of options appraisals and business cases.

At the present time the Council does not have a corporate planned maintenance regime that is linked to a retention strategy or a defined condition survey programme. It is incredibly difficult to ascertain future repair and maintenance liabilities and there is no link between future liabilities, the Councils medium term financial strategy or future service demands. The use of revenue and capital funds is almost entirely reactive, and this often leads to an increase in costs and major repairs being undertaken to buildings that do not necessarily fit into the Councils medium- or long-term plans.

As part of the data collection programme, and Asset challenge process the Council will develop a medium-term maintenance strategy whereby Assets that will be retained long term will be prioritised for capital replacement and short-term properties will receive a basic maintenance programme and non-critical plant items will be run to fail. The maintenance strategy will also align and form part of the Carbon Neutral programme and ensure – where appropriate – that sustainable plant items are used, and carbon neutral practises adopted.

# 10 HOUSING, SCHOOLS AND COMMUNITY ASSETS

## 10.1 Housing Estate Strategy and Regeneration

The Council is in the process of updating their Housing Asset Management Plan. The Council has a significant number of families and individuals on the waiting list that are in need of various forms of housing. The Council's waiting list is comparable with most London Boroughs and the length of time in temporary housing is a continuing challenge. To help address this the Council have undertaken a number of schemes over the past few years to acquire both temporary and permanent housing. In 2021/22 the Council delivered 197 new properties for social housing and they continue . . . to work with developers and the GLA to secure funding and bring forward Housing developments. As part of this process the Asset Management Service continues to identify potential sites within the portfolio that may support future housing development.

The Asset Management service are responsible for supporting the Housing team to identify future sites for development, acquisitions and disposals and the valuation of properties for Right to Buy, lease extensions and cases of Leasehold Enfranchisement. They also undertake the role of lead team to deliver projects on behalf of the Housing team where the acquisition of sites is involved. This would include both the use of Compulsory Purchase Order powers for land assembly / regeneration and other one off schemes such as "buy backs" where the Council secured funding to buy ex-Council stock and private housing for use as temporary accommodation.

## 10.2 Schools and Education

The Council owns 34 community schools within the borough boundary and a further 67 Academies and Foundation schools. The Council has opened 13 new schools within the past 5 years to meet increasing demand, of which 6 are Primary Schools, 3 SEN and 4 Senior Schools. In addition a number of school expansions have been undertaken to provide permanent facilities. The backlog maintenance programme is managed by the Capital Delivery team for Schools and Housing team and there is an annual programme of work to support the improvement of building fabric and upgrade plant systems.

The Council's Education Service is responsible for producing an annual School Education needs strategy that is developed from demographic data to model the requirement for School places in the future. The model predicts school place needs up to 5 years in the future and is an accepted model supported by the DFE and is adopted by the majority of Local Authorities in England and Wales. For the period 2022-2025 the future school modelling suggests that the Council has an overprovision of both Primary and Senior School places. The Education team will continue to review the provision across the borough and as appropriate any School sites or buildings that may be surplus to requirements will follow the appropriate Education and then Asset Management governance policy and process.

The Council's Asset Management service, on instruction from Education, are responsible for sourcing sites for development / conversion for new Schools. As part of the process for sourcing new sites the Asset Management service will establish the requirements, review the existing estate first and if required enter the market to purchase a new site. When acquiring land or buildings from the market the Asset Management service will follow the Council's Acquisition Policy).

## 10.3 Community Estate / Community Asset Transfer

As part of the Council's budget review, the current rent subsidy and discretionary rate relief schemes will come to an end on 31<sup>st</sup> March 2023.

The Rent subsidy budget for 2022/23 is £235,000 and supports up to 100% of the rent for qualifying community partners in 21 Council owned properties. With a further £152,000 funding for discretionary rate relief supporting 28 partners in both council and non-council owned properties. The Assets team have been working closely with the Communities team to mitigate the impact of these changes and are encouraging groups to increase shared use of their space and seek other forms of funding. To help facilitate this, current occupation agreements are being reviewed to improve longer term certainty for funding opportunities or increased flexibility to allow wider uses and hiring opportunities.

### **Community Asset Transfer**

One of the areas being developed is through the Council's policy to consider Community Asset Transfer (CAT): [Community asset transfers | Croydon Council](#)

We fully expect an increase in organisations expressing an interest in CAT as a result of the ending of support schemes which will build on the 5 successful CATs that have been agreed since the policy first came into place in 2012. These include community arts centres, sports facilities and community halls.

A current review of all community assets is taking place and involves meetings with community partners. This review will look at the spread of facilities within the 16 designated "Places" to fully understand local community provision and local need within the borough. It will also be looking at the agreements in place to ensure they are fit for purpose under the new model and that both the buildings and their occupiers supports Council priorities.

This review will take place over a 12 month period on an area basis. Typically the reviews will be undertaken jointly with councillors and local community groups to understand the needs and expectations of the local community.