

For General Release

REPORT TO:	CABINET 17th NOVEMBER 2014
AGENDA ITEM:	10
SUBJECT:	Asset Strategy – A new approach
LEAD OFFICER:	Richard Simpson - Director Finance & Assets
CABINET MEMBER:	Councillor Simon Hall – Cabinet Member for Finance and Treasury
WARDS:	All Wards
CORPORATE PRIORITY/POLICY CONTEXT: The Asset Strategy will support the delivery of the Growth Promise and also be key in supporting the delivery of our Financial strategy.	
AMBITIOUS FOR CROYDON & WHY ARE WE DOING THIS: The new strategy will make the maximum use of the Council's assets to help deliver the Council's priorities.	
FINANCIAL IMPACT Over the period 2015/18 the draft plans already in place are expected to deliver savings of £2.325m. There will be further opportunities identified as more detailed work is completed.	
KEY DECISION REFERENCE NO.: this is not a key decision	

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below

1. RECOMMENDATIONS

1.1 Cabinet is asked to approve the new Asset Strategy.

2. EXECUTIVE SUMMARY

2.1 Cabinet will be aware of the significant financial challenges faced by the Council over the period 2015/18 and potentially beyond. There is also a significant demand for school places and affordable housing. The Council's asset portfolio is a major resource that is integral to the delivery of many of the Council's services. Currently the Council spends circa £18m per annum on these assets and it is vital that careful consideration and review is undertaken to ensure assets are contributing to the Council's priority outcomes and the

ongoing economic and social development of Croydon. The Asset Strategy sets the vision and strategic objectives for the Council's non-domestic property portfolio over the next 5 years.

- 2.2 This Asset Strategy underpins the Asset Management strand of the Council's 'Challenge Croydon' programme. At the present time the Asset Management strand of this programme has target general fund savings of £2.325m.
- 2.3 To ensure there is a refreshed focus on the use of all assets based on the priorities of the administration the asset strategy sets out three key objectives that all asset related decisions should be measured against :-
 - Growth – Jobs, housing and regeneration
 - Financial – reducing costs and increasing income
 - Service delivery and integration – intergrating services and making them more accessible
- 2.4 The Council does not have the financial resources to continue supporting and maintaining all of its current assets. Backlog maintenance is now estimated to be circa £30m and a number of buildings have reached the end of their expected life and require significant capital funding to repair them. The costs of running these buildings are in effect a liability to the Council and it is vital to challenge the need for services to be delivered from that asset in the current model as well as what else can be done with the asset.
- 2.5 The Council have produced 'The Croydon Promise – Growth For All'. This plan sets out the Council's vision for Croydon in the future and how all residents will benefit from growth in the borough and over £9bn of investment. The plan is ambitious and sets out key targets the Council must attain to grow and improve the Borough for its residents.
- 2.6 The Asset Strategy sets out how the Council will implement a new approach to asset management and details how services will be challenged to make better use of properties and assets, the Community Building portfolio will be reviewed and opportunities to deliver housing will be sought through the Council's entire property estate including education premises and leased assets.
- 2.7 A review of the Council's office accommodation has already commenced with a view to utilising the space in Bernard Weatherill House and generating income from the space created. Given the value of rental income of the office space this will be accelerated over the next 6 months. This will be achieved through improving space utilisation and new ways of working. The review will include all operational and non-operational office accommodation to further reduce running costs and generate additional income to support service delivery.
- 2.8 In order to meet the Council's objectives decisions will need to be made and the Council's estate will become smaller. If the property asset does not support

one of the key objectives as set out above the assets will be disposed of and the receipt prioritised to support affordable housing.

- 2.9 The Asset Strategy introduces revised officer governance arrangements. The introduction of the Asset Strategy Board provides a specific forum for senior officers to focus on the management of the Council's core property estate. This should ensure that the use of assets is challenged, costs are continuously reviewed and the property estate is managed in one place removing duplication of effort and ensuring a consistent approach is taken to all property based projects This will be overseen by the Cabinet member.
- 2.10 The following key activities have commenced and will be critical to achieving the objectives set out in the Asset Strategy:-
1. Accelerated review of Assets
 2. Review of Corporate Office accommodation
 3. Review the use of existing School estate
 4. Community Asset Review

3. DETAIL

- 3.1 Please see full Asset Strategy attached as Appendix 1.

4. CONSULTATION

- 4.1 Engagement will be taking place on Place Plans that came to Cabinet alongside the Growth Promise. The Place Plans include key Council assets. As decisions are made going forward on the use of assets appropriate communication will take place.

5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 5.1 The strategy sets out the key principles for managing the Council's assets and will deliver both revenue savings and capital value from our assets. The strategy itself does not make any decisions in relation to individual assets

1 Revenue and Capital consequences of report recommendations

Current year

Medium Term Financial Strategy – 3 year forecast
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	2014/15	2015/16	2016/17	2017/18
	£'000	£'000	£'000	£'000
Revenue Budget available*				
Expenditure	8,109	8,109	7,924	7,834
Income	-988	-988	-1,238	-2,738
Effect of decision from report				
Expenditure		-185	-90	
Income		-250	-1,500	-300
Remaining budget	7,121	6,686	5,096	4,796

* The above budget available includes all of the Estates and Assets service and Facilities Management Soft services. Additional budgets, yet to be fully identified which are held at a devolved departmental level will also be in scope for this strategy.

2 The effect of the decision

The savings above represent the current forecast savings from the Asset Management programme within Croydon Challenge. These are in line with the strategy.

3 Risks

Individual projects within a detailed delivery plan will have various risks and will be managed in a robust way using the Council's risk management framework.

4 Options

The option to carry on in the current way is not viable given the financial challenges and also the need to deliver growth and regeneration.

5 Future savings/efficiencies

There is expected to be opportunities to deliver further savings as a detailed programme is developed

(Approved by: Richard Simpson, Director of Finance and Assets)

6. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

- 6.1 The Council Solicitor comments that there are no specific legal considerations arising out of the recommendation of this report. As stated in the Financial and Risk Assessment Considerations, the proposed Asset Strategy does not itself make any decisions in relation to individual assets. Any decisions that are made in relation to individual assets will need to be taken through the appropriate decision making route at the time.

(Approved by: Sean Murphy, Principal Corporate Solicitor (Regeneration) on behalf of the Council Solicitor & Director of Democratic & Legal Services)

7. HUMAN RESOURCES IMPACT

- 7.1 There are no immediate HR consideration that arise from the recommendations of this report for LBC staff

(Approved by: Michael Pichamuthu on behalf of Heather Daley, Director of Human Resources)

8. EQUALITIES IMPACT

- 8.1 An equality analysis helps the Council to ensure that it meets the statutory obligation in the exercise of its functions to address the Public Sector Equality Duty (PSED). This requires public bodies to ensure due regard to the need to advance equality of opportunity; foster good relations between people who share a “protected characteristic” and those who do not and take action to eliminate the potential of discrimination in the provision of services.
- 8.1 An initial EQIA has been completed and at the present time no further assessment is required. This report is a strategy document and as such provides a strategic direction of travel for the Council.
- 8.2 There are four key work strands that underpin and support the delivery of the strategy and its objectives. As property decisions are presented from each strand a full EQIA will be carried out for the groups affected by the specific recommendation or option and at this time the potential impact will be fully assessed. These groups may include community groups, residents, members, partners and staff.

9. ENVIRONMENTAL IMPACT

- 9.1 There are none arising from this report.

10. CRIME AND DISORDER REDUCTION IMPACT

- 10.1 There are none arising from this report.

11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 11.1 This strategy replaces the previous Asset Strategy.

12. OPTIONS CONSIDERED AND REJECTED

- 12.1 No other options were considered.

CONTACT OFFICER: Richard Simpson – Director of Finance and Assets

BACKGROUND PAPERS: none

APPENDIX 1: Asset Strategy