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# **Lewisham Council Strategic Asset Management Plan 2015-2020**

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## FOREWORD

The Council has a wide range of assets across the borough. Many of these buildings are familiar to residents and others with a connection to Lewisham, and often generate strong associations: from well-loved local amenities to buildings that are sources of frustration. Everyone in the borough has a stake in how the Council's assets are managed and used, and they have huge importance collectively and individually.

The Council faces a period of major change resulting from the unprecedented financial pressures on local government. Our buildings, and the way we use them, need to be at the heart of the Council's transformation.

This Strategic Asset Management Plan sets out the terms of that reshaping, and the work intended to deliver the change that is needed. We need to drive down our exposure to cost and increase income. We also need to ensure fair and transparent use of buildings, so that resources are better aligned to agreed service priorities. This may involve difficult decisions, as indeed will the wider transformation of the way the Council operates. There are some opportunities to do more with less, but only up to a point: sometimes we can only do less.

Yet there are reasons to be optimistic. There are opportunities to reduce costs. And as property values continue to increase, we can use our physical presence to direct change and achieve new sources of income. Many of our buildings are expensive to run, inflexible and either underused or overstretched. Reshaping the portfolio presents the chance to get this right, and managing our estate on a commercially-informed basis means we have the potential to run our assets at a surplus, and this surplus will allow us to reinvest raise standards.

As the member champion for corporate assets I will be working to ensure the Council delivers on this Strategic Asset Management Plan. The challenges are pressing and demanding. But we have a clear and ambitious plan that connects our property asset management with the strategic priorities of the Council, and we are embarking on a transformation of the corporate estate that will benefit service users, staff and the residents of the borough.



**Cllr Alan Smith, Deputy Mayor and Cabinet Member for Growth and Regeneration**  
February 2015



## EXECUTIVE SUMMARY

This document sets out Lewisham Council's Strategic Asset Management Plan 2015-2020. The Asset Management Plan describes the Council's approach to management of its assets and provides links to the operational and technical details that underpin the overall strategy. This Asset Management Plan is intended to provide the framework for decision-making across the estate and for individual buildings, and shape delivery of a resource at the heart of the Council's current and future offer to residents.

The Council's assets are the frame within which service delivery takes place. They have a significant, and growing, value and represent a means to drive investment and resources despite the significant pressures on public finances.

The Strategic Asset Management Plan 2015-2020 sets four interlinked objectives driving the range of activities and work strands in progress and to be delivered over the coming years. These are:

- Compliance with regulation and responsiveness to risk
- Improving the quality of services delivered by the corporate asset function
- Reducing expenditure associated with the Council's assets
- Increasing the level of income generated by the Council's assets

A summary of the Council's asset register is set out in section 2 of this document.

A core priority for the Council has been to significantly strengthen the management of corporate assets and use this to ensure they are safe and improve the quality and value for money of the service they can deliver. Section 3 of this document describes the foundations of this change include more robust data and process, increased capacity and stronger governance and decision-making.

Over the period of the last Asset Management Plan (2010-2014) the Council made savings of over £100m with significant savings achieved through better use of assets. The Council now faces further budget pressures with an £85m budget gap over the three years to 2017/18. Section 3 of this document sets out the Council's Accommodation Strategy that will seek to optimise the use of assets to maintain the quality of service provision while further driving reductions in expenditure and exposure to costs. The overall level of savings needed increasingly requires a transformational approach, but with rising values for property and land there are opportunities to use the Council's portfolio to open up potentially significant income sources.

Understanding risk and ensuring compliance with statutory requirements are fundamental priorities. Section 3 of this document identifies the different strands of this activity including fire safety, asbestos management, water hygiene, Equalities, Energy Performance Certificates, staff safety and third party management of assets.

Effective management of the commercial estate is an essential part of getting value for money from the corporate estate and responding to the Council's wider financial pressures. Section 3 of this document includes the approach proposed to the commercial estate in terms of fully utilising assets, increasing income by achieving market rates and the proactive collection of income.

The final section of the Strategic Asset Management Plan describes the approach proposed to delivery by setting out an overview of the outcomes and projects included within the body of the document, identifying the key indicators and targets that will be used to monitor performance, assessing the risks associated with management of corporate assets and identifying the overall timetable for delivery.

There are a number of core work strands planned and underway aimed at delivering on these objectives. These work stands have been described throughout the body of this Strategic Asset Management Plan. These projects are summarised in the table below.

Programmes	Work strands	
Compliance and risk	Statutory compliance	<ul style="list-style-type: none"> <li>• Fire safety</li> <li>• Asbestos policy and management plan</li> <li>• Water hygiene plan</li> <li>• Equality Act 2010 access to buildings and services</li> <li>• Energy Performance Certificates</li> <li>• Staff safety</li> <li>• Third party management of assets</li> </ul>
Strategic approach to assets	Data capture, storage and analysis	<ul style="list-style-type: none"> <li>• Asset Management System (AMS)</li> <li>• Systems and processes</li> </ul>
	Capacity and functions	<ul style="list-style-type: none"> <li>• Restructuring</li> <li>• Backlog clearance</li> </ul>
	Estate management	<ul style="list-style-type: none"> <li>• Classification of assets</li> <li>• Third sector and community assets</li> <li>• 'Urban Files'</li> </ul>
	Governance and partnerships	<ul style="list-style-type: none"> <li>• Asset Management Board</li> <li>• Partner engagement</li> <li>• Schools estate</li> </ul>
Accommodation strategy for the operational estate	Asset optimisation	<ul style="list-style-type: none"> <li>• Refocusing the operational estate</li> <li>• New income</li> </ul>
	FM	<ul style="list-style-type: none"> <li>• Realignment of contracts</li> <li>• Integration of functions</li> </ul>
	Sustainable and efficient estate	<ul style="list-style-type: none"> <li>• Carbon/energy targets</li> <li>• Corporate sustainability</li> </ul>
Commercial estate	A better balanced portfolio	<ul style="list-style-type: none"> <li>• Development of underutilised commercial and housing assets</li> </ul>
	Increased income	<ul style="list-style-type: none"> <li>• Rent review of all assets and programme of lease renewals and re-gears</li> <li>• Proactive income collection, void minimisation and debt recovery</li> </ul>

The final section of the Strategic Asset Management Plan describes the proposed approach to delivery, and summarises the outcomes and projects included within the body of the document, the approach to performance and risk management and the overall timetable for delivery

# 1) INTRODUCTION

## 1.1 Scope

This document sets out Lewisham Council's Strategic Asset Management Plan 2015-2020. The Asset Management Plan describes the Council's approach to management of its assets and provides links to the operational and technical details that underpins the overall strategy. This Asset Management Plan is intended to provide the framework for decision-making across the estate and for individual buildings, and shape delivery of a resource at the heart of the Council's current and future offer to residents.

The central focus of this Strategic Asset Management Plan is the Council's operational and commercial buildings, covering a wide range of corporate, cultural and community facilities, education, public health and a range of other associated non-domestic buildings properties owned by the Council.

An important driver throughout this Strategy is the need to connect the approach to these operational and commercial sites with other assets in and around the borough, particularly highways, public realm, open spaces as well as property and assets owned by relevant partners from across the public sector and beyond.

Taken together these assets are powerful levers for change. The Council's non-housing portfolio has a significant, and growing, value of £1.05 billion<sup>1</sup> and there is potential to increase levels of income generated. The total estate is a resource that can drive regeneration and economic growth, deliver the infrastructure to meet Lewisham's needs now and into the future and deliver services improving residents' quality of life.

Lewisham's Strategic Asset Management Plan will be revised every three years. The Council will also undertake to publish an Annual Business Report for corporate assets setting out progress against the aims and targets within the Strategic Asset Management Plan, highlighting key achievements and confirming the priorities for the following year.

## 1.2 Context

One of the central strands of work in the Council's previous Asset Management Plan was delivering an asset rationalisation programme. The programme aimed at reducing the overall running cost of the operational estate by £1m over 2 years, and outperformed this target by approximately 20%.

The programme focus was on 8 broad "service areas" : Libraries; Adult Education; Depots; Adult Day Care; Youth Service; Early Years and Children Centres; Community Premises; and Catford Civic Complex. For each service area the service delivery strategy was evaluated and its implications for property considered, resulting in the closure of number of buildings including the Town Hall and a number of other buildings. In addition, a number of library sites were switched from the operational estate to the commercial estate but with a requirement that library provision and services continued to be offered through the site, maintaining the community use of the building while generating an income. The total savings generated by the asset rationalisation programme are in excess of £1.2m a year. A second phase of the programme is currently being delivered with total expected savings of circa £800k by March 2015.

The Council's previous Asset Management Plan was published in 2011, when the extent of pressures on public finances in terms of scale or duration was not apparent. The efficient use of resources will continue to be a central theme but the Council will not achieve the level of savings required through reductions in service levels and the closure and disposal of buildings alone.

Alongside financial pressures, the population of the borough is expected to grow significantly. The 2011 census describes a young, ethnically diverse and growing population, expected to increase by over 20% in 30 years to 340,000. Meeting the needs of Lewisham residents now and going forwards in the context of the Council's financial

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<sup>1</sup> Lewisham Statement of Accounts 2013/14 'Movements in non-current assets' excludes dwellings, vehicles, plant and equipment

pressures is the fundamental challenge across housing, education, healthcare as well as in relation to the borough's wider infrastructure including transport links, utilities, broadband and resilience to flood risk and climate change.

These are pressing and challenging issues. In response an unprecedented reshaping of the corporate approach to asset management is needed.

This needs to be based on a step-change in the Council's approach to determining the use of buildings, taking as its starting point an assessment of service needs and the offer to residents rather than the existing asset base. This assessment of service needs should include an evaluation of the physical space needed to deliver, an understanding of geographical constraints and the needs of clients using the service. The outcome of this assessment will then be matched against available resources which can include Council owned assets, opportunities for shared space elsewhere in the public sector as well as assets in the community and commercial sectors. This process should be focussed so that the outcome is a remaining operational estate that is financially viable, resilient, fit-for-purpose and able to deliver the Council's service offer to residents.

### **1.3 Links to other corporate strategies**

The Council's vision is to work together to 'make Lewisham the best place in London to live, work and learn'. This vision is set out in *Shaping our future*, Lewisham's Sustainable Community Strategy 2008-20. Lewisham's core values are to:

- Put service to the public first
- Respect all people and all communities
- Invest in employees
- Be open, honest and fair in all we do.

The Council's assets are the frame within which service delivery takes place. They have a significant, and growing, value and represent a means to drive investment and resources despite the significant pressures on public finances. The Strategic Asset Management Plan is at the heart of delivering the corporate vision and plan and the Council's policies and programmes going forward.

The Council is now in the fourth year of an eight year long period of resource reduction. Over the period 2010 to 2014 the Council made savings of over £100m. The Council developed principles by which savings were made during the period 2010 to 2014 and these same principles for savings apply for those being brought forward in respect of the period 2015 to 2018. This level of continual reduction means that proposals need to be increasingly transformational and are becoming increasingly difficult to identify and implement.

This transformatory programme is spearheaded by *Lewisham Future Programme* a corporate initiative to enable the Council to seize the opportunities of growth in London and reposition itself strongly for the future, while at the same time living within the financial resources at its disposal.

The Council faces an £85m budget gap over the three years to 2017/18 with an estimated £39m gap for 2015/16. The process of proposing savings for scrutiny and decision is already underway and the agreement of the 2015/16 budget at Council in February 2015 will be a key milestone in this process.

The Strategic Asset Management Plan is in particular an opportunity to drive delivery of Lewisham's approach to regeneration as established through a planned 'refresh' of the Regeneration Strategy 2008-2020. The proposed 'refresh' of the *Regeneration Strategy* will update the current document to reflect the different national and local economic circumstances since 2008 and respond to demographic changes forecast in the 2011 census. It will also be an opportunity to reframe the focus across the borough based on the evolving picture on housing, regeneration and development.

Over the past 15 years, high levels of demand and constraints on land availability have driven above-average growth in house prices in Lewisham and in London as a whole. The opportunity to buy a property is increasingly out of reach of many and the private rented sector has grown with high competition for properties. With population figures

forecast to continue to rise access to genuinely affordable and high quality housing is one of the most significant issues facing the borough.

The Council is currently developing a new *Housing Strategy for 2015-2020* that identifies four priorities: helping residents at times of housing need; security and quality for private renters; improving our residents' homes; building the homes our residents need. The Council's assets can play a role in this, creating opportunities to develop new housing supply of all tenures, making land available for the construction of new homes and by using an understanding of the borough to improve the way service delivery connects with communities at a local level.

Lewisham's *Children & Young People's Plan* sets out the Council's vision for improving outcomes for all children and young people, and reducing the achievement gap between our most disadvantaged pupils and their peers. The local authority has a duty to ensure the provision of sufficient places for pupils of statutory age and, within financial constraints, accommodation that is both suitable and in good condition.

Demand for Primary places in recent years has exceeded Lewisham's supply of permanent places and Lewisham needs the equivalent of four additional primary schools to meet demand for permanent places resulting from the borough's continuing growth. The Council is developing proposals that look at expanding existing sites, and potentially new sites, to identify value for money options which meet the criteria of providing high quality places in areas of greatest need. The Council's portfolio of assets may offer opportunities for creative ways of responding to this challenge. Similarly the schools estate represents a large and geographically varied opportunity to meet demand for premises during non-school hours.



## 2) REGISTER OF PROPERTY ASSETS

### 2.1 Summary

Lewisham Council is a large land and asset owner with a core housing stock of approximately 20,800 and a non-housing stock of 766 assets. The housing stock is properties used solely for residential purposes which are either tenanted or leasehold. The housing stock excludes hostels. The non-housing stock includes all other property assets of a non-residential type with the exception of hostels.

The total value of the Council's assets is estimated at £1.05billion<sup>2</sup>. The current actual market value is however thought to be higher and London-wide market trends suggest significant scope to further increase the value of the asset portfolio.

In 2014 Corporate Asset Services concluded work consolidating and cleansing data held corporately on assets, and reported this to Mayor and Cabinet in July 2014. Until this point the Council had maintained a number of parallel systems holding information on the non-housing portfolio based on the way assets were used. The lack of a single comprehensive system led to a fragmented approach to managing asset information and created problems for consistency and accuracy.

A single corporate asset register with robust systems for maintaining the integrity and currency of data is fundamental to the management of assets and the Council's ability to take a strategic approach to planning and use. This needs to be central to Council service planning and to achieving compliance with statutory obligations, management of risk, and delivery of value for money and quality.

'Assets' in the context of the Strategic Asset Management Plan is considered to include buildings and physical infrastructure. This clarification is to avoid confusion in relation to assets within buildings, such as equipment the management of which is prescribed within the Council's facilities management contract for repairs and maintenance.

### 2.2 Housing

As at November 2013, the Council had a housing stock of 20,835 made up of approximately 14,772 tenanted properties and 6,063 leasehold properties. A breakdown of the stock is provided below:

Table 1: LBL Core Housing Portfolio – November 2013

Provider	Tenanted Properties	Leasehold properties
Lewisham Homes	13,079	5,376
Brockley PFI	1,328	540
Ewart Road TMO	136	114
Fiveways	114	33
Excalibur	115	0
<b>Sub-Total</b>	<b>14,772</b>	<b>6,063</b>
<b>Total</b>	<b>20,835</b>	

LBL Housing Portfolio - Nov 2013

The management organisations listed in table 1 above each maintain a register of the Council's assets they manage and the data held is routinely updated and monitored through the relevant management and service level agreement. These assets are accounted for through the Housing Revenue Accounts (HRA).

<sup>2</sup> Lewisham Statement of Accounts 2013/14 'Movements in non-current assets' excludes dwellings, vehicles, plant and equipment

## 2.3 Non-housing property

The Council currently has a non-housing asset portfolio base of **766**. These can be grouped into four tenure types:

- Freehold Assets - assets wholly owned by the Council, that is, where the Council is the landlord. These number **720** and represent **94%** of the non-housing stock.
- Leasehold Assets – assets not owned by the Council, that is, where the Council is the tenant. These number **14** and represent **2%** of the non-housing stock.
- Agency or Management Responsibility – assets where the Council is neither the freeholder or lease holder but has management responsibility through for example an act of parliament or agreement. These number **8** and represent **1%** of the non-housing stock.
- Voluntary Aided (VA) Schools – These are state-funded schools in which a foundation or trust (usually a religious organisation), contributes to building costs and has a substantial influence in the running of the school. In most cases the foundation or trust owns the buildings. These number **25** and represent **3%** of the non-housing stock.

The portfolio is currently grouped into 4 broad categories: operational (office and civic buildings, depots, community centres, adult day centres, youth centre, children centres, libraries); schools (LA schools, Voluntary aided schools, others); commercial (retail units, light industrial units); and non-classified (leisure facilities, parks, car parks, public monuments, land).

The non-housing assets portfolio has been categorised in this way mainly to reflect their functional use and the way they are currently maintained and or accounted for. For example the operational estate is accounted for through the current Facilities Management contract; the commercial estate is categorised as such because of its income generation role.

A breakdown of the assets by category is provided below together with a brief description of each asset category.

Table 2: Lewisham asset classifications –November 2014

Asset Category	No of Assets
Operational Assets	106
Schools	88
Commercial	178
Other*	426
<b>Total</b>	<b>766</b>

\*Other includes assets within the Catford Regeneration Partnership Limited

*Operational Assets* – These are property assets included in the current Facilities Management contract. It includes Town Hall, Laurence House, Eros House Mercia Grove, community facilities and youth centres but excludes for example buildings in parks which are subject to the Parks management contract and leisure facilities which are managed separately by third parties. There are **106** assets in the operational estate.

*Schools* – These are school and school assets over which the Council hold the freehold. The school estate across both the primary and secondary number **88**.

*Commercial Portfolio* – These are property assets from which the Council derives revenue income in the form of rent. The Council's commercial portfolio of property assets number **178** which represents approximately **23%** of the portfolio.

*Other* – This category of assets are assets which does not fall into any of the above categories or assets which are subject to further work in order to place them under one of the above categories. They number **426**.

Section 3.2.3 on estate management sets out the approach proposed to classification and its role in managing the assets.

## **2.4 Source data for the asset register**

The Asset Register covers a large number of varied properties generating a complex data set that changes over time. The information used to compile the register is derived from the Council's Property Terrier, which holds the complete ownership record of all property owned or used by the Council, past and present and dates back to the Victorian period. Data from the Terrier is held on the Council's corporate property database LandMaster AdVantage. The LandMaster database holds acquisition, usage, tenancy, head-lease and disposal details for all non-rental residential property. This is updated when completion memoranda are issued by Legal Services for individual acquisitions and disposals and when property managers notify of new leases, rent reviews and lease terminations.

The consolidation of a revised data set by Corporate Asset Services in 2014 marks a significant improvement in the quality of data available for non-housing property assets. The published register will be updated on a quarterly basis to reflect where the Council has acquired or disposed of assets. It will also indicate where assets have changed category, for example, moving surplus assets from the operational portfolio to the commercial portfolio to generate revenue income.

The Asset Register is a fundamental building block in the delivery of the new corporate asset management system (AMS). The new corporate AMS will hold detailed information on assets including information on ownership, maintenance cost, value, income, condition, use, health and safety and statutory compliance and will integrate work streams and provide a resource for real time information for staff working in Corporate Asset Services and beyond.

Section 3.2.1 on data capture, storage and analysis sets out more details on the AMS and the associated Data Management Handbook that determines the required business processes for managing flows of data and will ensure greater accountability for data and transparency about information.

## **2.5 Highways**

Lewisham Council is responsible for managing and maintaining 392km of public road network. The Council's responsibilities include ensuring highway assets are fit for purpose and fulfil their functions in an efficient and sustainable manner. The Council asset management practices for highways take a long-term approach to managing and investing in the borough's highways to make the most effective use of available resources and to ensure the safety of highway and compliance with statutory requirements.

In 2014/15, Lewisham has a total budget of £5.7 million for highways, with £4 million for capital investment and £1.7 million revenue maintenance. The current assessment of the current condition of the borough's highway assets is a Gross Replacement Cost (GRC) of £436 million and a Depreciated Replacement Cost (DRC) of £296 million, with depreciated calculated at -£140 million.

The detailed approach to the borough's highway assets is set out in the Highways Asset Management Strategy and reported within the annual Regeneration and Asset Management Business Report. The Council is looking to take an increasingly integrated approach to planning, investment and management of assets to create opportunities to achieve more with the constrained resources available and ensure our policies and programmes are aligned to delivery of the Council's corporate outcomes. The management of the borough's highways assets in particular is an opportunity to accelerate regeneration programmes and ensure a holistic approach to the public realm and the infrastructure of the borough.

## 3) ASSET MANAGEMENT AND ACCOMMODATION STRATEGY

### 3.1 Overview

The Council's assets are the frame within which service delivery takes place. They have a significant, and growing, value and represent a means to drive investment and resources despite the significant pressures on public finances.

Strengthening the management of corporate assets has been an important priority for the Council, providing greater assurance that they are safe and comply with statutory requirements as well as creating opportunities to improve the quality and value for money of the service they can deliver. The foundations of this change include more robust data and process, increased capacity and stronger governance and decision-making.

The Council is facing unprecedented change to meet the short and medium term pressures on public finances. In July 2014 a report on the Council's Corporate Medium Term Financial Strategy stated that: *"more challenging times lie ahead and it is inevitable that austerity becomes the new norm. Local authorities have largely acknowledged that deep changes are required if they are to continue to deliver positive outcomes for their citizens."*

The Council's assets have a fundamental role to play in achieving this. This will require a new, more focussed and strategic approach across the Council's portfolio of assets, with a commercial outlook based on more robust evidence and better and more transparent decision-making.

A strategic approach to the corporate estate needs to be built on sound foundations. Central to this is the need to ensure a robust evidenced-based and co-ordinated approach to assets that is delivered in a way that responds to and compliments our IT strategy and workforce requirements. Major projects across Asset Management, HR and IT are currently reported into the Transformation Board this allows for strategic oversight of the key projects within those services.

This section of the Strategic Asset Management Plan sets out the priorities for delivering on this agenda, which cover a wide range of activities and work strands, some in progress and others to be delivered over the coming years. Although this works represents a complex set of inter-related projects and involves a range of individuals, teams and partners the objectives driving deliver can be stated simply as:

- Compliance with regulation and responsiveness to risk
- Improving the quality of services delivered by the corporate asset function
- Reducing expenditure associated with the Council's assets
- Increasing the level of income generated by the Council's assets

Section 4 of this document takes the specific work strands and projects from the narrative below and set out the programme for delivery.

### 3.2 Effective management of assets

A fundamental priority for the Council has been to significantly strengthen the management of corporate assets. The foundations of this change include improving the robustness of data and processes, increasing capacity and putting in place stronger governance and decision-making. This section describes the transformation in overall approach to assets that covers:

- Data capture, storage and analysis
- Capacity and functions
- Estate management

Officers will report annually against delivery of the Strategic Asset Management Plan as part of an Annual Business Report covering delivery across the Regeneration and Asset Management Directorate. An initial version of this

Business Report was produced by Corporate Asset Services in June 2014 and the report covering 2014/15 is expected to be published in Quarter 2 of 2015/16.

### 3.2.1 DATA CAPTURE, STORAGE AND ANALYSIS

*Embedding a corporate approach to asset-related data that is accurate, consistent and efficient*

#### (i) Implementation of a new Asset Management System

Robust data management is at the heart of effective decision-making on assets. The Council is implementing a new Asset Management System (AMS) to hold data underpinned by consistent processes for collecting, reporting and responding to data management. The AMS is a single repository for all property data, including plans, surveys, title deeds, mapping information, includes basic property information, maintenance and other works, financial information, utilities, environmental performance and change over time. The AMS is also a platform to connect agreed work programmes for individuals and teams with agreed performance indicators.

The intention is that the AMS will incorporate all data held by the Council on assets, and as such it will be a corporate resource to be used to promote accountability and transparency.

The AMS will:

- Maintain a complete and accurate property asset register
- Support the continuous management and maintenance of the property asset base
- Enable the Council to satisfy statutory and other reporting and compliance requirements
- Enable the implementation of performance across the asset portfolio
- Enable accuracy and timeliness in property assets reviews, appraisal, decision-making and planning
- Provide a single corporate resource for managing assets

The AMS will also include in-built processes that will enable a proactive rather than reactive approach to asset management. For example early notification from the system direct to the appropriate postholders that a lease will be coming to an end, allowing early negotiation and where relevant marketing to reduce void periods and maximise income.

The database has been designed and built by Lewisham Council, saving approximately £0.5m on the cost of procuring it from an external organisation. This has allowed a bespoke product to be designed based on industry good practice but also responding to our own requirements. The database went live in 2014, and includes all planned preventative maintenance and reactive maintenance. It will take 18 months to 2 years to fully upload all the data that it is envisaged it can usefully use but the system can be developed in stages. Wider data is now being migrated onto the system and staff are being trained on its use. In 2015 the system will be extended to cover schools and it is planned that staff from other directorates, including in particular schools estates and legal will be using the system.

#### (ii) Data Management Systems

Any information system is only as good as the data that goes into it. A new Data Management Handbook is being implemented to support the AMS and ensure that, corporately, information is being captured, stored and monitored on a systematic and efficient basis. This work is essential part of effective decision-making and the overall management of the estate.

The Handbook sets out the required business processes for managing flows of data and will ensure greater accountability for data and transparency about information.

The Data Management Handbook will set out a formal structure for data to ensure that data is properly managed and effective systems are in place to confirm compliance and standards.

The quality of data held on corporate assets has been significantly improved, demonstrated by the agreement of a new asset register and ongoing reviews across the commercial portfolio. Ensuring we hold and maintain accurate information at the appropriate level of detail is central to ensuring compliance with statutory requirements and effective management of risk as well as enabling assets to be part of a high quality service offer and taking opportunities for cost reduction and increased income where they arise.

### **3.2.2 CAPACITY AND FUNCTIONS**

*Creating the right alignment of resource within the Council to manage assets effectively and efficiency*

#### (i) Reorganisation of the Council's Corporate Asset Services within Regeneration and Asset Management

Corporate Asset Services is being reconfigured as part of a wider reorganisation of Regeneration and Asset Management division. A key focus of this reorganisation is to ensure a more commercial and outcome focussed approach through the use of an intelligent client model, commissioning, monitoring and managing delivery rather than self-delivery.

The reorganisation will contribute to the wider reduction in costs needed by the Council but is also an opportunity to establish better structures and embed the skills needed to manage the Council's assets delivering the agenda set out in this Strategic Asset Management Plan. The reorganisation will redraw the lines between in-house capacity and functions outsourced for delivery. The intention is to create a smaller, more flexible 'intelligent client' model able to provide a more resilient structure, better able to respond to changing demands and more focussed in a way that will support cross-disciplinary teams, proper programme and project management and effective corporate systems.

Changes on this scale represent a risk to the overall programme, and it is fundamental to achieving the objectives of this Strategic Asset Management Plan that there should be sufficient capacity and expertise to maintain delivery and that information and decision making are properly aligned with the rest of the Council. Section 3.2.1 on data capture, storage and analysis is an essential part of this, as are the governance arrangements described in section 3.2.4. The potential impact of the reorganisation is also identified in 4.3 the risk section of the chapter on delivery.

#### (ii) Backlog clearance

In recent years systems and capacity within the Council's corporate asset function have not met demands on the service and this resulted in a backlog of case work and administrative functions that built up over some time. This backlog of work existed in a number of areas including:

- Complaints and correspondence
- Income collection
- Rent reviews
- Valuations
- New leases and licences
- Disposals

Addressing this backlog has been a priority in 2014 with additional capacity in the short-term in a number of areas to reduce the build-up of case work. However, in some cases, making progress in one area can create pressure elsewhere: for example completing rent reviews, particularly if these increase the income the Council expects, can give rise to additional correspondence and complaints. The critical issue going forward will be to ensure sufficient capacity is maintained but also that the Council has the correct systems in place to receive, assess and respond to casework in the most efficient way. This will be a key issue for the reorganisation, section 3.2.2 (i) and data management systems, section 3.2.1 (ii).

### 3.2.3 ESTATE MANAGEMENT

*Using the Council's assets strategically to create value and managing the estate in a transparent and consistent way*

#### (i) Classification of assets

The development of the current Asset Register in 2014 highlighted the need for a more rigorous approach to the classification of assets and for this to be aligned with a more transparent, consistent and focussed determination of use across operational and commercial assets

The outcome of this work is intended to remove the unclassified category and for all assets to be managed as either operational or commercial. This work is expected to eliminate uncertainty about use, ensure adequate compliance with statutory obligations and allocate resource according to the value of its use. The current use of many of these buildings is however long-established, often with organisations providing valued services strongly connected to the area and with limited resources to afford commercial rents.

The transition of the current ad hoc arrangements that have developed over a long period to a transparent allocation of resource based on operational and commercial principles will be difficult and is expected to take up to five years to complete. The section below on 'Third sector and community assets' summarises an agreed protocol on third sector organisations and community assets designed to provide the basis for achieving this transition in a consistent and fair way that takes proper account of the value of the services being delivered.

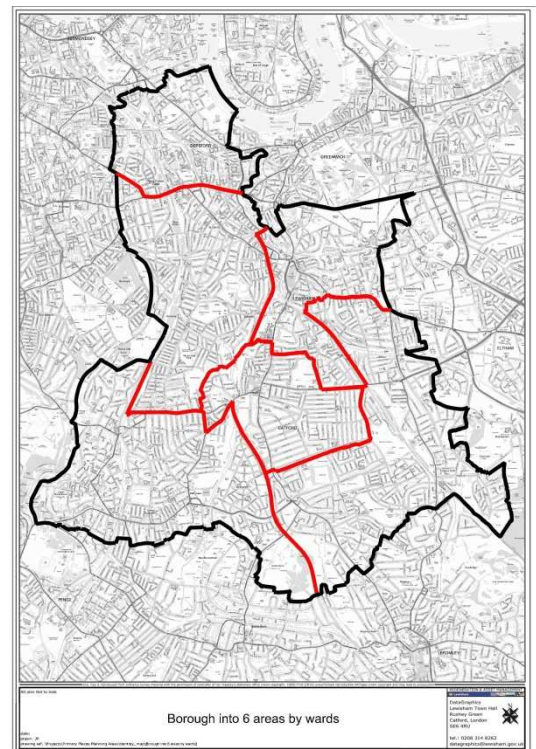
Ensuring value for money in the management of assets is a fundamental part of the approach. Establishing clarity through removing unclassified assets, putting in place the AMS and the implementation of 'Urban Files' will allow the Council to set up assets so that they can clearly show income and expenditure at the level of individual sites, geographical areas, types of properties and the overall corporate estate as a whole. This will be a powerful tool for managing across the estate at a macro and micro level.

#### (ii) 'Urban Files'

As a result of the revised Asset Register and improvements to systems for collecting and storing data across the property function the Council has a significantly broader range of information about properties. One of the ways this information will be utilised will be in the creation of 'Urban Files', allowing complex and detailed information to be stored and accessed at a spatial level.

The borough has been split into six sub areas with 'soft' boundaries to ensure that local characteristics can be taken into consideration. These areas are based on existing strategic planning areas, including those for primary school places.

An 'Urban File' will be created for each of the 6 sub areas providing an overview of current and future relationships between Council properties and other developments and prominent properties in the area, and will include mapping and data from a range of formats from internal and external sources. The 'Urban Files' will be used to review use of properties and the potential inter-relationships between different sites. The creation of 'Urban Files' is expected to provide a benchmark for the Council to look forward from a base point and develop 5-10 year plans.



The 'Urban Files' will form part of the AMS system and can be used to generate an area-based assessment of profit and loss, creating a balance sheet that can be used to assess and enhance the corporate portfolio.

### (iii) Third sector and community assets

The voluntary and community sector (VCS) play a vital role in Lewisham, delivering services, advice and guidance to our residents. The council is firmly committed to supporting the VCS in the borough and the management and use of the Council's asset base is one of the ways to achieve this. Section 3.3 below sets out the Accommodation Strategy, which describes the overarching approach proposed to reshaping the corporate portfolio of assets. A central part of this will be to support a set of operational buildings that responds to service delivery requirements and the financial pressures faced by the Council.

There are currently 41 council assets within the community premises portfolio including 23 community centres, 3 sports grounds and 15 buildings housing VCS organisations. In addition there are other properties that are used as community libraries and early years provision as well as a range of other services commissioned from VCS organisations that are not part of the community premises portfolio but are within the wider council asset register.

The Council has historically had varied arrangements in place for letting council owned assets to VCS organisations; particularly in relation to lease terms, building repair responsibilities and grant funding. While this has given flexibility to respond to different circumstances it has also resulted in a piecemeal and inconsistent approach.

The Council recognises that being able to access property at affordable rates is very important to the continued success of VCS organisations. This needs to be balanced against other demands for available resources. It is therefore important to be able to make decisions on the use of corporate buildings and allocate resources in an open and transparent way.

To achieve this the Council is currently consulting on a new approach to decision-making on the use of corporate assets by the VCS. The consultation proposes the following categories of requirement

- Subsidised use of a corporate building to deliver defined service requirements. 'VCS hubs' would be expected to provide affordable rents for office and meeting space. In a few cases where there is an identified need for specialist facilities this may include sole use of a building.
- Neighbourhood-based facilities ('Community Centres') with activity space predominantly geared to providing services at a neighbourhood level. As the number of centres is rationalised we will be working to reduce the overall financial burden to the council and put in place consistent arrangements across the portfolio in relation to leases and charging.
- Sole occupancy of a building at full market rate – larger VCS organisations that can afford to pay full market rates or who are not delivering services that meet identified priorities will be able to access buildings on the council's standard terms and conditions.

The outcome of the consultation will be used to inform decision-making on the Council's assets as part of the asset optimisation work set out below.



### 3.2.4 GOVERNANCE AND PARTNERSHIPS

*A corporate approach to assets that promotes delivery through planning, partnership and collaboration*

The Chief Executive has overall responsibility for all property asset management matters in the Council. The Executive Director for Resources & Regeneration has delegated responsibility to the Director of Regeneration & Asset Management.

The Chief Executive and EMT have nominated Heads of Service to discharge their responsibilities as “responsible person” in relation to the occupancy and use of the buildings occupied by their staff and to liaise with Corporate Asset Services Manager to ensure compliance.

The Corporate Asset Services Manager post is subject to the wider reorganisation of Regeneration and Asset Management. The title of this Post is to be changed to Operational Asset Manager and will be referred to as so in remainder of the document . The functions that will be maintained through this process and will continue to be the responsibility of the senior manager for property asset management include:

- Driving a corporate approach to property asset management
- Leading property asset management processes and programmes
- Leading on the property asset planning and property asset management plan
- Engaging with all relevant stakeholders
- Leading on performance management for property assets
- Managing strategic property data and information
- Driving delivery of the Accommodation Strategy and decision-making on the corporate estate to deliver a new fit for purpose estate

The Deputy Mayor and Cabinet Member for Growth and Regeneration is the member-level champion for property assets and lead member for the Strategic Asset Management Plan.

As outlined above in 3.2.2 the current Corporate Asset Services team is being reorganised as part of the wider reorganisation of Regeneration and Asset Management. The service will continue to have operational responsibility for management of the corporate estate across operational and commercial assets including in relation to:

- Data collection, reporting and analysis (as prescribed through the Data Management Handbook (3.2.1)
- Risk management, statutory compliance and health and safety (3.4)
- Development and implementation of the Accommodation Strategy and asset optimisation (3.3.1)
- Communication on property asset management across the Council
- Operational management of facilities management and delivery of procurement strategy for the FM function
- Operate and maintain assets including maintenance, mechanical and electrical engineering, plans and record keeping, security
- Energy procurement and management
- Project management delivery of asset works

(i) New corporate governance arrangements

Corporate Asset Services have responsibility for holding the Council's Property Asset Register and managing and maintaining the Council's core operational estate of 106 properties. In the remainder of estate each building has a designated "Premises Officer" who is responsible for H&S, based as follows:

- Children & Young People Directorate, working with Governing Bodies is responsible for all aspects of the school estate.
- Customer Services Directorate, working with Lewisham Homes, is responsible for all aspects of the housing estate and hostels.
- Community Services directorate is responsible for all aspects of an agreed number of community buildings.
- Corporate Asset Services are responsible for the management of the Commercial Estate. Where buildings are leased, in general terms responsibility for the building will pass to the lessee.

The new governance arrangements aim to support the use of property assets as a corporate issue and to underpin corporate responsibility for ensuring the efficiency and effectiveness of property asset use and achieving the aims of this Strategic Asset Management Plan.

The governance arrangements are also intended to achieve a proactive alignment of corporate programmes with asset management, including in particular planning for capital and revenue expenditure. The key relationship is with the financial planning process, but it is also important that ongoing monitoring of strategic financial information continues, for example total maintenance expenditure, overall income collection, total energy expenditure.

*Regeneration Board*

A corporate Regeneration Board, chaired by the Executive Director for Resources and Regeneration has been established to ensure that a consistent and corporate approach is taken to the development of a new Regeneration Strategy and the delivery of its key outcomes for Lewisham. The development of that Strategy and its associated delivery program needs to consider our current environment and the Vision for the future environment. The Regeneration Board is the focus for developing the Council's strategic approach to demands on our infrastructure and facilities and how they are going to change over time. The Regeneration Board includes high level officer representation from Community Services, Children and Young People, Housing, Planning, Corporate Assets, Programme Management and brings in other officers as required.

*Asset Management Board*

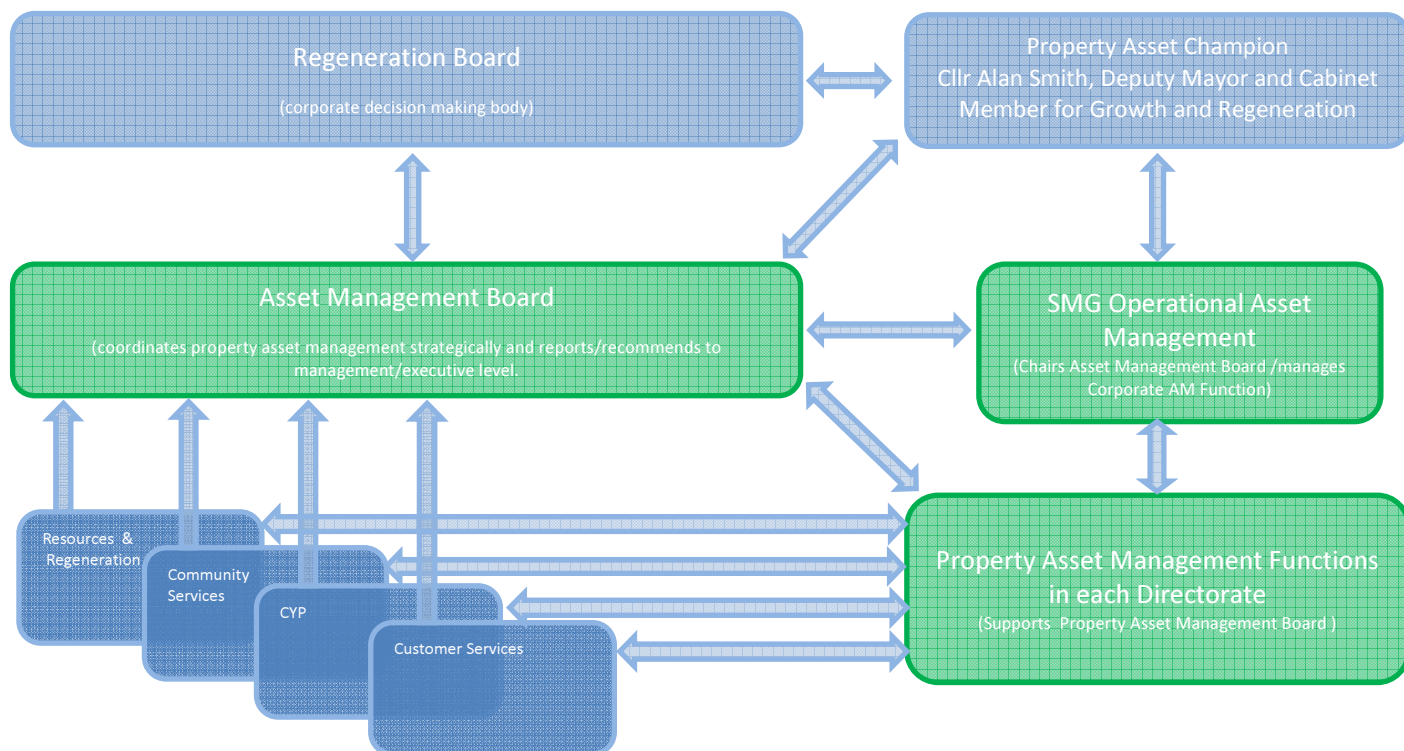
The Regeneration Board has agreed in principle the setting up of a new refocused Asset Management Board tasked with driving progress of the delivery of the Strategic Asset Management Plan and in particular:

- Provide the focus for decision making on asset optimisation and a reshaped operational estate
- Delivery of the Accommodation Strategy
- Deliver on the outcome of the third sector and community assets work
- Develop and implement use of extended schools
- Implement integration of FM functions
- Provide a quality assurance role for operational management of the corporate estate
- Provide the focus for partner engagement
- Be the focus for reporting against and reviewing the Asset Management Plan

This Asset Management Board replaces the existing Asset Optimisation Working Group. The board manages the implementation of the property asset management plan and capital strategy. Recommendations by this board will be reported directly to the Regeneration Board and senior politicians as appropriate.

The Service Group Manager Operational Asset Management will chair the board and there will be representation made up from senior officers from the Council's main operational and finance sections. The Asset Management Board is expected to meet monthly and report to the Regeneration Board on a quarterly basis, with timings changed as required operationally.

## Corporate Governance Structure



### (ii) Partnerships

Public finances will continue to be squeezed in the coming years. This means the public sector will have to be more creative, more willing to be flexible in how it operates creating more impetus than ever before for shared access to public facilities and to break down the organisational and geographical barriers that represent in-built inefficiencies in systems.

Key partners include

- service providers in the borough, particularly those within significant assets such as leisure facilities
- local public sector bodies including the emergency services, NHS and other health bodies
- schools and education facilities
- voluntary and community sector
- neighbouring boroughs and other local authorities in London and elsewhere
- organisations and teams working on infrastructure across highways, public realm, transport, housing and others

The Council's Asset Management Board will have an important role to play in facilitating the development of partnerships for mutual advantage including in relation to:

- Sharing of good practice, data on assets and plans for assets in and around the borough
- Development of new models of working including co-location of facilities

An early action for the Asset Management Board will be to run a partnership workshop in 2015 with a range of external organisations to identify a joint-programme of action.

### (iii) Schools estate

Over the past decade, in excess of £300m – a combination of central government and council money – has been spent on rebuilding or refurbishing over 20 of the borough's schools. Additionally, two brand-new schools have been built, not to mention the primary schools which have expanded to provide much-needed extra places.

The majority of these projects were funded through the Building Schools for the Future programme, an initiative by the previous government to replace, rebuild or renovate every secondary school in England over a 15-20 year period. Although the new government decided in 2010 to cancel the programme, all Lewisham's BSF projects had achieved financial close and so have been able to proceed.

Lewisham is continuing to deliver one of the most ambitious programmes in the country, with construction now underway on the final two schools in the programme - Brent Knoll (due for completion 2015) and Sydenham School (2016).

Schools built, rebuilt or otherwise improved during recent years include Trinity (2011), Beecroft Garden Primary School (2012), Tidemill Academy (2012), Addey & Stanhope School (2012), Deptford Green School (2012), Prendergast Vale College (2012), Abbey Manor College (2012), Gordonbrock Primary School (2012), Kender Primary School (2012), Kelvin Grove Primary School (2012), Christ the King College: Aquinas (2013), Drumbeat (2013), Bonus Pastor Catholic College (2013) and Prendergast Hilly Fields College (2013).

#### *Future needs*

Population growth in the borough has driven a continuing rise in the number of children under five and led to an unprecedented demand for primary places in Lewisham's schools. Current forecasts are that the borough needs to increase places by 20% to ensure every child gets a place.

Over the past three years 12 new forms of entry have been added to existing schools, resulting in an additional 360 places. An additional programme of temporary enlargements ("bulge classes") has ensured that the Council has been able to maintain an offer of a place for all families requiring one.

The Council is currently developing a long-term strategy for additional places to meet the projected demand up to 2030. A feasibility study is looking at the capacity for permanent school expansion / redevelopment across 90 sites including primary, secondary, sixth form and special educational needs provision. The results of the study will be used to develop a delivery programme for school expansions and the associated funding requirements. Implementation of the expansion programme will be dependent on the availability of resources including from central Government, but also potentially in relation to future developments in the borough.

#### *Extended use of schools*

There is recognition that the majority of schools in the borough have facilities that could be better utilised by the wider community. In particular, the secondary estate has had considerable investment over recent years delivering a range of high quality facilities that have often been purposefully designed to enable community use. However uptake of use is limited and is often based on individual relationships, while hire-rates are not clear or consistent from school to school. The Council has previously attempted to address this situation but for a number of reasons has not succeeded to date.

The range of Council owned and run facilities has reduced significantly in recent years and will continue to decline as a result of financial pressures. This is affecting community groups offering highly valued support services, and school facilities may offer an alternative way to continue to offer these services. One of the barriers to this is a basic understanding of what facilities exist, how to access them and what the costs are. A project team has been established to review lessons learnt from previous attempts to improve usage of the schools estate and build a new project that has the capacity to support the use of schools by the community, outside of school hours. This project involves engagement of offers from Community Services and Youth Services, both services have the opportunity to benefit from having access to schools to both accommodate community groups who promote their agendas or to

directly deliver services from. The use of school facilities will allow these services to better rationalise the assets that they own which can improve the efficiency of their services and save the Council money overall.

### 3.3 Accommodation strategy for the operational estate

This section describes the approach proposed to reshaping the corporate portfolio including:

- Asset Optimisation
- Facilities Management (FM) contracts
- A sustainable and efficient estate

This is intended to provide the strategic and long-term objectives and operational planning to ensure that the Council's corporate assets provide high quality and fit for purpose facilities that respond to the need to operate within significantly reduced resources.

The Asset Register identifies 106 operational assets in the Council's corporate portfolio. These include corporate office accommodation, civic buildings and service delivery buildings such as depots, community centres, day centres, youth centres, children centres and libraries. Operational sites are all included within the corporate facilities management contract and corporate energy and water contracts. The 106 operational properties break down as follows:

Service	Directorate	No. of assets	GIA (m <sup>3</sup> )
Early years / Children Centres	Children and young people	8	2,934
Youth service	Children and young people	10	4,629
CYP other	Children and young people	7	1,865
Community facilities	Community services	41	19,825
Adult day service	Community services	5	5,537
Adult education	Community services	3	7,378
Libraries	Community services	5	5,107
Community services other	Community services	6	5,577
Parks	Customer services	1	396
Cemeteries and crematorium	Customer services	7	3,207
Customer services other	Customer services	4	619
Office accommodation	Resources and regeneration	7	2,424
Resources and regeneration other	Resources and regeneration	2	39,929
<b>TOTAL</b>		<b>106</b>	<b>99,427</b>

The total revenue running costs for the operational estate in 2013/14 was:

Expenditure type	2013 / 2014
Repairs and maintenance general	681,000
Repairs and maintenance major works	1,126,000
Security	606,000
Utilities	1,393,000
Rents	496,000
Service charges	185,000
Rates	1,329,000
Premises insurance	20,000
Refuse disposal	121,000
Building cleaning / pest control	1,311,000
<b>TOTAL</b>	<b>7,267,000</b>

### 3.3.1 ASSET OPTIMISATION

*Reshaping the corporate portfolio based on delivering the new net financial position and achieving service outcomes*

#### (i) Refocus of the operational estate

'Asset optimisation' will be a separately identified work strand of the Asset Management Board with a cross-Council working group established to undertake analysis and develop proposals. The objectives of the asset optimisation are:

- To improve quality of the operational estate
- To deliver a reduction in costs through a more efficient operational estate
- To align the use of property resources with service delivery requirements
- To establish transparent and consistent decision-making on assets that takes account of the full costs of service delivery

A provisional timetable for the asset optimisation programme is as follows:

2015/16 Q2	Agree and publish the scope of Phase I proposals
2015/16 Q4	Phase I completed to include the majority of total buildings and the majority of expenditure including the central civic complex, community buildings and others as identified under the Council's savings proposals.
2016/17 Q2	Phase II proposals covering all other service buildings
2016/17 Q4	Delivery of optimised operational estate

The asset optimisation programme will refocus priorities across the Council's operational estate with the intention of reducing costs while aligning the use of the operational estate with future service needs. Current arrangements across the operational estate have evolved over a long period of time. While this has allowed for flexibility in responding to circumstances, as the level of available resource shrinks considerably pressures on the operational estate are increasing and there is a need for a new, evidenced-based and transparent approach to decision-making.

At the heart of this is establishing a stronger understanding of service requirements for building space, capturing the full cost of service delivery including the property related element and establishing a consistent and transparent basis for matching available resources to service need that promotes the long-term interests of the Council and the borough. This work is aligned to the wider activity in the Council responding to the financial pressures on the public sector. One of the challenges is to undertake this work alongside the different timetables that exist for change across different parts of the Council. For this reason the asset optimisation work will take a phased approach to delivery.

In 2013/14 the revenue running costs of the 106 properties in the operational estate was £7.3m. Office accommodation accounts for more than half of that total, with a small number of central buildings (the Catford complex including Laurence House and the Civic Suite) the biggest budget requirement. Operational buildings with a mainly office accommodation function will therefore be reviewed as a priority. This is also required as staffing arrangements change based on the impact of restructuring across service divisions.

The 106 properties in the operational estate can be divided into direct services (including back office) and indirect, where the property is used by an organisation outside the Council's structure. Approximately half the operational estate can be classified as direct and half as indirect. Community centres and children's centres are a significant part

of the indirect classification of operational assets, where significant change is expected as a result of financial pressures. Section 3.2.3 (iii) summarises the current consultation exercise on VCS use of Council assets. The outcome of this consultation will be used to inform decision-making on the continued support for the sector through corporate assets. The expectation is that future arrangements will require fewer buildings and that the creation of community hubs, co-location of organisations within buildings and more flexible use of space will offer opportunities to continue to support as many organisations as possible within a more limited overall budget.

Phase I of the asset optimisation programme will therefore focus on office accommodation, the Catford complex, community buildings and other buildings as identified under the Council's savings proposals.

The cross Council working group will provide an evidence-based review of these properties and report recommendations to the Asset Management Board. The review will include:

- Identification of the properties in scope for phase I
- Analysis of running costs for properties in scope
- Analysis of estimated capital costs of maintaining properties in scope to acceptable standard (including in particular statutory compliance)
- Mapping geographical locations of sites and use of 'Urban Files' to build an understanding of other relevant sites in each area (including schools)
- Analysis of the connection to wider Council priorities including regeneration
- Analysis of potential alternative use of sites including flexible use/co-location, potential for commercial use and disposal value
- Identification of risks associated with site, including flooding risk

Phase II will take a similar approach to all other assets across the Council's corporate portfolio. Work on phase II can start before phase I ends.

The asset optimisation programme will be expected to drive an improvement of the Council's net overall financial position by reducing asset-related costs as well as increasing commercial opportunities for the corporate portfolio. It will also reduce pressure on capital budgets and decision-making will need to take into account the potential future liability associated with individual sites. An annual delivery plan for the operational estate will be created that draws on condition surveys and allocates resource across compliance, fabric / use of space and mechanical and electrical works. This should create opportunities for greater investment in operational buildings that will improve the quality of service that can be achieved, promote flexibility in the use of space and cut running costs through more efficient running of buildings.

The Council will also use strategic acquisition of properties as a means for creating new opportunities and reducing ongoing running costs. Decisions on which properties to keep or where to acquire new sites will be based on an understanding of location, fabric and the potential flexibility of the space.

As well as making recommendations to the Asset Management Board across the operational estate the asset optimisation working group will also develop a communications strategy to ensure stakeholders are kept informed about the review of assets. The communication strategy should be used to proactively engage with other corporate programmes and projects to ensure consistency in decision-making in relation to assets, particularly where these may not be part of the operational estate going forward.

#### (ii) New income opportunities

Delivery of the Council's asset rationalisation programme was based primarily on disposing of assets generating a one off capital receipt and reducing expected ongoing running costs for these sites. Going forward the Council needs to be able to take a longer-term view of the value of sites in determining their future role. The Council is now actively investigating ways that assets can be used to generate a sustainable long term revenue income.

Some of the main opportunities are in relation to supporting wider developments for example in relation to private rental properties with the Council retaining some or all ownership and therefore the opportunity to generate income. The private rental sector has grown exponentially across London as property prices rise and with social housing highly limited and under significant pressure this tenure is often the only available housing and many landlords have taken advantage charging high rents for poor quality accommodation.

A property investment and development strand within the Council's asset portfolio has the potential to achieve economic benefits but also social benefits allowing the Council to raise standards and quality in the private rental sector. This could also be an opportunity to develop hotel provision, student accommodation and additional housing and school places.

Work is ongoing to identify suitable sites for this and to research delivery vehicles for these programmes together with some soft market testing amongst potential delivery partners.

This new investment has the potential to deliver significantly to the Council's new net revenue position, as well as contributing to delivery of the Regeneration Strategy's aspirations for regeneration and growth and the Housing Strategy's ambitions for affordable and high quality housing. Understanding the value of our corporate assets and the potential as the borough changes for this value to increase creates increased emphasis on the decision-making process to support sustainable and long-term value. The Council needs to take a broader view of the benefit of using all its assets from the commercial portfolio to operational buildings and highways and the public realm. Making the right decisions in the right places can help increase attractiveness to businesses and residents further extending the opportunity to drive income from the Council's asset base.

The delivery of a positive net new financial position for the Council driven by our asset portfolio means that acquisitions have a role to play alongside disposals and that adding value to asset base can be one of the means to reducing the overall financial cost of assets.

This new income project is designed to achieve savings required by the Council through the Lewisham Future Programme and is seeking to deliver increased income of £200k by 2017/18. This milestone reflects the lengthy lead in time for construction projects of this nature. Given continued growth predictions for London beyond this it is estimated that this could be a significant source of income beyond 2017/18, with potentially £5m+ a year income potential through new income by 2021 through development aligned to the borough's regeneration. This income can be used to reduce overall costs as well as support the continue delivery of wider Council services.

### **3.3.2 FACILITY MANAGEMENT**

#### *Effective and efficient management of the corporate estate*

Excellent Facility Management (FM) has a key role to play in delivering the Council's high quality public services. In 2009 / 2010 the Council surveyed the condition of the 140 core operational premises, which indicated that the estate had been generally maintained to a basic standard, resulting in a maintenance backlog of £10.5m leaving an unavoidable requirement to increase expenditure which substantially exceeds current levels of expenditure and available budgets.

To ensure that asset values are not impaired through poor repair and most pressingly, that the premises are safe and compliant with legislation, a new way of working is required that puts the assets at the centre of the business, which includes a fully costed, prioritised, modest, yet affordable investment programme.

The challenge for FM Services therefore is to supply a fit for purpose delivery vehicle that plays its full role in delivering accessible and sustainable buildings that represent good value for money. To achieve these aims there is a need to

- Rationalise the number of buildings in use
- Ensure FM services are only provided to operational sites



- Use investment to reduce running costs
- Drive efficiencies through the procurement, delivery, clienting and management of FM works and services.

(i) Re-alignment of 'hard' and 'soft' services from 2016

All FM services are scheduled to be market tested by 2016. This will provide a platform to integrate all FM functions (beyond CAS) into single client team, delivering economies of scale through the procurement of more/all Directorates FM services via a single provider. The outcome of this programme will be to service a significantly smaller estate supporting the Council's needs, a reduction in the running costs of the core estate and a modest affordable investment programme.

(ii) Integration of functions

The re-alignment of FM contracts is also an opportunity to integrate similar outsourced client and contractor works across Council directorates and implement a single client team for operational, leisure and schools contractor works. The intelligent client model adopted in the reorganisation of Regeneration and Asset Management (3.2.1) will be an opportunity to avoid duplication in the roles, responsibilities and resources for all outsourced works and services across the Council to create a centralised specialised clienting function using integrated processes, technologies and resources at a reduced cost.

It is expected that £400K+ savings can be delivered by 2017/18 through a re-procured and re-focused FM service include:

- a reduction in FM contracts for hard and soft services
- economies of scale through procurement via a single provider
- integration of FM functions into a single client team

**3.3.3 A SUSTAINABLE AND EFFICIENT ESTATE**

*Management of assets based on an understanding of opportunity costs and long-term potential alongside the costs and benefits in the here and now*

Sustainability will need to be a fundamental part of the Council's approach to resolving the challenge of delivering high quality services with very limited resources. This is not a luxury: it is first and foremost focusing relentlessly on avoiding waste in the way our buildings and staff use resources. The way the Council maintains and uses its assets are among the most important ways in which it can cut waste and achieve a more sustainable use of resources.

Lewisham Council's [Commitment to the Environment](#) sets out how the Council looks to minimise the environmental impact of all our operations through, policies, services and the Council's use of resources. The Council publishes information on its [use of resources](#) on an annual basis.

(i) Carbon/energy targets

A new Council [Energy Policy](#) was agreed by Mayor and Cabinet in July 2014. The Policy commits to delivering a 20% reduction in annual carbon emissions from energy use in buildings across the Council's operational estate by March 2018 from a baseline of 2012/13 and identifies how the Council's management of energy will contribute to the council's corporate priorities through:

- Reducing exposure to rising energy costs and achieving value for money energy contracts
- Cutting waste and driving efficiency across operational buildings
- Enabling schools to meet increased pupil numbers while controlling energy costs
- Reducing the Council's carbon footprint and contributing to wider environmental objectives
- Minimising the risk of energy supply disruption and maintaining acceptable temperatures in buildings delivering services to service users and staff
- Ensuring the Council complies with legislation and statutory functions relating to energy supply and use in corporate buildings

The Council will seek to take a strategic approach in the use of its assets across the borough, being ambitious in using our estate as a tool to unlock new opportunities for the generation and supply of energy. This includes work in partnership with others to promote district heating; the use of photovoltaics and other renewables to cut carbon emissions as well as create opportunities for further investment; and exploring the scope for energy supply as a means to deliver against wider social and environmental objectives and generate economic benefits.

We will achieve our commitments through improvements in

1) Monitoring and targeting

- Establishing an evidenced based approach to improving energy efficiency
- Benchmarking against best practice
- Identifying and responding to high consuming buildings

2) Staff engagement and better use of buildings and equipment

- Roles and responsibilities
- Updated protocols for heating standards

3) Investment in more energy efficient buildings

- Design for new build
- Standardised specifications for equipment across buildings
- Targeted maintenance programmes ensuring equipment runs efficiently
- Upgrading heating systems and plant where there is an economically viable case to do so

4) Delivery of a fit for purpose operational estate

- Taking a strategic approach to operational sites; getting more out of the buildings we use
- Enabling schools to meet the demands of today and the future while managing energy consumption

(ii) Corporate sustainability

Effective use of resources is at the heart of corporate sustainability. In achieving a clear focus on corporate sustainability and making the link to costs it is important that there is clear responsibility for corporate sustainability at a senior and operational level in relation to the management of the corporate estate. This will be something that the reorganisation of Regeneration and Asset Management will establish, giving specific responsibility for delivering this through the operational estate in particular in relation to energy, waste and recycling and procurement.

The Council generates about 16,000 kg of waste every year. This is a poor use of resources and costs the organisation money. It also has an environmental impact, although the impact is mitigated to an extent by sending waste to a local energy from waste plant instead of landfill.

The Council's approach to waste management is informed by the 'waste hierarchy': 5 steps for dealing with waste, ranked according to their environmental impact (EU Waste Framework Directive 2008/98/EC). Waste prevention, which is the best option for the environment, is the highest priority, followed by re-use, recycling, other recovery and disposal.

To help the Council make the most of opportunities to save money by reducing waste, we follow a general waste prevention protocol which seeks to:

- contribute to a more sustainable economy by building waste reduction into design of buildings and services
- encourage a culture of valuing resources by making it easier for staff and residents to find out how to reduce waste, to use resources for longer, repair broken items, and enable reuse of items by others
- recognise and act upon potential savings through better resource efficiency and preventing waste, to realise opportunities for sustainable growth

Waste management practices must be consistent across all our operational buildings and should include the following elements:

- clearly labelled, accessible recycling points with a minimum of one recycling for every waste bin
- staff communications to minimise contamination of recycling material
- confidential waste arrangements in place, with recycling provision included
- emptying of bins on a daily basis, ensuring the waste is placed in the correct external container
- provision of both recycling and non-recycling waste containers in secure external cages, with appropriate collection arrangements in place

Recycling rates will be monitored as part of the waste and recycling contract, and reported in the Annual Business Report for corporate assets.

As a local authority, we are in a strong position to influence the market. We are working towards using our buying power to opt for goods and services that respect the environment, and take into account the social and economic impacts of our buying power. The Council's [Sustainable Procurement Strategy](#) includes a set of commitments that respond to this:

- [Code of Practice for Contractors](#)
- [Social Value Policy](#)
- [Sustainable Timber Policy](#)
- [Sustainable Seafood Commitment](#)

In order to enforce these policies and commitments, as staff sustainable procurement toolkit has been developed:

- [Sustainable Procurement Toolkit](#)

The toolkit contains guidance on the various environmental, social and economic considerations that may be relevant to the procurement and contains links to government buying standards and model tender questions to mitigate any sustainability risks identified. The tool should be completed for any procurement with a value of £50,000 or more, and must be submitted to the Commissioning and Procurement Board as part of the standard gateway process. It should also be attached to the PID if one is required.

The corporate estate needs to be sustainable in order to assess and respond to the risks associated with a changing climate. The Intergovernmental Panel on Climate Change warns that climate change is unequivocal and climate models predict that London and the South East are likely to experience:

- average temperature increases of up to 3°C (hotter summers, milder winters)
- average rainfall decreases of up to 5% (higher likelihood of droughts)
- more extreme weather events (higher likelihood of intense rainfall causing flooding)

The Council needs to use these climate projections to ensure that the corporate portfolio remains fit for purpose now and in the coming decades. This type of future-proofing is crucial both for the design and construction of new buildings, but also if we intend to retain buildings in the medium to long term, we need to ensure that they are optimised for the future UK climate. Lewisham has modelled flooding risk for operational buildings and this data is being used as part of the review of properties informing future retention and investment decisions.

### **3.4 Compliance and risk**

Ensuring the health and safety of residents, staff and others using the Council's buildings is the top priority for the effective management of the corporate estate.

It is also important that management of the asset portfolio ensures compliance with legal agreements, minimises the Council's exposure to risk as a result of environmental, social and economic change and understands and addresses the Council's exposure to risk of all kinds including financial, legal and reputational.

The activity in this Strategy to reinforce accurate information, classify assets according to their use and ensure appropriate leases are in place will all contribute to reducing this exposure to risk. The following section describes in more detail the strands of activity relevant to regulatory compliance, contracts and legal agreement, understanding other risks and quality assurance of the Council's systems that will provide a robust and effective management of risk.

The basis of British health and safety law is the Health and Safety at Work Act 1974 (HSWA) and associated supplementary Regulations and Codes of Practice. Section 3 of the Act imposes a clear duty on local authorities to conduct their undertakings in such a way as to ensure, so far as is reasonably practicable the safety of the public using premises.

The primary statutory instruments driving statutory compliance for property assets are:

- The Health & Safety at Work etc. Act 1974
- Managing Health & Safety at Work Regulation 1999
- The Regulatory Reform (Fire Safety) Order 2005
- The Building Regulations 2000 (as amended)
- The Control of Substances Hazardous to Health COSHH Regulations 2002 & Amendment 2003
- The Control of Asbestos Regulation 2012
- The Health and Safety Executive Approved Code of Practice (ACoP) Guidance on Legionnaires Disease, the Control of Bacteria in Water Systems L8.

This task has become increasingly complex in recent years as a result of:

- An increasing burden of legislative and regulatory duties falling on building occupiers
- Delegation of relevant budgets and responsibilities to individual divisions or establishments, but with ultimate accountability still seen as resting with the corporate body of the Council
- The consequences of delegation which has brought about a significant reduction in resources retained centrally to develop and monitor compliance with relevant standards
- Loss of critical mass and control in delivery of property related services through outsourcing, budget reductions and fragmentation of resources
- Complex governance arrangements as a result of shared services and partnering arrangements that do not fit easily with traditional landlord and tenant definitions

There has in addition been an unknown level of risk associated with some sites within the commercial and 'unclassified' estates due to a lack of clarity about the terms of occupation and lack of robust data.

To meet this challenge the aim is to ensure that all Council-owned properties have risk assessments for statutory compliance, and where relevant an identified program of recommended remedial works is agreed and resourced.

The technical information obtained from this exercise will enable better asset investment decision-making going forward and assist with ensuring that the council's asset base is statutorily compliant. To monitor the performance on statutory compliance, the Council has identified a key performance indicator for the service is to achieve 100% compliance of statutory, planned preventative maintenance activities carried out within 72 hours of scheduled / agreed date.

### **3.4.1 Fire Safety Policy and Management Plan**

- The fire safety policy and management plan was placed on the Council's intranet site in July 2008 and is available to all Lewisham staff
- Information on how to access the fire safety risk assessments and register was made available to all Heads of Service at a training session in July 2008
- Information on how to access the fire safety policy and management plan and the fire safety risk assessments and register is included in all Directorate's Occupational Health and Safety Manuals

- A copy of the fire safety policy and management plan is provided to all consultants and contractors commissioned by Corporate Asset Services prior to commencement of any works / contracts on the corporate estate
- Access to the fire safety risk assessments and register is provided to all contractors prior to carrying any works / contracts out on the corporate estate
- The adequacy of the Policy and Management Plan is currently satisfactory and will be reviewed regularly by both Graham Environmental Services and representatives of Lewisham Council

All Catford Complex Buildings (1a Eros Hse, Civic Suite, Laurence Hse and Town Hall Chambers), have weekly fire alarm testing, which are logged into Fire Log Book. A minimum of two full building evacuations are carried out each year which are logged in Fire Log Book.

For the Corporate Estate Buildings these are monitored via the Fire Risk Assessments and Fire Management that CAS have in place.

A published Fire Policy and Management Plan is available on the Council's intranet site. In 2014 the Council commissioned an external company Graham Environmental Services to carry out Fire Risk Assessments for the Corporate Estate. The Fire Risk Assessments are available to all staff via the Council's intranet site.

### **3.4.2 Asbestos Policy and Management Plan**

- A published Asbestos Policy and Management Plan is available on the Council's intranet site
- The Council has commissioned an external review of this Plan.
- The ALS asbestos risk register is available to all contractors prior the commencement to works to the corporate estate.
- Control of Asbestos Regulations 2012

### **3.4.3 Water Hygiene Risk Assessment**

In accordance with the requirements of The Health and Safety Executive Approved Code of Practice (ACoP) Guidance on Legionnaires Disease assessments have been undertaken to include:

- Potential for water droplet formation
- Potential for Legionella bacteria proliferation
- A detailed plan of water systems
- Details of how the water systems operate
- The nature and the degree of risk posed by the buildings water system(s)
- Details of the remedial actions required to minimise the risk

ACoP requires that there should be a written scheme for the controlling the risk from exposure that should be implemented and properly managed. The scheme should specify measures to be taken to ensure that it remains effective. The scheme should include:

- An up to date plan showing layout of the plant or system, including parts temporarily out of use
- A description of the correct and safe operation of the system
- The precautions to be taken
- Checks to be carried out to ensure efficacy of scheme and the frequency of such checks
- Remedial action to be taken in the event that the scheme is shown not to be effective

### **3.4.4 Equalities**

The Equality Act 2010 became law in October 2010. The Act aims to streamline all previous anti-discrimination laws within a Single Act. The new public sector Equality Duty, which is part of the Equality Act 2010, came into effect on the 5 April 2011.

Lewisham's Comprehensive Equality Scheme (CES) for 2012-16 provides an overarching framework and focus for the Council's work on equalities and helps ensure compliance with the Equality Act 2010. The CES 2012-16 describes the Council's commitment to equality for all citizens, service users and employees. The CES is underpinned by a set of high level strategic objectives which incorporate the requirements of the Equality Act 2010 and the Public Sector Equality Duty. These objectives include:

- Improve access to services;
- Take reasonable steps to ensure that services are inclusive; responsive to risk; physically accessible and provided through the most efficient and effective channels available;
- Close the gap in outcomes for citizens;
- Take reasonable steps to improve life chances for citizens by reducing outcome gaps that may exist within the borough as well as those that may exist between the borough and elsewhere

Management and investment in the Council's operational estate has the potential to make a significant difference to opening up access to services and enabling service delivery to become more inclusive and physically accessible as well as responsive to risk.

The Council has a programme in place to carry out audits on corporate operational buildings to identify and address the requirements of the Equality Act 2010 Disability Discrimination Act (DDA) 1995 and 2005.

The audits include recommendations for required remedial actions and ongoing monitoring and control measures. Guidance is also referred to such as BS8300: 2009 - Design of Buildings and Their Approach to Meet the Needs of Disabled People - Code of Practice; along with other sources where applicable.

Audits have been prioritised based on sites with significant public use (libraries) and where known issues exist (Civic Suite). In 2014 8 audits were completed. The audit reports identify actions broken down into three categories Priority A, B & C. Completing priority A actions means the site is compliant with DDA requirements. All priority A actions from the audits held in 2014 have been completed.

Accessibility and compliance with the DDA will be an integrated part of the work to optimise and invest in the corporate operational estate.

### **3.4.5 Energy Performance Certificates**

From April 2018, proposed legislative changes would make it unlawful to let residential or commercial properties with an Energy Performance Certificate (EPC) Rating of F or G (i.e. the lowest 2 grades of energy efficiency). Assets that fail this standard need to be identified now and this information fed into investment decision-making.

### **3.4.6 Staff**

Corporate Asset Services has the following health and safety procedures for staff:

- Overall Policy Document
- H & S Aims and Objectives
- Accident/Incident guidelines and investigation guidelines
- Alcohol & Drugs Policy
- Asbestos including incident investigation management plan and implementing guidelines
- Confined Spaces procedures and risk assessments
- COSHH guidelines
- Compliance checklist
- Display Screen Equipment risk assessment
- Driving Policy
- Employee code of conduct
- Fire including evacuations and incident investigation procedures incl mobility impaired procedures

- First aid risk assessments and provisions guidelines
- Home working risk assessments
- Infectious Diseases risk assessment
- Lone Working Policy, procedures and risk assessments
- Manual Handling guidelines
- Personal Protective Equipment risk assessment and guidelines
- Personal Safety policy and procedures
- Pregnant Workers/nursing mothers risk assessments
- Staff Induction procedures
- Stress Management risk assessments
- Violence and Aggression procedures and guidelines
- Working from Height guidelines
- Work place risk assessment

These have all been circulated and developed with staff and are available through the internal staff sharepoint site.

### **3.4.7 Third party management of assets**

The Council's portfolio of assets includes sites that are directly managed by a third party. Where an external organisation has operational control of premises it is essential that the Council understands and addresses the residual financial, legal and reputational risks that remain.

The main areas where these arrangements occur are in relation to PFI contracts, agreements with some third sector organisations and agreements with South London and Maudsley (SLAM) NHS Trust. Arrangements with SLAM will be reviewed as part of the wider asset optimisation work described above in section 3.3.1. The work to review third sector organisations use of Council assets is identified in 3.2.3 (iii). Additional management arrangements relating to the operation of leisure centres are described below.

#### *Leisure facilities*

Investment in the borough's leisure facilities includes Glass Mill the new £20m flagship leisure centre in Lewisham Town Centre that opened in June 2013, Forest Hill Pools, which opened in 2012 and the Wavelengths leisure centre in Deptford that opened in 2008. In 2011 a 15 year contract was agreed with Fusion Lifestyle to manage, maintain and repair the buildings on full repairing lease basis.

The two main areas of risk for the Council are:

- Reputational – although the contract transfers responsibility for statutory compliance to the contractor any major breach would still have a serious reputational risk for the Council
- Financial – under the contract the Council retained some risk for utilities and maintenance and therefore needs to monitor performance on maintenance and utility costs to understand and react to potential future liabilities

The Council has committed to a level of additional technical monitoring to assess and reduce potential reputational and financial risks under the contractual arrangement. These checks will be carried out through a recognised third party provider with action plans agreed with Fusion where performance failures are identified. This monitoring includes

- Asbestos register
- Legionella monitoring and control
- Electrical testing certificates
- Water quality and water hygiene records
- Health and safety record keeping
- Fire risk assessments, fire and evacuation procedures and emergency lighting system tests
- Bacteriological testing of the hot and cold water systems
- Major incident logs
- Servicing and maintenance records

### 3.5 Commercial estate

The commercial estate comprises 178 properties, comprising 104 retail, 2 industrial, 4 offices, 3 residential and 65 'other', which comprises a wide range of asset classes to include medical, community, library, storage and nursery facilities, and landholdings. Annual rental income from the commercial estate is approx. £1.8m.

Sustained pressures on the valuation service over a number of years led to:

- A backlog of rent collection valued of approx. £2.7m.
- A backlog of outstanding rent reviews and lease/licence expiries, representing an undervaluation of the annual rent roll of potentially £2m+.
- A void ratio of 8.6%, substantially above the estimate market norm of 5%.
- Incomplete data relating to assets and leases.

Optimisation of the Commercial portfolio is expected to generate at least £900K a year additional income by the end of 2017/18 through:

- Correct categorisation of properties and optimisation of assets
- Setting appropriate market rates for leases
- Improved turnaround times for vacant properties
- Improved income collection and debt recovery

The Council's Corporate Asset Services function has already moved to tackle these problems and ensure sufficient capacity with the right knowledge and skill sets are used to clear the backlog of cases, establish clear management information and decision-making processes and ensure appropriate agreements are in place for all commercial properties. This section describes the outcome of this work and ambitions going forward to establish:

- A better balanced portfolio, more aligned to corporate service delivery priorities and a wider growth agenda for property in the borough
- Increased income, based on up to date market rates, better use of properties and effective income collection and debt recovery

#### 3.5.1 A BETTER BALANCED PORTFOLIO

*Proactive use of the Council's assets to drive regeneration and create value and opportunity*

##### (i) Development of underutilised commercial and housing assets

The Council's AMS and new data systems, see section 3.2.1, will deliver an ongoing accurate and comprehensive register of commercial assets. This provides the foundation for understanding and using the commercial portfolio to its maximum potential.

The Council's approach to commercial assets needs to diversify in order to meet changing occupational requirements within the market. The strategy therefore has to be to make assets more adaptable, sustaining good income generating characteristics and aiming for growth potential in the medium term.

As described above in 3.2.3 (i) the Council will move to eliminate the unclassified category of assets, with all assets being classified as either operational or commercial, and if the properties fall within the commercial classification they will be subject to market terms.

The 'Urban Files' approach, section 3.2.3 (ii) will enable a more strategic approach to reviewing the portfolio and considering disposals and acquisitions with the intention of developing a more coherent portfolio of properties.

Opportunities exist to develop sites currently in the Council's ownership to fully exploit their potential as commercial properties. This co-ordinated transparent approach should assist in identifying new development opportunities going forward.



In addition transfer of the Council's non-Housing stock, such as garages and commercial properties, from the Housing Revenue Account to the General Fund is expected to deliver a saving of £1,000k by 2017/18. The saving, part of the Lewisham Future programme, is based on removing the restriction from managing these properties within the Housing Revenue Account, allowing the transfer of debt to improve the potential for borrowing for wider housing objectives, reducing voids and ensuring a commercial approach to the management of these properties.

### **3.5.2 INCREASED INCOME FROM THE EXISTING ESTATE**

#### *Refocussing the existing commercial portfolio to achieve market rates and maximise income collection*

##### (i) Rent review of all assets and programme of lease renewals

In order to meet Local Authority financial reporting standards the asset portfolio of the London Borough of Lewisham must be valued every five years. The guidelines for valuations have changed this year so that demonstrating that we have revalued all our assets over a 5 year period is no longer sufficient. The Authority is obliged to consider the carrying value of all our assets and provide compelling reasons if some classification of assets do not require revaluation. Additionally there are certain categories of assets which must be valued every year such as Council Investment Assets and Council Dwellings. In addition to this, there is also a requirement to get an asset re-valued within the five year period if the reported value has undergone a material difference since its initial valuation.

In previous years it has been sufficient to do asset revaluations as at the 1st April however, as the emphasis is placed on the carrying value at the 31st March each year it has been decided to get valuations done at the 31st of January each year.

The portfolio should be pro-actively managed on commercial terms, in particular ensuring that the Council achieves true market rental levels. This can be achieved through re-negotiating of the existing leases through lease renewals or lease re-gears. This process will also identify leasehold properties where rent reviews are outstanding and where existing rental levels are considerably below current market rents.

There are a significant number of commercial properties where the current rent receivable are approximately 5 to 10 years out of date where market rental levels would be expected to be considerably higher.

Increasing market rental value of the portfolio can be a lengthy process, particularly in a rising rental market. The lease renewal process is often protracted including where a negotiated settlement cannot be reached requiring legal assistance.

In some cases the rent review process can also be protracted, particularly if the matter has to be referred to a third party outcome in accordance with the subject lease. The timelines will vary depending upon whether a third party Arbitrator/ Independent Expert appointment can be agreed upon or whether the RICS/ Law Society have to make the appointment then the process can take in excess of six months before you receive an Award (Arbitration) or Determination (Independent Expert) and there may be considerably associated costs depending upon the nature of the property and rent review provisions of the subject lease. Indeed, there are some rent reviews within the portfolio that are more straight forward as they are RPI and can generally be backdated unless "time is of the essence" which is rarely the case.

There are a significant number of over-holding tenants, whereby either vacant possession should be obtained and/or new leases on commercial terms need to be put in place. Those properties that are vacant or due to become vacant should be actively managed to achieve current market terms. This can be done through refurbishing the properties in order to bring to a lettable state and to attract tenants on strong covenants and secure longer lease terms. All of the Council-owned properties that are currently marketed by the third party, approx. 25% of these properties required some internal repairs and light refurbishment work.

## (ii) Proactive income collection, void minimisation and debt recovery

The new AMS and associated systems, described above in section 3.2.2, will ensure more robust data is held on assets within the commercial portfolio and will enable a more proactive approach to identifying properties due for rent reviews and leases that are due to expire in any financial year. As a result, the indicative rental budgets can be produced accordingly.

The process of ascertaining the lease and licence expiry dates will assist in reducing voids. A complete and consistent management plan is in place to ensure that when a lease/licence is due to expire (preferably 9-12 months in advance) appropriate pro-active steps are adopted. This includes formally notifying a tenant to determine whether they intend to renew their lease, or if we are entitled to seek vacant possession marketing the property prior to expiration or putting in plans for redevelopment.

The prioritisation of rent arrears and rent recovery requires a consistent corporate approach. The focus is to ensure rental income is maximised, a debt recovery culture is established. The main three objectives should be to reduce the debt owed to the Council, from both previous and current tenants; to outperform the KPIs and promote a stronger payment culture through the portfolio.

In accordance with the Council's standard tenancy agreement, the incoming Tenant has a responsibility to pay rent to the Council on time. This is, however, not always the case. The current outstanding debt for the commercial estate (general fund) is £312k over the period of 0 – 901+ days.

The annual rent roll is circa £640k, therefore the average outstanding debt for the rolling 12 month period of £185k represents 30% of the annual rent roll. Through the introduction of direct debit payments for commercial properties and improved processes for the chasing and collection of aged debt it is assumed that outstanding debt can be reduced by an average of 30%.

A proactive approach to income collection will

- Provide tenants with clear information about rent and other charges throughout their tenancy;
- Set up all rental payments, including service charge, by Direct Debit and ensure that it is easy for tenants to understand the process;
- Maximise the collection of income and minimise any outstanding debts;
- Have effective and fair procedures in place to take early actions before debts accumulates further;
- Set up the timing on when the legal action is to take place and when bailiffs are to be sent out, if necessary as a last resort if debt recovery is unsuccessful;
- Agree fair and satisfactory repayment arrangements and plans with the tenants;
- Ensure that there are internal policies on sustaining leases and existing tenants;
- Adopt best practice and have benchmarks in place.

Our approach will be proactive in minimising debt with the procedures to be reviewed annually. On-going monitoring and prompt written notifications will help to develop a culture of good payments, providing all of the existing and incoming tenants with clear information on their rental obligations and repayment plans. The objective is also to maintain top quartile current rent arrears performance against other local authorities.

## 4) DELIVERY

The following seeks to distil the array of activity described in the asset management and accommodation strategy into a set of central strands of work underpinned by a smart set of key performance indicators and a robust analysis of the risks.

### 4.1 Outcomes, work strands and projects

There are four interlinked objectives driving the range of activities and work strands in progress and to be delivered over the coming years. These are:

- Increasing the level of income generated by the Council's assets
- Reducing expenditure associated with the Council's assets
- Improving the quality of services delivered by the corporate asset function
- Compliance with regulation and responsiveness to risk

There are a number of core work strands that are planned and underway aimed at delivering on these objectives. These work strands have been described throughout the body of this Strategic Asset Management Plan. The following table shows where these in the document these are described and what they are intended to deliver.

Work strands	What success looks like
<i>Effective management of assets</i>	
Data capture, storage and analysis	<i>Embedding a corporate approach to asset-related data that is accurate, consistent and efficient</i>
Capacity and functions	<i>Creating the right alignment of resource within the Council to manage assets effectively and efficiency</i>
Estate management	<i>Using the Council's assets strategically to create value and managing the estate in a transparent and consistent way</i>
Governance and partnerships	<i>A corporate approach to assets that promotes delivery through planning, partnership and collaboration</i>
<i>Accommodation strategy for the operational estate</i>	
Asset optimisation	<i>Reshaping the corporate portfolio based on delivering the new net financial position and achieving service outcomes</i>
Facilities management	<i>Effective and efficient management of the corporate estate</i>
Sustainable and efficient estate	<i>Management of assets based on an understanding of opportunity costs and long-term potential alongside the costs and benefits in the here and now</i>
<i>Compliance and risk</i>	
Statutory compliance	<i>Fully compliant with regulation and our obligations to residents and staff</i>
<i>Commercial estate</i>	
A better balanced portfolio	<i>Proactive use of the Council's assets to drive regeneration and create value and opportunity</i>
Increased income	<i>Refocussing the existing commercial portfolio to achieve market rates and maximise income collection</i>

The work strands are comprised of a number of projects that have been described in the body of this Strategic Asset Management Plan. These projects are summarised in the table below.

Programmes	Work strands	
Compliance and risk	Statutory compliance	<ul style="list-style-type: none"> <li>• Fire safety</li> <li>• Asbestos policy and management plan</li> <li>• Water hygiene plan</li> <li>• Equality Act 2010 access to buildings and services</li> <li>• Energy Performance Certificates</li> <li>• Staff safety</li> <li>• Third party management of assets</li> </ul>
Strategic approach to assets	Data capture, storage and analysis	<ul style="list-style-type: none"> <li>• Asset Management System (AMS)</li> <li>• Systems and processes</li> </ul>
	Capacity and functions	<ul style="list-style-type: none"> <li>• Restructuring</li> <li>• Backlog clearance</li> </ul>
	Estate management	<ul style="list-style-type: none"> <li>• Classification of assets</li> <li>• Third sector and community assets</li> <li>• 'Urban Files'</li> </ul>
	Governance and partnerships	<ul style="list-style-type: none"> <li>• Asset Management Board</li> <li>• Partner engagement</li> <li>• Schools estate</li> </ul>
Accommodation strategy for the operational estate	Asset optimisation	<ul style="list-style-type: none"> <li>• Refocusing the operational estate</li> <li>• New income</li> </ul>
	FM	<ul style="list-style-type: none"> <li>• Realignment of contracts</li> <li>• Integration of functions</li> </ul>
	Sustainable and efficient estate	<ul style="list-style-type: none"> <li>• Carbon/energy targets</li> <li>• Corporate sustainability</li> </ul>
Commercial estate	A better balanced portfolio	<ul style="list-style-type: none"> <li>• Development of underutilised commercial and housing assets</li> </ul>
	Increased income	<ul style="list-style-type: none"> <li>• Rent review of all assets and programme of lease renewals and re-gears</li> <li>• Proactive income collection, void minimisation and debt recovery</li> </ul>

## 4.2 Performance indicators

Performance indicators have a fundamental role to play within a strengthened performance management regime for the corporate running of assets.

There are a wide range of targets and measures used to assess performance and direct resources on assets. These measures will be captured within work plans and as part of Project Initiation Documents and the wider processes for programme and project management with a core set of Key Performance Indicators used to manage the overall programme and for reporting in the planned Annual Business Report. Corporately and at a divisional level performance indicators will be spilt into the following headings:

### Corporate and financial

- Overall revenue expenditure to date / forecast / vs budget and savings targets
- Overall profit and loss for assets as a whole and by area
- Revenue expenditure split by category of spend
- Overall capital expenditure to date / forecast / vs budget
- HR measures including staffing levels / sickness
- Roll out and viability of the Asset Management System
- Complaints / casework / correspondence performance against corporate targets
- % highlight reports signed off by SROs and delivery of programme and project milestones

### Operational estate

- Non-housing assets by category / service directorate
- FM: cleaning performance; security performance
- Statutory compliance: water hygiene, equalities; PPM; fire evacuation
- Corporate sustainability: carbon footprint; waste and recycling; water

### Commercial estate

- Property numbers and value
- Monthly income receivable (general fund / HRA)
- % portfolio valued annually
- Right to buy valuations completed within deadline
- Vacant properties
- Debt
- Rateable value % savings
- Average rent £ per sq. m

### Highways and transport

- Value of assets
- Non-principle roads fit for purpose and value of work required to make fit for purpose
- % planned works completed to timetable
- % trips by mode of transport
- Road traffic accident casualties KSI / total casualties by mode of transport

### Streetlighting

- Ave days taken to repair notified faults
- % lights in light

### Borough-wide energy and carbon

- Borough carbon emissions
- Households in fuel poverty in borough
- Number of domestic properties within flood risk areas

### 4.3 Risks

The key identified risks in relation to the Council's asset portfolio and asset function are:

- Failure to comply with legislative / statutory obligations resulting in: risk of death or injury to staff or public; criminal prosecution; civil litigation; reputational damage; or damage to property or equipment
- Corporate assets no longer fit for purpose due to location or suitability for service delivery resulting in: service delivery impact, increased costs, loss of income
- Loss of a strategic asset or premises through failure to maintain it in a safe and effective condition resulting in: prosecution by the HSE with cost and time implications; front line service failure; major reputational damage to the Council
- Failure to achieve projected net new financial position for the Council under the Lewisham Future Board savings resulting in: impact on future year's budgets and savings targets, impact on ability to maintain asset function effectively
- Failure to have service specific strategies aligned with asset strategy resulting in: inadequate or insufficient use of accommodation; lack of integration with disposal or investment programmes; loss of forecast savings and new income
- Failure of disaster recovery and / or business continuity plans in the event of a serious incident resulting in: criminal charges; loss of communication / ICT; loss of essential service provision
- Loss of capacity during or following reorganisation process resulting in: failure to achieve statutory compliance; loss of income and or increased costs; loss of quality of service outcomes
- Failure to adequately manage revenue or capital budgets and to manage income or expenditure resulting in: increased exposure to financial risk; inability to meet budgets or savings targets; reputational damage
- Lack of accurate and robust data resulting in poor decision-making, lack of transparency in use of assets; lack of compliance with statutory requirements; reputational damage; increased exposure to financial risk

The measures being undertaken to respond to these risks are set out within the body of this Plan. The key projects that address the risks are:

- Ensuring robust data capture, storage and analysis through the new Asset Management System and associated systems (3.2.1)
- Ensuring effective capacity for the asset management function through the reorganisation and clearance of backlogs (3.2.2)
- Effective management of the estate, through effective budget management, categorisation of assets, decision-making, and investment opportunities (3.2.3)
- Effective governance and partnerships with others (3.2.4)
- Reducing exposure to cost and driving quality in the operational estate (3.3.1)
- Effective facilities management and procurement of the FM function (3.3.2)
- Understanding and reducing our use of resources (3.3.3)
- Effective understanding, resourcing and management of compliance and risk (3.4)
- Development of underutilised commercial assets (3.5.1)
- Increased income through an optimised commercial estate (3.5.2)

#### 4.4 Timetable

The following sets out milestones for delivering the asset management and accommodation strategy.

Implementation of the Strategic Asset Management Plan will be overseen by the Asset Management Board. The Asset Management Board will in addition report to the Regeneration Board on a 6-monthly basis in relation to delivery of the Strategic Asset Management Plan.

It is expected that the action plan will be updated and reported on annually as part of the commitment to produce an Annual Business Report on Assets and that the Strategic Asset Management Plan will be reviewed and republished in 2018.

##### Timeline

<b>2014/15</b>	Strategic Asset Management Plan published (Q4) New Asset Management System operational (Q4)
<b>2015/16</b>	New Asset Management Board in place (Q1) Reorganisation of Regeneration and Asset Management complete (Q1) Annual Business Report published (Q2) Phase 1 of asset optimisation complete and investment plan for operational estate agreed (Q4)
<b>2016/17</b>	Implementation of rent reviews complete (Q4) FM realignment implemented (Q4) Phase 2 of asset optimisation implemented (Q4)
<b>2017/18</b>	New investment programme achieving £200k annual income
<b>2018/19</b>	All assets either commercial or operational
<b>2020+</b>	New Investment programme achieving £5m+ annual income

##### Savings targets

	2014/15	2015/16	2016/17	2017/18	<b>TOTAL (£m)</b>	2020
Structural reorganisation (Reduced expenditure)	0.35	0.60			<b>0.96</b>	
Operational estate optimisation (Reduced expenditure)	0.92	0.19	0.30	0.67	<b>2.08</b>	
Commercial estate optimisation (Additional income)		0.35	0.45	0.10	<b>0.90</b>	
Energy efficiency (Reduced expenditure)		0.11	0.01	0.02	<b>0.13</b>	
New income (Additional income)				0.20	<b>0.20</b>	5.5
<b>TOTAL (£m)</b>	<b>1.27</b>	<b>1.25</b>	<b>0.76</b>	<b>0.99</b>	<b>4.27</b>	<b>9.77</b>

## 4.5 Supplementary documents

The following documents include strategies, operational resources, policies and reports that are part of or connected to the Strategic Asset Management Plan. Some of these documents are not published publicly for legal and /or commercial reasons.

- Asset Register
- Asset Optimisation Schedule
- Corporate Asset Services Annual Business Report 2013/14
- Corporate Asset Services Business Continuity Plan
- Data Management Handbook
- Energy Monitoring and Targeting report 2013/14
- Energy Policy
- Flood Alleviation Strategy
- Highways Asset Management Plan
- Maintenance of assets and premises audit report 2012/13
- Regeneration and Asset Management Risk Register
- Regulatory Risks Policy
- Third sector protocol
- Use of Resources Statement 2013/14