



Overview and Scrutiny Committee

Asset Management Update and Response to 3 October 2023 Meeting

Date: 18 March 2024

Key decision: No

Class: Part 1

Ward(s) affected: All

Contributors: Petra Marshall, Senior Programme Manager; Kplom Lotsu, Head of Capital Programme Delivery; Patrick Dubeck, Director of Inclusive Regeneration.

Outline and recommendations

This report provides a response to Overview and Scrutiny Committee (OSC) views on Asset Management following a presentation given by officers at the 3 October 2023 OSC meeting.

Overview and Scrutiny Committee are asked to note the contents of the report and provide further feedback where necessary.

Timeline of engagement and decision-making

8th September 2023 – Briefing with Chair of Overview and Scrutiny Committee to agree focus of update

3rd October 2023 – Report to Overview and Scrutiny Committee on Asset Management (non-housing estate)

1st November 2023 – Report from Overview and Scrutiny Committee to Mayor and Cabinet with comments on Asset Management

1. Summary

- 1.1 The Council's effective utilisation of assets is critical to supporting the delivery of a range of services and to many of the Council's corporate plan objectives. An Asset Management Strategy will be crucial in guiding the management of the estate.
- 1.2 On 3rd October 2023, the Overview and Scrutiny Committee (OSC) considered a report from officers on Asset Management ([link to the agenda](#)). The Committee subsequently

referred its views to Mayor and Cabinet on 1st November 2023 ([link to agenda](#)).

- 1.3 This short report provides a response to that referral and asks the committee to provide further feedback where necessary.

2. Recommendations

- 2.1 That the Overview and Scrutiny Committee note the contents of the report.

3. Policy Context

- 3.1 The Council's non-housing asset base supports a wide range of functions and services. This includes office accommodation, community facilities, adult learning, libraries, bereavement services, education and children services, housing, social care and health provision. The estate also provides important Council income via commercial lettings. As such, the Council's assets directly contributed to the delivery of the Council's Corporate Strategy 2022 - 2026 and its seven corporate priorities:

- Open Lewisham
- Quality Housing
- Children and Young people
- A Strong Local Economy
- Health and Wellbeing
- Cleaner and Greener
- Safer communities

- 3.2 Many of the priorities in the Corporate Strategy will equally be dependent on a strong Asset Management Strategy that maximises utilisation of our estate.

- 3.3 The newly adopted Affordable Workspace Strategy, Cultural Strategy and Physical Activity Strategy, emerging Local Plan and Infrastructure Delivery Plan (IDP) amongst others, have interdependencies with assets.

4. Background and Narrative

- 4.1 The emerging Asset Management Strategy (AMS) 2024-30 builds on the success of the previous Strategic Asset Management Plan 2015-2020. Whilst much has already been achieved, a fresh approach is now needed, responding to the key drivers that local authorities are facing, including constrained resources, significant demand for housing, the climate emergency, different operating models emerging from the pandemic and opportunities to deliver growth and regeneration across the borough.

- 4.2 The AMS sets out the ambition and key initiatives the Council will adopt for the use and management of property in support of the Corporate Strategy. At its core, it supports the development of a property asset portfolio that maximises opportunities for innovation, collaboration and inclusive growth whilst supporting high quality delivery of services to residents and communities in the borough. A portfolio that is financially and environmentally sustainable and underpins the Council's priority for safe, healthy and resilient communities.

- 4.3 It notes that to achieve this, the property and land portfolio must be:
- shaped through innovative thinking and bold decisions;

- used to unlock strategic priorities such as inclusive growth;
- modernised, fit for purpose and well managed;
- cost effective and provide value for money;
- right sized to deliver a manageable operational estate;
- commercially managed;
- sustainable and efficient;
- flexible and adaptable, responding to the modern and changing world;
- fully utilised and multi-functional.

4.4 The strategy is being developed through a number of frameworks and work streams which seeks to respond to specific areas of need across the current portfolio. This includes:

4.4.1 A systematic and methodical review of service asset requirements which seeks to identify prioritised opportunities for better utilisation of the Council's assets, land supply for housing development and to enable service transformation.

4.4.2 A community assets governance framework which seeks to better align community assets use with the Council's corporate priorities while at the same time working to strengthening the capacity and capability of VCS organisations to be better manage Council assets to hold for community benefit.

4.4.3 A programme of prioritised lifecycle investment across the maintained operational corporate estate which supports longer asset life, increased safety and compliance as well as improve efficiency and energy performance in achieving the Council's net-zero ambition.

4.4.4 A long-term corporate accommodation strategy which underpins the Council's ambition around future workforce and workstyle requirements in context of a robust digital strategy.

4.4.5 A clear and robust process, including criteria for evaluating and making decisions on acquisition for the purposes of meeting housing need, service delivery or furtherance of other council objectives.

4.4.6 Retaining a sustainable estate and reducing the Council's carbon footprint through a Carbon Reduction Plan (CRP) which will help the Council move its property towards net zero by increasing its readiness through incremental improvements and positioning it for more affordable technological options and funding opportunities.

4.4.7 Rationalisation of assets which do not meet an identified current corporate need leading to reductions in the overall cost of maintaining the portfolio while also providing opportunities to generate capital receipt to support other priorities within the capital programme.

4.5 On 3rd October 2023, the Overview and Scrutiny Committee (OSC) considered a report from officers on Asset Management ([link to the agenda](#)). The Committee subsequently referred its views to Mayor and Cabinet on 1st November 2023 ([link to agenda](#)). This next section details the response to each of those views.

5 Response to Overview and Scrutiny Committee views

5.1 *The asset management strategy should come to OSC prior to its consideration by M&C (at the OSC meeting on 6 February 2024, if timelines allow).*

Officer Response: The Asset Management Strategy is currently in draft form and is subject to ongoing work with services and directorates to refine and provide further details before the final document is presented to M&C in June 2024. The core principles of the emerging AMS remain as presented to OSC in October 2023 and summarised above in section 4. The final document will take into account the feedback from the October 2023 OSC meeting. Assuming there is an OSC meeting before the June M&C then, officers will return with the final strategy for further review by the Committee.

5.2 *There should be a wider consideration of the value of land - its economic value, geographical location and social value should all be key considerations in the decision-making process for the development or disposals of assets.*

Officer Response: As part of the ongoing Asset Review officers undertake an options appraisal to fully explore all possible outcomes for an asset. This includes considering the value of the land from an economic, social and service perspective. Various factors are considered: land valuation, geographical location, transport links, planning considerations, running costs, property condition, capital investment requirements (including decarbonisation measures), service suitability and current utilisation, and social community value. These are discussed at the Asset Review Board and Regeneration and Capital Boards as well as informing ward councillors and Cabinet leads where relevant (see 4.7 below) before a formal recommendation is made to the appropriate decision-maker in accordance with the scheme of delegation as set out in the Council's constitution.

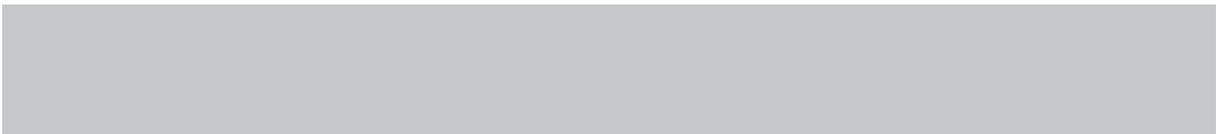
5.3 *Master planning for the long-term use of the Council's assets should take place, including combined use, creative zones and industrial units.*

Officer Response: As noted above, the asset review process sets out to consider the range of uses that an asset or land interest may enable. This process routinely considers whether there are economic uses for that asset as well as the planning context within a given area. As part of this process, consideration is given to adjoining or neighbouring sites where there is a potential that a strategic outcome may be obtained by combining both sites. Further, development proposals will respond to existing and emerging planning policy including the need to prepare sites masterplans as outlined in **Policy DM3 Masterplans and comprehensive development** of the draft Local Plan as well as policies within **Section 8 Economy and Culture** which seeks to build a thriving and inclusive local economy.

5.4 *The Council should consider a wider acquisition strategy.*

Officer Response: The Council may, from time to time, acquire property for housing or service need, to support future development and regeneration as well as enabling employment and economic regeneration. The emerging Asset Management Strategy includes a section on property acquisition and describes the current process and circumstance in which the Council will seek to acquire assets. This is in the context of its treasury management strategy as well as the prudential borrowing code.

5.5 *A more ambitious investment partnership strategy should be adopted.*



Officer Response: The Council has a range of investment or partnership strategies in place and through its use of assets, will always look at ways of securing the value or outcome proposition. Existing commercial structures for managing Council assets include the joint venture with Grainger to develop the Besson Street site and the Council's wholly owned subsidiary, Catford Regeneration Partnership Limited (CRPL), which focusses on managing assets in Catford to best serve the Council's longer term regeneration ambitions.

5.6 *All assets proposed for disposal or change of use should be highlighted to scrutiny, and ward councillors, including those below the key decision threshold of £1.5m.*

Officer Response: The constitution currently requires relevant ward councillors to be informed prior to disposal of any asset in their ward. Cabinet leads are also engaged early on any emerging change of use or disposal considerations before a recommendation is made for formal decision-making. Officers believe this process currently provides a robust level of scrutiny on proposed change of use or disposal decisions regardless of value.

5.7 *Equalities considerations should be part of all asset management decisions, with Equalities Analysis Assessments (EAAs) carried out where required.*

Officer Response: An Equalities Analysis Assessment (EAA) will be undertaken on the emerging Asset Management Strategy. Any relevant decisions around asset management will consider equalities considerations and EAA screening processes are conducted where there may impacts that warrant consideration. Where a service change necessitates the change of use or disposal of an asset then the service may be required to undertake an EAA.

5.8 *Ongoing clarity should be provided in relation to existing and potential plans for meeting net zero ambition, including planned and necessary works, as well as secured funding and gaps.*

Officer Response: The emerging Asset Management Strategy has a section on sustainable assets which highlights the Climate Emergency Action Plan and the ambition to be carbon neutral by 2030. It notes the progress made to date but also the challenges of larger scale decarbonisation of a diverse and aging estate. This links with the wider focus within the Strategy that the Council needs to move to a smaller, leaner estate where limited available investment is focused and made most effective. It also recommends a Property Carbon Reduction Plan to increase readiness through incremental improvements and planned maintenance to ensure buildings are ready for technological advancements and funding opportunities. However, the Climate Emergency Action Plan as currently drafted is not funded, therefore as assets are identified as part of the ongoing asset review, their holding or operating cost, including the cost to decarbonise will be made clear.

6. Financial Implications

6.1 There are no direct financial implications arising from this report; however the contents outline how the Asset Management Strategy will help guide how we better manage our property estate which in turn will help generate revenue savings, reduced running costs, generate capital receipt and support strategic service delivery.

6.2 Where the delivery of the AMS requires financial investment, such as acquisitions or decarbonisation, this will be clearly set out as part of the relevant decision report, including both revenue and capital implications (and possible borrowing implications).

7. Legal Implications

- 7.1 There are no direct legal implications arising from this report. Any assets subject to potential disposal or alternative use will have to follow the Council's constitution and any statutory requirements.

8. Equalities Implications

- 8.1 There are no direct equalities implications arising from this report. Due regard to equalities will be considered when making decisions on assets, and where required Equality Analysis Assessments may need to be undertaken by services who are changing their offer. An EAA will be undertaken out as part of the Asset Management Strategy.

9. Climate Change and Environmental Implications

- 9.1 There are no direct climate change and environmental implications arising from this report, however environmental consideration will be addressed in any capital project that takes places in the Council's estate. The CEMP and the PSDS funded works seek to decarbonise corporate buildings and make improvements which reduce utility consumption, make buildings more efficient and contribute towards the Council's target to be carbon neutral by 2030. Decarbonisation and environmental implications are considered as part of the Asset Review process.

10. Crime and Disorder Implications

- 10.1 There are no direct crime and disorder implications arising from this report.

11. Health and Wellbeing Implications

- 11.1 There are no direct health and wellbeing implications arising from this report.

12. Glossary

Term	Definition
OSC	Overview and Scrutiny Committee
M&C	Mayor and Cabinet
AMS	Asset Management Strategy
CEMP	Corporate Estate Maintenance Programme
PSDS	Public Sector Decarbonisation Scheme
EAA	Equalities Analysis Assessment

13. Report Author and Contact

- 13.1 Petra Marshall, Senior Programme Manager, petra.marshall@lewisham.gov.uk; Kplom Lotsu, Head of Property and Capital Programmes, kplom.lotsu@lewisham.gov.uk