



**Havering**  
LONDON BOROUGH



**LONDON BOROUGH OF  
HAVERING**

**CORPORATE  
ASSET MANAGEMENT PLAN  
2015 - 2019**

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# 1 Introduction and Context

- 1.1 As at 31<sup>st</sup> March 2013 the Council's Financial Accounts show that the Council held property assets (other than Council Housing) with a net book value of £416m. This net book value is divided between the General Fund (£395m) and the Housing Revenue Account (£21m).

The majority of these property assets are regarded as operational assets as they are held for the purposes of service delivery. The net book value of operational properties held by the Council is £371m.

A small non-operational portfolio is also held and this consists of the Council's commercially let premises and assets that are held pending disposal. The net book value of non-operational properties held by the Council is £45m.

A summary of the Council's property assets as at 1<sup>st</sup> January 2015 is attached as Appendix 1.

- 1.2 The Asset Management Plan (AMP) is a document that sets out the Council's corporate vision on asset management, clarifies how this fits in with other Council strategies and sets out the policies that the Council adopts through its asset management activities.
- 1.3 Asset management is embedded into all of the Council's activities. Decisions on how services are delivered, where they are delivered from and what facilities are required are all influenced and informed by the Council's approach to both operational and strategic asset management.
- 1.4 The Council's focus is on securing and improving service delivery and this is reflected in all of the Council's strategic documents. Operational properties that are fit for purpose, are flexible in use and can be provided in a cost efficient way are vital in underpinning the delivery of services.
- 1.5 Furthermore, it is now widely recognised that assets can be used proactively to initiate and support service related outcomes. This may be through the provision of capital as a result of asset disposals but it could also be through the acquisition, management and development of assets to create income flows, to commence estate regeneration, to support community initiatives and to encourage investment.
- 1.6 Asset management within the Council is co-ordinated by the Corporate Asset Management Group (CAMG) that has responsibility for co-ordinating property related asset management throughout the authority and provides a link between services areas, the Corporate Management Team and elected Members on all property related issues.
- 1.7 The management of assets is always an important issue for any organisation – especially large organisations that have a very diverse asset base. However, this Plan has been prepared within a particularly challenging financial context that has involved the Council making revenue savings of £40m in the period 2010 – 2014 with a further estimated £60m of saving to be identified during 2015 – 2019. In the current challenging conditions and the changing environment within the public

sector it is vital that the Council have a clear vision on assets, a clear understanding of the challenges and pressures in respect of the use of assets and clear policies on how those assets should be managed and reviewed.

- 1.8 The biggest change to the portfolio of property assets held by the Council over recent years has been the transfer of schools from Local Authority control to initially Foundation Schools and, more recently, Academies. This change of status has been accompanied by an effective change of ownership and the Council now exercises much less direct control over the school estate from a property perspective.
- 1.9 The Council has taken a robust approach both to the ownership of assets and to the potential for capital receipts to support capital projects. Over the last 8 years approximately £108 has been raised from the sale of assets (excluding the sale of Council houses). The Council's approach to asset management and capital projects has been influenced by the availability of surplus assets but as these become more difficult to identify the approach to both will need to be kept under review.

Additionally, in the current financial climate the creation of property related sustainable revenue sources is an important area of activity for the Council, possibly in relation to providing housing for rent or commercial property investments.

- 1.10 This plan sets out how asset management interacts, supports and influences other strategic policies. The Plan confirms the detailed asset management policies and practices that provide that support and influence.

## **2. Corporate Vision**

- 2.1 The Council's objectives for the next four years will reflect the stated priorities of Havering residents as expressed in successive consultation exercises – principally, keeping the Borough clean and safe and promoting a high quality of life for local people.
- 2.2 These priorities will be enshrined in the Council's over-arching corporate strategy and the corporate planning process for the new financial year. The Council's financial planning – both in terms of investment and savings, also reflect this focus and are structured to support the Council's overall objectives.

In 2013 the Council published a guide called *The Way Forward: A Connected Council* showing what initiatives were required to deal with the challenging circumstances and, in particular, the need to generate savings by radically altering the way that the Council does business. This document provides a roadmap showing the policies and projects that create a road to a Connected Council making a positive difference to residents' lives.

- 2.4 Both the management of capital and assets work together to support all of these objectives. The Capital Strategy identifies that Havering, like most local

authorities, is faced with a range of financial constraints and competing pressures for service delivery and improvements.

### 3 Policy Context

- 3.1 The Council's Corporate Plan currently covers the period 2014-15. This identifies five Strategic Objectives and highlights the Strategic Outcomes that would be the measure of success in achieving those objectives. The Corporate Plan sets out the Key Activities that will be undertaken in pursuing those outcomes and commits the Council to a wide range of Measures and Targets to demonstrate whether these objectives have been achieved.
- 3.2 The strategy for providing the financial support for the delivery of these objectives is set out in the Financial Strategy and the Capital Strategy.
- 3.3 The management and use of assets must be aligned with other Council policies, such as Development Control policies and the Sustainable Energy Strategy.
- 3.4 The use of property in the delivery of services also has to be planned within this policy framework. Service delivery and property use is continually under review to identify service improvements and/or savings and is considered annually within Service and Directorate Plans.
- 3.6 The main asset management challenges are:
- **Value for Money** – to ensure that the maximum benefit in terms of service delivery is derived from any asset held at the minimum cost
  - **Suitability & Sufficiency** – ensuring that retained assets are suitable for their proposed use, are fit for purpose and support improved service delivery.
  - **Managing Resources** – ensuring that assets are managed efficiently and that initiatives to improve efficiency are identified and implemented.
  - **Rationalisation** – ensure that the disposal of surplus assets links with the Financial Strategy and that the retention of assets is rigorously tested against the Council's retention criteria.
  - **Sustainability** – ensuring that asset management has proper regard to impacts on the environment and addresses sustainability issues.
- 3.7 The position of the Council is that Havering is likely to continue to have severe resource constraints for the next few years, almost certainly to the end of the decade, and as anticipated, these constraints are even more marked than anticipated in previous years. This has inevitably placed severe further restrictions on the resources for services and leaves the Council facing the need for further savings plans to meet the expected financial position arising from the current Comprehensive Spending Review (CSR). Whilst this may be seen as a continuation of the experience of recent years, the scale of reductions needed in public sector spend have, as has been seen, had a major impact on funding for local government.

- 3.8 The Council has historically approved a three year rolling Capital programme, with a detailed programme for the first year and an indicative programme for the subsequent two years. The Programme is now based on a two year period and remains reliant on funding through the generation of capital receipts, although consideration had been given to a transitional process, with a gradual move towards the use of prudential borrowing to finance it.

Changes in the cost of prudential borrowing through the Public Works Loans Board were previously announced as part of the CSR. Given the ongoing financial climate, it is now felt that the Council's immediate budget strategy should not incorporate the use of prudential borrowing on General Fund projects, with minor exceptions. It is therefore proposed that the Capital Programme for the foreseeable future should rely on the use of capital and Section 106 receipts and any sources of external funding only. This places particular importance on the rationalisation and sale of assets to fund capital programmes.

## **4. Asset Management Policies**

- 4.1. To ensure that the Council's approach to the management of assets is consistent and that it is focussed on maximising the contribution that assets make to service delivery it is important to set out the aims and objectives of property ownership and use.

It is also important to examine particular asset related issues including the management of operational property, the process of property review and rationalisation and the challenges that must be addressed in administering the property portfolio.

The Council's approach to the management of assets held for non-operational reasons (such as commercial investment properties) and those held for community use also needs to be defined.

### **4.2 Aims and Objectives of Property Ownership**

- 4.2.1 The Council's agreed Aims and Objectives for property use to meet its aspirations are shown below:

- **To ensure that assets retained by the Council achieve the most effective and efficient contribution possible to the delivery of services, reflecting the needs of stakeholders and users.**
- **To make available on suitable terms to other Public Bodies, Voluntary Bodies and other Partners in the provision of services, such assets as may be best employed in the provision of jointly provided services.**
- **To consider the use of assets by the private sector on suitable terms where such assets may be best utilised in the provision of contracted out services.**
- **To consider the transfer to appropriate service providers those assets in need of substantial capital expenditure to achieve acceptable standards, under transfer terms and conditions that will reflect the views of stakeholders and service needs, preserve a Council interest, and retain influence in the future use of such assets, where appropriate.**

4.2.2 The Council is committed to retaining ownership, either freehold or leasehold, of only those assets which meet at least one of the following criteria:

- **The asset needs to be retained in Council ownership and control for the provision of services.**
- **The Council considers the asset to be of great value to its community and other stakeholders and/or are in need of the degree of protection, from development or other uses, afforded only by ownership**
- **The asset produces a net income that is of greater benefit to the Council than the saving or capital receipt that could be achieved by disposal.**

When acquisition opportunities are being considered, these criteria will also be used to inform that process. In addition, it is necessary to demonstrate that any proposed property acquisition meets service requirements (and that these requirements cannot be met from the existing portfolio) or that the asset would yield an income that would justify acquisition or that it would enable the Council to achieve other strategic aims such as the regeneration of an area.

4.2.3 In all other respects the Council sees no necessity to retain or acquire property assets that do not fall within one of the above definitions.

### **4.3 Aims and Objectives of Property Use**

4.3.1 In addition to considering the strategic need to own property and identifying criteria for continuing to own property it is also important to set out how the Council views the optimum way to use its properties. Within the Council's retained property portfolio the aim is:

- **To identify and meet the Council's essential and core property requirements.**
- **To secure flexibility in terms of financial, physical and functional elements of property use.**
- **To recognise and consider the needs of services, stakeholders and users.**

### **4.4 Operational Property**

- 4.4.1 Operational property is defined as property that is held, occupied, used or consumed by the Council in the direct delivery of its services including administrative accommodation.
- 4.4.2 The Council will continue to review the use of all property to ensure that it meets the criteria for retention identified within this Plan. The use of existing operational assets will be kept under review to ensure that they continue to be fit for purposes and are essential to meet service or community needs.
- 4.4.3 The challenges for the management of operational property are:

- **Creating a flexible portfolio of operational properties that easily adjust to changing service requirements and the likely increase in partnership working.**
- **Reducing the cost of operational properties to contribute to required revenue savings through greater efficiency, new working practices and partnership working.**
- **Increasing the efficiency in use of individual premises within the operational property portfolio.**
- **Ensuring that all operational properties are fit for purpose, deliver the service outcomes required and can easily adjust to meet changes in those service outcomes.**

## 4.5 Property Disposals and Property Reviews

- 4.5.1 The Council continues to be heavily reliant on capital receipts to allow capital projects to proceed and the important role that disposals play in the provision of capital resources is reflected in the Capital Strategy. The identification and implementation of disposal opportunities is crucial to funding and securing improvements in the delivery of many services.
- 4.5.2 It is the case that as the Council has pursued a policy of selling surplus sites for many years it becomes more difficult to identify new sites that do not pose challenges - especially in respect of objections to disposal that arise in many cases. Constant and ongoing appraisal of property assets to identify disposal opportunities is an essential part of pro-active asset management. It is considered that most disposal opportunities will now arise from further asset reviews and changes in the way that the Council is structured or that services are offered. The asset management implications of change must be an integral part of the change process.
- 4.5.3 The Council will continue to review its property holdings and will endeavour to maintain the quality and efficiency of its property portfolio. The total amount of land and buildings owned is likely to fall although retained assets may need investment to ensure that quality can be maintained.



## 4.6 Property Costs and Challenges

4.6.1 The costs of owning, running and maintaining property assets have a significant impact on the Council's annual budget. Ensuring that these costs are kept as low as possible whilst still protecting an asset base and the services that are delivered are a vital part of the asset management process.

4.6.2 The Council will continue to address these issues in a number of ways:

- **By rigorously testing the continued ownership of property against the criteria set out in this Plan.**
- **By robustly measuring, challenging and seeking to reduce all property related costs.**
- **By improving the overall quality of the property portfolio in order to improve efficiency in use.**
- **By ensuring that the contribution made by all properties to service delivery is maximised including optimising occupational densities, using properties for longer or for more than one purpose and providing for more partnership working.**
- **By further standardisation and centralisation of the control of property assets to ensure a fully corporate approach and to ensure a holistic approach to investment and management.**

## 4.7 Community Use of Assets

4.7.1 The Council recognises the valuable contribution that community organisations make to the provision of services at a local level and how they assist with improving social cohesion.

The Council will seek to adopt appropriate asset management approaches to encourage Community Associations, Sports Clubs and other community based groups seeking to use its asset base to support and promote local community activities.

### 4.7.2 *Community Associations*

As part of all new agreements Community Associations and the Council have recognised the importance of the availability of these assets to the whole community. Associations are required to actively offer their facilities for hire and the Council seeks to ensure that community use is the predominant focus of these premises.

### 4.7.3 *Sports & Community Lettings*

The Council supports the accommodation needs of local organisations and clubs by leasing property on suitable terms. A wide range of sports and community

organisation benefit from this provision, which provides for the Council and its community a well established sports and community sector.

#### **4.8 Commercial Property Owned by the Council**

4.8.1 In addition to properties that are held for operational purposes the Council owns a number of commercial properties, mainly shops on housing estates, which produce an income that provides essential support to the Council's revenue position and the provision of services.

The revenue benefit of the portfolio will be continuously reviewed to ensure that it fulfils its function of supporting a balanced retail provision within the Borough whilst meeting income objectives.

The Council will seek to meet the challenge of balancing the social outcomes of the portfolio with financial requirements in managing the commercial portfolio.

4.8.2 The vision for the Council's commercial portfolio and the criteria for retaining ownership are shown below:

- **The Council should continue to hold non-operational commercial property if at least one of the following criteria applies:**
  - **Produce a net income that is of greater benefit to the Council than the saving or capital receipt that could be achieved by disposal.**
  - **That the non-financial benefits of retaining the property are considered sufficient to justify retention.**
  - **That there are strategic reasons to retain the asset.**
  - **The legal tenure of the premises and/or any statutory constraints preclude disposal**
- **Management practices will:**

## **4.9 Property Management Responsibilities**

- 4.9.1 Since 1<sup>st</sup> April 2011 the Council have operated a Corporate Landlord model in order to manage its property portfolio. Since 1/4/14 the Council's asset management activities have been carried out by oneSource under the Joint Working Arrangements between the London Borough of Havering and the London Borough of Newham.
- 4.9.2 Under this model the management of operational property (depots, libraries, park buildings, schools etc) has been consolidated and transferred to the Asset Management Service. The occupying service (the "tenant") is largely freed of any property management responsibility and can focus on service delivery.
- 4.9.3 Additionally, this model also provides a more consistent approach to premises management; minimisation of premises risks and provides procurement benefits from applying FM contracts across a greater number of assets. It also allows for the more effective prioritisation of repair and maintenance from a centralised and corporately controlled budget.

# Appendix 1

# Summary of the Council's Property Assets as at 1<sup>st</sup> January 2015

The attached schedule shows the property types held by the Council and the number of properties within each type.

Type	Details	Sub Groups	Sub Total	Totals
<b>Administrative Offices</b>	Premises used primarily for the administration of the Councils services		8	<b>8</b>
<b>Agricultural</b>	Land within green belt or similar use			<b>17</b>
		Farmed	3	
		Grazing	10	
		Forestry	1	

		Nature Conservation	1	
		Amenity Land	2	
<b>Allotment Sites</b>	Sites let to local allotment societies		28	<b>28</b>
<b>Car Parking</b>	Surface or Multi Storey Parking	Car Parks with public access	30	<b>30</b>
<b>Cemetery &amp; Crematorium</b>	Burial Grounds & Crematorium			<b>4</b>
		Cemeteries	3	
		Cemetery & Crematorium	1	
<b>Depots</b>	Variety of premises for cleaning/maintenance operational use			<b>15</b>
		Recycling Centre	1	
		Parks/Streetcare Depots	9	
		General & Fleet Operations Depot	1	
		Housing Depot	1	
		Market Storage Compound	3	
<b>Libraries</b>	Public Libraries	Library	10	<b>10</b>
<b>Leisure</b>	Various Leisure Facility			<b>10</b>
		Multi use outdoor recreation	1	
		Sports Stadium	1	
		Outdoor Pursuit Centre	1	
		Swimming Pools	2	
		Youth Facility	1	
		Golf Course	1	
		Miniature Golf	1	
		Theatre	1	
		Arts Centre	1	
<b>Parks</b>	Parks and Formal Open Spaces			<b>51</b>
		Park	25	
		Playing Field	12	
		Open Space	12	

		Country Park	2	
<b>Educational Use</b>	Education related facilities (not Schools)			<b>10</b>
		Nursery (where occupation is in a separate building and let on a tenancy)	2	
		Tuition - Youth/Referral Centres	5	
		Youth Centre	1	
		Tuition	2	
<b>Schools</b>	Includes Schools that occupy the premises under Academy Leases			<b>57</b>
		Primary	26	
		Junior	11	
		Infant	11	
		Secondary	7	
		Special	2	
<b>School Playing Fields</b>	Playing Fields used by Schools		8	<b>8</b>
<b>Social Care</b>	Adult and Pre School Care & Advice Provision			<b>21</b>
		Group Homes (Independent Living)	9	
		Residential Living/Day care	2	
		Day Centres/Advice Centre	6	
		Early Years	3	
		Meals on Wheels Centre	1	
<b>Service Let Accommodation</b>	Residential type premises occupied as part of a service provision such as school caretaker houses		21	<b>21</b>
<b>Garage Blocks</b>				<b>135</b>
		Garage Blocks	130	

		Garage Sites (Garages Demolished)	5	
<b>Commercial Lettings</b>				<b>234</b>
		Shops	199	
		Parks - Kiosks/Cafes/ Visitor Centres	5	
		Offices	4	
		Workshops	2	
		Telecommunicatio n Equipment on Council Buildings	5	
		Other commercial premises	10	
		Held for development	9	
<b>Community and Club Lettings</b>				<b>59</b>
		Sports Club related lettings	32	
		Other Community type of lettings	27	
<b>Social Halls</b>				<b>22</b>
		Social Hall let to Community Associations	18	
		Social Halls available for hire	4	
<b>Utility Equipment</b>				<b>164</b>
		Gas Easements and Govenors	8	
		Electricity Sub Stations	156	
<b>Public Conveniences</b>				<b>16</b>
		APC/DAPC	12	
		Toilets	3	
		Toilets Closed	1	
<b>Flood Lagoons</b>			6	<b>6</b>
<b>Heritage</b>			4	<b>4</b>
<b>Housing</b>				<b>63</b>
		Warden Controlled Complex	25	



		Residentially developed sites let on long leases to Social Landlords	28	
		Residential Shared Ownership/Joint Venture Sites	7	
		Hostels	3	
<b>Play sites</b>			<b>26</b>	<b>26</b>
<b>Other Land &amp; Property</b>				<b>69</b>
		Amenity Land	62	
		Golf Course (Part)	1	
		Nature Reserves	3	
		Heritage Assets	1	
		Surplus (awaiting disposal)	2	
<b>TOTAL</b>			<b>1088</b>	<b>1088</b>