

Item No. 9	Classification: Open	Date: May 20 2008	Meeting Name: Executive
Report title:		Corporate Property Management Arrangements – Integration and Implementation	
Ward(s) or groups affected:		All	
From:		Deputy Chief Executive	

RECOMMENDATIONS

1. That the executive approves the refreshed Asset Management Plan and structure for future asset management planning, including development of Key Performance Indicators to inform strategic decision making (see Appendix 1), noting that the Asset Management Plan sits alongside the Medium Term Financial Strategy in supporting Southwark 2016 (Paragraphs 7-15).
2. That the executive approves the strategy for the management of the Councils commercial portfolio (Paragraphs 59-88).
3. That the executive approves the strategy for disposal of land and property assets (Paragraphs 44-58).
4. That the executive notes the principles of the consolidated Corporate Facilities Management service for the non-residential estate (Paragraphs 16-35).
5. That the executive notes the list of non-residential properties to be included within the scope of the Corporate Facilities Management arrangements (see Appendix 2).

BACKGROUND INFORMATION

6. This report draws together the core activities that make up Southwark Council's corporate arrangements for property management by:
 - Presenting the refreshed Asset Management Plan 2008 (Appendix 1) and reinforcing its role in the central management of the operational estate and as a corporate policy planning document;
 - Explaining the extensive step-change modernisation programme underway in the Council's Facility Management arrangements;
 - Relating progress in the Office Accommodation and Local Service Design strategies
 - Providing clear criteria for rationalising the Council's estate, including acquisition and disposal;
 - Setting a cogent policy framework for the management of the investment portfolio
 - Reinforcing the approach to Voluntary Sector Premises advocated in the report received by Executive in October 2007 ("Community Buildings: Next Steps")

CONTEXT

7. Southwark Council is a major inner-city landowner. Through this ownership it has a significant impact on domestic and working life across the borough. As the landlord of 40,000+ dwellings, 10,000+ residential leaseholds and more than 5,000 other interests including commercial, industrial, and operational property the Council owns in the region of half of all the freehold land situated within its boundaries.
8. The aggregate value of these interests is £3.221 Billion on the basis of valuations conducted for disposal, and Asset Register purposes. Approximately 96% of this value is concentrated in operational assets (primarily housing stock). The remainder is invested in shops, business premises and other non-operational properties to produce a current annual rental income of £10.3 million. A number of properties that are no longer appropriate to the Council's portfolio will be released into an ongoing disposal programme which this year will generate estimated receipts of £30 million to fund the Council's capital investment programmes.
9. The size and diversity of this portfolio, coupled with the transformation of local property markets over the past decade, today provides Southwark with real opportunities to deploy its asset base to secure sustainable benefits for its whole community, and to participate as a key player locally, and at regional level.

KEY ISSUES FOR CONSIDERATION

10. The strategic activities described below seek to draw together asset strategy, finance and facilities management, and ensure clarity and transparency on how corporate premises are managed, the obligations of occupiers (both corporate and third party), and the way in which strategy and decisions are made.

Benefits of Having an Effective Corporate Asset Management Plan

11. Given the size and complexity of the Council's portfolio its stewardship is a major undertaking. It requires comprehensive, and adequately resourced, asset management planning arrangements.
12. To fully benefit the approach must be based on comprehensive, **centralised** asset management arrangements. The benefits are:
 - An appropriate and affordable portfolio of property assets;
 - Improving facilities for service delivery;
 - Facilitating modernization, adoption of new working practices, cross-service working, co-location;
 - Rationalising property holdings;
 - Reducing the level of required maintenance across the portfolio;
 - Maximising value for money;
 - Generation of capital receipts; (Achieving 'Best Consideration')
 - Increasing effective space utilisation;
 - Achieving statutory compliance requirements e.g. DDA;
 - Increasing access to services and their usage;
 - Extending the range of services;
 - Enhancing the sustainability of property holdings

- Contribution to overall CPA assessment (see Appendix 3)
- Integrated data and intelligence to allow fully informed decision making about use of resources.

ASSET MANAGEMENT PLAN 2008 & CENTRAL MANAGEMENT OF THE OPERATIONAL ESTATE

13. The Council's property portfolio is key in driving forward efficiency savings, improving services, and meeting the challenge of Comprehensive Performance Assessment. Our property assets are a crucial resource in raising our organisation's capacity to respond fully to the challenges of now, and the future.
14. The Council's Asset Management Plan facilitates this by looking at Southwark's corporate vision and values and explaining how the authority will proactively organise its property assets effectively, to support them. Therefore it is a key strategic document in the Council's corporate business planning, sitting alongside the Capital Programme / Medium Term Financial Strategy (which provides the policy context for the Asset Management Plan). It engages at a fundamental level with all services and all activities across the Council.
15. A set of overarching asset management principles for the whole portfolio is set out in Appendix 4. The high level Critical Success Factors that these seek to achieve are:
 - Successfully managing operational demand for corporate accommodation arising from extensive restructuring across the organisation and the ongoing drive to modernisation;
 - Driving forward the full centralisation of property management arrangements at strategic and operational levels, and consolidation of accommodation budgets;
 - Maintaining the corporate estate and preserving its inherent investment and utility value through comprehensive facilities management arrangements;
 - Safeguarding the Council's legal position with regard to its land holdings by completing a comprehensive review and registration of title exercise;
 - Delivering challenging capital receipt targets, whilst maintaining 'Best Consideration' principles.
 - Finalising and implementing a comprehensive and sustainable strategy for community premises, underwritten by sound asset management practices;
 - Preparing a new administrative centre (Tooley Street) for occupation by early 2009, and managing a corresponding exit strategy from the outdated, inefficient estate we will release;
 - Responding to growing demand for property services from all parts of the organisation;
 - Evolving our strategic approach for investment assets and for community / VCS premises;
 - Raising the profile of asset management planning still higher across the authority and reinforcing the role of the Corporate Property Officer;
 - Reviewing structures for asset management planning at corporate level;
 - Reviewing and refining systems, data, and performance management arrangements that have been in use for the last few years and now warrant a further review in light of lessons learned if they are to fulfill the growing expectations of them;

- Crucially, ensuring that all of the above are properly resourced, in terms of budgets and personnel;
- Joining all of the above together and to the Council's business planning processes, as a coherent strategic whole;
- Business as usual running one of the largest and most diverse corporate estates in the UK.

FACILITIES MANAGEMENT FRAMEWORK

Facilities Management Modernisation Programme

16. A fully consolidated Corporate Facilities Management service for the non-residential estate is an integral component to the delivery of effective asset management and fully addresses the four key areas of statutory and corporate compliance, efficiency, enabling and supporting the modernisation programme and sustainability.
17. The list of properties provided as Appendix 2 shows the extent non-residential estate that the arrangements will cover.
18. The report *'Review of Corporate Facilities Management Arrangements'* to CMT in July 2006 set out a clear strategy for the development and implementation of a consolidated Facilities and Property Management function for the non-residential estate.
19. Significant development has been undertaken through 2007 taking this work forward. Departmental FM staff and associated property budgets have transferred into the corporate team from the former Strategic Services, Regeneration, areas of Housing and the Children's Services Property Team. We are now in the process of finalising agreement on the full consolidation of staff and budgets across the remaining areas of the non-residential estate, a priority will have be given to those buildings affected by the relocation of officers to Tooley Street. The business case to support the full consolidation is nearing completion. Once completed a report will be taken to CMT in June 2008 seeking agreement to full consolidation.

Key Elements of the Corporate Facilities Management Strategy

20. The key principle of this approach is a shift from the perceived departmental 'ownership' of the estate to a consolidated management responsibility for the repair, maintenance and upkeep of the estate supporting a truly corporate asset management approach.
21. The consolidation of the management and operational FM service to the non-residential estate. This will give the understanding, capability and stability to effectively manage our occupied property through this period of significant change and meet the challenge of delivering efficiencies. The consolidated staff group will be reorganised to meet the requirements of the estate to provide a suitable and sufficient operational resource that can be considered alongside an aligned contractual position in 2012 enabling the maximisation of benefit from the available procurement options.

22. The consolidation of property related budgets will allow for the first time for budget to be attached to buildings across the estate and not the occupants. This will facilitate the continuing transformation process, avoid budget following staff, stabilise property budgets provide a total cost of occupancy. It will allow for clear benchmarking and the identification and tracking of efficiencies across a significant budget spectrum.
23. A single point of responsibility and accountability for property related compliance. Enabling the identification of weak performance, the establishment of corporate schemes of management and the minimisation and effective management of risk.
24. The delivery of all property related repair and maintenance through the consolidated service. This will ensure compliance with CSO's and legislative requirements, achieve economies of scale and enable the accurate and comprehensive collection of property, cost and compliance data supporting best practice property management.
25. Ownership and management of all property related data working towards an 'Intelligent Client' position supporting sound management practice, effective financial management and compliance management. Enabling sound procurement and effective corporate asset management.
26. The Facilities Management procurement strategy allied with the development of Southwark as an intelligent client centered on a core ICT function will enable the council to tailor its contracted services to its current and future needs as the shape of the estate changes over the coming years. The proposed FM procurement strategy will align all of the council's service needs through a first phase of procurement giving a step change to contracted service provision to provide a genuine opportunity in 2012 to consider real innovation providing the opportunity to deliver significant and long term efficiencies to the council.
27. The recent report '*Evaluation of Corporate Capital and Asset Planning in Local Authorities*' November 2007, commissioned by Communities and Local Government identifies 14 desired outcomes resulting from more effective management of capital resources and property assets by local authorities. Of the 14 outcomes 11 are directly addressed or significantly supported by the Corporate Facilities Management approach. These are;
 - Rationalising property holdings
 - Generating a capital receipt
 - Reducing the required level of maintenance
 - Reducing annual revenue costs
 - Improving facilities for service delivery
 - Introducing new working practices
 - Increasing space utilisation
 - Increasing compliance with The Disability Discrimination Act (DDA)
 - Improving the accessibility of services
 - Increasing the usage of services
 - Enhancing the sustainability of property holdings

28. The 3 that are not directly linked to FM and property management and relate to other areas of modernisation and improvement are;

- Increasing cross-service working
- Increasing co-location and/or partnership working
- Extending the range of services

The Key Business Benefits

- Cost effective contractual arrangements
- Compliance with contract standing orders and effective procurement
- Platform for the delivery of efficiencies
- Measured efficiencies/benchmarking
- Definition and measurement of non-cashable savings/efficiencies
- Flexibility for organisational change and improved service delivery
- Reduction of the cost of occupancy through efficient space utilisation
- Improved management of energy
- Well managed corporate compliance
- Allowing departments to concentrate on delivering services
- Responsibility and accountability
- Auditability

29. The council needs to meet the requirements of central government with regard to efficiency. Central to this is the Council's Delivery and Efficiency and Modernisation Programmes. The outlined approach will provide the platform for delivering significant efficiencies. It will enable the process of definition, measurement and quantification and the proposed management arrangements will enable continuous measurable improvement delivering real efficiencies. These will be across effective re-procurement of contracts, improving contract management and contractor efficiency, an increased degree of management control of spend and anticipated efficiencies within the consolidated staff group and finance and administrative support.

30. Property and facilities management costs are second only to staff costs in terms of the council's overall budgets. Therefore efficiencies in this area, work to continue to drive down the total cost of occupancy and a commitment to rationalisation are key elements in the Efficiency Programme.

31. The Council is going through a period of significant organisational change through the Modernisation Programme. This will impact on almost all areas of the council's operation. The proposed consolidated Facilities and Property Management approach will fully support this programme facilitating and helping to shape the cultural change in working practices, make optimum use of the space that we occupy, set standards and bring improvements to the working environment.

32. The council's buildings and the environment our staff work in and from which our services are delivered have a significant impact on areas such as recruitment and retention, staff morale and productivity. It contributes to how our partners, visitors and the public perceive the council.

33. There is significant pressure to respond effectively to the sustainability agenda. The aspiration to work toward an 80% reduction in CO2 by 2050, going beyond Government targets needs to be supported by best practice Facilities Management integrated with programmes of sustainable repair, maintenance and refurbishment.
34. A consolidated building management model aligned with clear cross council energy management will give a significant degree of control supporting the achievement of the energy reduction targets that will continue to be set.
35. A fully consolidated service bringing together all facilities and property management activity will fully support improving corporate asset management and deliver across the areas of compliance, efficiency, modernisation and sustainability in order to provide the optimum accommodation resource to the service departments facilitating their effective delivery of services. The British Institute of Facilities Management (BIFM) defines FM as;

'The integration of processes within an organisation to maintain and develop the agreed services which support and improve the effectiveness of its primary activities'

Key Milestones

- Consolidated staff and budgets - mid 2008 – Priority given to those affected by Tooley Street
- Transfer of full FM responsibility for the non-residential estate to Property – mid to late 2008
- FM Staff reorganisation complete – January 2009
- Full FM service at 160 Tooley Street – February 2009
- New bundled FM service contracts – Mid 2009
- Fully aligned contracted services and in-house operation - 2012

OFFICE ACCOMMODATION AND LOCAL SERVICE STRATEGY

36. In June 2007 the Council embarked on a transformation of its administrative office estate when an agreement for lease of 160 Tooley Street was signed. The building will become a new base for approximately 2,000 office staff and provide the physical platform for modernising the organisation.
37. Work is now underway to prepare for the fitting-out of the new building, the implementation of comprehensive facilities management arrangements, and, beginning early in 2009, its occupation. The selection of 160 Tooley Street represents a key theme in the Council's asset management strategy, where the link between corporate objectives and property strategy is explicitly demonstrated.

38. The full modernisation of the Councils office accommodation arrangements will be completed through the Local Service Design Project (LSDP). Whereas Tooley Street deals with centralised provision, locality based and specialist requirements will be dealt with through the LSDP, which will define the portfolio of assets needed outside the centre to effectively and efficiently deliver services. As with all other aspects of the Council's property resource planning, comprehensive asset management arrangements will ensure decisions are made strategically and business benefits in the widest sense are maximised.
39. In each case the most appropriate asset options will be pursued. For example, in the Office Disposal Project the Sale and Leaseback of property that the Council wishes to dispose in the long term but retain for short-term use will be considered. This method is suitable where a capital receipt can be achieved to assist in the finance of the relocation to Tooley St but where the programming of moves may be subject to change.

VOLUNTARY SECTOR PREMISES

40. The Council has approximately 100 properties occupied by the Voluntary and Community Sector (VCS) and a further 100 Tenants and Resident Association Halls. Bringing the management of these buildings into one portfolio will enable the Council to produce an asset management strategy, including condition and compliance surveys and an options paper for how any identified deficiencies will be addressed.
41. This is particularly important as a number of these properties are likely to be in poor condition, may not be compliant with statutory legislation and other legal obligations, and are increasingly obsolescent. The strategy will therefore seek to preserve the inherent value of the portfolio and increase its overall utility to the VCS. The strategy will include recommendations for disposal where appropriate, with the intention of raising capital to carry out necessary repairs to the remaining properties. In addition, the strategy will establish if the VCS estate is being used to deliver Council priorities, and help to establish how much support the Council is giving to the sector in the form of rent grant.
42. It will also seek to address a number of questions raised in the asset transfer proposals arising from "Councillor Call for Action"; particularly around capacity, finance, and the risk of strategically fragmenting the portfolio. We are examining these as part of the overall review. Above all, asset management arrangements will seek to ensure that any proposal is consistent with the overall vision of the authority and the principles of the Council's asset strategy, and based on sound asset management practice.
43. The strategy will be produced in consultation with the VCS and will include options for improving the Council's overall offer to the sector, in line with central government policy. The first improvement has been a nominated officer/team to work alongside the VCS, Councillors and officers on issues on individual properties as they arise.

DISPOSAL PROGRAMME

44. Over the last 5 years our ambitious and escalating Disposal Programme has produced receipts of approximately £120 million to feed into our Capital Programme. Inevitably this has diminished the availability of prime assets that are readily suitable for disposal and greater commercial creativity will be needed to ensure the most advantageous deals continue to be realised. However, the programme continues to be an important mechanism for re-aligning resource use to the attainment of the Council's corporate priorities.
45. The disposal programme through to 2016 earmarks capital receipts as the primary funding source for the Council's capital programme and is based on current levels of activities. There are opportunities to create increased levels of capital generation to support a more ambitious capital programme.
46. If challenging capital receipt targets, are to continue to be met difficult asset disposal decisions may have to be made in order to meet the Capital Programme's increasing demands, whilst fulfilling the requirements of Best Consideration or Best Value. At the same time the council needs to fully reflect the importance of strategic timing issues of releasing land into regeneration programmes (and maximising consideration from sales in and around regeneration areas) along with looking at opportunities for asset creation if it concludes that owner occupation of operational properties is the preferred mode of tenure and the Council wishes to continue to hold investment property for continuing and improving revenue stream.
47. Some traditional sources of receipts, Right to Buy sales for example, have reduced substantially following legislative changes around the rules on applicants' entitlement to discounts.
48. Disposals are identified from the sources and through the processes explained below.

Property Review

49. The Council as part of its Asset Management Programme has an on-going review of all its property assets, ensuring their efficient and effective use. The review process does identify under utilised properties for disposal as well as ensuring maximum financial returns.

Service Departments

50. As service departments adapt to meet changing statutory requirements, and service demands there will frequently be property implications which results in property assets becoming surplus to operational requirements. These need to be identified early in order that appropriate decisions as to retention or disposal can be made in order to reduce costs of maintaining empty property with the associated risks of squatting and dilapidations. Locality based reviews, seeking joined-up solutions and corresponding delivery models for locality based working will be the main driver for disposals by this method, where reallocation of properties is not supported by sound business reasons.

51. Education assets will be dealt with in a consistent manner to all other operational assets which are declared surplus. It is however recognised that an appropriate statutory process is required in accordance with the Education Acts prior to an asset being available for disposal. This process will be completed prior to a property being declared surplus by the Department.

Regeneration Programmes

52. The Council has for many years implemented regeneration programmes, this has and will create disposal opportunities e.g. Elephant and Castle, Canada Water, Bermondsey Spa, Aylesbury.

Opportunity Disposals

53. A number of disposals proceed due to actions outside the Council's direct control but the Council seizes on the opportunity to generate capital receipts, which can then be allocated to support the delivery of its priorities and policies. This may be due to development on adjoining land; disposal of freehold interests to tenants to enable redevelopment or simply an approach from an external body to acquire an interest from the Council.

Disposal of Investment Property

54. It was agreed in 2000 that the Council should dispose of its industrial estate when in Best Value terms and property management terms it was prudent to do so. Although the majority of the estate has been sold the remaining stock is regularly assessed to establish if a disposal would be prudent. When a lease is coming to an end the property is also assessed to see if the Council wishes to retain the investment for a strategic purpose or whether a disposal could be considered. The disposal of investment properties are considered further in paragraphs 64-75 of this report, however any disposal of an income producing property would have a negative impact on revenue generated by the estate.

Statutory Disposals

55. A number of disposals proceed under statutory powers these tend to be disposals under the Housing Acts to tenants (RTB) and disposals of freeholds to residential tenants under the enfranchisement acts.

Disposal and Acquisition Thresholds and Reporting Arrangements

56. The value of the Council's property assets has increased in line with open market values and as such the level at which authorisation is required by the Executive of the Council needs to be reviewed to ensure that decisions continue to be taken at an appropriate level. Disposal and acquisition value thresholds and reporting arrangements are being reviewed as part of Constitutional Review.

Registration of Title Programme

57. The Council has 5071 registered property titles. Over the last three years the Council has invested significant resources in auditing and digitising its land title terrier, and this has resulted in overall accuracy in respect of each property; a position that many authorities still aspire to. As a result the Council can quickly and accurately identify root title to each piece of land for which it is responsible, when required.
58. This is important in terms of the disposal process and, for example in relation to properties held in public trust. Although information on properties held in trust is not kept separately in one central source the position can be readily ascertained with reference to the land title terrier, and forms part of the legal due diligence exercise prior to disposal.

THE INVESTMENT PORTFOLIO

59. In 2001/02 members approved framework proposals to dispose of the council's industrial property holdings when prudent to do so. Several capital generating disposals have followed, whilst the surrender of our Samuel Jones Industrial Estate released the council from an ongoing revenue liability. A detailed strategy now needs to be developed around relevant criteria and revenue implications for the future.
60. The remainder of the investment portfolio consists of commercial premises and miscellaneous interests. The majority of these are held for the benefit of the Housing Revenue Account. Generally the units and parades are integral with residential blocks, and this, together with the Council's preference not to prejudice future options has restricted the trading of these investments.
61. As an initial exercise the commercial properties have been classified according to economic viability, and 112 interests have been classified as redundant in their existing use. This has resulted in some parades of shops situated on estates being converted to residential units for allocation through the housing waiting list following financial appraisal and planning.
62. The remaining investment properties are managed to maximise net income through the prompt execution of lease renewals, rent reviews and new lettings. Investment is targeted at opportunities to enhance rental returns, offset environmental or economic obsolescence, secure environmental improvements including community safety and other benefits, or to enhance regeneration initiatives.
63. We are drawing together these initial steps and confirm our strategy through a comprehensive review of a) our existing holdings b) the wider revenue context, and c) whether the council wishes to use the unique but finite opportunities arising from its regeneration programmes to create quality investment assets and income streams for the future.

Investment Portfolio Disposals

64. Historically, there was an attempt to link the justification for the sale of an income producing property to the comparative return of gilts. However changes in the property investment market and the nature of the portfolio, often with high potential redevelopment value, led to an adjustment in emphasis.

65. Rather than merely relying on some arbitrary mathematical formula, a wider and more strategic view is now taken in an overriding policy that no income producing property should be sold unless:
- There is a sound financial and property investment reason for doing so or
 - It is needed to satisfy an urgent Capital requirement (including meeting the Decent Homes Standard, but taking into account the revenue implications for the HRA), or;
 - It is to form the whole or part of a redevelopment/regeneration initiative.
66. This has ensured for example that no property that forms part of a larger ownership has been disposed of which may subsequently prejudice dealings with that remaining holding.
67. The portfolio has and will continue to be constantly monitored for opportunities to increase or enhance investment value, and/or to realise a sale at the optimum moment to achieve the highest capital receipt.
68. In this regard the portfolio has for some years been classified into 3 main categories:
- Strategic Investment – the bulk of the portfolio that due to its strategic nature should be held in the long term.
 - General Estate – income-producing properties that may be sold subject to meeting the criteria set out above.
 - Surplus – income and non income producing properties that meet the disposal criteria are earmarked and will be actively marketed for disposal at the most opportune time to maximise the capital receipt. For example void housing units that are uneconomical to bring back to a standard to be included within the Housing portfolio.
69. By following this strategy sales of property out of the commercial portfolio have produced total capital receipts of £17.25m in the last 5 years. The Performance Plan for the Portfolio Team for the current financial year is to raise a further £1m with a stretch target of £3m.

Commercial tenants' "right to buy"

70. Unlike tenants of residential units commercial tenants do not have any statutory right to buy the freehold interest and therefore sales to the Council's commercial tenants are firstly governed by the criteria set out under "disposals" (Paragraphs 44 – 58) and secondly and just as importantly by the requirement to obtain best consideration. In some cases where the property merely attracts an investment value for example, this will simply be a case of the Head of Property confirming that the price agreed properly reflects the open market value. In other cases, particularly where the property has redevelopment potential, it may be necessary to expose the property to the market to ensure that the statutory requirements for Best Value/Best Consideration are met. The tenant would then have to bid in competition with the market and in many cases have to contend with much higher values due to the redevelopment potential of the site. In some cases the tenant may well be a "special purchaser" whose bid exceeds anything obtainable elsewhere but these cases are rare in Southwark.

71. The downside from the Council's point of view would be a loss of revenue and also a loss of management control for example:-

- The strategic planning of a major regeneration scheme could be severely prejudiced by one long lease being out of kilter with adjoining short term tenancies and would impact in the same way as if the freehold interest had been sold.
- Where a breach of covenant arises the Courts are more reluctant to grant an award to the landlord when the tenant has such a long-term interest in the property.
- Changes of use that may conflict with adjoining units are far more difficult to resist
- If the business fails and the unit remains empty the Council is unlikely to have any grounds to repossess and re-let. This has an adverse effect on adjoining values and trading levels.

72. This option will therefore only be offered where it is considered to be appropriate in all of the circumstances and the following test is met.

- The property is not held for strategic purposes
- Disposal would not have a negative impact on future regeneration/planning proposals
- Sale would not have a negative impact on adjoining tenants (both commercial and residential)
- Independent freehold interests only

Disposal of Commercial Properties with a Residential Element

73. Only a small proportion of our commercial premises have a residential element attached to them (e.g. flat above a shop). Due to legal constraints and to prevent Secure Tenancies being created under the provisions of commercial leases such accommodation is not allowed to be sub let and is only to be used by the tenant or an employee of the business. This has the impact of reducing the rent chargeable on such premises as in many cases the residential element has a greater value than the commercial element. Such lease clauses are also extremely difficult to monitor and enforce with it nearly impossible to determine who occupies the residential elements thus opening the Council up to the risk of creating Secure Residential Tenancies as well as potential risks if the accommodation does not meet statutory legislation applicable to a residential tenancy.

74. Due to the factors above the capital value in such cases is usually significantly greater than the capitalisation of the rental stream as owner-occupiers and commercial investors are not constrained by the legal framework attached to a local authority in relation to residential tenancies.

75. Therefore it is recommended that, apart from where an asset forms part of an actual or proposed regeneration or other wider scheme the Council dispose of such interest where possible on the following basis.

- On vacant possession at the end of a lease or when a property is repossessed or handed back.
- Offer the property to the tenant at Open Market Value

- Dispose of the property at auction if a sale to the tenant does not proceed subject to the tenancy

Rent Reviews

76. The investment return on any property holding is made up two elements. The rent received and the growth in capital value. It is therefore important that the rent charged properly reflects the market level achievable. Any conscientious landlord whether in the public or private sector will therefore ensure that the rent paid under an occupational lease is reviewable on a regular basis. The norm across the property market is to review the rent at the end of every 5th year although it is proposed to shorten this progressively on new lettings to every 4th year and annually where for more specialist properties, a published index is used.
77. The basis of the review has to be clearly defined in the terms of the lease and this is typically stated as being the then open market value of the premises at the date of review. In the majority of cases the parties negotiate and agree the new rent but it is open to the parties to request that the matter be referred to an Arbitrator or Independent Expert if agreement cannot be reached. In the last 5 years the number of cases the Council has had to refer in this way has not reached double figures.
78. It should be noted that over the last decade or so the market has changed in regard to the length of leases being demanded by tenants. Whereas the norm was for tenants to require leases of 20 to 25 years it is now far more common for leases to be for 10 to 15 years and in many cases less. Nearly all of the leases on the Council's industrial estates, including Pullens Yards, are for 5 years only and in many cases only 3 yearly tenancies have been agreed, both without rent review.
79. The main reason for this is that many tenants, particularly those in the industrial sector do not want to commit to longer terms and require the flexibility to expand with success or shrink with failure. This is also becoming more of a trend with the Council's retail tenants particularly when starting up in the more remote retail locations of the Borough.
80. Nevertheless it is recognised that a rent review can be a time of conflict between landlord and tenant, particularly where the tenant is not professionally represented or where there has been dramatic rental growth not necessarily reflected in the tenant's business. The recently revised code for leasing business premises endorsed by the RICS, Law Society and others recommends that prospective tenants be offered various options in relation to lease terms and in particular to rent review provisions.
81. As already stated we have wherever possible already tailored lease terms to tenants requirements.

82. In regard to rent reviews the only alternative to open market rent reviews is to link the rent to an index such as the Retail Price Index (RPI), or to provide a base rent with a business turnover provision, which enables the landlord to participate in the tenants increasing profits. The latter is sometimes used in shopping centre deals or where there is a “specialised” use in a property with no real comparables (a park café for example). Whilst being popular in the United States this proposition has never really taken off in the UK and in any case results in far more effort on the part of both parties in administering, managing and scrutinising the process.
83. The problem with index linking is that there will always be winners and losers because the rental growth of any particular property rarely matches that of the chosen property index, Retail Price Index or general rate of inflation.
84. Besides the RPI there is also potential to employ other long established indices commonly accepted in the commercial market place as useful indicators of changing values, those produced by the Investment Property Databank (IPD) being a good example. These could be gradually introduced on new lettings, and by agreement on lease renewals of specialist property. As with RPI the IPD indices have the advantage to the tenant of being relatively stable and predictable enabling reviews to be at more frequent intervals, even annually. The smoothing effect of these indices is helpful to tenants reducing sudden financial demands on their business; are easy to understand and remove the need for, sometimes protracted, rent review negotiations. However they cannot be used to determine the rent on a new letting or on a lease renewal, only on rent reviews during the term.
85. Whilst we therefore remain entirely open to flexible lease terms to accommodate tenants’ needs we will also monitor and test the market for index linked rent reviews which may include annual adjustments subject to practicalities.
86. Where appropriate therefore tenants will be offered a choice of review procedure in terms of methodology and frequency

Active Management of Retail Parades

87. Although retail parades have always been actively managed in terms of uses the priority has always been the maximisation of income. However it is generally recognised in the industry that this can have a negative impact on the success of the parade over a long period. With parades being dominated by single uses with competing business not always addressing the wider needs of the local community resulting in time to regular business failure, void shop units and loss of rent. Although maximisation of incomes must still be a priority however it is recommended that greater consideration be given to the following when considering a new letting, assignment or application for a change of use.
- Tenant mix
 - Vibrant and sustainable shopping locations supporting independent trades
 - Protection of neighbourhood character
 - Local services to communities

88. This in the long term should result in successful parades meeting local needs with local traders as well as maximising the investment value of the parade. This is common practice by major landlords who have significant interest in a specific location e.g. shopping centres, Crown Estate at Regent Street

COMMUNITY IMPACT STATEMENT

89. The Corporate Property Management Arrangements – Integration and Implementation will draw together the core activities that make up Southwark Council's corporate arrangements for asset management. The new corporate property management arrangements set the strategic framework within which future decisions will be made, subject to further reports and community impact statements.
90. The arrangements will enable officers to organise property assets to support the delivery of the council's corporate vision and values.
91. The result will be improved facilities for service delivery and better access to those services for all residents and the new arrangements will not adversely impact upon any particular community or group.

RESOURCE IMPLICATIONS

92. These arrangements provide a comprehensive framework for the prudent management of the Council's extensive property holdings, aligning these resources to the delivery of the Council's policies and priorities. In order to achieve this the property management function will itself need to be adequately resourced.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Legal and Democratic Services

93. The refreshed Asset Management Plan will assist the Council in delivery of its best value duties, and the report and the draft Plan set out legal issues. The council's powers to dispose arise under different statutory regimes; the requirements of particular regimes will need to be considered in relation to asset management action (including disposals) regarding individual properties.

Finance Director

94. The refreshed Asset Management Plan is a key strategic document which sits alongside the Council's Medium Term Financial Strategy and Capital programme to provide the framework to bring together the council's resources in the most efficient and cost effective manner in order to deliver the policy objectives of Southwark 2016. The benefits of the AMP are set out in paragraph 12 of the report and the scope of its coverage and specific work programmes are outlined in the main body of the report. Approval of the AMP will provide the strategic framework for the Council to optimise the best value from its property portfolio.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
1. Property List	Chiltern	Julia Page
2. Asset Management Plan	"	Matthew Jackson
3. Review of Corporate Facilities Management Arrangements'	"	Matthew Hunt

APPENDICES

No.	Title
Appendix 1	Asset Management Plan 2008
Appendix 2	Property List
Appendix 3	Corporate Asset Management and the CPA
Appendix 4	Corporate Asset Objectives

AUDIT TRAIL

RODIT TRAIL

Lead Officer	Eleanor Kelly	
Report Author	Julia Page	
Version	Final	
Dated	9 th May 2008	
Key Decision	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Legal & Democratic Services	Yes	Yes
Finance Director	Yes	Yes
Executive Member for Resources	Yes	No
Chief Finance Officer	No	No
Strategic Director of Env't. & Housing	No	No
Date final report sent to Constitutional/Community Council/Scrutiny Team		9 th May 2008

Appendix 1 Asset Management Plan

Appendix 2

Operational Phase 1

Council Offices, Bradenham, Aylesbury Estate	SE17
Chiltern, Aylesbury Estate, Portland St	SE17
Chaplin Centre, Taplow, Thurlow Street	SE17 2DG
3rd & 4th Flr Lyon House, 160-166 Borough High St	SE1 1JR
Training and Development Centre, Cator Street	SE15 6AA
Part 4th Floor, Cottons Centre, Cottons Lane	SE1 2QG
Mabel Goldwin, 49 Grange Walk	SE1 3DY
207-210,227-228,301-302,322-323 & 401 Great Guild	SE1 0HS
Municipal Offices, 9 Larcom Street	SE17 1RX
9th Flr, Downstream Building, 1 London Bridge	SE1 9RA
Lorrimore Depot, 113 Lorrimore Road	SE17 3NA
63/67 Newington Causeway	SE1
Council Offices, 29 Peckham Rd	SE5 8UB
Council Offices, South House 30-32 Peckham Road	SE5 8PX
Town Hall, 31 Peckham Road	SE5 8UB
Central House, 33 Peckham Road	SE5 8UB
West House, 33 Peckham Road	SE5 8UB
Registry Office, 34 Peckham Road	SE5 8QA
East House, 35 Peckham Road	SE5 8UH
Basement Offices, 2 Redcross way	SE1 9HR
Council Offices, 15 Spa Road	SE16 3QW
Woodmill Building, Neckinger Depot	SE16 3QN
19 Spa Road	SE16 3QN
Neckinger Depot, 19 Spa Road	SE16 3QN
John Smith House, 144-152 Walworth Road	SE17 1JL
Municipal Offices, 151-153 Walworth Road	SE17 1RY
Chatelaine House	SE17

Operational Phase 2

Abbeyfield Road NHO	SE16 2BS
Cash Office, 153-159 Abbeyfield Road	SE16 2BS
Pedworth RHE, 97 Abbeyfield Road	SE16 2DW
Abbey Street Childrens Home, 70 Abbey Street	SE1 3NJ
Council Offices, 285 Albany Road	SE5 0AH
Play Hut, 285 Albany Road	SE5 0AH
Burgess Adventure Playground, 285 Albany Road	SE5 0AH
Kart Track, 285 Albany Road	SE5 0AH
Depot, 1 Waite Street, Burgess Park	SE5
Burgess Park Tennis Centre, 44 Addington Square	SE5 7LB
Burgess Park Community Sports Ground Pavilion	SE5
Hall, Rotherhithe Civic Centre, Albion Street	SE16 1JA
Rotherhithe Library, Civic Centre	SE16 1JA
Flat Adj, Rotherhithe Civic Centre, Albion Street	SE16 1JA
1a Alma Grove	SE1 5PY
Public Convenience, Ambrose Street	SE16 3NY
Car Park, Leisure Centre, Artichoke Place	SE5
Camberwell Leisure Centre, Artichoke Place	SE5 8ts
Automated Public Convenience, Atwell Road	SE15 4TW
Aylesbury Day Centre, 2 Bradenham Close	SE17
Taplow Neighbourhood Office, Thurlow Street	SE17
Council Offices, Wendover, Thurlow Street	SE17
Tourist Information Centre, 1 Bank End	SE1 9BU

Barset RHE, 65a Barset Road	SE15 3HE
Belair Mansion, Gallery Road	SE21
86-88 Bellenden Road	SE15 4RQ
Brunswick Park Depot, Brunswick Park, St Giles Rd	SE5 7LZ
Units 3 & 5 Addington Lofts, 1 Bethwin Road	SE5 OYJ
Adventure Playground, Bethwin Road	SE5
9 Blenheim Grove	SE15 4QS
John Harvard Library, 207-211 Borough High Street	SE1 1JA
Southwark Police Station, 323 Borough High Street	SE1 1JL
Public Convenience, Crown Sq, Borough High Street	SE1
Housing Needs, 17-19 Bournemouth Road	SE17 4UJ
Housing Special Needs Unit, 25 Bournemouth Road	SE17 4UJ
Parkside NHO, 27 Bournemouth Road	SE17 4UJ
Private Sector Unit, 21-23 Bournemouth Road	SE17 4UJ
Kingswood House, Bowen Drive	SE21
Estate Office, Kinsey House, Kingswood Estate,	SE21 8PH
Playground, Brandon Street	SE17
28-40 Brayards Road	SE15
Camberwell New Cemetery	SE23 3RD
Honor Oak Crematorium, Camberwell New Cemetery	SE23 3RD
Bereavement Unit, Camberwell New Cemetery	SE23 3RD
Brook Drive RHE, Flat 7, 71-89 Brook Drive	SE11 4TR
Playground, Browning Street	SE18
Playground, Brunel Road	SE16
48A Burbage Road	SE24
Camberwell Library, 17 Camberwell Church Street	SE5 8TR
Camberwell Library, 19 Camberwell Church Street	SE5 8TR
Camberwell Library, 21 Camberwell Church Street	SE5 8TR
Camberwell Police Station 22a Camberwell Church St	SE5 8QU
73, Camberwell Church Street	SE5 8TR
St Giles Churchyard, Camberwell Church Street	SE5
Day Nursery, 195e Camberwell Grove	SE5 8JU
23-29 Camberwell Road	SE17 0EZ
27 Camberwell Road	SE17
Hostel 134 Camberwell Road	SE5 0EE
Hostel 76-78 Camberwell Road	SE5 0EG
West Camberwell NHO, Camberwell Road	SE5 0EA
Newington RHE, Hughes House, 62 Canterbury Place	SE17 3AG
Playground, Carlton Grove	SE15
Cherry Garden NHO, 25 Cherry Garden Street	SE16 4QS
Car Park, Choumert Grove	SE15
Building Fronting Albany Rd, Chumleigh Gdns Depot	SE17
Chumleigh Gardens Depot, Chumleigh Street	SE17
The Art Studio, Chumleigh Gardens Depot, Chumleigh	SE17
Chumleigh Gardens Cafe, Chumleigh Gardens Depot	SE17
Bofet Building, Chumleigh Gdns	SE17
Rodney Road NHO, Content Street	SE17 1NS
Council Offices, 72 Copeland Road	SE15 3SN
Offices, Copeland Rd, Depot	SE15
Car Park, Copeland Road	SE15
Cossall RHE, 109 Cossall Walk	SE15 2SU
Crebor Residential Unit, 2-2a Crebor Street	SE22 0HF
Aylesbury Day Nursery, Dawes Street	SE17
S.A.S.T House, Dawes Street	SE17 1EL
Public Convenience, S.A.S.T. House, 47-49, Dawes S	SE17 1EL

Denmark Hill NHO, 161 Denmark Hill	SE5 8EF
Rockingham Adventure Playground, 10 Dickens Square	SE1 4JL
Adventure Playground, Dog Kennel Hill	SE5
Doctor Salters Playground, Druid Street	SE1
Dulwich Park Depot, Dulwich Park	SE22
Park Rangers Office, Dulwich Park, Dulwich Common	SE22
Refreshment House, Dulwich Park, Dulwich Common	SE22
Former WC Block, Dulwich Park	SE22
Public Conveniences, Dulwich Park, Dulwich Common	SE22
LBS Sports Ground, Dulwich Common	SE21
LBS Sports Ground, Dulwich Common	SE21
Crown House, 41-43 East Dulwich Road	SE22 9AN
47 East Dulwich Road	SE22
Caretakers Lodge, 47 East Dulwich Road	SE22
Public Conveniences, East Dulwich Road	SE15
Dulwich Leisure Centre, 45 East Dulwich Road	SE22 9AN
Unit 231-232 Upper Grd Flr, Elephant & Castle SC	SE1
Unit 239 Elephant and Castle Shopping Centre	SE1
Elephant & Castle Leisure Ctr, 22 Elephant & Castle	SE1 6SQ
Former Garages, 34 Fleming Road	SE17 3QR
Camberwell Old Cemetery, Forest Hill Road	SE22 0RU
Residential Unit, 127 Fort Rd	SE1 5PZ
Council Depot, Frensham Street	SE15 6TH
Residential Unit, 114 Friern Road	SE22 0YX
Nunhead Library, Gordon Road	SE15 3RW
Kintore Way Nursery School, Grange Road	SE1 3BW
Evelyn Coyle Day Centre, 49a Grange Walk	SE1 3DY
Residential Unit, 100 Grosvenor Terrace	SE1 0NL
33 Grosvenor Terrace	SE5 0NN
Residential Unit, 52-60 Grosvenor Terrace	SE1 0NP
5 Grove Lane Terrace	SE5 8SW
17-18 Grove Park	SE5 8LH
Grove Vale Library, 25-27 Grove Vale	SE22 8EQ
Land Rear of 46 Half Moon Lane	SE24
1st Floor Offices, 46 Half Moon Lane	SE24
2nd Floor Offices Holmhurst Day Centre	SE24
Castle Day Centre, Hampton Street	SE1 6SN
Day Nursery, Hampton Street	SE1
Council Offices, 23 Harper Road	SE1 6AW
Public Convenience, 23 Harper Road	SE1 6AW
Harris Street NHO, Harris Street	SE5 7RX
Council Offices, 4 Heaton Road	SE15 3TH
Sports Ground, Homestall Road	SE22 0SB
Former Honor Oak Nursery, Honor Oak Park	
Public Convenience, Hopton Street	SE1
Bishops House Day Nursery, 5 Kennington Park Place	SE11 4AS
Keyworth Hostel, 10 Keyworth Street	SE1 6NG
Latona Road Depot, 19 Latona Road	SE15
The Pumphouse Educational Museum, Lavender Road	SE16 5DZ
Lansdowne Centre, Law Street	SE1 4XH
Leathermarket JMB, 26 Leathermarket Street	SE1 3HN
1-5 Milcote Street	SE1 0RU
Library St NHO, Library Street	SE1 0RG
Nunhead Cemetery, Linden Grove	SE15 3LP
Derelict Chapel, Nunhead Cemetery, Linden Grove	SE15 3LP

Park Rangers Office, Nunhead Cemetery, Linden Grov	SE15 3LP
Long Lane Playground, Long Lane	SE1
Council Offices, 20-22 Lordship Lane	SE22 8HN
Fred Francis Day Centre, 269-281 Lordship Lane	SE22 8JG
Garden, Dulwich Library, 368, Lordship Lane	SE22 8NB
Dulwich Library, 368 Lordship Lane	SE22 8NB
Seven Islands Leisure Centre, Lower Road	SE16 2TU
Dulwich Wood Nursery School, Lyall Avenue	SE21 8QS
Lympstone Day Nursery, Lympstone Gardens	SE15 1AZ
Brandon Library, Maddock Way	SE17 3NH
Lorry Park, Mandela Way	SE1
Blue Anchor Library	SE16 3UQ
Acorn NHO, 95a Meeting House Lane	SE15 2TU
Nell Gwynn Nursery School, Meeting House Lane	SE15 5TT
Grd Floor, Peckham Pulse Leisure Centre	SE15 5QN
1st Floor, Peckham Pulse Leisure Centre	SE15 5QN
Cafe, Peckham Pulse Leisure Centre, 10 Melon Road	SE15 5QN
Multi Storey Car Park, Moncrieff Street	SE15 5HL
Residential Unit, 49 Mount Adon Park	SE22 0DS
Residential Unit, 49 Mount Adon Park	SE22 0DS
Nunhead Green Day Nursery, 5 Nunhead Green	SE15 3QQ
East Street Library	SE1 5TY
Livesey Museum, 682 Old Kent Road	SE15 1JF
Residential Unit, 19 Orient St	SE11 4SR
Peckham Library, 122 Peckham Hill Street	SE15 5JR
Leyton Sq Adventure Playground, Peckham Park Road	SE15
Park Rangers Office, Peckham Rye Park	SE22
Peckham Rye Adventure Playground, Homestall Road	SE22
Peckham Rye Park Cafe, Peckham Rye Park	SE22
Waste Transfer Station, 30-34 Penrose St	SE17
Porlock Hall, Porlock Street	SE1 3RY
Public Conveniences, Portland Street	SE17
Queens Road Centre, 133-137 Queens Road	SE15 2ND
Part premises, 185-187 Queens Road	SE15 2ND
South Lock Office, South Dock Marina, Rope Street	SE16 7SZ
South Dock Marina, Rope Street	SE16 7SZ
Greenland Pier, Rope Street	SE16
Surrey Docks Water Sports Centre, Rope Street	SE16
Surrey Docks Depot, Surrey Docks Stadium Salter Rd	SE16 5LH
Rangers Office, Surrey Docks Stadium, Salter Road	SE16 5LH
Car Park, Surrey Docks Stadium, Salter Road	SE16 5LH
Surrey Docks Stadium Salter Rd	SE16
St Pauls Sports Ground, Salter Road	SE16 1QL
Queensborough Centre, Scovell Road	SE1 1QQ
Stones End Day Centre, Scovell Road	SE1 1QQ
2 Sedgmoor Place	SE5 7SE
39 Seeley Drive	SE21 8QR
40 Seeley Drive	SE21 8QR
Southampton Way Hostel, 75-77 Southampton Way	SE5 7SW
Mint St Adventure Playground, Southwark Bridge Rd	SE1 0EY
Southwark Park Depot, Southwark Park, Hawkstone Rd	SE16
Southwark Park Gallery	SE16
Cafe, former Park Rangers Office, Southwark Park	SE16
Sports Complex, Southwark Park Hawkstone Road	SE16
Public Conveniences, Southwark Park, Hawkstone Rd	SE16

Yalding Day Centre, 95 Southwark Park Road	SE16 3TY
Shuttleworth Playground, Southwark Park Road	SE16
17, Spa Road, SE16 3QP	SE16 3QP
Spa Road Junior Playground, Spa Road	SE16
Stead Street Car Park, Stead Street	SE17 3BA
Whitstable Day Nursery, Stevens Street	SE1 3BX
Park Rangers Office, GMH Park, 91 St Georges Road	SE1 6ER
Ground & Basement Floors, 146 St James' Road	SE1
West Walworth NHO, 6 Stopford Road	SE17 3BP
Peckham Rye Depot, Strakers Road	SE15
Merryfield Day Nursery, Sultan Street	SE5 0XG
Rosemary Gardens NHO, 170 Sumner Road	SE15 6JL
Sumner Park Play Centre, Sumner Road	SE15
Council Offices, Sumner House, Sumner Road	SE15 5QS
Childrens Residential Unit, 7 Talfourd Place	SE15 5NW
Pelican NHO, Pelican Estate	SE15 5NY
Tenda Road Day Nursery, Tenda Road	SE16 3PN
Coroners Court, 1 Tennis St	SE1 1YD
Residential Unit, Gibson House, 12 The Grange	SE1 3AG
Residential Unit, 26 Therapia Road	SE22 0SE
Public Conveniences, Tower Bridge Road	SE1
Grove Children & Family Centre, Tower Mill Road	SE15 6BP
Playground, Trident Street	SE16
208 & 402 Linton House, 164-180 Union St	SE1 0LH
Unit 402, 4th Flr, Linton House, 164-180 Union St	SE1 0LH
Newington Library, 155-157 Walworth Rd	SE17 1RS
Cuming Museum, 155-157 Walworth Rd	SE17 1RS
Cash Office, Ground Floor, 177-179 Walworth Road	SE17 1RW
Offices, 1st and 2nd Floor, 177-179 Walworth Road	SE17 1RW
376 Walworth Road	SE17 2NG
30-38 Wansey Street	SE17 1JP
Frederick Adventure Playground, Westcott Road	SE17
6a Willow Walk	SE1 5SH
Residential Unit, Dover Lodge, 41 Woodvale	SE23 3DS
Wren Rd Hostel, 2-7 Wren Road	SE5 8QS

APPENDIX 3

Corporate Asset Management and the CPA

In addition to being a matter of business prudence and best practice, professional bodies such as the Royal Institute of Chartered Surveyors and the Chartered Institute of Public Finance and Accountancy, strongly recommend effective asset management planning within local authorities as defined by central Government's agenda.

It is in the context of Comprehensive Performance Assessment that the Council's asset management arrangements will be examined. Asset Management is a fundamental component of the Comprehensive Performance Assessment and this will expand in moving towards the new Comprehensive Area Assessment arrangements in 2009.

In the 2008 round of assessment satisfying the following Key Lines of Enquiry criteria will be mandatory for the ratings mentioned:

Level 2

- An up-to-date asset management plan, including planned action to improve corporate asset use;
- An up-to-date asset register;
- A designated corporate property function

Level 3

- Thorough option appraisal and whole life costing in property investment and disposal decisions
- A clear forward looking asset management plan explaining how assets will be used strategically to achieve corporate goals, including the maintenance, modernisation and rationalisation of the portfolio;
- The maintenance of comprehensive accurate asset data to support decision-making.

Level 4

- Effective application of asset performance measures and benchmarking
- Full integration of asset management planning with corporate and service business planning processes:
- Use of the portfolio as an enabler of change;
- Realising opportunities for cross-sector, cross-agency shared asset use;
- Processes to challenge the appropriateness of asset holdings

APPENDIX 4

CORPORATE ASSET OBJECTIVES

<u>ASSET TYPE</u>	<u>ASSET OBJECTIVES</u>
All Assets (including IT systems)	<ul style="list-style-type: none"> • To develop an appropriate portfolio of assets to meet the requirements of service delivery and lever in regeneration • To maintain and ensure the accuracy of the asset information, and to maintain and develop the systems used to hold this information including the modernisation of the councils ownership terrier with a GIS based system and registration of all titles • Build in flexibility for future change, acknowledging illiquidity of property assets and option of alternative accommodation models
Operational Assets Generally	<ul style="list-style-type: none"> • To safeguard the inherent investment value and service delivery potential of the operational estate through: • Comprehensive facilities management arrangements including compliance • An effective Planned Preventative Maintenance Programme for the operational estate • Minimising cost in use • Thematic and cross-cutting programmes of review, consolidation and rationalisation. • Supporting service outsourcing
Operational Office and Administrative Assets	<ul style="list-style-type: none"> • Continual review of corporate office and administrative accommodation requirements within the context of an overall programme of optimising use, consolidation and rationalisation; • All accommodation changes subject to approval by Office Accommodation Project Board • Improved of retained accommodation through the adoption and application of council-wide space standards, and accommodation quality standards; • Reduction of running costs through more efficient utilisation and building efficiency; • Improved service delivery by redirecting accommodation costs into service improvements; • Explore opportunities for accommodation sharing with partners and benefiting from organisational proximity and economies of scale
Assets Used by Third Parties for Operational Purposes	<ul style="list-style-type: none"> • Formalisation of all third party arrangements with agreements that are proportional to the period, purpose and extent of occupation • The property agreement explicitly separated from (but annexed to) a wider service agreement • Charging of financially appropriate rental levels (open market), by way of a clear and transparent mechanism • Incorporation of any necessary capital expenditure into the agreement • Co-ordination of all agreements by the Corporate Property Officer • Involvement of Corporate Property Officer or his nominee in negotiations with third parties • Provision made that any third party arrangement will not have an undue impact on the authority's future flexibility
Non-operational Investment Assets	<ul style="list-style-type: none"> • Establish and apply explicit criteria for retention/disposal • Preserve and proactively enhance the value of the investment estate including active portfolio review processes; • Secure maximum annual return through commercial rents – lettings, rent reviews, lease renewals and rent collection; • Address lack of investment in the estate by a programme of improvements to enhance the performance of the portfolio and its sustainability • To ensure that day to day management reflects local demand and encourages tenant mix • Identify additional opportunities for income maximisation including flexible lease terms • Actively preventing, monitoring and enforcing against immoral and illegal uses through use of lease provisions and working with enforcement agencies
Community Premises	<ul style="list-style-type: none"> • An evolving area of the portfolio, where the policy is currently under review. The above principles will equally apply here to ensure that decisions made about asset use are founded upon sound asset management practices and against the authorities overall vision and values
Surplus Land and Buildings	<ul style="list-style-type: none"> • Dispose of Surplus Property to achieve the best consideration for the Council and in support of the capital programme; • Dispose of (and acquire) property in pursuit of strategic and regenerative initiatives and commercial opportunities

