

Committee/Meeting: Cabinet	Date: 9 February 2011	Classification: Unrestricted	Report No:
Report of: Corporate Director Development and Renewal Originating officer(s) Andy Algar Service Head, Asset Management		Title: Approval of Asset Strategy Wards Affected: All	

Lead Member	Cllr Alibor Choudhury
Community Plan Theme	One Tower Hamlets
Strategic Priority	

1. **SUMMARY**

1.1 This report seeks approval to the Council's Asset Strategy.

2. **DECISIONS REQUIRED**

Cabinet is recommended to:-

2.1 Approve the Asset Strategy attached as Appendix 1.

2.2 Note the key issues highlighted in this report.

3. **REASONS FOR THE DECISIONS**

3.1 A new Asset Strategy is necessary to reflect the future challenges the Council faces around its property assets and their vital importance in supporting the delivery of services.

4. **ALTERNATIVE OPTIONS**

4.1 The Council could choose not to have an Asset Strategy but it is considered best practice to adopt one. The Council may choose a different strategy, but in doing so must have regard to the best value duty set out in the report.

5. **BACKGROUND**

5.1 From around 2000, there has been a requirement for local authorities to produce Asset Management Plans (AMP) – initial central Government guidance led to them being rather formulaic with a “tick box” approach which

matched the inspection requirements of the Comprehensive Area Assessment (CAA) regime. This led to AMPs often being too operationally focussed (i.e. measuring and managing the existing estate) and reactive (focussing on the management of existing projects). CAA no longer exists and the formal requirement for an AMP went also.

- 5.2 However, a clear view about the future role of property assets is considered essential and the role of the Asset Strategy goes beyond the old AMP approach and looks to the longer term – it seeks to capture all future property needs and articulate a method of achieving them.

6. BODY OF REPORT

- 6.1 The Asset Strategy is attached as Appendix 1. This report highlights some of the key issues.

Asset Strategy pilot LAPs 1 & 2

- 6.2 The general approach of identifying where we need to be against where we are now has been piloted in LAPs 1 & 2. Initial conclusions from this exercise are

- There are considerable challenges in collating accurate centralised data about running costs and usage.
- The Council owns 260 properties in LAPs 1 & 2
- There will be natural opportunities for services to co-locate which will produce opportunities for making savings on running costs without compromising service delivery.

- 6.3 The process will be rolled out across the remaining three paired LAPs during 2011 to provide a comprehensive picture of running costs and the opportunities for co-location and rationalisation of buildings.

Partnership working

- 6.4 The Council works closely with partners on asset management issues and has numerous examples of it co-locating staff and services, particularly with the Primary Care Trust. Funding and structural uncertainties make long term planning with partners challenging at present, but the Council will continue this focus.

Relationship to Transformation Programme

- 6.5 Better Asset Management is one of the programmes within the Transformation Programme. One of the key long term challenges will be for the Council to routinely challenge the use of property to drive out costs and pursue a more comprehensive approach to the sale of surplus property. This will be vital in both meeting savings targets and funding future capital investment.

Localisation

- 6.6 Partners and services have been engaged in the development and approach of the asset strategy and there are a number of examples of new initiatives where this more holistic approach will be or is being tested (e.g. the Toby Club base for LAPs 1 &2 and the work at Chrisp Street – considered in a separate paper in this agenda).
- 6.7 It is clear that shared use of property assets will be key in supporting co-location and shared service delivery.

7. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 7.1 This report seeks approval for the Council's new Asset Strategy document which recognises the importance of efficient and effective asset management in supporting the delivery of services.
- 7.2 There is no requirement to have an asset strategy but it is best practice. It is necessary to have a clear view about the future role of property assets and the role of the Asset Strategy goes beyond the Asset Management plan approach to look towards the longer term – it seeks to capture all future property needs and articulate a method of achieving them.
- 7.3 The Asset Strategy ties in closely with the Capital Strategy, which was approved by the Cabinet in February 2009, and the Asset Disposal Strategy, considered by Cabinet on 12 January 2011. The Capital Strategy sets out the Council's short term and medium term approach to capital investment. It will also ensure that future capital needs and that decisions about the use of resources are prioritised to need. The Asset Disposal Strategy will be aligned to the Council's disposal programme, which will provide estimates of capital receipts arising from the disposal of fixed assets when properties have become surplus to requirements.

8. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL SERVICES)

- 8.1 The Council has a duty of Best Value under Section 3 of the Local Government Act 1999. By virtue of this duty it is required to ensure continuous improvement in all its dealings. This includes ownership and use of buildings so it can organise the most cost effective method of delivering services to the public. It is required to look at a combination of economy efficiency and effectiveness and these proposals demonstrate how that is to be achieved.

9. ONE TOWER HAMLETS CONSIDERATIONS

- 9.1 The role of Asset Strategy is to support the delivery of all Council services via providing suitable property and therefore indirectly support One Tower Hamlets. The need to carry out impact assessments will be assessed on a project by project basis.

10. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

10.1 One of the criteria when evaluating current and future buildings will be their energy efficiency. The Asset strategy will deliver a smaller and more energy efficient property portfolio.

11. RISK MANAGEMENT IMPLICATIONS

None at this stage

12. CRIME AND DISORDER REDUCTION IMPLICATIONS

None at this stage

13. EFFICIENCY STATEMENT

The Asset Strategy will ensure that the Council’s property portfolio is managed in an efficient and effective way.

14. APPENDICES

Appendix 1 – Asset strategy

**Local Government Act, 1972 Section 100D (As amended)
List of “background Papers” used in the preparation of this report**

Brief description of “background papers”	Name and telephone number of holder and address where open to inspection.
None	F N/A