

LONDON BOROUGH OF TOWER HAMLETS

ASSET STRATEGY 2011

1.0 INTRODUCTION

1.1 The Council's vision is to improve the quality of life for everyone living and working in Tower Hamlets. It is a vision that is shared by all partners in the Tower Hamlets Partnership, which comprises residents, the Council and other public service providers, businesses, faith communities and the voluntary and community sector.

1.2 The five major themes contained in the Community Plan set out the means by which our vision will be delivered. These themes are:

- One Tower Hamlets
- A Great Place to Live
- A Prosperous Community
- A Safe and Cohesive Community
- A Healthy and Supportive Community

1.3 Although One Tower Hamlets underpins all themes, it is included in the as a separate theme. Part of the One Tower Hamlets theme is to work efficiently and effectively as One Council. Asset Management "sits" within this theme and its role is to ensure and efficient and effective property portfolio that supports present and future services needs.

1.4 The purpose of the Asset Strategy is to set out the Council's current and future property requirements and ensure the property portfolio meets current and future service requirements and the needs of the Community Plan. It seeks to answer three apparently simple questions.

- Where are we now?
- Where do we want to be?
- How do we get there?

1.5 The strategy aims to deliver a fit for purpose and sustainable property estate that efficiently supports service delivery, which is appropriately managed and maintained. The Council's overarching policy for holding property (formally agreed in 2008) is **"to sustain and support service delivery and to support the Council's corporate objectives"**.

1.6 This statement is considered to remain valid but needs to be clarified in that supporting service delivery could be direct service delivery or via partners. Property is a means to an end, not an end in itself, and the Council should only hold property if it meets current service requirements, is identified for future service requirements/regeneration

or makes an acceptable rate of return.

1.7 Four key objectives were also agreed; these can be summarised as supporting services/customer focus, meeting statutory obligations, value for money and sustainability.

- To support and enhance service delivery, ensure user satisfaction and meet broader Council objectives.
- To ensure the Council meets all its statutory obligations and that buildings are fit for purpose, in terms of location and condition.
- To ensure value for money in the management, maintenance and use of land and buildings.
- That the procurement of works for buildings ensures sustainable design and that buildings are maintained and managed in a way that maximises their energy efficiency.

1.8 It is felt that these remain valid but that the “value for money” objective should be expanded to cover some specific objectives

- We will own and occupy fewer buildings.
- We will reduce the running costs of our buildings.
- We will maximise overall returns from income producing properties.
- We will increase the occupancy levels of our buildings and maximise opportunities for co-location of services (including partners).
- We will challenge the business case for retaining properties and sell surplus properties in a timely and efficient manner.

2.0 CONTEXT

2.1 The Council’s vision is to improve the quality of life for everyone living and working in Tower Hamlets. It is a vision that is shared by all partners in the Tower Hamlets Partnership, which comprises residents, the Council and other public service providers, businesses, faith communities and the voluntary and community sector.

2.2 The five major themes contained in the Council’s Strategic Plan set out the means by which our vision will be delivered. These themes are:

- One Tower Hamlets
- A Great Place to Live
- A Prosperous Community
- A Safe and Cohesive Community
- A Healthy and Supportive Community

- 2.3 Although One Tower Hamlets underpins all themes, it is included in the Strategic Plan as a separate theme. Part of the One Tower Hamlets theme is to work efficiently and effectively as One Council. Asset Management “sits” within this theme and its role is to ensure and efficient and effective property portfolio that supports present and future services needs.
- 2.4 In summary, the role of asset management is to support service delivery in the most efficient and effective way.
- 2.5 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 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).
- 2.6 The role of the Asset Strategy goes beyond this and looks to the longer term –by understanding the council’s service needs it seeks to capture all of its future property needs and articulate a method of achieving them.
- 2.7 Local Authorities are major landowners, and Tower Hamlets is no exception. Property portfolios have developed over time in response to the changing breadth and role of services local authorities provide. In Tower Hamlets this evolution can be seen from our ownership of late 19th/early 20th century Town Halls such as Poplar or Limehouse as the early role of Councils developed.
- 2.8 The Council also owns and manages (via Tower Hamlets Homes) significant amounts of inter-war and post war housing which reflects the important role that local authorities played in providing housing. The range of our school estate – from Victorian schools to modern buildings – is a result of the consolidation of education as a local authority function, particularly post Second World War. In addition to these “traditional” uses the Council also provides newer services, such as One Stop Shops and Idea Stores, which reflect the changing way that public services are provided.
- 2.9 The general economic situation and the new Coalition Government’s agenda presents two major challenges, both of which will impact on service delivery and hence asset management. The first is the need to significantly reduce public spending over the next four years which will have radical effects on the level and number of services provided. The second is the idea of the “Big Society” and the Decentralisation and Localism Bill, its purpose is to devolve greater powers to councils and neighbourhoods and give local communities control over housing and planning decisions.

- 2.10 There is a general drive towards localisation and enabling citizens a greater say in the running and control of services (and possibly buildings). Tower Hamlets is engaging with this agenda through its Localisation Board, its key focus is to bring coherence and leadership across public agencies to drive forward a localisation model for Tower Hamlets. The model will be established around future service needs and these must inform a clear and coherent Asset Strategy for Tower Hamlets.
- 2.11 An essential part of understanding the importance of property involves the review of assets. To achieve this, the Strategy will ensure an appropriate level of involvement from Service users across the Council to help shape decisions affecting the use of assets in both the short term and long term.

3.0 WHERE ARE WE NOW?

- 3.1 The Council owns and occupies a wide range of properties from which it delivers both local and central services. Details are summarised in table 1 below.

Table 1

Summary of the Council's portfolio

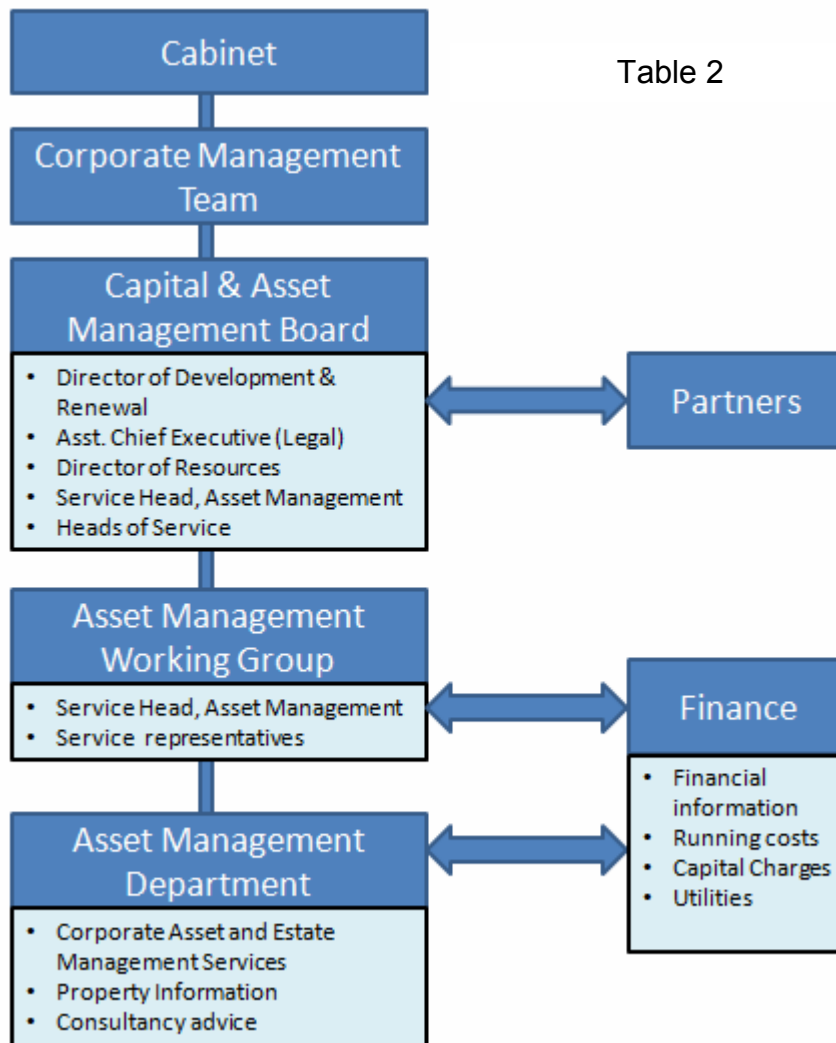
LBTH Assets	
Schools	
Infants & Primary	72
Secondary (inc. special)	31
Nursery	3
Children's Centres	11
Children's Services - Misc	12
Life Long Learning & Youth	3
Corporate	35
One Stop Shops	5
Community Assets	93
Libraries & Idea Stores	9
Sports & Leisure Facilities	8
Parks, Open Spaces, Playgrounds, Allotments	196
Day Centres	7
HRA Assets	373
Other Inc. Closed Buildings	5
TOTAL	863

- 3.2 A pilot exercise has been undertaken in LAPs 1&2 to capture both hard and soft data (running costs, condition, suitability and usage).
- 3.3 The initial headlines from this are that there are indications of inconsistent usage of some buildings and that further investigations are needed to establish synergies and scope for shared use. There are also issues around the completeness and quality of data.
- 3.4 From this initial work, one possible area that merits further investigation are the potential opportunities to optimise the use of the existing Children's centre network (i.e. increasing their usage) by using them to provide other services outside normal daytime operating hours. By moving towards a "blueprint" geared to flexibility over building use, opportunities will be created for the rationalisation of the portfolio and with it both a reduction in running costs and access to capital receipts following the sale of any assets declared surplus.
- 3.5 Arrangements for collecting data from the rest of the Borough (LAPs 3-8) are in place.

- 3.6 The Localisation Board is in the process of collating data about future service requirements to gain a better understanding of the scope for the further localisation and co-location of services.
- 3.7 Once the property and service data is collated it will be used to provide a challenge around better use of space and co-location and help inform target setting for both space and cost reduction.
- 3.8 The Council works extensively with other public sector providers, in particular the Primary Care Trust and the Metropolitan Police and already shares several premises in delivering services. By way of example, the East London NHS Mental Health team share Council owned offices at Gladstone Place. As part of the Localisation Agenda, proposals are in for the Police to share back office space at the Council owned Toby Club, which will bring together staff responsible for crime and ASB prevention.
- 3.9 The Council also liaises with the Asset Management team at the London Fire Brigade to ensure that any proposals which have asset implications are assessed in the context of the Council's asset management planning process.
- 3.10 With the aim of ensuring alignment of objectives in relation to the use of assets, The PCT have also provided representation on the Council's Asset Management Board and once the likely outcomes of the NHS White Paper become clearer, further discussions will take place in order to both assess the impact on future asset requirements (linked to changing service delivery provision) and to identify any mutual rationalisation opportunities as well as scope for driving out further efficiencies in relation to asset utilisation.

3.11 Organisational arrangements

- 3.12 The Council is currently in the process of consolidating and centralising its main property functions (valuation, asset strategy, maintenance, capital programmes and Facilities Management). This will help to provide a well managed and efficient service that is able to address the future challenges. The council is also developing an "intelligent client" model to ensure service departments are clear about their property requirements and can obtain the level of service they need from the new Asset Management function.
- 3.13 The Council has robust organisational arrangements in place to ensure property decisions are taken in a corporate manner and in accordance with the direction and policy of the Asset Strategy. The Council's organisational structure for Asset Management Planning is shown in Table 2 below.



3.14 Market context

- 3.15 The property market has been badly affected by the broader recession. Historically high land values in Tower Hamlets have been driven by the residential and commercial markets both of which have been affected by reduced buyer/tenant demand and difficulty of attracting bank finance to fund development.
- 3.16 Notwithstanding this, it is considered that the Tower Hamlets property market is relatively robust (compared to other parts of London and the country) due to its proximity to the City, Canary Wharf and Stratford.
- 3.17 Going forward, it is likely that the Council's capital programme will have a greater reliance on receipts from asset sales and Central Government support as the availability of revenue for borrowing reduces.

3.18 The Council will need to take a balanced approach about current receipts (which may appear low against historical highs) and the need for investment. Any disposals will need to contain safeguards to ensure should the market rise significantly the Council can share in any “up side” that developers may obtain.

4.0 WHERE DO WE WANT TO BE?

4.1 One of the aims of the Council’s Transformation Programme is that “we will own and manage fewer buildings”. This acknowledges the possible reduction in services but also the need to use our existing stock better.

4.2 There are a number of workstreams that identify “where we want to be”

- Analysis of existing strategies
- Infrastructure Delivery Plan
- Work lead by Localisation Board on future service requirements
- Better integration of service planning and asset management.

4.2 A Better Asset Management programme sits as part of the broader Transformation Programme and a key part of its work will be enabling the co-location of services and the consequent rationalisation of assets. The data gained from the pilot in LAPs 1 & 2 will be used to set targets for both space and cost reductions. This, in turn, will provide a challenge around better use of space and co-location.

4.3 Current plans/policies which impact on asset management

4.4 There are a number of strategies and policies which have a significant impact on assets. Table 3 below shows all relevant Council strategies.

Table 3

Council strategies with asset implications

Strategy	Summary	Property impact	Current proposals (if known)
Idea Store Strategy	The refreshed Idea Store Strategy provides the overall strategic direction for the Council’s library, learning and information services over the coming ten years.	Re-provision and improvement of existing library facilities	Watney Market
Leisure Strategy	The strategy is designed to improve the quality of life for everyone living and working in Tower	Re-provision and improvement of leisure facilities throughout the Borough	Poplar Baths

	Hamlets by giving High quality, accessible leisure facilities enable people to lead healthier lives and meet and engage with others		
Waste Strategy	The strategy sets out the Council's intention for keeping the street environment and other public areas clean and safe	A review of existing wastes facilities	The possibility of a new waste transfer facility in the future located at Fish Island, Bow. Possible depot rationalisation
Channel Strategy	The strategy examines front and back office relationships to determine how unnecessary contact with customers can be minimised.	As part of the examination of front and back office there will be a review of the role of property	Chrisp Street Watney Market Cheviot House
Building Schools for the Future	Improvement of secondary school estate and provision of additional school places to meet rising population	Potential need for additional sites to provide sufficient school places	Southern Grove Wapping/Limehouse
Primary Strategy for Change	Improvement of primary school estate and provision of additional school places to meet rising population	Potential need for additional sites to provide sufficient school places	New primary school at Bromley by Bow. Other site requirements
Third Sector Strategy	To ensure the Third Sector has access to adequate property (both Council and non-Council owned) and that properties are allocated in a transparent and open manner.	The development of a third sector asset plan, which will be a strand of the Asset Strategy to consider shared use and formalisation of property occupation and ensure enhanced transparency in the allocation and use of properties.	Review of assets. Scope for co-location of third sector groups.
Smarter Working Programme	Strategy aimed at rationalising Council head office accommodation and introduction of flexible working practices	Relocation of staff from Anchorage House (AH) to Mulberry Place including the surrender of AH leases	Anchorage House Mulberry Place Other office premises

Improving health and wellbeing strategy	The strategy sets out a programme for developing services across the council and the local NHS, working with our partners, to improve the health and wellbeing of our local communities.	A review of assets owned by AHWB	Not yet known
Localisation	The purpose of this initiative is to locate services closer to our communities to give better access to these services	The initiative involves the creation of new local hubs / touchdown spaces for Council staff per paired LAP	Initially Toby Club. Other sites being considered.
Carbon Management Plan	The plan has set targets to reduce carbon emissions from Council operations as outlined in the plan: 25% by 2012 40% by 2016 60% by 2020	Programmes to rationalise the Councils assets and programmes to better utilise the assets will help deliver targets	Corporate assets
Conservation Strategy	The strategy provides a vision for the future preservation and management of all the cherished places and heritage buildings in the borough	Not yet known	Not yet known

- 4.5 A “map” showing all key Council strategies is attached as Appendix 2.
- 4.6 The Council’s Infrastructure Delivery Plan (a supporting document for the Council’s Core Planning Strategy) identified the infrastructure needed for the Borough in 2010-2026. Much of this relates to Council property assets such schools and provides an important starting point in identifying the Council’s long term asset requirements.
- 4.7 The Infrastructure Delivery Plan (IDP) is clearly an important starting point but does not cover the whole range of issues. For example, rationalisation and co-location of existing services will be increasingly important in both saving money and maintaining service standards and the IDP does not cover more detailed issues such as this.
- 4.8 In addition, there are also a number of unknowns, or emerging areas that are unclear that will arise from Coalition policy. Current examples are Free Schools and the potential for community groups running services. The primary response to these issues will be service-based

but we will need to develop an asset management response to support this.

4.9 Organisation Health Check

4.10 A “health check” of our approach to Asset Management has been undertaken and areas for improvement form part of the final Action Plan.

4.11 The long term Implementation of the Strategy will be influenced by our data, culture and capacity and the key issues associated with this are:

- Internal organisation of asset management services
- Procurement of construction and property related services
- Relationships with partners
- Sustainability
- Condition of stock
- Suitability/usage
- KPIs/data (quality and management)
- Strategy
- Rationalisation/disposals
- Co-location
- Shared use of assets
- Member/community engagement
- Prioritisation/resource allocation
- Linking decisions to strategic priorities

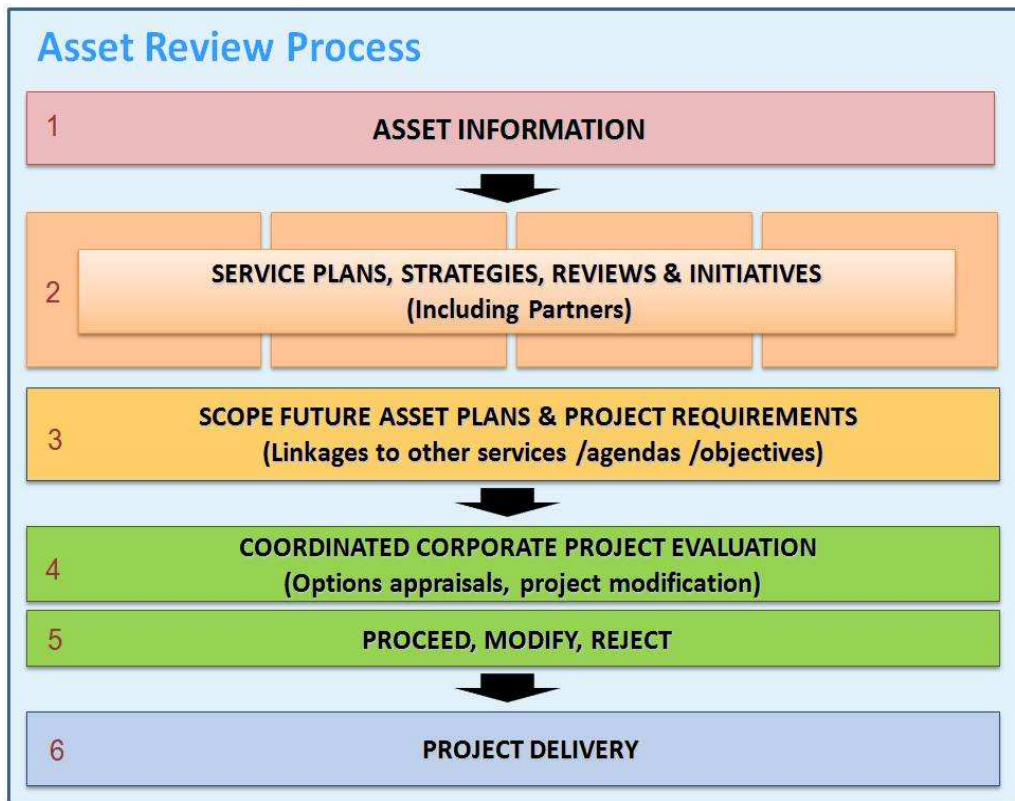
5.0 HOW DO WE GET THERE?

5.1 A Pilot Asset Review of assets is being undertaken in LAPs 1 & 2. Its main objectives were to understand in detail the range, profile and relative performance of Council assets. The review identified a number of gaps and inaccuracies in respect of property information particularly in relation to suitability, utilisation and running costs. It also highlighted the need to develop relevant KPIs which will form part of the Asset Strategy Action Plan. This pilot is being undertaken in parallel to Localisation pilots so that the property and service implications can be closely aligned.

5.2

5.3 Extensive consultation with Service Departments has been undertaken in order that comprehensive asset information can be obtained for all property in the review area. This model, once tested, will be rolled out across the remainder of the Borough. The aim will be to work with services and partners to identify requirements from relevant strategies and service plans, which will be co-ordinated and evaluated on a project basis in line with the following diagram. Table 4 (asset review process) below shows the asset review process, in summary.

Table 4



5.6 Asset Mapping

5.7 A recent asset mapping exercise has been undertaken within LAPS 1 & 2 for both Council owned assets and those held by Partners. This provides high level information on all publicly owned assets in the area and will assist in identifying opportunities for future asset sharing and efficiencies.

5.8 Service Planning

5.9 One of the limitations of the current governance arrangements for asset management relates to the fact that the annual Directorate Service planning process does not require any articulation of property requirements. It will be a pre-requisite of the Asset Strategy that asset planning should become more explicitly embedded in the service planning process.

5.10 The Asset Strategy will be informed by a review of services' use of property and will exploit and support opportunities for service integration and co-location. Examples of work already undertaken in this area are summarised in table 5 below.

Table 5

Co-location examples

CASE STUDY: Development of an IDEA store Metro and co-location of the One Stop Shop, Watney Market.

The project will invest capital that will result in the development of a new building that will be shared by two Council services.

The project will offer the Council a number of benefits that include better access by customers to Council front line services, reduced building running costs achieved by asset sharing and wider local area regeneration.

It is planned this building will be operational in 2012.

CASE STUDY: Proposals to develop a new community facility at Chrisp Street, Poplar.

The project aims to create a new public “hub” for the delivery of public services provided by both the Council and its partners.

It will reduce the number of public sector “front doors” and as a minimum will co-locate Poplar HARCA reception, the One Stop Shop and Idea Store. This will provide a focal point for customer access in Chrisp Street and is expected to reduce running costs.

5.11 Capital and asset disposal strategies

5.12 The Council has developed a disposals and capital strategy, which sets out the Council’s short term and medium term approach to capital investment. It will also ensure that future capital needs and resources are identified and 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.

5.13 The Council; adopted a disposals procedure in 2009 which governs the process of sale and ensures that properties are only declared surplus following a clear process to ensure they are no longer required. A copy of the procedure is attached as Appendix 3.

5.13 Asset Strategy Action Plan

5.14 The draft action plan (appendix 1) form parts of the Council’s Asset Strategy and sets out the details of the actions that need to be carried out together with time scales in order to deliver the strategic objectives.

Appendices

Appendix 1	Action Plan
Appendix 2	“Map” of Council strategies
Appendix 3	Disposals procedure