

London Borough of Wandsworth Asset Management Strategy 2023-2028

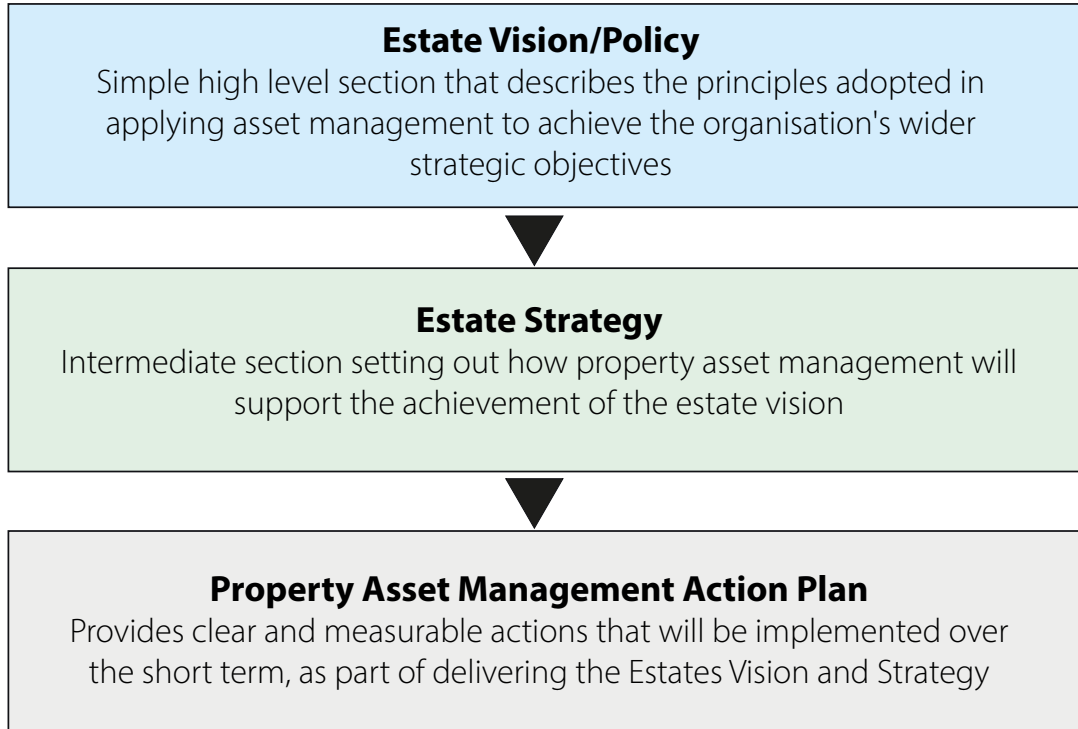


July 2023



Introduction

The London Borough of Wandsworth's Asset Management Strategy comprises three documents running in parallel as shown in the diagrams below:



More detail on the document is set out in the approach below.

The second section is the Asset Management Strategy (AMS) (also termed the Estates Strategy).

The structure of the AMS is broadly as follows:

- Executive Summary (reflecting the Asset Management Policy / Vision)
- Introduction
- Context
- Property Assets as an enabler for the council's priorities and linkages to other strategies
- Governance
- Overview of the Portfolio / Property Data
- Service Area Reviews / Asset Review process / RAG rating and metrics

Executive Summary

The Asset Management Strategy (AMS) is designed to ensure that the management of the council's property portfolio supports its overarching policy of holding property assets to support current and future service delivery requirements and corporate objectives.

Significant changes in service demands, ways of working, and council priorities (including Richmond and Wandsworth in a shared staffing arrangement, the SSA) make it timely to update the council's approach to the management of non-housing property assets. The property portfolio can act as a key enabler for a range of service and wider strategic objectives and community benefits.

Four key objectives underpin the overarching policy, which are realising value for money, typically through assets rationalisation and minimising of buildings' running costs, co-location of services with external partners such as the Voluntary & Community Sector (VCS), NHS, Metropolitan Police and other strategic partner organisations, support for enhancement of service delivery, ensuring that statutory obligations are met and buildings are fit for purpose, and the ensuring that energy efficiency is maximised.



Strategic Context

The council's priorities as stated within its Corporate Plan:

These comprise three core themes which reflect our priorities and will determine the actions we take over the coming year. These are:

A fairer Wandsworth

To make Wandsworth fairer we will:

- Work towards ensuring all local people have a genuinely affordable place to call home.
- Support residents who are impacted by the cost-of-living crisis and COVID-19.
- Create safer neighbourhoods where communities feel confident and protected and victims and survivors are supported.

A compassionate Wandsworth

To make Wandsworth more compassionate we will:

- Be a compassionate council that truly listens and is ambitious for all.

A more sustainable Wandsworth

To make Wandsworth more sustainable we will:

- Tackle climate change by working together with our residents, businesses and communities and will be carbon neutral as a council by 2030.

Of these, the ones that have clear property implications are:

- Affordability, including support with the cost-of-living crisis.
- Creating safer neighbourhoods where communities feel confident and protected and victims and survivors are supported.
- Carbon neutral by 2030.

The AMS property data covers approximately 219 operational properties held by the council with a balance sheet carrying value of circa £1.2bn as of 31 March 2022. For the avoidance of doubt, the accounting carry value of the operational assets is different from the market value.

Introduction

The council's estate is an important enabler in ensuring the provision of high-quality services and wider council objectives. This AMS provides the basis for decisions about how land and buildings are used, how the estate will be managed and how to make best use of assets for the benefit of the local area. Here the AMS is used in conjunction with good practice decision making frameworks such as the HM Treasury better business case approach and supporting Green Book guidance, programme and project delivery approaches, procurement and commercial frameworks and contract management tools and techniques.

This AMS will provide a framework for:

- Aligning property assets with the council's priorities and ambitions.
- Integrating property management with other considerations including service delivery, financial management, economic growth, regeneration and sustainability.
- Enabling a collaborative, joined-up corporate approach to the use of property assets; and
- Making sure decisions about property assets are evidenced based, to maximise limited resources and secure best value over the long term.

This strategy is focused primarily on the operational estate, i.e., those properties which the council uses to deliver its services to residents. However, where appropriate we have also commented on non-operational assets, including commercial assets.



Context

The council entered into a Shared Staffing Arrangement (SSA) with the London Borough of Richmond in 2016. Initially the focus was on merging management structures, reducing duplication and the proportion of spending that goes on senior management. In the longer term there will be opportunities for further savings to reduce overheads, for example with respect to the council's estates.

The experience of the last three years has brought about a sharper and, in some areas, a different, focus on what the council delivers and how and where they are delivered. It has enabled the council to rethink the way it interacts with its local populations and businesses.

Greater use of digital technology has provided our workforce with tools to support agile working and accelerated changes in the way we work. This has enabled us to take services into our local communities in new ways, exploring different approaches to using our assets and innovative methods of delivering enhanced services remotely, for example a telehealth/telecare service that supports older people to remain in their own homes.

Covid-19 also triggered a significant shift in customer expectations, increasing appetite for digital self-service, as well as changing patterns of behaviour in use of council's services. The council's experience during the pandemic has also particularly highlighted the power of data in understanding our communities and offering the right services in the right place at the right time. Also, during Covid, the potential to use the estates flexibly and responsively was demonstrated using libraries to distribute lateral flow tests and other buildings as testing sites and hubs.

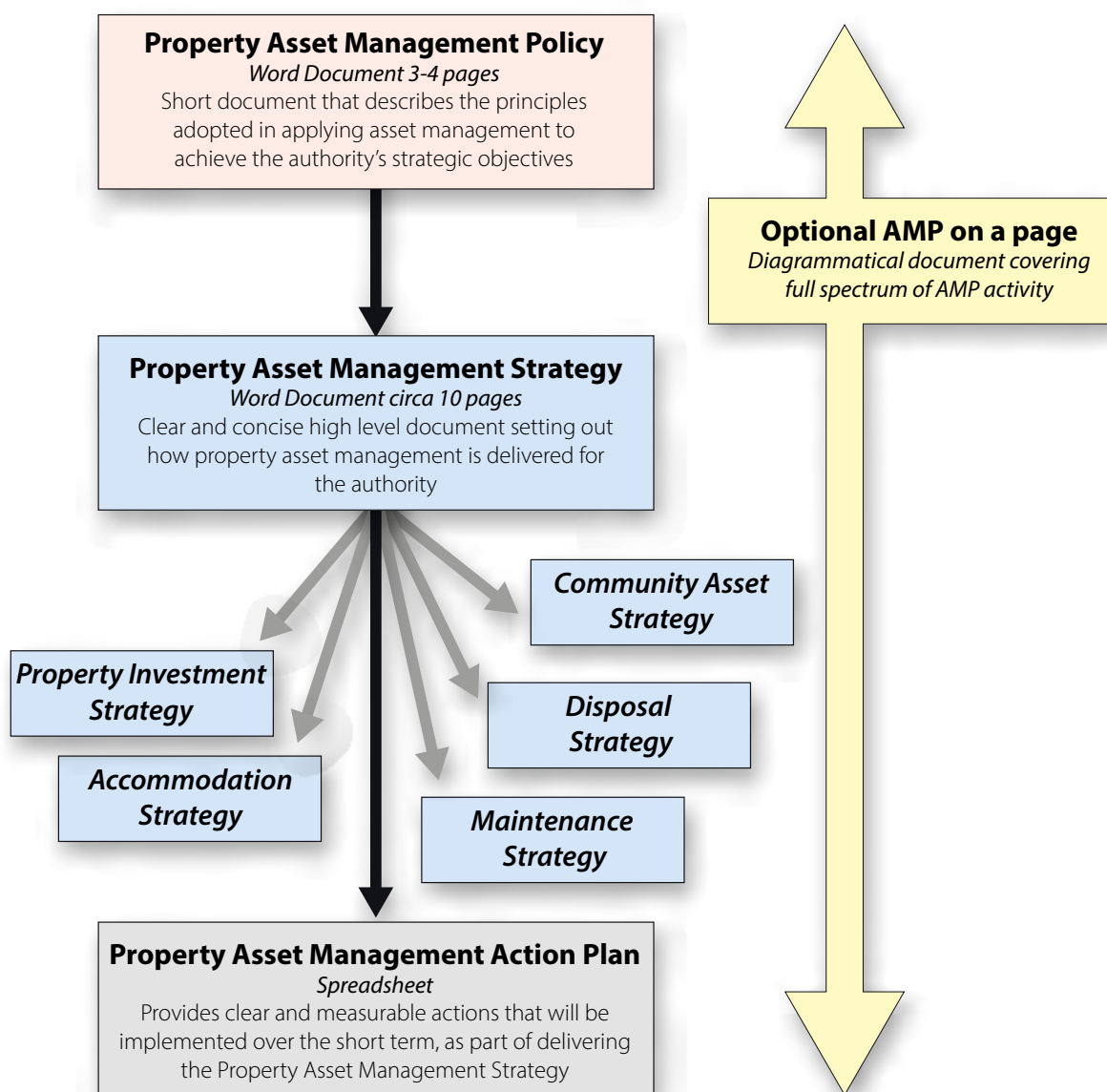
Radically changed ways of working are already impacting on the use of office accommodation and the council's Workspace Strategy which is being developed in parallel with this AMS will need to ensure offices are adapted in response to these changes. The pandemic has also changed the working habits of our residents, with a sustained increase in the prevalence of homeworking. Combined with changing customer behaviour and expectations, there are also implications for the wider operational estates from which frontline services are delivered.

Alongside these changes, in recent years, the council has been grappling with challenges created by reductions in government funding, and growth in demand, complexity, and costs of providing services. The pandemic has also created unprecedented new financial pressures and service responsibilities, which are likely to persist for some time.

All these considerations make it an opportune time to review the way we use our buildings. We need to have the right framework in place to inform these decisions and to make sure we make the most of our assets for the benefits of the council and its residents.

It is important that this AMS is published, so that residents but also wider stakeholders (e.g., local businesses, suppliers to the councils, community groups, other public bodies) can see and understand the council's intentions. As above, this AMS is supported by best practice tools and techniques and by adequate staff capacity and capabilities. Finally, it is brought to life through some early project proposals.

Further detail on the three-document approach is set out below. It is important that these documents link to the other strategies, in particular service strategies.



The table below includes information extracted from the council's capital programme/capital investment strategy (as published in October 2022) below:

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Programme as per Paper No.22-311:	118,846	112,972	20,891	4,550	-
Approved additions to the programme:	1,163	1,261	101	-	-
New bids to be approved in this report:	2,781	33,312	19,443	9,725	6,564
Approved programme:	122,790	147,545	40,435	14,275	6,564
Revision of cashflows:	48,024	22,845	20,297	4,882	-
Reductions:	(1,151)	(200)	(200)	(200)	-
Revised programme following review of schemes:	73,615	170,190	60,532	18,957	6,564

The council's capital programme/capital investment strategy is regularly reviewed and updated, so it is important to check for the latest version. The council's capital programme/capital investment strategy in turn feeds into its Medium-Term Financial Strategy (MTFS) which includes assumptions around the Treasury Strategy covering how the above expenditure will be funded by the council.

The council's capital investment plans must fully align with its Asset Management Strategy thereby ensuring that investment is most appropriately prioritised and targeted in achieving the council's strategic goals.

Furthermore, it is recognised that investment is required to enable the council to fulfil its statutory obligations, for example, backlog maintenance and in so doing ensure it complies with its Health & Safety obligations. A key output of this approach will be to ensure investment is directed to those assets where there is identified need in terms of asset performance and in enhancing service delivery. Given the current economic climate and resource constraints, prioritisation is an important aspect and will need to give due consideration to the outcome of options appraisals as well as consider and evaluating associated risks in relation to statutory obligations, health and safety requirements and service delivery.

There is a clear link between the AMS and the office accommodation strategy, including recent work done, post pandemic, on the office arrangements for council staff.

Also, there is link to the maintenance strategy, including comments made in this AMS and associated work on the running costs of the council's estate.

Finally, the Asset Disposal Protocol provides more detailed policy on steps taken to rationalise the council's estate. These documents are included at Appendix 1.

The disposal of surplus property has a role to play in both raising capital receipts and reducing running costs. However, it is important that the full implications are considered before a sale (or lease) is contemplated. The Asset Disposal Protocol sets out the considerations for disposing of any assets identified, following the asset review process, as being surplus to the Council's operational requirements..

Key Themes

Specific property strategic themes following the CIPFA Review include:

- Transparency – including publishing an updated / high level Asset Management Strategy, particularly at Policy and Strategy level for the council.
- Responses to service needs, based on socio-economic benefits for Service users / communities that we serve.
- Also, responds to cross Service / Corporate need.
- Evidence / data driven.
- Use of full cost / value financial data – as if on an arm's length / commercial basis.
- Consideration of alternate provision for communities, whether private / voluntary sector, cross local authority boundary, other parts of public services or different interventions to deliver Corporate priorities.
- Investment decisions based on socio-economic benefits and not simply affordability. The risk here

is that “over specified” buildings will be commissioned / developed (e.g., building a significant centre where instead a series of smaller more local centres might be a better solution);

- Desire for cross Service working and co-location, family / community hubs, including to improve service user experience and to increase utilisation.
- Desire to continue to consolidate/rationalise the property holdings, recognising an aging estate, increasing running and capital costs in some cases declining utilisation.
- Governance and decision-making processes using good practice business cases.
- A focus on net zero / climate emergency. Recognising that many of the aging buildings will not get to net zero and would require significant, ongoing offsetting.
- Periodic challenge of property asset holdings, including using the RAG approach in a workshop setting as a precursor to business cases and use of commercial models. (See the Action Plans for more detail on the RAG approach).

This AMS aims for a property estate which is efficient, sustainable, and fit for current and future service delivery requirements. Key objectives identified to deliver this vision include consolidation in multipurpose spaces, appropriate investment in retained assets, and improving energy efficiency.

There are some constraints of the existing estate and gaps versus future requirements. This AMS sets out a process for establishing a robust evidence base on the current estate, clearly articulating future requirements, and making decisions about future use of property assets in a joined-up way.

The property Portfolio as an enabler for the council’s priorities and linkages to other strategies

The council’s Asset Management Policy and vision for its asset base as set out in its priorities in its Corporate Plan is captured below.

As stated, the council’s assets are an enabler for delivering these priorities. Therefore, this AMS has linkages with a few other Corporate and Service strategies. We set out below more detail on the responsive council’s strategies:

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A more sustainable Wandsworth

To make Wandsworth more sustainable we will:

- Tackle climate change by working together with our residents, businesses and communities and will be carbon neutral as a council by 2030.

Of these the ones that clearly link with property / asset management are:

- Affordability, including support with the cost-of-living crisis.
- Communities.
- Carbon neutral by 2030.

For example, by running our estate more efficiently and making sure it provides the best possible return on our investment. Also, by reducing our estate footprint and decarbonising our retained buildings, reducing utility use and bringing them as close to zero emission as possible.

The property estate is also a critical enabler for service transformation, improvement and change and impacts on many service-led strategies. Current or emerging service priorities which impact on or are enabled by the estate include:

- **Family hubs:** nationally, the recent Independent Review of Children's Social Care has called for the creation of Family hubs as community venues which can offer an important universal access point to support for families and where Family Help Teams can be embedded. A paper setting out our new approach, 'the right help at the earliest opportunity', has been presented at the Children's Committee.
- **Leisure:** a leisure needs review is underway. This informs the commissioning strategy which will set out options for delivering leisure facilities including need for investment, re-purposing or replacing facilities.
- **Libraries:** development of a new strategy is underway.
- **Transformation of day services:** Proposals have recently been approved to implement changes to the day opportunities model for older people, adults with dementia and people with a physical disability. The emphasis is on provision of good quality care to residents across the continuum of need, for people with the most complex of care needs accessing a building-based day centre, complemented by services available in the local community for people who do not want or need to be building based.
- **Long term / accommodation-based support:** Covid-19 has exacerbated demand for this type of accommodation for adults with social care needs.
- **Housing estate-based community centres and clubrooms:** a review is currently being undertaken into their use and management.
- **Partnerships with NHS:** the council is working to develop strategic partnerships with the NHS, both at a sub-regional level in SW London as a designated Integrated Care System (ICS), and at a borough level developing Integrated Care Partnerships (ICP) to achieve the best outcomes for residents through the integration of health and care.
- **Voluntary and Community Sectors (VCS):** the council has strong working relationships with a range of VCS organisations, of varying size, who's aims and objectives align with the strategy of the council for Service and service user delivery. We aim to ensure that arrangements with the VCS sector are on an "arm's length basis" with formal agreements in place and market rents charged with separately subsidies then offered.

There are numerous estate related projects already in train which are key to delivering on the council's objectives. These include:

- **Workspace Standards:** looking at future office accommodation requirements and options for future use of the Wandsworth office estate.
- **Libraries:** construction is completed on the new Northcote library with the new Wandsworth

Town library close to completion as well as the refurbishment of Putney Library.

- **Education projects:** various projects underway including provision of a new primary school in Nine Elms; a secondary school expansion programme and a high needs programme providing additional Special Educational Needs places.
- **Decarbonisation projects:** a range of energy efficiency measures across the estate including LED installation, insulation, heating controls, and replacing boilers with heat pumps. Looking for grant funding opportunities to deliver decarbonisation via funding such as PSDS
- **South London One Public Estate:** The council is part of the five borough South London One Public Estate¹ Partnership. The partnership has been successful in securing funding for the Integrated Care System Estates programme.

As part of developing this AMS the council has considered the financial implications for the council of these proposals, including the capital programme and the MTFs including borrowing powers.

The Wandsworth council estate is comparatively large for the size of the authority. It is noted that over the last decade there have been a significant number of disposals and associated capital receipts. The council's asset base includes some older buildings that are more expensive to operate (particularly given current inflationary pressures) and will, in due course, require significant capital investment including in response to the climate emergency.

To date, while the council has been accepting of the need to borrowing to finance investment in council housing, with particular regard to the Homes for Wandsworth initiative to deliver 1,000 new homes, it has not wished to borrow to finance investment in operational properties. This may need to be revisited.

However, many of these older buildings are attractive to alternate users / owners and hence would generate significant capital receipts if sold. Further, there may be a range of wider voluntary sector / community stakeholders who may be interested in occupying council buildings.

Governance

The Director of Housing & Regeneration is the Senior Responsible Officer sponsoring the delivery of this corporate strategy and the co-ordination of activity involved in its implementation. Whilst initially led by Property Services, significant input was obtained from all other council departments/ services in the delivery this strategy, supported by a steering group of service representatives.

There is currently a Corporate Property Review Team in Wandsworth. There is an opportunity to revisit the terms of reference of this group. Wandsworth has a Major Developments Projects Board (MDPB), the MDPB which could be repurposed as the Asset Management Board.

Whilst it is recognised that the council is resourced for business as usual, significant reshaping / repurposing of the estate will require additional capacity and capability. This can be bought from the consulting market to provide additional resource however; it is preferable to develop the necessary skills and resource internally.

¹ One Public Estate is a national programme supporting locally-led partnerships of public sector bodies to collaborate around their estate needs.

Service Area Reviews / Asset Review process / RAG rating and metrics

Some initial work has already taken place with Services to inform the development of this strategy. This has entailed mapping the estate against various indicators; identifying property projects and programmes in progress or in the pipeline; capturing emerging service priorities and other service level drivers influencing future use of assets; and, identifying where there are potential issues with suitability of the estate vis a vis service need.

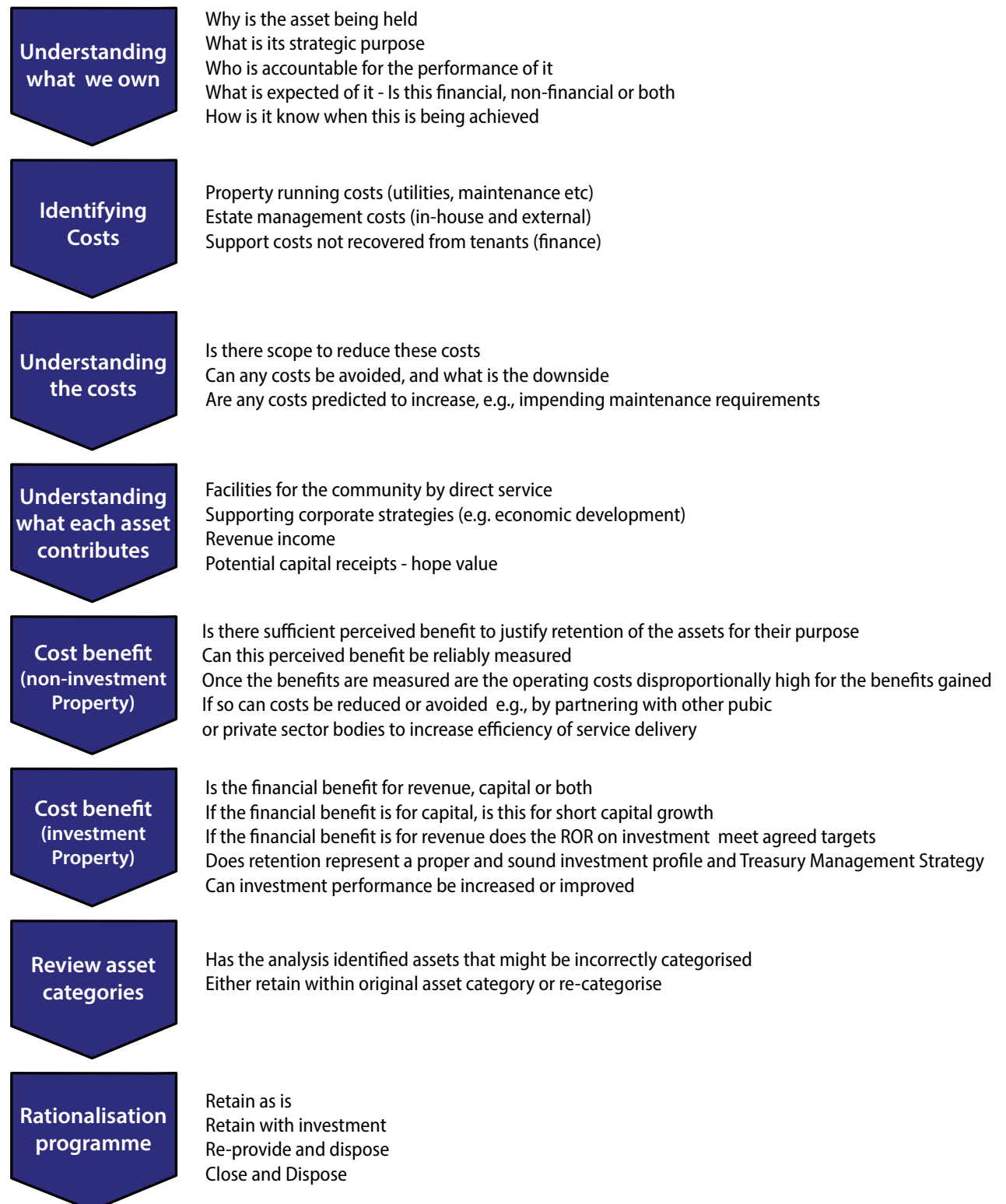
This has in part been progressed through a series of Service workshops held during the summer 2022 and again late 2022/early 2023. Importantly the estate must respond to the needs of the community that the council serves as articulated through Services and Service plans. Therefore, it is Services who need to inform the shape of the estate. Running periodic Service workshops as described reflects best practice and should be programmed to happen quarterly. It is acknowledged that in some instances the property team and finance team may then need to drive Services to make decisions around the property assets, given the realities of the property holdings and / or financial pressures.

To support these Service workshops and the wider development of this Asset Management Strategy the councils have interactive maps along with property / buildings lists have been developed and shared. Again, this represents best practice. The intention is to continue to refine these property / building maps and lists as there are always opportunity to improve coding and identifiers. Services involved are: ECS, Housing, Childrens Services, Regeneration, Adults, etc.

Robust data is needed to support decision making. Also, there is a need to understand the financial incentives. At present, across the councils there is some full cost cross charging of property / buildings, but it is not entirely consistent including instances where community groups have entered local arrangements. It is proposed that the cross charging and occupancy arrangements are standardised, formalised and represent an arm's length arrangement such that decision making can happen on a consistent and transparent basis.



These diagrams summarise the process we have been through, and it is recommended that this process is utilised in undertaking periodic review of assets and/or when it is considered necessary or practical to do so:



Through the steps outlined above it is important to build on and have a collective understanding of what we own, identify, and understand the associated costs. We also need to ensure we have a collective understanding what each asset contributes to service delivery and associated costs and benefits. This understanding would be developed through facilitating workshops with Services and support services and Service engagement. The need to review assets and rationalisation is covered in the action plan, including via the RAG rating approach.

It is noted that while each Service area has some specific considerations, there are also crosscutting themes and priorities which have quickly emerged from the work undertaken so far. This emphasises the importance of multi-Service workshops and collaborative working:

- **Integrating services for families in family hubs.** While the core principles of family hubs relate to integrated provision of early help services to families with children, their scope is not limited to Children's Services. For example, family hubs can also provide routes into adult education, employment support, health, housing and financial advice and voluntary sector provision.
- **Creating inclusive, multipurpose spaces.** Traditionally our buildings have tended to serve distinct client groups and single service functions. There is an aspiration to make our public spaces much more inclusive of residents of all ages, with or without disabilities. Multipurpose spaces can also provide a single point of access for different types of service, (e.g., day/community services, respite, living accommodation and education) making them more accessible to a wider range of residents.
- **Co-location of services to ensure resilience:** Reductions in usage or footfall, combined with strained service budgets, may threaten the viability of some services in some locations. Co-location and creative programming can allow more flexibility in staffing cover, keep services open that might otherwise be unviable, and maintain or extend hours of availability. Co-location could extend to partners, VCS and commercial organisations.
- **Working with the Third Sector:** The way the council's physical assets are managed can have a positive impact on the long-term strength and resilience of the local third sector and local communities more generally. There is an opportunity to work with the local third sector to align space in council owned assets with community capacity to provide better value and outcomes.
- **Beyond the council estate:** Many services are actively seeking to engage with particular residents, who are sometimes hard to reach. A model which rests on the expectation that users will travel to us, at a central access point, can no longer be the default. It is envisaged there will be a greater drive to extend services beyond council operated buildings and into the wider community spaces where the people we are trying to reach are already present and engaged. This could be in schools, partner buildings (e.g. health centres), or in voluntary, community and faith sector locations.
- **Estate as enabler not driver:** The shape of the existing estate has tended to influence and constrain the location and nature of service provision. Because of its physical nature, it lacks flexibility. However, the experience of Covid has provided significant learning about how our residents would like to access our services in the future. There is a desire to move to the estate being an enabler rather than the key driver and determinant of what services are provided where.
- **Reinventing the high street:** changes in patterns of living and working which accelerated during the pandemic are continuing to impact on local high streets and town centres. The re-invented and resilient local high street of the future is likely to be less retail dominated and to have a more diverse mix of businesses, community organisations and local services. Opportunities may arise to deliver services in locations that wouldn't have previously been considered, with benefits for both the accessibility of services and the sustainability of local economic centres.

- **Development and regeneration:** Development and regeneration projects such as the Winstanley & York Road, Alton and the Homes for Wandsworth programme have the potential to supply community assets that are better aligned with the council's future estate requirements. For example, the regeneration schemes will provide new libraries, children's centres and nurseries and, at WYR, a new leisure centre.

Early work has also highlighted some of the key constraints of the current estate versus future requirements.

- **Shortfall in appropriate specialist space:** The supply of certain specialist types of space is insufficient in the face of increasing or changing demands, e.g., accessible accommodation, supported living accommodation rather than residential care, self-contained/ensuite living facilities rather than shared housing, facilities suitable for high needs mental health services.
- **Building condition:** costs of maintenance and achieving statutory compliance are increasing due to the age and condition of the stock. This includes compliance where there are third party occupiers / community groups / schools and ensuring they are meeting compliance requirements. There are also very significant investment requirements entailed by continued use of certain assets. There is also the added pressure of inflation and the impact of global market conditions on the cost on construction and maintenance and the supply of labour and materials.
- **Energy:** costs are increasing due to significant increases in energy costs which are most keenly felt in high consuming and energy inefficient buildings.
- **Ventilation:** lack of air conditioning and/or insufficient natural and mechanical ventilation makes some buildings unsuitable for certain activities and/or unpleasant or unusable during hotter weather. Increased global warming will only make these challenges more difficult.
- **Locations:** buildings aren't always in the best locations to provide coverage of certain geographical areas.
- **Competitors:** some services are competing with the private sector (e.g., leisure, ceremonies) and can struggle to keep pace with the quality of facility on offer from other providers.
- **IT:** the digital infrastructure available across the estate is variable.

Objectives, outcomes, and benefits

Considering all of the above, the objectives of the Asset Management Policy / Vision and AMS are a property estate which is efficient, sustainable and fit for current and future service delivery requirements. In addition, focused collaborative, cross councils / Service solutions. Also, to put in place a challenge process whereby the retention of individual buildings based on a RAG scoring can be periodically considered.

To enable that vision, the following objectives, outcomes, and benefits are proposed:

Objective ● Expected outcomes and benefits

- a) Consolidate operational assets to create multipurpose spaces which support broader service aims. This leverages the RAG and business case processes.
 - Support service integration
 - Enable easier access to Services.
 - Provide more inclusive spaces.
 - Support service resilience
- b) Take a corporate approach to drive rationalisation to decrease the number of single use assets. This will leverage the RAG process.
 - Free up sites for alternative uses.
 - Reduce revenue expenditure on buildings.
 - Deliver capital receipts
- c) Establish and maintain a detailed evidence-base on performance of assets. Good initial progress as at end 2022 but need for some data cleansing and additional / refreshed evidence, including link with financial information and benchmarking, albeit this requires more developed/more available property data both for the council and comparators.
 - Enable evidence-based decision making about assets.
 - Drive improvement of asset performance
- d) Develop an investment plan for retained assets to ensure they are fit for service delivery. The age and condition of the estates as well as the climate emergency targets mean that there is a need for significant investment. This needs to link in with consideration of the financial position, including the appetite to bid for external funding and grants, borrow and with the development of capital programme delivery / business case processes.
 - Support effective service delivery
 - Improve service user experience
- e) Work with partners and the VCS to identify any opportunities for collaboration to achieve wider community benefits and to establish consistent parameters for use of council owned space. Link with the councils priorities and key objectives. Consideration of use of Green Book approach for evaluation of community benefits.
 - Maximise community benefits delivered from the estate
- f) Explore provision of affordable/specialist workspace to support local economic growth. Exploring a range of delivery approaches, ensuring that whatever the councils develop is either repurposing and additive and not crowding out alternate provision.
 - Support local economic recovery, enterprise and business development
- g) Explore whether there are any synergies between service asset requirements, local high street/ town centre vacancies, and commercial/partnership opportunities (subject to business case).
 - Support local economic recovery, enterprise and business development
- h) Decarbonise our buildings, reduce utility use and bring them as close to zero emission as possible. Enablers to include Central Government and GLA programmes and project delivery.
 - Support delivery of Wandsworth Environment and Sustainability Strategy (WESS).

Risks and mitigations

There are some key risks affecting the council's approach to managing its property assets, which will need to be mitigated through the implementation of this strategy.

Risk a) Missed opportunities: An insufficiently proactive, planned, and corporate approach would mean that the estate is not sufficiently aligned with service needs and would inhibit efficiency, capital and revenue returns.

Mitigation The purpose of this strategy is to ensure a proactive, planned and corporate approach to ensure the council capitalises on these opportunities.

Risk b) Rising costs: Revenue costs associated with the running of the estate are continuing to grow due to rising energy prices inflation, the rising cost of materials, supply challenges and intense customer demand. For similar reasons, the cost of capital projects to deliver new or remodelled spaces has also significantly risen.

Mitigation This strategy seeks to provide a framework for understanding the true costs of the estate and to enable financial costs and benefits to be considered alongside other drivers in any decisions about the estate.

Risk c) Cross-council alignment: Strategic planning of the council's estate needs to dovetail with service level strategies and change programme which may often be moving at different speeds. Additionally, in some buildings existing use may be constrained by contracts with providers/operators or planning conditions.

Mitigation This strategy seeks to provide a corporate approach to ensure property decisions are made for the benefit of the council's wider objectives and all residents rather than being wholly and narrowly focused on individual services. Given different timescales for strategy development, delivery plans may need to include both interim short-term measures alongside longer-term ambitions.

Risk d) Service user engagement: Residents and service users can feel a strong sense of attachment to buildings in their local areas. Changes in usage of buildings can be controversial and emotive.

Mitigation Where proposals emerge that involve changes to existing facilities, the journey of change needs to bring along existing service users and local residents and ensure their views are listened to.

Risk e) Carbon reduction commitments: The council will be unable to meet its net zero commitments without significant changes in the footprint or energy efficiency of the estate

Mitigation This strategy seeks to support the council's Climate Change objectives as a core aim and provides a framework for ensuring emissions are considered when making decisions about property use.

Risk f) Statutory compliance: There are a range of important statutory obligations which the council must meet ranging from health & safety to disabled access. These are a basic essential requirement for the whole estate and failing to meet them would create safety, reputation and financial risks.

Mitigation This strategy seeks to provide a framework for informed decisions and to enable implications of achieving statutory compliance to be considered alongside other drivers in any decisions about the estate.

Overview of the Portfolio

The council uses Concerto as its property asset database, which has allowed for:

- Breaking down the property holdings for each council in line with the Service areas, for example property holdings for Adults, Childrens, etc.
- For each Service area you provide the site name, its address, its unique property reference number, etc.
- Wandsworth's 219 buildings are shown below.

The Council holds 219 operational properties, categorised by asset type in the list below

Wandsworth - Asset Type	Total No	Value (£)
Registrars, Cemeteries & Crematoria	6	5,218,000
Museums / Galleries	1	710,000
Schools	66	708,227,800
School Playing Fields	2	2,976,000
Libraries & Halls	11	35,754,500
Car Parks	1	623,300
Leisure	16	130,717,000
Office / Admin Buildings	17	42,192,900
Depots	10	56,527,500
Public Conveniences	2	673,000
Community Centres	24	25,742,200
Community Centres/Depot	1	962,400
Residential Homes / Day Centres	15	36,490,900
Houses	12	31,387,600
Land, Sub stations, Culverts & Pumping Stations	27	21,800,600
Garages	2	1,544,900
Youth Centres	6	12,468,000
TOTAL	219	1,114,061,600

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By way of very broad comparison with some other London authorities the table below shows the property holdings of those councils.

Council	Population '000	Cost / value land & buildings (mainly 21/22) £m	Community Assets (mainly 21/22) £m	Surplus Assets £m	Assets under construction on £m	Depreciation (land & buildings to date mainly 21/22) £m	Additions in year (L&B mainly 21/22) £m	Disposal in year (L&B mainly 21/22) £m	Average L&B cost/value per head £k
Richmond	195	859	21	11	7	2	5	4	4
Wandsworth	328	1147	21	0	26	3	5	15	3.4
Barnet	388	256 + 186(schools)	0.4	134	87	5	10	0	1.1
Croydon	390	793	9	8	21	2	17	1	2
Ealing	366	885	51	3	88	3	23	0	2.4
Hounslow	287	1118	15	4	118	6	32	11	3.9
Kingston	168	549	5	14	16	10	5	31	3.2
Redbridge	310	1249	9	19	31	3	25	1	4
Sutton	210	325	3	8	15	20	31	25	1.5
Hillingdon	304	923	15	8	16	14	0	7	3.1
Camden	210	1218	31	45	112	45	4	3	5.8
Greenwich	289	1290	10	28	13	22	56	19	4.5
Hammersmith & Fulham	183	335	28	42	52	1	2	20	1.8
Haringey	264	1075	24	20	132	8	54	0	4.1
Islington	217	1200	14	0.2	96	0.4	6	0	5.5
Lewisham	300	1105	5	60	126	0	1	0	3.6
Southwark	306	964	18	125	498	9	18	0	3.2
Tower Hamlets	312	1279	33	23	114	11	26	0	4.1

The balance sheet carrying value of the operational assets held by the council is circa £1.2bn as at 31 March 2022. See below an extract from the 21/22 Statement of Accounts. For the avoidance of doubt, the accounting carry value of the operational assets is different from the market value.

The revenue cost of operational assets is estimated at £15m per annum (2022/23 budget book excluding HRA / housing and schools). This includes day to day running costs and the revenue maintenance budget of £4.3m (2022/23 budget book). Work is ongoing to develop the property asset data, which would allow for additional benchmarking of costs.

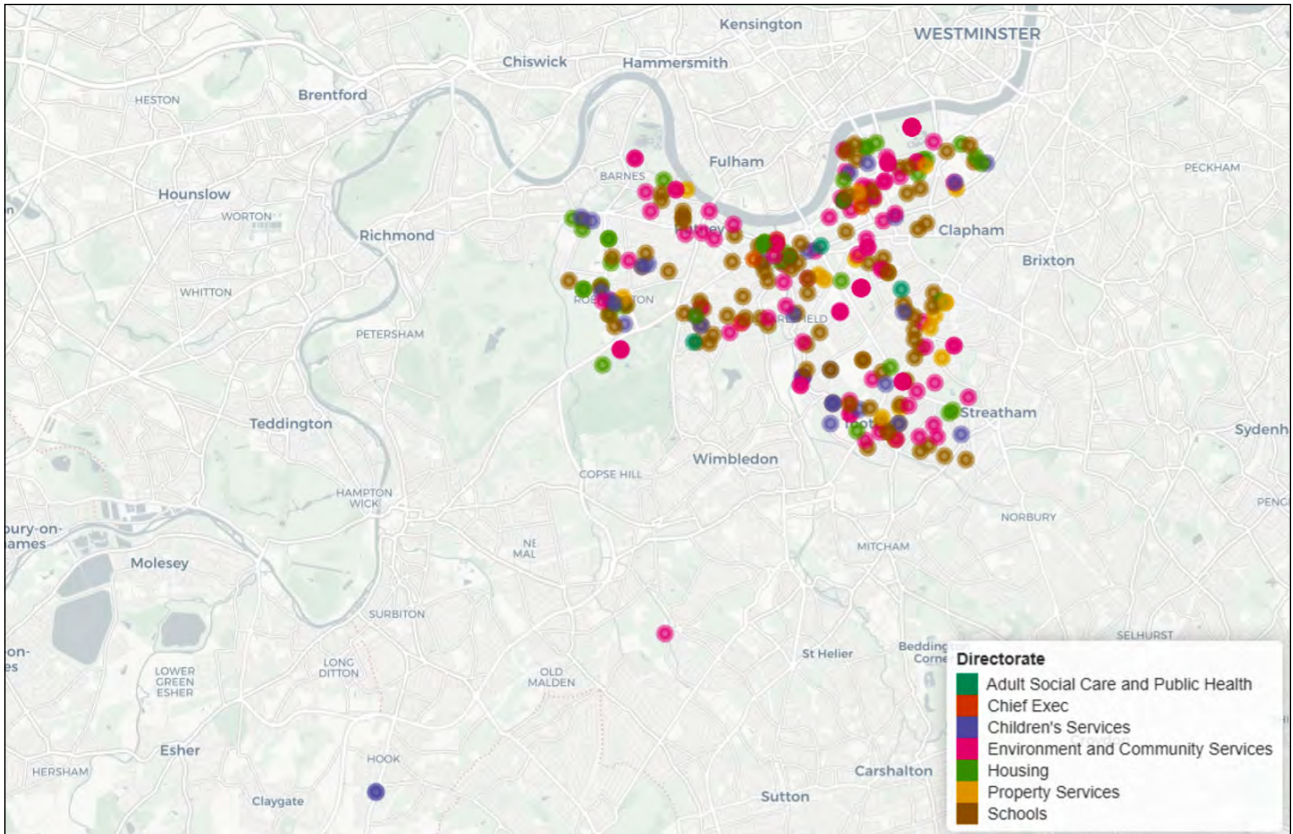
Meanwhile, the £73m of investment properties the council yielded a revenue of £7m p.a. in 2021/22. These returns are healthy compared with benchmarking of other councils' returns on investment properties.

Finally, £2m of capital receipts from asset sales are shown in 2022/23 and £29m over period 2022/23 to 2026-2027.

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The council has invested in developing an “interactive” property map. We show below examples of the interactive property maps and the “raw data” underpinning these:

Extract from interactive map for Wandsworth assets:



Extract from interactive data list for Wandsworth:

name	type	tenure	internal_area
All	All	All	All
166 Roehampton Lane	Community offices and nursery	Freehold	180
Wandsworth Town Hall	Civic offices	Freehold	10875
2B Minstead Gardens	Sheltered Housing	Unknown	
Disraeli House	Civic offices	Freehold	956
Toland Square Community Clubroom	Community Service Centres	Unknown	
Dimson Lodge	Sheltered Housing	Unknown	
Roehampton Parish Hall	Area Housing Office	Agreement	0
Alton Community Clubroom	Community Service Centres	Unknown	
Pearson House (ground floor)	Community Service Centres	Unknown	

Appendix to the Asset Management Strategy providing an Action Plan (June 2023)

The action plan is about delivering on the Asset Management Policy / Vision and AMS. In the AMS we include the objectives, outcomes and benefits and the risks, being key considerations.

Next Steps

Also in the AMS are the next steps, which we have reproduced below as assuming the principles set out in this Asset Management Strategy are supported, the next steps are as follows:

- **Evidence base on current estate:** Producing the evidence base on the estate, including its performance, required to inform future decision making.
- **Policy on VCS lettings:** Record all VCS lettings in one place then review and update policies and protocols in relation to voluntary and community sector use of council-owned assets. Good practice suggests having formal arrangements in place with VCS groups which includes clarity on maintenance and compliance obligations. Also, charging these VCS groups a market rent, then if agreed providing a subsidy to the VCS group separately based on a Service Level Agreement (SLA).
- **Service asset planning:** Working with all services to develop and refine service asset plans, including locality specific requirements and identifying the gap between current and required provision.
- **Area-based asset planning:** analysis of asset requirements at a locality level, on cross-service basis, also incorporating pipeline and external implications and opportunities e.g., regeneration, partner developments, local economic recovery etc.
- **Business Case - options appraisals and outline recommendations:** Based on the requirements emerging from service and area-based asset plans, carry out options appraisals and make recommendations for future estate requirements. Options appraisal to include various implications including service benefit, financial implications and carbon reduction.
- **Develop action plan for implementation:** To including prioritisation and phasing, which will need to reflect service strategies and may include some interim as well as longer term actions.
- **Quarterly Service and Annual reviews:** asset planning should not be a one-off exercise but should be reviewed annually or when major changes are proposed. This will require additional resource, as do any of the additional project activities, beyond day-to-day business as usual.

Appendix – Action Plan - Emerging findings and agreed actions.

We set out below the emerging findings following the CIPFA Review and agreed actions. These are points that have been discussed with a range of council's stakeholders, including the Property team, Services and in meeting with the Chief Executive. These are distinct from the emerging themes shown in the Asset Management Policy / Vision and AMS:

- Good practice historic work and foundation work (e.g. Summer 2022 Service workshops) but is a complex landscape (e.g. Service delivery partners occupancy and Estate delivery support).

Agreed action – quarterly Service workshops, including some cross Service workshop like the one planned for April 2023.

- There is an opportunity to formalise / update arrangements (quarterly Service workshops; property / finance data; coding; cross charging; benchmarking data; compliance; governance including with community groups, schools and other occupiers). *Agreed action – further property work on property data and coding to address gaps, plus further development of benchmarks. Also, work by finance to ensure cross charging and appropriate arm's length arrangements in place. A demonstration of AssetManager.net might be beneficial. At this time we have not been able to engage on compliance. Revisiting the governance arrangements, to consider appropriate member and officer groups.*
- There are some gaps in data and issues with data quality. This includes some properties that appear under the wrong service areas which makes scrutiny more challenging. There appears to be limited capacity with respect to data covering facilities management and property running costs We note that for energy / energy efficiency a separate data services is called upon from Laser. *Agreed action – as above, further work needed on data.*
- It is important that arrangements, including with community / voluntary groups are on an arm's length basis with formal arrangements in place and market rents charged. There is then an opportunity for the council to pay service-related subsidies / grants. This approach will help the council with best practice decision making as it will enable the understanding of the full cost allocation / implications. *Agreed action – as above, confirming basis.*
- Generally, and the council's properties require major maintenance in short, medium and longer term and in many cases are reaching the end of their economic lives. *Agreed action – more transparent / accessible information on the future maintenance spend requirements. This then would inform an initial RAG assessment and potentially more detailed business cases.*
- Recognise the need to resource up beyond BAU for programme / project delivery. Also, we have seen in council papers public statements made on the need to develop project decision making / delivery approach (business cases) and have heard from Service leads that we interviewed that they had minimum guidance before being asked to draft business cases and then these drafts were developed in an inefficient, iterative manner. *Agreed action – need to acknowledge the level of programme / project delivery, including if some of the proposals set out in the RAG assessment do progress. Decisions to be made as to whether additional programme / project delivery resource is all external advisors or if there is enough of a pipeline to warrant "growing your own". The council have said that decision making / delivery needs to be developed. A formal paper should be presented covering the pros and cons of different standard approaches and if not the HMT BBC the alternate. Then training should be provided to those required to use these approaches. For the avoidance of doubt, a key principle underpinning the HMT approach is "proportionality" and we recognise that judgement is needed around the business case "architecture" we the aim of not creating an unnecessary industry. Some form of business case (even just a short "single gate business case" should accompany papers to the Asset Management Board.*
- Leisure (and Libraries) review underway. Potential conflicts, with the suggestion of the need for new facilities. *Agreed action – ensure that ECS are aware of wider emerging themes from the development of the Asset Management Strategy, including the focus on socio-economic benefits, consideration of repurposing smaller existing facilities and utilising facilities in neighbouring areas.*
- Regen/capital programme listed in Annex H. *Information only.*

- A focus on net zero / climate emergency. Recognising that many of the aging buildings will not get to net zero and would require significant, ongoing offsetting an approach we would be happy to discuss. **Agreed action – there is a need to further integrate net zero / climate emergency planning with this asset management strategy. Both need to be transparent, including around the ability of certain buildings to get to net zero and the pros and cons of offsetting as an approach.**
- Asked to consider radical options, which could include – not replacing facilities coming to end of life (e.g. leisure centres / libraries) or developing much smaller, potentially in housing non-domestic sites / HUBs. Disposal of facilities (e.g. leisure centres, residential units held (caretaker houses); reconsider Wandsworth Town Hall, associated offices space and wider depots disposals; considering commercial models approaches used elsewhere (see RAG approach at Annex G). **Agreed action – ensure that radical options are included in business case options appraisal. The RAG assessment provides a large number of potential projects to progress, including some potentially radical proposes. Project initiation documents / scoping documents including proposals around project team resourcing should initially be developed for a subset of these proposals.**
- Also, a focus on properties held by neighbouring authorities close to the boundary. **Covered above;**
- Lots in Corporate Plans / etc on net zero / climate emergency but not been a focus in Service workshops, suggesting a disconnect. As a radical option could significantly ramp up activities. **Agreed action – consider a review of the net zero / climate emergency plans and how they integrate with the asset management strategy and Service proposals. This might be best achieved in the first instance via a series of workshop, that focus on specific proposals with respect to groups of buildings / particular operations.**
- Consider disposals of investment property / commercial property (i.e. those that are not used in operations) – noting that this will achieve a capital receipt at expense of ongoing revenue income. We have requested initial performance indicators on the commercial properties but await sight of these and further discussions here. Based on the latest published statements of accounts Wandsworth has £73m of investment properties earning it £7m p.a. These returns are healthy compared with our benchmarking of other council returns on investment properties. **Agreed action – consider disposals of investment property, but given sums only for Wandsworth, but noting these healthy returns;**
- In considering radical options need to challenge community benefits, whether what we are doing is additive or merely substitutes private / voluntary sector provision. **Agreed action – as part of the programme / project / business case work more initial work at understanding the full facility provision, regardless of who provides it and then more challenge on the socio-economic benefits and for which community and whether they are a priority group, under the councils plans;**
- More joint working, including across SSA, with neighbouring authorities and other public services including through One Public Estate. Linked to this, many of the officers we have interviewed had a deep understanding of activities in one of the Boroughs but no knowledge of the other which might be a missed opportunity. **Agreed action – more sharing between the two councils. Also, an opportunity for more engagement with health, etc which CIPFA can help facilitate.**

The AMS also references the strategies and work currently in progress across the council as set out

below and will provide the framework and governance for taking these forward.

Office Accommodation Strategy

- **Status:** Workspace pilots are completed and being monitored in terms of usage and occupancy. Work is underway looking at costs and options for rolling pilots out more widely. Phase one of Civic Centre Office Consolidation completed brief for phase two being prepared. Procuring a consultant to explore options on future uses of WTH
- **Comments:** Office accommodation strategy will lead to improved offices in line with pilots and opportunities for consolidation leading to surplus buildings with opportunities for disposal and letting of office space

Libraries Strategy (Wandsworth)

- **Status:** Due to be Presented to Directors' Board in Q4 2023/24
- **Comments:** Not sighted on current status of libraries strategy - but this should link into thinking around consolidation of services and community / family hubs etc.

Family Hubs Strategy in Wandsworth

- **Status:** Strategic Paper recently presented to the Strategic Board and was discussed at recent assets workshop.
- **Comments:** Need to work through next steps and take forward with focused working group from services and property

Leisure Strategy

- **Status:** Paper presented to strategic board setting out initial proposals including commissioning of feasibility studies on selected sites.
- **Comments:** Property input required as options emerge in terms of asset reviews and investment proposals.

Carbon Net Zero Strategy

- **Status:** Work progressing to decarbonise operational buildings.
- **Comments:** Decisions around decarbonisation and net zero need to tie in service strategies and decisions on assets.

RAG rating and 3 by 2 grid

We summarise in this Asset Management Action Plan the outcome of the property RAG rating discussions with Services.

We start by showing the key, the nine criteria against which we have discussed a sample of individual property across the council's Services and the meaning of Red, Amber and Green scorings.

We then show a 3 by 2 grid which summarises the initial proposed action for each individual property. It is important to stress that these actions, in particular sell; retain with investment; sell with investment; acquire then need to be the subject of a detailed business case, supported by hard evidence including running costs, condition, suitability, utilisation, etc.



RAG rating grid: Key

Name of individual Property/ asset	Front line service usage – with public access	Suitability - Access/ location in line with Corporate Plans	Suitability - Ways of Working	Utilisation	Sensitivity - Civic Importance	Tenure/Value - Commercial Model	Condition - Annual running costs	Condition - Capital programme costs	Sustainability - Ability to achieve Net Zero	Overall
Red means strong evidence for disposal / repurposing	Not used for front line services / public	Not in the right location / not accessible	Does not suit ways of working	Poor utilisation	No sensitivity to a disposal	No reason why cannot be disposed of. Also, high value	High annual running costs	Major capital investment required to improve condition	Unlikely to achieve Net Zero (the climate emergency commitment)	Red means strong evidence for disposal / repurposing
Amber means some evidence for disposal / repurposing	Some front line / public use	Some issues with location / accessibility	Reasonable for ways of working	Reasonable utilisation	Some sensitivity but not a major issue	Some minor reasons why cannot dispose of	Somewhat high running costs	Some capital investment required	Significant work required to achieve Net Zero	Amber means some evidence for disposal / repurposing
Green means retain (potentially with some investment)	Used by front line services / public	In the right location / good accessibility. In line with Corporate plans	Good / best practice for current ways of working	Good utilisation	Potential challenge if looked to dispose of	Significant reason why cannot dispose of – e.g. lease agreements in place / other commitments. Is linked physically to a retain building	Low/average running costs	Good condition	Limited work required to achieve Net Zero	Green means retain (potentially with some investment)

Wandsworth properties selected during Service workshops:

Name of individual Property/ asset	Front line service usage – with public access	Suitability - Access/ location in line with Corporate Plans	Suitability - Ways of Working	Utilisation	Sensitivity - Civic Importance	Tenure/Value - Commercial Model	Condition - Annual running costs	Condition - Capital programme costs	Sustainability - Ability to achieve Net Zero	Overall
Wandsworth Town Hall / Town Hall extension		Reflecting potential for smaller / more local offices.	Not consistent with modern ways of work. Also, question on opportunity afforded by SSA and need for consistent standards	Understand very low levels of utilisation	Green meaning - potential challenge if looked to dispose of	Unclear on alternate use/ value. Also, this links with Reed House and Bridas House – and unlocks wider scheme	Very high	Very high	Unlikely to achieve Net Zero	Scheme to redevelop paused. Reconsider, for reasons here, including unlocking wider scheme
Doddington Activity Centre (derelict)	Empty	Lots of suitable alternative space			Previously challenge to disposal - not mentioned recently	Red meaning - no reason why cannot be disposed of. But here complicated by being under a council building		Need for £1m to bring back		Aim to dispose of - but is complicated by being under a Council building
Cromwell House Community Space	Run by Enable as community facility with some sub tenants		Was redeveloped for drug/alcohol service, but then empty, now with Enable as community facility				Enable pick up costs to £5k and Council above £5k. No rent paid			Retain

Wandsworth properties selected during Service workshops:

Name of individual Property/ asset	Front line service usage – with public access	Suitability - Access/ location in line with Corporate Plans	Suitability - Ways of Working	Utilisation	Sensitivity - Civic Importance	Tenure/Value - Commercial Model	Condition - Annual running costs	Condition - Capital programme costs	Sustainability - Ability to achieve Net Zero	Overall
Reed House, Frogmore Complex	No public access - is offices on a depot site	Works reasonably well as offices. Is a bit unusual to be in depot site				Very valuable site - as part of wider riverside depot site	Some condition issues			Consider repurpose as part of wider depot scheme
Bridas House	Public access to reception, but same service offered at Town Hall	Town Hall much better for public.				Linked to Gladstone and Disraeli offices - one empty, one third parties occupied	Some condition issues			Consider in mid term/long term repurposing as part of wider scheme
Generic club room / community space in housing estate			Opportunity for use by other services	In some cases 15-20%. Plan to recruit club room manager to address		Is part of wider estate		Limited capital plans, but long-term big capital investment on estates		Opportunity to be repurposed for use by range of services
Falcon Grove Family Resource Centre				Recently moved services in from Woking Close					1960/70's so need to check EOC	Retain
Wandsworth Contact Service Smallwood Road			Not quite what's needed for particular service, but ops within Childrens				Condition issues		1960/70's so need to check EOC	Explore alternative within Childrens

Wandsworth properties selected during Service workshops:

Name of individual Property/ asset	Front line service usage – with public access	Suitability - Access/ location in line with Corporate Plans	Suitability - Ways of Working	Utilisation	Sensitivity - Civic Importance	Tenure/Value - Commercial Model	Condition - Annual running costs	Condition - Capital programme costs	Sustainability - Ability to achieve Net Zero	Overall
Putney Family Resource Centre Woking Close										Was surplus and emptied. Now let on market basis to 3rd sector
Roehampton Youth Club Holybourne				Empty						On regen site, but even before not fit for purpose
York Gardens Children's Centre and Adventure Playground										On potential regen site, and better alternate identified
Broadwater Primary School				Falling demand/roll. In part because of declining Ofsted rating					1900's building	Plans already progressing to repurpose to an SEN school, with DfE funding available
Bradstow SEN School (in Kent)			Is in East Kent	Strong demand/ utilisation, but not by Wandsworth pupils/families		Very high value site for alternate use				Explore transferring to Kent CC

Wandsworth properties selected during Service workshops:

Name of individual Property/ asset	Front line service usage – with public access	Suitability - Access/ location in line with Corporate Plans	Suitability - Ways of Working	Utilisation	Sensitivity - Civic Importance	Tenure/Value - Commercial Model	Condition - Annual running costs	Condition - Capital programme costs	Sustainability - Ability to achieve Net Zero	Overall
Battersea Arts Centre (Wandsworth)	Good arts facility, also used for weddings, meetings, etc. Good public access	Town centre location on Lavender Hill. Good use of a former town hall, a listed building	Potential to house more uses. Concern if lose Arts council funding as focus is mainly arts oriented.	It was suggested that this was good, although no direct evidence to confirm either way	Former town hall. Becoming a venue that is well recognised	Needs to diversify to ensure is commercially sound	It is a large old building. Needs to be actively managed to ensure charity continues to operate effectively	Had a fire in 2015 whilst being refurbished. Reopened in 2018 after further refurbishment. Advised that more work still required due to age of the building.	An old building. Unlikely to be able to achieve net zero	Consider opportunities for additional use
Wandsworth Library						Project currently underway to move out into new library		Long term maintenance issues	Seen as challenging	Project currently underway to move out into new library
Battersea Library		Other library buildings close by. Is collocated with CAB	Issues around access, including to first floor. Also, health and safety issues around roof being resolved		100 year old listed building		Significant running costs	Major maintenance issues, being addressed somewhat piecemeal	Seen as challenging / impossible	Although challenging given civic importance, is worth careful consideration on alternatives

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Group / Action	Retain	Sell	Acquire
As is / BAU	<ul style="list-style-type: none"> • Cromwell House Community Space • Falcon Grove Family Resource Centre 	<ul style="list-style-type: none"> • Doddington Activity Centre (derelict) • Roehampton Youth Club Holybourne • York Gardens Children's Centre and Adventure Playground • Bradstow SEN School (in Kent) 	<ul style="list-style-type: none"> • Proposals around Leisure Centres
Invest beyond BAU / repurpose	<ul style="list-style-type: none"> • Wandsworth Town Hall / Town Hall extension • Reed House, Frogmore Complex • Bidas House • Generic club room / community space in housing estate • Wandsworth Contact Service, Smallwood Road • Broadwater Primary School • Putney Family Resource Centre, Woking Close 		

It is important to stress that these actions, in particular sell; retain with investment; sell with investment; acquire then need to be the subject of a detailed business case.

We note that there are lots of property where the Services are proposing to retain and repurpose and at present few which would be disposed of..



Appendix 1: Protocol on the Disposal of Surplus Property

1. Identification of surplus property

- 1.1 Property will be identified as being potentially surplus to the Council's requirements by either a service department no longer requiring it for operational use, through a process of property review or as being identified as being under used or unused.
- 1.2 The fact that an individual service department no longer needs a property does not in itself make the property surplus. Departments must advise the Assistant Director, Property Services about potentially surplus property who will then consult service departments [and strategic partners] about whether the property could meet their current or future service needs.
- 1.3 Any decision confirming a property as surplus to operational requirements will need to be approved by the Directors' Board (DB).
- 1.4 After clearance by DB but prior to a decision by Committee, Leaders will be consulted on the proposal.

2. Deciding on the method of disposal

- 2.1 The Assistant Director, Property Services (ADPS) shall determine the most appropriate method of sale. This will be a matter of professional judgement based on the type and location of the property and the prevailing property market. (This will always be subject to the council meeting its legal requirements, e.g. where a disposal requires outputs such as social housing or community benefit it may need to be governed by Public Procurement Regulations rather than a straight land sale).
- 2.2 The general presumption is that the method of sale should require the open invitation of competitive bids, unless the ADPS considers that an alternative method of disposal would be appropriate. Exceptions to this method of sale are likely to involve a special purchaser [see definitions] and examples are:
 - (i) Sale to a sitting tenant
 - (ii) Sale of an access which would enable a purchaser to release development value locked up in other property
 - (iii) Sale to an adjoining owner or sale of a part-interest in a property where amalgamation of interests could enable substantial "marriage value" to be realised.

These examples are given on the basis that the ADPS considers that negotiations with one party would produce a higher figure or, alternatively, a service department feels that non-financial considerations that fall within the Council's "well-being" powers justify a sale [see definition]. In all cases where the sale is not subject to open competition a valuation must be obtained from an external valuer to confirm that the Council has met its statutory requirements to obtain the best terms reasonably obtainable.
- 2.3 The methods of disposal that may be used are (subject to 2.1 and 2.2 above)
 - (a) Sale in the open market
 - (b) Formal tender
 - (c) Auction
 - (d) Negotiation subject to statutory powers

- 2.4 In some cases, it may be appropriate for a sale to be undertaken on the basis of a two-stage process which would entail:
- (a) Scheme design/architectural competition in order to shortlist potential buyers and;
 - (b) Subsequently seeking competitive financial bids, to include testing the robustness of the financial offer, the purchaser's experience of delivering similar developments and a timescale for delivery by the preferred developer.

3. Authority

- 3.1 Disposal of surplus property will be dealt with through the Finance, Policy and Resources Committee (FPRC) or in accordance with delegated powers. Any report to FPRC will include a recommendation from the ADPS about the proposed method of sale and whether the sale should be freehold or long-leasehold.
- 3.2 Dependent on the nature or scale of the disposal, FPRC will either be asked to delegate all matters relating to the sale to officers or offers may need to be reported back to FPRC for final approval.
- 3.3 In all dealings with property matters it is essential that the highest levels of probity and confidentiality are maintained to ensure that best consideration is achieved under the Council's statutory duty.
- 3.4 The Council has both a fiduciary duty and statutory duty under S.123 of the Local Government Act 1972 (see definitions) to the residents of the Borough to obtain best consideration reasonably obtainable.

4. Responsibility for vacant properties once declared surplus and vacated.

- 4.1 From the date of the FPRC decision, responsibility for the security and management of vacant and surplus property will transfer to the Property Services Division subject to sufficient budget being identified for this purpose either by the service department or corporately.

5. Sales process

- 5.1 When property is sold in the open market, the Council will ensure that the property is widely and openly marketed. It will also ensure the highest levels of transparency, probity and confidentiality during the sales process.
- 5.2 Sales by formal tender and auction and are largely regulated by the process that needs to be followed to achieve a contract.
- 5.3 When a sale in the open market is undertaken is used, the following process will be followed to ensure the Council's interests are protected
- (a) All offers are to be submitted in a prescribed form and in a pre-printed envelope or by agreed alternative secure method. In the event that offers are managed electronically then the offer process will replicate the requirements in (b)-(f) below
 - (b) Offers will be submitted by a fixed time and date
 - (c) Failure to meet any of the precondition or processes required by the Council may invalidate an offer.
 - (d) Offers will be returned to the Assistant Director, Property Services .
 - (e) Offers will be opened by the Assistant Director, Property Services or nominee in the presence of at least two other officers which shall include another senior manager. Offers will be recorded in a tender book and the tender book will be kept securely.

- (f) Following receipt all offers will be held by the Assistant Director, Property Services. who will ensure they are kept securely.
- (g) Evaluation of offers will be undertaken by officers who will consider the financial standing of bidders, the level of offer, the bidders' track record and any other relevant information.
- (h) Following evaluation, officers will rank the offers in accordance of acceptability.
- (i) Any discussions or negotiations with bidders are to be formally written up and notes placed on the file. Any negotiations for a land transaction above a capital sum of £250,000 would involve two members of staff, one of whom should be the ADPS or his/her named representative. Within three working days of the meeting, a file note recording the discussions should be placed on the relevant file
- (j) Generally, pre-contract enquiries and a standard form of lease/transfer will be made available to bidders as part of the marketing process. Bidders will be required to exchange contracts within a prescribed number of days, normally 21, from the date of being provided with a contract. If exchange does not occur within the prescribed timescale, the offer may be deemed to be withdrawn and the Council may accept an offer from the second ranked bidder.

6. Tenure - leasehold or freehold sale.

- 6.1 Whether to sell freehold or via long leasehold needs to be considered on a case by case basis. As part of the report to FPRC recommending a property being declared surplus, the ADPS, will recommend whether the sale should be leasehold or freehold. This will include an assessment of the impact on value of the respective methods.
 - 6.2 Examples where a freehold sale may be considered appropriate are
 - (a) Where the level of capital receipt, over and above a leasehold disposal, exceeds the perceived benefit of a leasehold disposal (i.e. so that a leasehold disposal could not be reasonably justified).
 - (b) For commercial transactions, where a developer or funder's reasonable requirements require a freehold transfer to facilitate a sale or regeneration.
 - (c) Where it is necessary to sell a freehold to release additional value from a transaction (e.g. marriage value through bringing sites into single ownership).
 - 6.3 Examples where a leasehold sale may be considered appropriate
 - (a) Where the Council holds significant retained land (e.g. on or around housing estates) and may find a long-leasehold more beneficial in controlling and managing nuisance and use.
 - (b) Where the Council seeks to share in a proportion of income as revenue rather than a capital receipt or wishes to retain ground rents or any commercial units.
 - (c) Where the sale is to a partner for specific use and the Council wishes to retain additional control to ensure that use is maintained.
- These lists are not exhaustive and other circumstances could apply.
- 6.4 Because of the potential effect on value the Council needs to ensure that each case is considered on its merits.

7. Other Offers

- 7.1 Any offer which, on the evidence available, is considered to be incomplete, insubstantial or in any other way defective, mischievous or frivolous shall be rejected by the Assistant Director, Property Services, after consultation with South London Legal Partnership/Legal Services.
- 7.2 Late Offers - Guidance from The Local Government Ombudsman recognises the difficulties facing Councils if a higher offer is received by the Council after another offer has been accepted subject to contract, particularly in view of the obligation for Councils to achieve best consideration. Such difficulties will be less likely to occur if Councils ensure that exchange of contracts takes place quickly after the decision has been made to whom to sell the property.
- 7.3 Where it is clear that a private "auction" is developing, it is recommended that would be purchasers are given a specific date and time to reconsider and submit their highest and final offer. If the Council wishes to impose any conditions upon its acceptance, i.e. completion date, this should be made clear. It is also recommended that would be purchasers are informed that the successful bidder would be given a specific period in which to exchange contracts.
- 7.4 Issuing contracts to more than one prospective purchaser – The Law Society has issued a Practice Direction to solicitors to the effect that where a solicitor is instructed by the seller to submit a contract to more than one purchaser, the solicitor must disclose the sellers instructions to each of the prospective purchasers concerned. Although not normal practice for the Council, it will comply with this Practice Direction.

8. Reporting of offers

- 8.1 Where Committee is required to approve offers (currently for sales in excess of £500,000), in order to maintain the highest levels of probity, offerors' names and offers shall be anonymised in any open (Part A) report. This is considered necessary until contracts are exchanged to ensure that no spoiling bids are received at a later stage in the process which, though not sustainable, results in delaying the sale process. Members duty is to make the strategic decision to dispose and to take officers professional advice on disposal values. When there is no longer public interest in maintaining confidentiality, details may be disclosed. The Monitoring Officer shall advise in such matters.
- 8.2 Subject to the above, property disposals will generally be reported in the open part of the agenda to ensure transparency and openness for the public.

9. Transactions at less than market value

- 9.1 Approval must be obtained from or on behalf of the FPRC to disposals or lettings which are proposed to be less than the unrestricted value¹ as defined by the General Disposal Consent (England) 2003 and/or where Subsidy Control issues may arise. The Assistant Director, Property Services shall seek the agreement of the relevant Service Director as to whether FPRC should be recommended to accept a disposal at an under value. The report shall make the level of undervalue explicit and the Service Director will need to set out the well-being benefits to be derived and provide a statement that the well-being "value" matches or exceeds the value foregone.

¹ Unrestricted Value: In general terms, unrestricted value is intended to be the amount which would be received for the disposal of the property where the principal aim was to maximise the value of the receipt. Apart from the inclusion of bids from a purchaser with a special interest it is defined in the same way as market value. For example, the valuer should take account of whatever uses might be permitted by the local planning authority insofar as these would be reflected by the market rather than having regard only to the use or uses intended by the parties to the proposed disposal.

- 9.2 The Council only has powers derived from the Housing Act 1985 to dispose of land to Registered Social Landlords at less than market value or under the terms of the Local Government Act 1972: General Disposal Consent (England) 2003. Other than these generally consented powers, the Council has to seek the consent of the Secretary of State to sell its assets at less than best consideration.
- 9.3 The Council must be able to demonstrate that it has acted reasonably in agreeing a sale at less than market value; that there was an appropriate decision making process and that regard has been had to the Council's statutory and fiduciary obligations. Decisions must be robust and defensible and the monetary or benefit assessment of impacts will require detailed individual assessment in every case.
- 9.4 The Assistant Director, Property Services will establish and keep under review a timetable for each disposal and will advise the DB. The Assistant Director, Property Services shall provide a detailed report on an agreed basis to the Director of Resources on the progress of disposals for financial planning purposes.

9.0 The Crichton Down Rules

- 9.1 If land acquired by Compulsory Purchase is subsequently sold the Crichton Down Rules place an obligation on the acquiring authority to first offer the land back to the person it was acquired from (at market value). Although the rules primarily govern the procedure in regard to land acquired by Central Government it is considered best practice for local authorities to follow them. The Council will adopt this practice.

10. Planning Briefs and Advice Notes

- 10.1 Prior to sale, the ADPS will consider what level of certainty about planning is required to maximise value and to achieve the required level of control over future development. Greater planning certainty will both crystallise value and increase the Council's chances of achieving a quicker, unconditional sale. Planning certainty can be achieved through obtaining planning permission or preparing a planning brief. It is expected that the norm will be a planning brief approach.
- 10.2 At a site specific level, Planning Briefs provide a valuable vehicle to establish clear principles for the future development of a site, to shape both the form and nature of uses
- 10.3 A Planning Brief in particular for large sites which ideally has been the subject of public consultation and adoption as Council policy by provides a guide to a potential developer, officers and the appropriate Development Committee, of the Council's expectations for the future use of a site.
- 10.4 It is acknowledged however that no such documents can fetter the discretion of the development control process in determining a subsequent planning application. Officers will ensure that clear boundaries will be maintained to ensure that the Council exercising its disposal powers as landowner does not fetter its duties as Local Planning Authority.

Definitions

“Auction” - An auction quickly concludes completion and identifies the successful bidder who will sign a binding contract at the sale. It is particularly suitable for properties for which there is likely to be keen competition from a wide market of potential cash purchasers, or for properties of an unusual nature but for which there is likely to be a ready market. However, it is often inappropriate for properties where the majority of purchasers will prefer to submit offers subject to contract and to minimise the risk of abortive costs, such as development land, housing sites, etc.

“Fiduciary duty” - Fiduciary duty has been described as a duty to act in *“a fairly business like manner with reasonable skill and caution”*

The relevant principles established from case law can be summarised as follows:

- a) Local authorities are under a special duty in the exercise of all their powers to consider the financial consequences for the rate and Council tax payers. This duty is analogous to the fiduciary duty owed by a person in the position of trustee.
- (b) In considering the financial consequences of a decision, an authority is required to conduct a balancing exercise between the interests of those who will benefit from the proposed measure and the cost to rate and Council tax payers.
- (c) Failure to have proper regard to their fiduciary duty renders a local authority decision liable to challenge on the grounds of illegality.
- (d) The fact that an authority may have an electoral mandate for their decision is irrelevant to the question of whether the act is ultra vires

“Formal Tender” – This method of disposal is appropriate for disposals in the open market particularly the disposal of development sites and is in most cases both effective and workable. It would normally necessitate the use of Standard Conditions of Sale together with Special Conditions upon which the bid would be made, with special pre-addressed envelopes bearing the closing date for submission of bids. A formal tender creates contractual certainty as, at the final stage, if an offer is accepted it constitutes a binding contract.

“Market Value” – the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

“Sale in the open market” – This is a flexible method of securing offers of interest in property since it does not bind either party until completion of negotiations. Property is openly marketed and all offers have to be submitted by a fixed closing date. It does not preclude the purchaser or vendor from seeking to renegotiate more advantageous terms even when the sale is at a fairly advanced stage to take account of any changes in circumstances. Any risks inherent in this can be partly overcome by stipulating time limits for exchanging contracts. This method allows the Council to view a number of competing proposals on a site where the Council has no fixed policy as to exactly what is required or wanted and where consideration can be given to detail to a number of options without contractual obligations to the parties involved.

“Special purchaser” - A purchaser to whom a particular asset has special value because of advantages arising from its ownership that would not be available to general purchasers in the market.

“Well-being powers” - The Council will need to meet its obligations in relation to the disposal of assets under Local Government Act 1972 and the General Disposal Consent (England) 2003 disposal of land for less than the best consideration that can reasonably be obtained (“the Consent”).

Under the Consent a local authority has to discretion to sell at an “undervalue” of up to £2,000,000. Undervalue is defined as “the difference between the unrestricted value of the interest to be disposed of and the consideration accepted”

Where an undervalue of less than £2,000,000 exists an authority can dispose at less than market value in pursuance of its “well-being” powers. The full definition from the Consent is:

“(a) the local authority considers that the purpose for which the land is to be disposed is likely to contribute to the achievement of any one or more of the following objects in respect of the whole or any part of its area, or of all or any persons resident or present in its area;

- i) the promotion or improvement of economic well-being;*
- ii) the promotion or improvement of social well-being;*
- iii) the promotion or improvement of environmental well-being; and*

(b) the difference between the unrestricted value of the land to be disposed of and the consideration for the disposal does not exceed £2,000,000 (two million pounds)”.

These are often referred to as the Council’s “well-being powers”



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