



<b>Report for: ACTION</b>	
<b>Contains Confidential or Exempt Information</b>	<b>N</b>
<b>Cabinet Key Decision</b>	<b>Y</b>

<b>Report Title</b>	<b>Developing a Future Assets Strategy.</b>
<b>Member Reporting</b>	Councillor Tom Bruce, Cabinet Member for Regeneration and Development.
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<b>For Consideration By</b>	Cabinet
<b>Date to be Considered</b>	20 <sup>th</sup> June 2023
<b>Implementation Date if Not Called In</b>	29 <sup>th</sup> June 2023
<b>Affected Wards</b>	All Wards
<b>Keywords/Index</b>	Assets, Property, Housing, Corporate, Engagement, Communication, Partnership

### 1. Details of Recommendations

The Cabinet is asked to agree the following:

1. The structure, criteria and categorisation for the Assets Review, as set out within paragraphs 3.20 - 3.30
2. The approach to engagement, as set out in paragraphs 3.57 - 3.74
3. A feasibility budget of up to £500k to be funded from the One Hounslow Place earmarked reserve, to fund a Project Manager for this programme, further property investigations, and feasibility studies, as detailed within paragraphs 3.83 - 3.84

## 2. Report Summary

We're changing how we work in and with our communities, and how we use our properties and guide new development so people have the things they need nearer to where they live. Alongside smarter working with public sector partners, voluntary and community groups and businesses, we'll foster more connected communities, increasing equality of access to services and opportunities.

This 'networked localities' approach is about getting the right support, right buildings and right development all in the right place. Fundamental to its success is making the most of our assets.

This report details our approach to developing an Assets Strategy to enable us to think strategically and creatively about their use, management and community benefit, and ensure they deliver the social and commercial outcomes needed.

It recommends a system for classifying assets, using a consistent 'Asset Challenge' approach, to fully understand how the buildings are being used and managed, whether they are fit for purpose, provide value for money, and meet current and future community and corporate need.

This will inform an Asset Strategy, Asset Management Plan and associated Delivery Plan, which will be brought to Cabinet in 2024.

Using existing insight and carrying out further engagement to understand what our communities need will be central to the classification process and shaping the strategy's development and implementation. A series of place-based conversations will be held this summer and autumn, to build on what we already know. This will be followed by more targeted engagement around specific assets or asset clusters next year once our strategic intentions are decided.

The strategy will support the aspirations set out in Ambitious for Hounslow, the Council's corporate plan published in 2022, and its associated Delivery Plan. In particular, it will align with the Locality Working and Community Hubs Approach, and the Transforming Community Experience and Independent Living programmes, all three of which were agreed by Cabinet in February 2023. It will also align with the Council's new Equality, Diversity and Inclusion strategy, and the emerging Town Centre Masterplans for Brentford, Chiswick, Feltham and Hounslow.

If the recommendations of this report are approved, the immediate key financial implications for the Council are a budget requirement of up to £500,000 for 2023/24.

### 3. Reason for Decision and Options Considered

#### 3.1. Background

3.2 The Council's Corporate Plan of 2022 sets out *an ambitious vision for the borough, putting residents at the heart of Council services*. As well as helping the Council best meet the needs of individual communities, our Future Asset Strategy and Locality Model will ensure we have the right buildings in the right locations, and which make best use of Council buildings across the borough. Our property assets and the way in which they are used and managed are key in supporting this vision to enable us to transform the way in which we, together with our partners, deliver public services to meet the needs of our residents. This will require a new, more focussed, and strategic approach across the Council's portfolio of assets, one that maximises the role assets play in the Borough and the community.

3.3 The London Borough of Hounslow's property portfolio holds a wide range of corporate assets, comprising:

- libraries
- leisure facilities
- offices
- day centres
- elderly people homes
- depots
- assets leased to community organisations and
- those which are used to generate a commercial income such as industrial estates, retail premises & markets.

Excluded from the scope of the Review covered by this report are:

- Schools, our education estate, including long term leases to academies and trusts
- Housing assets, under the protection of the Housing Revenue Account, covered by the HRA Asset Management Plan.
- Highway and engineered (bridges, etc) assets, covered by the Highways Asset Management Plan.

3.4 The way we use and utilise assets post pandemic has changed significantly. Even so, the demand for property and associated services continues to increase to meet service pressures though this is predominantly through the need to align the estate to ensure it remains relevant to Hounslow's overall direction and drive change to meet the management demands. The financial context from both a revenue and capital perspective continue to remain challenging with a continuing drive to reduce operating costs and efficiencies. In many cases reducing operating costs can only be delivered through major investment or redevelopment of Assets, requiring a large capital input at a time when the capital budgets are in short supply. Change is therefore needed to ensure that we become more efficient for all residents and

business of the Borough and those assets we retain are maximised playing a bigger role in what we do and how we do it.

- 3.5 The Review of our Assets is intended to lead to, following community engagement, an Assets Management Strategy and Action Plan 2024, whereby proposals for our properties will be scoped and developed.
- 3.6 **Aims**
- 3.7 The aims of this Review will lead to the Council developing a strategic approach for its property portfolios with a view to ensuring that all elements are fit for purpose. The key aims throughout this process are to ensure its assets are:
- Maximised
  - Managed strategically to support corporate aims and objectives in line with the Corporate Plan and 'One Hounslow Principles'
  - Supporting operational service delivery
  - Providing value for money and secures efficiencies for the future
  - Supporting the regeneration and growth of Hounslow
  - Supporting communities and partners to thrive in the Borough
  - Reviewed to maximise its use, and income stream where appropriate
  - Procured and managed to minimise the impact on the environment
  - Fit for purpose, safe to use, warm and dry for our staff and service users.
- 3.8 The purpose of the review is to challenge our current position, specifically asset usage, the provision and performance of properties to ensure that it is obtaining the best use and value from each asset, and which will enable informed decisions in respect of retention, management, redevelopment or disposal – hence asset maximisation.
- 3.9 The review includes all Corporate Assets and the Investment Portfolio with the exemption of HRA Stock; Schools; Highways; Parks; unless part of possible redevelopment schemes.
- 3.10 The key tasks of this review are to:
- Identify the condition of the corporate portfolio and when investment and improvement are needed
  - Identify assets for potential shared occupancy in order to deliver a wider range of services
  - Identify opportunities for improving services and buildings
  - Identify the needs of service departments
  - Identify the needs of our communities.
- 3.11 To date we have collected various data on the individual property assets within this review is stored on a specialist Asset Management Database system, 'Technology Forge'. The asset data collected to date includes:
- Core data about each property asset including location, age and physical characteristics
  - Leases, Licences and Agreements

- Condition data
  - Drawings, floor plans and layouts
  - Property Compliance information including test certificates, survey information and records of remedial works.
- 3.12 Over the rest of 2023 there will be ongoing work being undertaken to both maintain and enhance the quality & scope of data held within the database, such as proposed inclusion of plant and asset registers into the system.
- 3.13 Understanding the condition of each property asset is key to delivering effective management of each property asset. Property Condition Surveys are undertaken on a regular cycle to Schools, Leisure, and Corporate Buildings. These surveys:
- Review the condition of the property
  - Identify and review each element within the property
  - Establish the future life and life cycle replacement/repair of each element
  - Establish risk profile associated with failure of each element
  - Identify repairs or maintenance works required together with the associated costs.

The data is utilised to plan, prioritise, and prepare portfolio wide Maintenance Programmes.

- 3.14 The condition data contributes to the development of the Asset Review. Condition data is held for building elements with life cycles and therefore potential of repairs and maintenance can be forecast up to a period of 30 years.
- 3.15 The surveys and assessment has collected data on 128 Corporate properties, outlined within Appendix 1. More specific data has also been collected including utilities, running costs, property utilisation/occupation and potential investment required to maintain properties over 5-year and 10-year periods.
- 3.16 Investment is required to maintain the building fabric of these properties to:
- Maintain and address Health and Safety requirements
  - Address deterioration and maintaining the Property Asset
  - Minimise the risk of disruption to the delivery of Council Services
  - Maximise value for money.
- 3.17 An on-going Stock Condition Survey of the corporate estate has established the investment required in respect of the maintaining the portfolio is:
- 1-5 years - £9.2m
  - 1-10 years - £17.7m
- 3.18 It should be noted that this is total investment and does not distinguish between the responsibilities of the tenant or the Council for tenanted properties. It also assumes all maintenance will be undertaken to the

anticipated programme and recommended cycles. It does not include specific improvement works but obviously when building elements are maintained or replaced this will include an element of improvement to bring them up to current day standards.

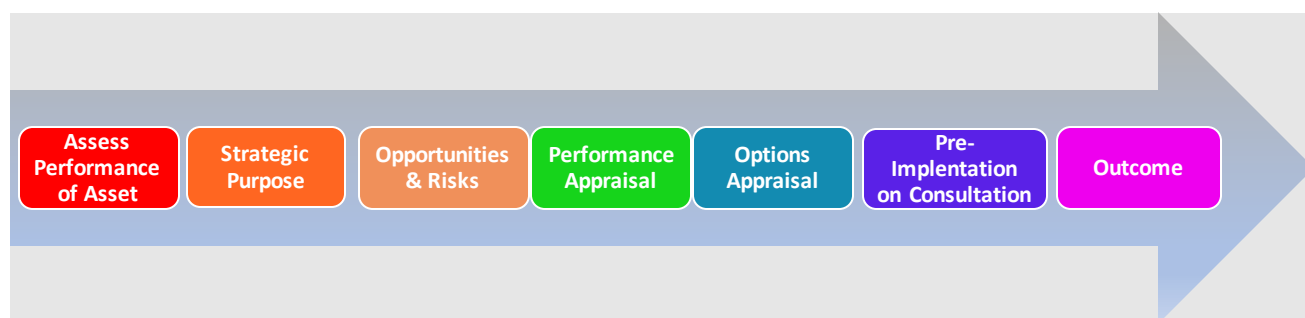
- 3.19 Potential financial savings to the Council will be a key part and will be assessed as part of the Asset Review process, but it is anticipated at this stage savings will be generated through:
- Financial efficiency and budget reduction from having less and better-quality accommodation i.e., running costs
  - Service re-engineering – from changed locations and reconfigured space
  - Improved staff productivity, retention, and recruitment
  - Better co-ordinated and shared public service delivery locations
  - Efficiencies through budget collaboration and streamlining
  - Improved procurement
  - Capital Receipts associated with property disposal enabling investment in other capital schemes.

3.20 As part of the review, a set of classifications have been established, grouping land and buildings in accordance with an agreed classification for mid-term strategic management planning to determine their future use and investment plans. These classifications are set out in the table below, along with possible Considerations and Actions (content for illustrative purposes and not exhaustive):

<b>No.</b>	<b>Classification</b>	<b>Considerations</b>	<b>Actions</b>
A1	Dukes Meadow (Part of Masterplan)	Wide range of interested parties	Board established to create updated masterplan
A2	Scout Huts	Lease Renewal	Complete Lease Renewal
A3	Business As Usual (BAU)	Fit for purpose	Cyclical & Repairs
A4	Investment Only	Extent of investment and when	Planned Programmes to be developed
A5	Allocated for Development	Are these allocations viable to progress & in what timeline	Monitor progress of these schemes
A6	Development Potential	Are these potential developments viable to progress & in what timeline	Feasibility Studies required
A7	Vacant Land & Buildings	Potential use as decanting options. Can we consider Meanwhile Uses?	Linked to potential Development schemes. Assess potential competing Meanwhile Uses?

A8	Assets suitable for - Assets of Community Value Community Asset Transfer candidate properties	Are there assets which would be suitable for Community Asset Transfer	As properties are identified as surplus to LBH requirements, consider Community Asset Transfer
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- 3.21 A clear process encompassing an ‘Asset Challenge’ methodology is being used to assess individual land and buildings. This will lead to an initial classification, which will then be refined with the community engagement and further investigative work on the assets. The principal idea of the classifications is to present some sort of order of thought for future analysis and what key considerations and actions will fall within each category. The approach will be flexible; some assets may be allocated to more than one classification, and new categories could be added if needed.
- 3.22 The seven-stage approach will review all our asset portfolio on a continuous rolling programme to ensure that only those assets that are needed are retained. The ultimate aims of the Asset Challenge are to reduce costs, identify assets that should be retained for use and/or invested in, identify those that are surplus to requirements and therefore can be disposed of. To do this, each asset is evaluated using a step-by-step challenge process, ensuring that every asset has been fundamentally tested against a common set of criteria. The outline challenge process is set out below.



- 3.23 This Challenge Process will be included in any Business Cases developed to progress improvements or redevelopment proposals.
- 3.24 **Asset Class A8. Community Use**
- 3.25 The Council owns a number of assets that provide a benefit to communities. Community assets in this context are defined as land and buildings owned or used by the Council or leased or managed by community organisations for the benefit of residents and communities and include community centres, sports facilities, recreational facilities and other buildings.

- 3.26 On occasion, Council owned community assets used by community and voluntary organisations are either returned to the Council, as they are surplus to requirements, uneconomic to maintain, or could be better run by the community themselves.
- 3.27 The development of community asset process of LBH properties provides a mechanism for the Council to have a clearly defined approach to the future occupancy of its buildings. Organisations can apply through a formal process to occupy community buildings, community facilities and other community venues owned by the Council. In some cases, options for Community Asset Transfers under the Localism Act may be appropriate.
- 3.28 Compliant with the Localism Act 2011 and the Local Government Act (various), a process has been developed to ensure community organisations do not spend time applying for a building that is not available.
- 3.29 Arrangements for how community and voluntary organisations occupy assets can take place in different forms to suit their needs and could include:
- a management agreement
  - a licence to occupy
  - a short lease (less than 7 years)
  - a long lease (more than 7 years)
- 3.30 Key to implementation will be ensuring that there are the right buildings in the right place, in line with the needs of local communities, and current and future requirements of services. A multifaceted and inclusive approach to engagement, ensuring we hear views representative of the local communities, will inform this process, and the networked localities approach which will see the implementation of Community Hubs and Family Hubs will be integral to delivering this in local places. To assist in these discussions a list of Assets by area is included within the Review is presented at Appendix 1.
- 3.31 **Locality-Based Approach and Community Hubs**
- 3.32 In February 2022, Cabinet agreed to the development of a Locality-based Approach, this will include the implementation of Community Hubs across the borough providing a network for all residents to access services and support.
- 3.33 This will put residents' needs at the heart of how we deliver services. It will make better use of the Council's and communities' existing buildings and resources, connecting people to services, support, and activities where they live.
- 3.34 A Community Hub will include:
- Access for residents to various types of support, which may include speaking to relevant officers, seeking financial help, obtaining support to find employment, mental health support from a local charity, or taking part in an arts activity.



- A digital self-service, and assistance for residents who are using this for the first time
- Ability for all residents to speak to people regarding concerns that are important to them and to access support.
- Access to partner organisations and local voluntary and community organisations that will have officers in the Community Hubs offering face to face support, and/or running in person activities.

3.35 The first Community Hub will open in Feltham with a campus approach around a main site, involving existing community assets, adding to and enhancing activities already in existence delivered by the Council and its partners. The Feltham Community Hub will be fully operational by September 2023. In advance of September, we will be building on initiatives such as our Cost of Living events, Warm Spaces to and Community Solutions drop ins to shape what the Community Hub will be in terms of the specific support needed.

We will be working with key partners and residents to shape the offer, which will grow and develop over time.

3.36 This will take forward our Community Solutions approach, with Council teams working side by side with voluntary and community organisations, health and other partners. We will help residents access early help, advice, guidance, support and preventative activities locally where they live.

3.37 Our initial Community Hub will also connect already established community activities that take place in different buildings, under the one locality-based approach. This cluster or campus will then be built upon and tailored to community needs. We will better communicate and join up activities, including new local Community Hubs maps and signage. We will consider which activities take place and where, encourage connectivity with other community assets.

### 3.38 **Family Hubs**

3.39 As part of the above, Locality-based approach, the Family Hub Model is a DfE sponsored initiative to provide prevention and early help support to children and families. It is within the scope of the Children's Model of Care (CMoC) Programme.

3.40 The CMoC Programme is utilising existing assets e.g. libraries to establish a network of Family Hubs within Feltham (west), Brentford (east) and Hounslow Central.

3.41 The CMoC Programme is also working in alignment with the Community Hubs Programme to ensure consistency of offer and experience for residents when accessing services across the hubs.

3.42 The Transforming Community Experience (TCE) report, which focuses on how best to improve the way that customers and communities can access our

services, was also agreed at Cabinet in February 2023. The TCE and Locality-based approach incorporating Community Hubs and Family Hubs align with each other.

### 3.43 **Feltham Asset Delivery Plan**

3.44 Piloting a collective review approach to unlock social and commercial outcomes is currently underway focussing on the Feltham area. This piece of work will establish if, in Feltham area, there is a series of buildings and proposals which if linked together will be greater than the sum of the individual properties.

### 3.45 **Purpose**

- a medium to long-term look across clusters of assets identified with development potential to complement the immediate/short-term opportunities that we can achieve now
- Informing the delivery of the town centre visions and masterplans, and implementation of the Locality-based approach of the Community Hubs to meet the current and future community needs, and development and future management of its assets.
- Providing an aspirational, commercially grounded, and optimal delivery model for assets across Feltham town centre.
- Recommendations will deliver efficiencies, and a plan for improved infrastructure and quality of service delivery, with justification, explanation, and deliverability.

### 3.46 **Process**

- Baseline Review of Future Assets Strategy evidence, plus public sector stakeholder engagement
- Production of Evidence Baseline & Consultation findings Report
- Internal workshops on approach to risk / investment / partnerships
- Options analysis & development
- Commercial review

3.47 A Feltham Asset Strategy Options Report is due to complete in July 2023. If the report provides the intended outcomes this approach could be adopted across the Borough to inform the Asset Management Strategy and Action Plan when developed in 2024. The £500,000 budget requested will enable this cluster approach to be extended to inform the decision-making processes.

### 3.48 **Partnership Working**

3.49 Opportunities also exist to work in wider partnerships with organisations such as DWP and the NHS.

3.50 The recent excellent partnership working with the NHS Property services has secured a joint development agreement to redevelop Chiswick Health Centre. The new state of the art multi-purpose Health Centre is being developed

along with 55 new 1, 2 and 3 bedroomed flats for key health workers on the Housing Register. Further opportunities have been identified to take forward other co-located and partnership opportunities across the borough.

### 3.51 **Lettings Approach and Rent Setting**

3.52 The Support Services Review is shortly to review all support services. As part of this is a requirement to review of the Council's approach toward its charges for leased out properties. The current arrangements are governed by a number of varying policies, customs and practice across departments.

3.53 There is a need to standardise the approach to letting corporate buildings which will be based on properties use, by either Council services, or third-party tenants The future Support Services Review will inform this approach.

3.54 The new approach will be based on the following considerations:

- Identify the actual running cost of each building
- Calculate the charges for the use of each building on a fair, transparent and equitable methodology
- Endorse and incentivise co-location, wherever possible
- Encourage Council service areas to consider their own service needs, which could subsequently lead to a reduction in spatial property requirements
- Standardise the approach for leased out commercial and community properties across the estate irrespective of which portfolio they fall under
- Ensure no individual or organisation is prevented from using a community facility because of an inability to pay and to explore grants and funding to support these organisations
- Develop a fair and consistent approach to concessions
- Support the work of the voluntary and community sector (VCS) in meeting the Council's aims and objectives and achieving consistency of approach across the Council in dealing with this sector
- Ensure systems that are adopted are administratively efficient and appropriate
- Assess potential ways to deliver savings, through additional income without reducing utilisation or activity that is beneficial to all, in line with corporate priorities.

3.55 The new approach will be based on the implementation of the new fair charging policy which assumes that all property, management and compliance budgets are created for all properties. This will avoid the current inadequate system whereby properties have income budget but no individual expenditure budgets which has led to budget holders being unable to manage their assets in the medium and long term. Charges for property will be based on the full cost of running, maintaining and improving the building, which will include the following:

- The provision of Hard and Soft Facilities Management
- Utilities
- Life cycle costs
- Rates
- Insurance

- The Costs of Compliance
- IT infrastructure Management costs
- Asset charges (cost of capital)
- Repairs and maintenance
- Planned and Improvement works

- 3.56 This new approach will be developed as part of this review and will be included in the final Asset Management Strategy and Action Plan. The initial aims will be to:
- Establish a transparent, framework for charging for use of Council owned and managed properties.
  - Base rent levels on full cost recovery / market rent.
  - Establish a framework that can be used for working with partners.
  - Establish a fair and consistent approach to concessions or discounts, supporting the work of the voluntary and community sector (VCS)
  - Identifying the true running costs of each building.

3.57 **Engagement Proposals**

- 3.58 The Assets Strategy requires an engagement programme which gathers and maps intelligence and the views of residents and stakeholders needs and wants; and continues to build that local intelligence to form a cohesive picture of local need. This is a critical part of the review to provide the whole community with an opportunity to give their views in the way that suits them, digitally, in writing and face to face. This insight will provide an understanding of community needs from all areas to be established which will feed into future decision making.

3.59 **The current context**

- 3.60 We have much existing insight into how our communities and other stakeholders use our assets. We have surveyed and spoken to more than 50 voluntary and community sector (VCS) groups who use these assets to get their views on current provision, usage and need. There have also been discussions with key partners including the NHS.

- 3.61 There is a growing understanding of the views of our community and how to ensure their views shape the development of our networked localities approach to the best use of local assets. In particular, initial outreach and mapping started from Summer 2022 in the west of the borough, in Bedfont and Hanworth and particularly concentrating on Feltham where there are a number of assets. Intelligence on views around assets has been gathered through community events, such as Area Forums, ward walks and town centre consultation in Feltham. This has shown that there is an imbalance where places of worship are based, gave us detail about the appropriacy of space for community groups and showed the demand for further access to community spaces/halls. It showed us that community activity is happening in Feltham but it is not connected in its approach.

3.62 There is similar insight in other parts of the borough, including from town centre conversations. The wide-ranging engagement as part of the EDI strategy development last summer, which gathered the views of more than 1,500 people, has also informed the database and the approach, as has last year's engagement exercise with more than 2,000 young people which will shape our Children and Young Persons Strategy.

The engagement focus this Summer and Autumn is to build on and refine this intelligence and map it across the borough.

### 3.65 Targeted Engagement for the Asset Strategy

3.64 The Asset Strategy needs to demonstrate it has provided inclusive opportunities for people to give their views and has listened and acted upon the needs of the community, now and for the future. The engagement objectives and outcomes we want to achieve are:

Objectives	Outcomes
Communities feel empowered to take part.	A rich source of insight on which to base decisions, confident that it is representative.
Demonstrable reach into and feedback from target audiences for each area / key asset.	Insight gained on broader issues useful to service areas and partners.
Take learnings from previous engagement with residents and continue to build our intelligence from listening to the community.	Existing connections strengthened and new ones established with communities and stakeholders to support ongoing conversations.
Effective collation, analysis and sharing of insight, easy to use and understand by teams and partners.	Greater understanding of the Council's role, and the role of partners, businesses and communities.
Clear roles for Members as community leaders.	Communities and Members see the shift in our approach to engagement - a listening Council.
New engagement practices and mechanisms trialled, with learning to inform future exercises.	Increased levels of trust, empowerment and ownership among our communities.

### 3.65 The Engagement plan

3.66 The engagement will build and refine its approach as intelligence is gathered. Initial engagement will be a conversational approach to ask them about their lives and needs and to acknowledge what they have previously told us. It will ask residents what they like about assets and how they use them/why they

don't use them. As the engagement moves forward, this can be refined into more pin-pointed conversations about specific assets. The aim is to move to more focused discussions around options and where there can be an element of co-design. Information gathered will inform the Assets Strategy and other Delivery Plan programmes.

- 3.67 A phase of community conversations is scheduled for Summer and Autumn 2023 and focuses on discussions with the community about what is important to them in their life lived locally and their use of, and aspirations for, local assets, whether they are buildings or open spaces. This will include further conversations at a round of area forums and ward walks, particularly drawing in Member involvement. There are opportunities for more targeted conversations such as at Dementia Cafes, housing estate coffee mornings and with faith groups.
- 3.68 This conversation phase will include meetings with residents at pop-ups at community events, events in parks, shopping centres, arts events and with youth activities – in particular involving the National Citizenship programme. This discursive phase will include specifically targeting the seldom heard and will be borough wide.
- 3.69 The detail of the conversations will be captured by officers inputting detail into a survey, this allows us to map the places of interest to residents and how they use facilities/want to use facilities. The methodology builds on the successful methods used for last year's EDI strategy engagement. This survey will also be available and promoted to the wider community. An interim position on the survey will be reviewed in September to analyse the spread of the results and any need to drill further into any lesser heard voices. It will also offer a direction of the wider community's wants and needs and an option can be taken at that stage whether to refine the conversations with the community around more specific assets. This position should identify key assets for the community. Pertinently this will lead into the next round of area forums and ward walks which can allow for further targeted conversations.
- 3.70 This discursive phase will inform the strategy and its associated plans in early 2024, as well as informing the next phase of engagement.
- 3.71 **Focused asset engagement and consultation**
- 3.72 The next engagement phase will be informed by the strategy approved by Cabinet in early 2024 and focus on more qualitative engagement around asset clusters, informed by the mapping exercise. This phase will also again analyse and target any lesser heard voices from the initial conversations. Participants can comment on assets/areas to express priorities, aspiration and need. This is likely to include a survey of identified key assets – assessing the user likes. This phase identifies the areas where the Council and community can work together to shape outcomes.
- 3.73 This phase will also further pick up:

- Conversations with key stakeholders, particularly the voluntary sector and the NHS
- Opportunities for Members to get closer to the engagement, especially as this is likely to focus more closely on local ward needs
- Alignment with linked engagement projects such as town centre engagement and low carbon neighbourhoods

3.74 Throughout this engagement, the shape and methodology will be steered by the developing Radical Overhaul of Consultation and Engagement programme and be informed by data and growing local intelligence.

### 3.75 **Equalities and Diversity Strategy**

3.76 Our engagement will be informed by the new EDI strategy, in particular to ensure there is a representative spread of voices across Hounslow's communities. It will also identify particular groups which may have greater interests in local assets.

### 3.77 **Next Steps**

- 3.78 Following this report, the key next steps are to:
- Undertake the extensive engagement through the summer and analyse feedback
  - Undertake further surveys and investigation of our assets, to enable initial classifications to be made
  - Update of data knowledge of each asset
  - Identify potential locations for the Community and Family Hubs
  - Complete Feltham Asset Delivery Plan Report
  - Develop Rent Setting and Income Policy
  - Develop Assessment and Governance Process for allocating Assets

All of which will lead to an Asset Management Strategy (AMS) and Action Plan in 2024.

- 3.79 It is then proposed that the implementation of the AMS will follow the new Hounslow Delivery Plan and Project Gateway Process:
- Mandate for the Assets Review Programme – Established in this Cabinet report
  - Strategic Business Cases (SBC) – Developed for Individual Projects which will include an outline scheme brief, outline designs and costs
  - Outline Business Cases (OBC) – An expanded SBC with Community Engagement, Legal, Planning approvals, operational budgets for shortlisted individual projects, etc.
  - Full Business Cases (FBC) – Expanded OBC post tender, for Individual Projects with final capital and revenue budget requirements
  - Reporting of progress will be undertaken at each stage to SLT/CLT/Area Place Boards and where appropriate the main Place and People Board
  - Implementation Phase – the size of this programme would benefit from grouping projects by area which will give advantages for contracting, consistency of design, relationships, long-term apprenticeships and Social value.

- 3.80 A cross cutting programme like this Asset Review, is a wide and comprehensive programme with a number of workstreams and task groups which require a dedicated Project Manager to co-ordinate and deliver the work described within this report. Therefore, it is proposed to appoint a dedicated Project Manager on an initial fixed term of 12 months.
- 3.81 To develop area-based projects further investigations, surveys and proposals for the next phase are required. For example, mechanical and electrical surveys are required to assess the current life of components within buildings and the potential for reducing carbon use within buildings.
- 3.82 For investment only properties, re-design and improvements will need to be scoped to establish the art of the possible.
- 3.83 It is therefore recommended that a feasibility budget of up to £500,000 be agreed to fund the Project Manager role and further surveys, investigations and scoping activities over the next 12 months.
- 3.84 This budget has been assessed as follows:

<b>Task</b>	<b>Estimate number of properties/sites</b>	<b>Estimated Cost £</b>
Portfolio update and Options Appraisal stage	All sites	<b>60,000</b>
Feasibility Studies		
<i>Simple/small</i>	15	<b>60,000</b>
<i>More complex/medium sized</i>	10	<b>70,000</b>
<i>Complex/large</i>	5	<b>80,000</b>
Specialist surveys and investigations	tbc	<b>60,000</b>
PMO and management resource	All	<b>80,000</b>
Planning Pre-Application submission	tbc	<b>30,000</b>
Legal due diligence	tbc	<b>30,000</b>
Contingency	All	<b>30,000</b>
<b>Total estimated cost</b>		<b>500,000</b>

3.85 Finally, it is proposed to report back to Cabinet in the fourth quarter of 2023/24.

### 3.86 **Investment Portfolio Strategy 2023-26**

3.87 The Assets Review outlines a route to developing one Council wide Asset Management Strategy. In addition to the operational and non-commercial properties within the scope of this report, the Commercial portfolio will also be developed over the next year.



- 3.88 The Council holds a substantial portfolio of property for non-operational purposes. This portfolio is an estate of income-producing sites that would traditionally form the basis of an investment portfolio, comprising retail, office, warehouse, industrial premises and income producing assets including mineral rights and the Thames Riverside.
- 3.89 The Strategy will focus on the creation of a diversified and balanced portfolio of investments to facilitate future service provision, manage risk and secure an ongoing return to the Council in line with the corner stone policies of the Corporate Plan 2022-2026.
- 3.90 A new Governance and Management Strategy for the Property Investment portfolio is being developed which will be included within the main AMS in 2024.
- 3.91 This Strategy is being designed to:
- Complement and reflect the commercial needs of the authority in terms of income and economic generation alongside key Council policy documents as *Prosperity and Place; January 2022, Climate and Cleaner Air Report 2021 and Cleaner/ Greener Borough Framework 2020*.
  - Allow all residents to benefit from growth sectors and to support business to thrive and grow.
  - Ensure the investment portfolio contributes to the Authorities climate and green agenda ambitions.
  - Contribute to improvements in the general environment and meets low carbon policies wherever practical including electric vehicle charging points and encouraging non-car born access.
  - Create a portfolio which meets the criteria of maximising the beneficial financial returns to support Council services.
  - Meets the authority's ambitions for a thriving Borough with successful business communities and job creation to ensure a 'Thriving Hounslow'.
  - Flexibility to identify new investment opportunities that support economic growth in the Borough.

#### 4. Key Implications

- 4.1. To develop a new Future Assets Strategy, the following targets and measures have been set.

<b>How is success to be measured?</b>				
<b>Defined Outcomes</b>	<b>Unmet</b>	<b>Met</b>	<b>Exceeded</b>	<b>Date they should be delivered by</b>
An Asset Strategy which identifies the Council stock, its condition and demand from service	Asset Strategy & Plan not approved by March 2025	An Approved Asset Management Strategy & Plan 2024	Asset Strategy & Plan approved by March 2024	September 2024 to inform financial requirements and prioritise for The Asset Strategy & Plan 2025-35.

departments and residents				
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## 5. Financial Details

### a) Financial Background

- 5.1. The Council's general fund and HRA budgets include expenditure budgets for the day to day running costs of its operational buildings and rental income for our commercial and corporate property assets that are occupied by third parties.
- 5.2. Investment in these buildings is funded via the Council's general fund and HRA capital programmes subject to the availability of resources.

### b) Comments of the Chief Financial Officer

- 5.3 This report asks Cabinet to approve the structure, criteria and categorisation for the Assets Review and the approach to engagement, as set out in the report.
- 5.4 It seeks approval for a budget of up to £500,000. A breakdown of the proposed budget is set out at paragraph 3.84. A total budget allocation of up to £500,000 can be funded from the One Hounslow Place earmarked reserve.
- 5.5 The governance arrangements that apply to the Council's Delivery Plan should be applied to the management of this budget allocation. This should include consideration of proposed activities to be funded from this budget by the Place Board (s) or Capital Strategy Board (depending on the nature of the proposed expenditure) prior to the approval of formal budget allocations via the delegated decision-making processes set out in the Schedule to the Financial Regulations.
- 5.6 The implications for the Council's revenue budgets and capital programmes will need to be considered as part of the delivery of the activities set out in paragraph 3.78 and the development of the Asset Strategy, Asset Management Plan and associated Delivery Plan. Any proposals that require additional revenue budgetary provision or investment of capital resources will be subject to the availability of resources and appropriate governance processes.

## 6. Legal

### a) Legal Details and comments of the Director of Law & Governance, and Monitoring Officer

- 6.1. This Report asks Cabinet to approve the structure of the Assets Review, the related communications and engagement strategy and plan, approve a feasibility budget of £500,000, and approve the Investment Portfolio Strategy 2023-26.

- 6.2. Doing so would be within the Cabinet’s Terms of Reference as set out within paragraph 1.1 of Part 3B of the Constitution.
- 6.3. The Finance comments set out in paragraph 5 above and the equalities section in paragraph 7 below are noted.

**7. Equalities, Human Rights and Community Cohesion**

- 7.1. An Equalities Impact Assessment will be undertaken as part of the development of the final Asset Management Strategy.

**8. Climate Emergency Considerations**

- 8.1 All properties undertaking improvements or redevelopment through this Strategy will include energy savings and improvements to assist in the Council’s ambition to be carbon neutral by 2030.

**9. Value For Money**

- 9.1. All properties earmarked for improvement, redevelopment or sale will have a value for money assessment made as part of the relevant Business Cases.

**10. Sustainability Impact Appraisal**

- 10.1. All properties earmarked for improvement, or redevelopment will have a Sustainability Impact Appraisal made as part of the relevant Business Cases

**11. Risk Management**

Risks	Uncontrolled Risk	Controls	Controlled Risk
Construction Cost increases continue to affect project viability	Market volatility	Detailed design and early contractor engagement	Establish a viability assessment criteria for community and LBH operational properties
Unable to agree proposals for each site	Disagreements lead to delays to developing proposals	Clear process and assessment criteria	Place and People Boards can act as the ‘decision maker’

**12. Links to Council Priorities**

- 12.1. This review working towards Future Asset Strategy links to all of the Council priorities as it crosses all operational and community interactions.

**13. Staffing/Workforce and Accommodation implications.**

- 13.1. Individual projects may have staffing implications. These will be considered as part of the individual relevant Business Cases for each project.

## **14. Property and Assets**

- 14.1. The final Asset Strategy will have a number of property implications. These will be considered as part of the individual relevant Business Cases for each project.

## **15. Any Other Implications**

- 15.1. The final Asset Strategy may have other implications across services the Council, e.g. ICT/Digital

## **16. Consultation**

- 16.1. A detailed engagement approach and plan is included within the report within paragraphs 3.57 to 3.77.

## **17. Timetable for Implementation**

- 17.1. Approval to this report will commence a period of public engagement as detailed within the report.
- 17.2. Collation of the public responses will be considered and incorporated within an updated report to Cabinet in Q4 of 2023/24.
- 17.3. A further report will be presented in Q4 where proposals will be brought forward for individual or clusters of properties.

## **18. Appendices**

- 18.1. Appendix 1: List of Assets within the Review by Alphabetical Area

## **19. Background Information**

**REPORT ENDS**