ASSET MANAGEMENT PLAN 2021
Managing assets through recovery and change

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CONTENTS

1. INTRODUCTION

Southwark Council's Asset Management Plan 2021 ("AMP 2021") explains how the council uses its property assets to deliver corporate goals, with the aspiration of excellent outcomes for residents at the heart of what we do

The Asset Management Plan deals with real property assets, i.e. land and buildings. The council might use these to deliver services (operational property), to generate income that funds the running of services (investment" assets), to provide community facilities, or for regeneration purposes to lever in enhancements to the borough, its wellbeing and economic vitality. Occasionally assets become surplus to the council's requirements and these are released from the portfolio to generate capital receipts.

It explains how we will ensure that real property assets are treated as corporate resources, and are managed corporately to support the delivery of the Council Plan and council services. The document starts by setting out the principles of asset management, drawing from six priority themes that will help the council achieve its ambitions for all:

- A place to call home
- Climate Emergency
- Green & Fair Economic Renewal
- Tackling Health Inequalities
- A great start in life
- Southwark Together

Appendix 1 describes specific actions that will contribute to the council's objectives. The corporate context for our asset management planning, including information about the borough, its administration and strategic adjacencies is outlined in Appendix 2. There are a number of new or amplified challenges here; corresponding with the priority themes above, which our asset management must actively engage with if it is to succeed in its aims:

- Economic renewal post Covid-19 and Brexit planning
- Climate change strategy and a Green New Deal
- In town and country planning, a New Southwark Plan
- Supporting thriving neighbourhoods
- Healthier high streets
- Southwark Stands Together, tackling racism and achieving equality

Relationship with other asset management plans and planning

Housing, education and infrastructure assets are dealt with elsewhere in distinct, dedicated strategies of their own, reflecting the substantial investment in these specialist parts of the estate. There are areas of adjacency, overlap and collaboration, and AMP 2021 looks at how the boundaries here are managed.

It may be useful to note here that the Housing Asset Management Strategy primarily presents a 30 year housing investment plan which reflects the council's ambition to

maintain and invest in its existing housing stock that meets residents' expectations. As will be seen subsequently in AMP 2021 the main area of interaction with the wider asset management planning for housing is in the strategy to build 11,000 New Homes.

Resource management & business planning

Good asset management to achieve an effective, fit for purpose and affordable portfolio is a crucial part of the Council's resource management and business planning. Decisions we make now about our asset strategy, however difficult, will go to the heart of being able to make services sustainable into the future for the community that depends on them most.

This is a complex proposition under any circumstances, and one that is evolving within tightening financial operating conditions, greater demand for council services and a wider backdrop of immense uncertainty around Covid-19 economic recovery, accelerated economic change and Brexit.

Inevitably, the Covid-19 pandemic has left the council with a massive task ahead, now and in the coming years. We can anticipate profound change across operating models for services; from the "front line" to the offices we occupy for administrative purposes. The means and speed with which our borough evolves, and how we can shape the processes at play here, are changing too. There are implications for our operational portfolio, in the commercial investments we hold and in terms of our regeneration activity. For these reasons the Investment Strategy set out in Section 6 is a central theme for us this year.

However, to focus solely on Covid-19 recovery and Brexit anxieties would be to miss a significant point. There are and have for some time been a raft of underlying factors to take into account that, irrespective of other outcome, can be expected to weigh heavily on our assets and their management. These include unprecedented uncertainty concerning local authority funding, structural change on high streets and ever stricter statutory compliance requirements on landlords and occupiers. In 2019 the council held its first Climate Change summit and assets will both play a part in, and be impacted by, the response that is developed.

The Age of Austerity that was the backdrop to our last Asset Management Plan, and indeed the last decade, has been joined by a time of intense uncertainty. Nevertheless, by using our assets prudently we anticipate that these current operating conditions, whilst being immensely challenging, should also present a time of opportunity and new direction. As with the Medium Term Financial Strategy that is a sister document to the AMP (see "Financial Context" below) we will continue to assess and respond to the changes ahead as the fuller picture emerges.

Asset Management Action plan

AMP 2021 concludes with a clear Asset Management Action Plan, drawing together the many strands of good practice, management issues and service requirements. This is reported in the second section of the AMP. Like AMP 2021 the Action Plan originates in the commitments of the Corporate Plan.

The Action Plan explains our key objectives and deliverables for property asset management and provides the road map to delivering the strategy, with clear, measurable actions and corresponding responsibilities over the next 3-5 years. It identifies where value can be added and where investment is needed to achieve the objectives that matter most.

An immense amount of work is going on across the council to determine what this change means for us as an organisation and to formulate our response, with new strategy and policy developing rapidly. The new Asset Management Plan and Action Plan will be kept under review in order to capture these changes. We will consult departments on asset management planning for their services, further and evolve as necessary the strategy AMP 2021 sets out, in order that it can best support the challenges ahead.

2. FINANCIAL CONTEXT

Assets are a corporate resource and the Asset Management Plan sits alongside the Medium Term Financial Strategy. Both are key elements in the council's business management. They are both crucial to the delivery of efficient and effective services.

Integral to the Medium Term Financial Strategy, the Capital Investment Strategy defines the council's over-arching corporate attitude to investment. Its principles are echoed in the asset investment strategy arrangements detailed below in Section 7 of the AMP. The Capital Investment Strategy confirms areas of priority investment required to deliver the aspirations of the corporate plan and which the AMP will support.

It goes almost without saying that AMP 2021 has been developed during a period of unprecedented uncertainty for local government and for the national economy. Over the next few years local government will need to absorb and act on a raft of change, including:

- MCHLG Covid-19 support and assistance
- Comprehensive Spending Review in 2021

- Adult Social Care funding white paper
- Government consulting on new needs based distribution model for 2020-21
- Business rates baseline being reset from 2020-21
- Business Rates Retention being reviewed based on 75% model from 2020-21
- Future of London Business rates pool and Devolution deal

There are some acute resource gap challenges to contend with as result:

- Sufficiency of land and building resource to deliver new homes
- Compliance & maintenance costs
- Capturing the true cost of operational decisions
- Balancing income, capital receipt and service delivery demands
- Investment assets cashflow
- Pressures of an aging estate and life-cycle investment requirements, particularly across the traditional investment portfolio
- Adequately resourcing property management functions

In addition the council has made an express commitment to combating carbon emissions and rising global temperatures. By joining the International Climate Change Campaign and declaring a climate emergency. The implications of achieving carbon neutrality by 2030 for regeneration, asset management, and servicing buildings will be developed further in our asset management planning. The global moral imperative underlying the council's stance is undeniable. There are implications nearer to home, too, for a borough with much of its land area falling within the Thames flood plain; and profound implications for our asset management.

On any level the scale of the resource challenge in the coming years cannot be understated, even before the pressures of Covid-19 recovery are factored in. Effective and efficient management of resources, including property assets, will be pivotal to meeting that challenge and delivering an ambitious Council Plan.

Budget Planning

The council's budget planning sets out deliverable and costed commitments from the Council Plan. The core principles of fairness and support to the most vulnerable, of listening to our residents and protecting the front-line services they value the most were fundamental to the setting of the budget. These principles will continue to guide the MTRS and the management of resources over the coming years.

In terms of financial management, it is not intended to prepare a new Medium Term Financial Strategy to cover the next four years until the resourcing picture is clearer. Consequently, the Asset Management Plan will also be kept under review, to maintain consistency between resourcing strategies, and to ensure AMP 2021 currency in the difficult decision making that inevitably lays ahead.

The Medium Term Resources Strategy (MTRS) enables the council to make best use of financial, human, technological and other resources available and to enable the delivery of our Council Plan commitments and continued provision of value for money services that meet the needs of residents, businesses and other stakeholders. The

document sets out the council's strategy to ensure proper financial management and control and to secure efficiency.

Capital strategy / capital programming

The 2018- 2022 Council Plan includes the following key capital commitments of note to the Asset Management Plan:

- to build more council houses and secure new homes at London Living Rent
- to build a new library and GP health centre on the Aylesbury estate
- to open a new, modern leisure centre at Canada Water
- to open a new secondary school at Borough
- to build a new library on the Walworth Road
- to work with the Mayor of London to build a new pedestrian and cycling bridge from Canada Water to Canary Wharf
- to deliver new affordable business spaces
- to open two nursing homes
- to build extra care housing

3. OBJECTIVES & DECISION MAKING

High-value, illiquidity and cost, make planning for property assets a very different discipline compared to those for the Council's other key resources i.e. its workforce, information technology and finance. Inevitably all are closely inter-related. Following from these characteristics the high-level principles that underpin our asset management planning are relatively constant. They can be expressed in terms of ensuring that the estate:

1. Is treated as a corporate resource and managed corporately;
2. Supports the delivery of the Corporate Plan;
3. Is integral and aligned to the efficient and effective utilisation of other resources - finance, ICT and staff
4. Acknowledges the importance of income and capital generated from property assets in the council's planning and ability to run quality services in the future;
5. Is well maintained, compliant and fit for purpose;
6. Is fully utilised;
7. Is suitably located and accessible;
8. Is affordable, cost effective and represents a value for money return on the Council's investment.

First principles

The nature of the asset base, together with significant inward investment and urban regeneration (particularly in the north and centre of the Borough) provides the Council with an effective strategic position from which to direct investment and decision-making to secure sustainable benefits in line with its corporate objectives. Inevitably, deciding which assets our organisation needs is a complex proposition, often driven by major corporate change.

It takes time to reach understanding and make decisions. Lead-in times are a significant consideration in bringing about change. Adding or releasing assets from the portfolio, or redeveloping will frequently involve lengthy and frequently complex transactions. Certainly there are few, if any, “quick wins” remaining. Finally, if the assets are to provide value for money they must be well utilised and appropriately maintained.

High-level asset management objectives

The Council’s fundamental approach to asset management planning and its asset base is set out in a set of high-level asset management objectives, set out below. It is important to note that they apply equally to internal business and in relation to third party transactions. The principles in turn inform the activities described in the Asset Management Action Plan, which makes up the second part of AMP 2021.

1	Achieve a corporate portfolio that is appropriate, fit for purpose, affordable and which contributes to improving operational and service delivery outcomes (sustainable; efficient; fit for purpose; value for money)
2	Contribute to strong communities and support the provision of a network of affordable community run buildings across the borough that meet the needs to local people and provide high value for money for Southwark residents.
3	Act proactively to mitigate against the effects of economic uncertainty and downturn whilst reconciling this with the strategic objectives of the Council
4	Contribute to key regeneration projects through acquisition and disposal activity and use of CPO powers where appropriate.
5	Effective strategic planning of the estate fully integrated into the Council’s business planning processes, developing this further with partner and neighbouring agencies.
6	Constantly review and monitor the operational estate, now against a back drop of fundamental change, to keep the objectives for portfolio relevant to fulfilling corporate goals
7	Manage operational demand for corporate accommodation arising from extensive restructuring across the organisation and the ongoing drive to modernisation
8	Provide flexible solutions to operational requirements to allow for changing future demands in the operational estate (including exit strategy)
9	Respond to changing demand for assets from all parts of the organisation; balancing those demands against resources available
10	Promote collaborative/partnership working to provide efficiencies, either through shared occupational, operational or procurement arrangements
11	Promote environmental sustainability in both existing buildings and in the procurement of new assets in order to minimise costs in use
12	Deliver challenging capital receipt targets whilst maintaining best consideration principles and balancing revenue requirements – accepting that increasingly the council will re-use its assets, particularly in the area of building news homes, rather than releasing surplus property for sale
13	Maintain stock condition, minimise back log maintenance across operational and investment assets
14	Ensure statutory compliance to minimise risk exposure
15	Consolidate property management arrangements at strategic and operational

	levels
16	Maintain a sustainable corporate estate and preserve its inherent investment and utility value through comprehensive facilities management arrangements and a planned preventative maintenance programme.
17	Raise the profile of asset management planning corporately and operationally across the authority and reinforcing the role of the Corporate Property Officer
18	Renew and reinforce structures for asset management planning at corporate level
19	Review and refining systems, data, and performance management arrangements in order to fulfil the growing expectations of them
20	Safeguard the Council's legal position with regard to its land holdings by completing a comprehensive review and registration of title programme
21	Implement strategy for community premises (including asset transfer arrangements), underwritten by sound asset management practices. Consider a range of approaches to heritage properties and their conservation, including facilities management, management agreements with third party organisations and other forms of asset transfer (subject to finalisation of protocol) where appropriate
22	Implement a new Investment Strategy, to include acquisition for regeneration, income generation, and reinvestment in existing assets
23	Manage rent reviews and lease renewals to maximise revenue income, and take appropriate action to minimise the arrears of rent – in each case taking a realistic and pragmatic view of how best to achieve this and its implications for the estate and incomes derived from it
24	Proactively managing the investment portfolio to ensure compliance with lease terms and protect/enhance value
25	Challenge reasons for holding investment property and monitor investment returns and performance
26	Provide effective, professional property advice in support of departmental strategic objectives
27	Stimulate and support asset based commercialisation across the corporate operational portfolio where there is a realistic prospect of doing so

Portfolio management arrangements

Responding on the corporate commitments of the Council Plan, AMP 2021 drives the work planning for the Property Team and Regeneration Teams. This is further defined by the Action Plan for Assets in the second section of the AMP, and filters down to individual teams and officers in locally agreed work plans.

Most activities in terms of developing and implementing asset strategy, corporate property management, running the commercial and investment portfolio and disposals are undertaken by an in-house team. This is supported by a specialist business team, which includes financial, IT and GIS specialists. Consultancy and further specialist advice is bought in from time to time as necessary (and proportionately to the task in hand).

Structures for decision making

Decision making for asset management ultimately lies with Cabinet and championed by the Lead Member for Finance and Resources.

The Director of Regeneration, Strategic Director of Finance and Governance and Head of Property provide strategic and professional advice to the cabinet and its members, and have the necessary delegated and statutory powers to make and implement actions under the council's scheme of delegation.

In the course of decision making and bringing recommendations to cabinet, consultation will be undertaken as appropriate with strategic directors of service departments and their officers. It remains a fundamental principle throughout our asset management planning that assets are treated as a corporate resource and the strategy for them is managed corporately (rather than by departments) with the primary objective of supporting the delivery of the Corporate Plan.

Performance management for assets

In recent years, our performance management for assets has come to look mainly at income, i.e. revenue from the commercial estate and capital from asset disposals, in view of the substantial contribution they make to service funding and programmes. Reports on the performance of the commercial estate are brought to the Cabinet Member for Finance and Resources.

In use, for example, monitoring revenues from the commercial estate, which were seen to be diminishing as income generating properties were released into regeneration and other schemes, caused us to explore ways to recover this position and concluded in the assembly of a new portfolio of higher grade investments from 2016 onwards.

The structure of corporate accounts data and some systems limitations mean that obtaining and reporting information on property spend and maintenance costs is often difficult. For example, corporate accounts in our SAP systems tend to focus at service level, rather than lending themselves to interrogation on a property by property basis.

We will be taking the opportunity of refreshing our estate management systems to review these issues as part of our asset management action plan. One very important set of metrics for us over the next few years will be the efficiency and utilisation of the operational estate (particularly the offices estate), and its cost in operation, as our organisation changes and modernises further and does so at an accelerated rate.

We will agree performance indicators and report to the Cabinet Member for Finance and Resources. We will look carefully, too, at how most effectively to support the Corporate Facilities Management Function at Southwark, and ways to help address recent audit concerns over the monitoring of compliance programmes for operational property.

4. THE ASSET BASE & OPERATIONAL PROPERTY

Quantifying the asset base

The Council owns 35.8% of the 28.83 km2 freehold land within its boundaries, and a further 1.6% leasehold; bringing the total to 11.16 km2, or 37.4%. The extent, diversity and value of these holdings are both significant and strategic in terms of being able to support the aspirations of the Council Plan.

As at 31st December 2019 the value of these property assets was approximately £5.4 billion. This can be broadly broken down according to the classifications in the council's accounts as follows:

Council Dwellings	£3.480 billion
Other Land & Buildings	£1.025 billion
Community Assets	£12.4 million
Surplus Assets	£164 million
Assets Under Construction	£90 million

A more detailed account of the composition of the portfolio is provided in Appendix 3. The assets broadly divide into three groups: operational, investment and surplus. Approximately 80% by value (and floor area) is operational property, which the Council uses to deliver services, with much of this comprised in housing stock alone.

The transitioning of the office estate from an ad-hoc assembly of outdated, inefficient, dispersed buildings into a modern portfolio of well-located assets has helped the council to become a more efficient organization driven value for money and created opportunities for commercialisation with parts of buildings let on market terms to partner agencies. We will now revisit the council's needs in light of the implications of the Covid-19 pandemic.

The significance of the operational office estate, satellite & HQ options

After dwellings and schools the next largest asset class is offices, with more floor space (approximately 112,000 m2) under management than across all the remaining operational asset classes combined. Change here has a large impact in terms of the efficiency of our organisation, potential for revenue savings and capital generation.

Therefore the office portfolio has traditionally and for some years been a key area of focus for the Council's asset management planning. We anticipate that this will continue over the next five years as our organisation changes further, shaped by demand for services, the Covid-19 induced change around the way in which they are provided and what it continues to be viable to deliver in a challenging and much altered operating environment.

Most recently this theme has continued in the assembly and expansion of the Queens Road campus, a group of satellite offices opposite Queens Road station in Peckham. The office holdings here are occupied under a range of tenures; a core of freehold assets and a leased building on terms that provide some flexibility and options for the future.

Going forward we will review how our offices can best support future service provision, addressing also a key project to deliver a new Children's Services hub.

Lessons learned

Some of the principles learned from the office estate have been increasingly applicable to other parts of the operational portfolio. Rationalisation, efficiency and opportunities for commercialisation are all increasingly relevant, more so in fact, across the entire portfolio.

It is important that the scale of the Council's property portfolio is proportionate to the resources available to maintain it in a fit state of repair, preserving its utility and asset value. The growing challenge is to ensure that financial pressures do not lead departments to seek out unsustainable property based "fixes" for service budgets, which miss the bigger corporate picture, impair asset value in the long term, or overlook maintenance and statutory compliance necessities. These latter aspects are looked at in more depth below (see "Towards a corporate landlord model").

Operational Estate – Corporate Facilities Management

CFM is responsible for ensuring the council buildings are maintained and are statutory compliant. This is a sizeable undertaking, managed by an in-house team, with significant reliance on external contractors.

With two large facilities management contracts expiring in 2020 the council has reviewed how it will deliver these services in the future. With the collapse of Carillion and profit warnings from other large firms in the outsourcing sector, particular attention has been given to assessing the risks associated with large single provider outsourced contracts.

A total facilities management (TFM) model was originally considered to appoint a single supplier to deliver all FM services. However, due to the risk of disruption to service delivery (in the event of supplier failure), it was concluded that a TFM model may not be the best solution to meet the council's operational requirements. The decision was taken to divide the hard FM and soft FM into two separate contracts (to be awarded to separate suppliers) and bring some of the services in-house.

Hard FM services include planned preventative maintenance, reactive maintenance, statutory compliance (such as fire and water risk assessments) and small works projects. Soft FM services include the help desk, cleaning services, pest control, security services (fixed and ad-hoc), confidential waste, vending services and inter-site mail. Both hard and soft FM services are provided to the core operational (such as Tooley Street, Queens Road and Bournemouth Road) and non-residential (which consists of the non-housing estate, anchor care homes, parks and office accommodation) buildings.
http://moderngov.southwark.gov.uk/ieIssueDetails.aspx?IId=50017110&PlanId=0&Opt=3#AI50129

Towards a corporate landlord model?

To enable corporate facilities to support the operational estate and long term ambition is to operate under a corporate landlord model, this is where departments handover the management of buildings to the corporate facilities management division.

Corporate facilities management propose a revised methodology, which is for departments to strategically manage their operational portfolio supported by corporate facilities management, who will provide life cycle capital investment planning and targeted investment, ensuring capital monies are invested wisely, planned and reactive maintenance, compliance risk assessment programme and associated remedial works.

This approach will reduce risk and ensure buildings are maintained to a corporate standard through the proactive use of corporate facilities management contracts overseen by facilities management officers.

5. COMMERCIAL PROPERTY

Rent from commercial property assets is a crucial funding source for council services. The Portfolio consists of non-operational commercial, industrial and miscellaneous property holdings that generate income.

The combined net rent roll from the currently stands at £21.3 million, following a number of strategic additions to the portfolio between 2016 and 2020. However, collection rates have been severely impacted by Covid-19 closures and impaired trading conditions for a number of tenants, which is driving both consideration of how as a landlord of commercial premises we can best support tenants and their businesses, but also what structural change may be accelerated as a result of town centre and business district change, localism and the drive for the “15 minute city”, new shopping patterns, channel migration online, etc.

Our estate managers maintain dialogues with affected tenants, seeking to mitigate Covid-19 impacts, though the agreement of deferred rents, and lease restructuring for example. Unlike some councils Southwark has not adopted blanket rent free periods as a broad brush means of supporting tenants, although every case is treated on its own merits according to agreed assessment criteria and hardship.

Commercial property review

A comprehensive review of these assets undertaken in 2016, including the rationale for holding them and the importance of the incomes produced continues to guide the management of the portfolio today:
http://moderngov.southwark.gov.uk/ieDecisionDetails.aspx?ID=6004

As a result the last few years have seen significant changes in the portfolio, in particular the acquisition of several investment grade assets to replace those removed from the portfolio as a result of regeneration. Looking ahead we expect the completion

of several of the council's residential-led development projects to produce new commercial assets to be brought into management and our property managers work closely with project managers to ensure that the new space will be viable and sustainable.

The above is not to overlook the contribution (in financial and wider local economic and community terms) of the council's traditional portfolio, including high street shops including East Street and the Blue, shops providing local facilities on housing estates, and business estates such as Tower Workshops in SE1. We know that these are difficult times for high street retail and we continue to manage the portfolio pragmatically with this in mind. Importantly this part of the portfolio provides retail and business accommodation which, by its nature, is let at some of the most competitive rents and on the most flexible terms in the borough.

The possibility of new uses and new ideas are tested through meanwhile uses. In the business sector the provision of affordable workspace is facilitated in a range of planning and regeneration led development schemes.

High Streets and Shopping Parades

A significant amount of the council's traditional commercial portfolio is made up of shops, frequently in small community focused parades, totalling 450 units with an annual rent roll of £10 million.

Many of these are of poor investment quality, but nevertheless perform an important role in providing locality based facilities for residents and visitors to the borough. Whilst these properties may not exhibit the economic characteristics of larger shopping centres, they are not immune from wider economic forces and, in particular, to consumer demand, changing shopper behaviours and alternative purchasing channels. Inevitably regeneration will be a factor here also, as town centre hierarchies come to be redefined and redistributed.

The Council plan makes a clear commitment to "Help Southwark's high streets and neighbourhoods to be thriving and vibrant, seek to achieve full occupancy and encourage residents to shop local to deliver a 15-minute city". A new Town Centres and High Streets Action Plan is being brought forward by the councils Economic Development Team, responding to the economic challenges arising from the Covid-19 pandemic, as part of the council's wider Economic Recovery Plan. We will look carefully at how the council's assets can contribute, having regard also to wider landlord and tenant considerations and the council's fiduciary obligations.

Estate Management Plans, flexible tenancies and meanwhile uses

We have always looked carefully at the tenant mix in our high streets and other shopping locations. The 2016 strategy explains our approach further. Increasingly we have looked to more novel ways of using shop premises, and other vacant premises, in locations where it may be time to test fresh approaches, whilst doing all we can to support retail uses rather than extinguish them.

The council already adopts a pragmatic approach to letting difficult-to-let units and having regard to local need. The policy basis for this is, again, the commercial property asset management plan. It is being applied to good effect in the Blue Bermondsey and, where certain criteria are met, in other locations that might benefit from "meanwhile" uses and highly flexible lease terms (Tenancies at Will, for example). Criteria for introducing "meanwhile" uses include:

- New ideas (or older ones in new locations) that are demonstrated to be viable and sustainable over their projected lifetime;
- At least cost neutral for the council;
- Incoming tenant to ensure that that premises are safe, secure and statutorily compliant;
- Achieving an element of benefit to the local community, for example; meeting spaces, informal training and learning spaces, temporary rehearsal spaces, pop-up shops and exhibitions, and so on, where it is feasible to do so;
- Alignment with the Council Plan;
- Consistency with longer term asset strategy – commercial letting, alternative use, redevelopment etc.;
- Engender positive perceptions of a locality by signalling activity, security and vibrancy, instead of a boarded up building;
- Supporting existing (i.e. resident in the borough) VCS and smaller charity organisations in funding crisis, where there is a reasonable expectation of sustainable recovery.

Moving into the post-Covid recovery stage we will review which of our high streets and shopping parades can best benefit from the introduction of specific Estate Management Plans, and the criteria for doing so. Typically this might include new investment (in line with the strategy set out in AMP 2021) in existing retail premises to support marketability, the use of flexible rents and lease terms, to stimulate letting activity, achieve full occupation, coordinating a more beneficial range of use for the community and a better mix of shops reflecting local needs.

Across the portfolio we will work with community groups to identify assets that could be used to support community work or activity, including exploring short term use of buildings that are vacant.

Securing vacant properties pending sale, regeneration, etc.

Meanwhile uses provide us with a useful means of safeguarding empty premises while they await re-letting, sale or alternative use. Dedicated security services in the same circumstances are expensive and have in the past given rise to concerns around London Living Wage issues. Like a number of other landlords we have, in a limited number of cases, entered into security contracts with Guardian companies to provide an alternative security service.

Although this applies across a very small number of buildings only, and will continue to do so for the time being, to satisfy ourselves that these arrangements represent

value for money, are appropriate to the council's legal and social interests as building owner, and are provided by suitable firms that are adequately regulated by the industry they operate in.

Aligning with Healthier High Streets commitments

We periodically review our standard lease documentation to ensure it supports corporate objectives and reflects current law. During 2021/22 we will undertake a further review to check that that the Council Plan's aspirations continue to be fully supported, so far as we can do so in the context of lease contracts and Landlord and Tenant law. A key consideration in terms of the commercial portfolio will be alignment with the 2019 Cabinet approved Healthier High Streets policies and embedding the building blocks of healthy high streets:
http://moderngov.southwark.gov.uk/ieDecisionDetails.aspx?AIId=55296

As a socially responsible landlord some uses will always be undesirable in our commercial portfolio. In 2015 it was resolved that there should be no new loan shops or gambling establishments in council owned buildings (see "Promoting a Vibrant, Sustainable Retail Estate Aligned to Local Need")
http://moderngov.southwark.gov.uk/ieDecisionDetails.aspx?ID=5332.

AMP 2021 now extends the ambit of these restrictions to include fast food premises, in line with previous Council Plan commitments regarding these uses and the corporate commitment to eliminating health inequalities. We have also reviewed what should be advertised on the council's small portfolio of advertising opportunities (sites let to third party operators to erect hoarding and let advertising contracts). There are already a number of restrictions around what can be advertised and these are extended to include High Sugar Salt and Fat foodstuffs in line with GLA / TfL advertising policy, and no alcohol.

Contributing to strong communities

The commercial portfolio includes a number of properties let to community and other third sector group occupiers, The 2016 AMP for commercial property outlines the management arrangements for these assets and the pressures facing the sector (although it should be noted – see "Great Estates opportunities" below - that the council's tenant and resident halls are managed separately as part of the good and inclusive management of the council's housing stock).

To support the provision of a network of affordable community run buildings across the borough that meets the needs of local people and provide high value for money for Southwark residents these buildings will be reviewed, to ensure they are efficient and affordable; including rationalisation that will help achieve these objectives.

Great Estates opportunities

We are also keen that the commercial portfolio should participate in and benefit from the holistic improvement programmes arising from the councils Great Estates pledge. For example:

- Improving the overall environment by incorporating retail and other non-residential units in estate improvement programmes. Currently blocks of dwellings might be subject to works, but the retail units under or adjacent to them are often left untouched;
- Acknowledging that in some cases the best option is alternative use, such as hidden homes;
- Better utilisation and publicising availability of community facilities on estates, such as Tenant and Resident Halls, to extend the offer to as wide a range of community interests as possible;
- Neighbouring investments to lever in investments in soft improvements – communal environment, opportunities for tenure integration and equality within and between developments - to estate environment in line with case studies in the Great Estates Guide

Asset creation though regeneration

Planning requirements frequently see the inclusion of retail, employment and community uses within schemes delivered through the council's building programmes, to be delivered before the end of 2022:

Project	**No of units**	**Potential end use / floor area**	**Expected Hand Over**
Manor Place, SE17	3	A1 Pharmacy/ shop (85 m2); A3 (285 m2); B1/D1 Health Centre (745 m2)	June 2022
Braganza Street, SE11	3	B1 Work space (428 m2)	June 2022
Albion Civic Centre Site, SE16	5	A1/A3/A5/B1/D1 (426 m2)	March 2022
345 Southwark Park Road, SE16	2	B1/D1 (435 m2)	August 2022
Peckham Library Square, SE15	3	Gallery (255m2); Gallery Storage (86m2); Office/retail (82 m2); B1 (201 m2)	March 2021 - November 2021
Flaxyard, SE15	2	A1/A3/A4 (247 m2)	June 2022
Old Kent Road, SE1	3	A1/A2 (TBC)	December 2021
Park House Street, SE17	2	Commercial/ Employment use (1091 m2)	November 2021

Where this is the case, we ensure there is an early opportunity to shape the space being provided with a view to optimising the investment or operational potential of these new assets, as appropriate. For commercial assets, our estate managers input on design, leasing options and marketing strategies to ensure that the end product makes a full contribution to the vitality and sustainability of the portfolio and the locality in question.

Affordable Business Spaces

Southwark's Council Plan makes a clear commitment to strengthen and diversify the borough's economy and its cultural heart. A full employment borough, a vibrant Southwark and ensuring that the benefits of the digital revolution are realised at local level are all key themes in the Fairer Future promise.

The focus is on new and emerging, smaller ventures in the business and creative sectors; acknowledging the important role that each has to contribute within the borough and across London. These are challenging aspirations and we are reviewing our strategic approaches to delivering affordable workspace. This will assist us in targeting what type of space to provide, where this should happen. We will rely on partners and investors outside the council to deliver the schemes we will facilitate, using a combination of planning-led and regeneration-led delivery models.

Holding cost pressures - maintenance & compliance backlog

A significant proportion of the estate is ageing and faces considerable quality and backlog maintenance challenges. In short, we need to spend money to preserve the value, utility and safety of our assets. A primary concern here is in the area of statutory compliance. Ensuring that our commercial buildings are compliant with an ever-increasing raft of statutory requirements has created growing holding cost / net income pressures.

As a landlord, the council is under a duty of care to ensure that the premises we let do not give rise to damage or unmanageable risks for tenants (notwithstanding the distribution of obligations in lease agreements) and neighbouring occupiers. Inevitably many of our shop units are underneath, adjacent or otherwise close to council housing.

Last year we procured detailed inspections of the highest risk uses within the portfolio by external consultants, including restaurants, takeaways, launderettes and premises storing flammable goods (e.g. nail bars). This has identified the need for various works (primarily by tenants) and these are being managed through lease obligations. We are now expanding on the programme, acknowledging the need for specialist advice, over and above a traditional estate management inspection.

6. INVESTMENT & LAND ACQUISITION STRATEGY

Introduction

The council has a strong track-record of promoting investment in its borough, securing major schemes such as the Elephant and Castle regeneration through the strategic use of its own asset holdings. Increasingly the Old Kent Road area and Canada Water peninsula have emerged as the borough's pivotal areas of transformative change and investment for the future.

The emphasis of our investment activity is in acquisitions for home building, for other strategic purposes that directly or indirectly support the aspirations of the Council Plan, and providing social infrastructure. AMP 2021 formalises a robust approach to property asset investment decisions, and promotes the adoption of a new **Investment Strategy**.

The Strategy sets out a structured framework for direct investment in real property assets which will support the achievement of the council's corporate objectives, and deliver sustainable revenue streams where required. It promotes the establishment of a strategic **Asset Investment Board**, made up of officers, members and external specialist advisors as necessary to provide the necessary governance, direction and oversight in investment processes. Transparency will be a key factor also and this will include the predication of an annual Asset Investment Report outlining investment activity and performance against investment goals.

In the current financial climate AMP 2021 anticipates undertaking only essential investment in strategic priorities, which the council can afford and our appraisals conclude to be the preferred option (compared to "do nothing", invest in a higher priority, alternative use, disposal, etc.).

Recommendations for all of our largest investments will be accompanied by Equality Assessments to identify how they will assist the council in achieving its commitments on Southwark Stands Together and in its wider equalities work.

Strategic criteria for investment

In making decisions about future or ongoing investments, the AMP 2021 sets out a number of initial strategic pillars under which proposed investments must fall. These align directly with the council's corporate objectives.

Affordable housing supply - 11,000 new homes, empty homes and temporary accommodation

The purpose of the council's New Homes programme is to maximise the supply of affordable housing, as far as programme viability allows, to meet unmet housing needs of Southwark residents. This includes 14,000 households on the Housing Register and 3,500 families in temporary accommodation.

The framework in which the council will deliver new homes and address the lack of truly affordable housing being delivered in the private and other sectors, has been approved by Cabinet in "Routes to 11,000: A New Council Homes Strategy for Southwark"(http://moderngov.southwark.gov.uk/ieDecisionDetails.aspx?Id=7057). Based on this strategy a three year rolling action plan has been developed to implement the strategy and to respond to the changing opportunities and challenges.

Despite a 50% minimum council homes building requirement on all council land developed for residential purposes, the council does not own enough developable land to achieve its key objective of building 11,000 new homes. To bridge this resource gap, it continues to be necessary to acquire new sites, or otherwise add properties to the stock of dwellings that are available to let.

Therefore, under its New Homes Programme the council is proactively building a strategic land bank for developing 11,000 new council homes. In addition, depending on available resources and housing need, the council considers itself a counter-cyclical enabler of housing development during economic downturn. Preferred value-for-money acquisition opportunities to safeguard future pipeline for affordable home supply include:

- Complete or under construction residential developments that are i) struggling to find their intended market, and ii) adhere the council's New Homes Design Guide and standards for quality durability and manageability.
- Sites without planning permissions.
- Windfall sites, including One Public Estate sites with other public sector agencies that enable green growth, provide new community benefits and new routes to affordable housing.
- Multi-site lots/bundles of smaller sites or airspace rights across a wider estate.
- Sites adjacent to council land holdings.
- Sites that lend to providing specialist housing, including housing for senior residents.
- Sites that unlock other sites.
- Sites that support the wider programme viability of the council house-building programme.

In some cases a further output of our New Homes programme (and source of new funds for reinvestment) are homes to sell on the private market. This represents a relatively new direction for the Council. We are developing our strategy and have appointed consultants to assist us in this."

Securing economic and infrastructure investment

Whilst Southwark has an ambitious housing delivery programme, we also wish to acquire properties that have high economic value in terms of a return-on-investment over a long period of time (such as the investment options at Canada Water).

Equally, we would like to consider strategically important investments, which help to secure the achievement of Council objectives (such as sites along the OKR supporting protection of the Bakerloo Line extension route).

Consideration is also given to investment in new income generating assets to fund council services, and reinvesting in existing assets where there is a compelling business case to do so as part of effective asset management planning.

This also includes development properties that generate substantial incomes in their existing use (our Tower Workshops and Old Kent Road holdings, for example) but

will be released into regeneration schemes at a future point. Regeneration may in turn, after extinguishing or reducing an existing income stream, result in the creation of new income generating assets for the council. To allow property financial planning it is important that the dynamics of the income flows are fully understood and consistent with agreed strategies.

The council will continue to consider investing prudently on a commercial basis and to take advantage of opportunities as they present themselves. At no stage is the objective to support values in weakening markets, through bad investment decisions, selling for too little or paying too much to acquire assets.

Securing sustainable, high-quality employment opportunities, and industrial policy as part of the Green new deal

Over the last two years, we have made great strides in working towards making Southwark a full employment borough. However, we know that the economic climate was already fragile, and this has only been exacerbated by Covid-19, with more individuals in precarious employment, or left in the position of losing their jobs and livelihoods.

We have ambitions to help 5000 people into work, and guarantee access to employment, training or volunteering for every school leaver. Investment opportunities that help to support these ambitions will be welcomed.

The council will support investments in new enabling infrastructure that can stimulate new sector and place-specific economic activity, with investments framed to maximise local apprenticeships and job opportunities (in line with the Mayor's Good Work Standard).

Delivering a sustainable response to the climate emergency

Southwark declared a climate emergency in 2019, recognising that this is one of the biggest issues affecting our borough, the country and the world. The climate emergency has a direct impact on Southwark residents and the situation requires urgent action at all levels of government, business and individuals. It is our ambition to continue to go further to tackle the climate emergency, putting the environment at the heart of everything we do as a council.

Investment opportunities that allow us to positively respond to the climate emergency will be welcomed. The council will not make investments in its assets that do not match its commitment to meeting Carbon Net Zero. This will be measured by identifying whether every investment we make can achieve Net Zero in its operation by 2030.

Assessing investment opportunities

In assessing each investment opportunity, the council has developed a structured process that will be followed, ensuring that we are taking a considered, strategic and measured approach to future acquisition. It is recognised that whilst the underlying principles are unlikely to change, the detailed criteria and weight attached to them can be expected to change over time; and in some cases according to the nature of the

investment proposition under consideration. Therefore, we will keep the methodology under review and refresh it from time to time through agreement with the Asset Investment Board.

This new process has an evaluation at each stage, and if a proposed investment does not reach the required threshold, as set out, it will not be considered further.
here are four key stages to the process, which we set out in more detail below.

1. **Strategic fit / focus**

   Does the proposed investment align with Council Plan commitments or Council strategic priorities? This includes delivering new homes, securing economic and infrastructure investment, securing sustainable, high-quality employment opportunities or delivering a sustainable response to the climate emergency.

2. **Feasibility**

   Are the proposed investment acquisition and our plans for them realistic propositions, including due diligence and funding considerations (utilising a mix of funding sources – reserves, disposal revenues, Public Loan Works Board, etc.).

3. **Value for money / risk**

   Does the proposed acquisition provide value for money? Subject to careful due diligence (valuation, compatibility, capacity to deliver the scheme and reputational, based on an informed view of property specific and site risks) the council may decide to consider a moderately higher level of risk for strategic initiatives, where there is a direct gain to the council's revenues or the ability to deliver its statutory duties more effectively and efficiently. Investment in purely speculative development is excluded.

4. **Maximisation of opportunity**

   Does the proposed acquisition have planning consent for redevelopment? No planning consent maximises opportunities to build new homes, schools etc. and social infrastructure, and to achieve Council House Design Standards over and above planning policy requirements. Sites with existing consents are considered only where there is an overarching service requirement that cannot otherwise be fulfilled. For the same reason the appraisal process is strongly weighted in favour of freehold ownership, with full flexibility for future asset management and decision making.

Below we set out the full process which will be followed for each new investment under consideration.

Criteria	Order of priority	Considerations	Proceed to next stage?	Business case including detail of how the criteria would be achieved and any mitigating factors*, additionality** etc.	Points available (range /10)	Points allocated	Weighting this section	% score
Does the proposal clearly deliver agreed corporate priorities (see AMP Action Plan) AND fall within the strategic priorities for investment (see below)?	**1**	a) yes - one or more performance measures in the corporate plan would be delivered, without conflicting with any other measure. The proposal falls within one of the strategic priorities for investment. The proposal matches the council's commitment to meeting Carbon Net Zero.	**Yes**	**Note:** in the case of proposals to invest in existing assets the business case will need to include a comparative assessment of the options available. These should include "do nothing", "lighter touch" and disposal using the same criteria, prioritising the Value for Money criteria. For income generating assets see also Appendix 2 below. New buildings must be highly energy efficient, with all remaining energy from on site and/or off site	9-10	0	25%	0.0%

		b) partially - the proposal aligns with / supports one or other principles of the corporate plan, but does not specifically deliver a recognised performance measure **OR** causes the achievement of another performance measure to be diminished. The proposal falls within one of the strategic priorities for investment. The proposal matches the council's commitment to meeting Carbon Net Zero.	**Yes**	renewable sources by 2030	7-8			
		c) the proposal does not satisfy a) or b) above, but mitigating factors should be taken into account as presented and evaluated in the business case	**Yes**		4-6			
		d) not fulfilled	**No**		0-3			
Is the proposal viable - is the investment affordable? **I**s it realistic to expect that the	**2**	e) yes - it can be clearly demonstrated that the proposal can be delivered within required timescales and budgets / resources	**Yes**		9-10	0	25%	0.0%

objectives of the investment are fully deliverable, in line with the business and financial case agreed at the outset and appreciating the level of identifiable risk attaching to the project?		f) yes - it is reasonable to expect on the information available at the time of assessment, that the proposal can be delivered within required timescales and budgets / resources	**Yes**		7-8			
		g) the proposal does not satisfy e) or f) above, but mitigating factors should be taken into account as presented and evaluated in the rationale.	**Yes**		4-6			
		h) not fulfilled	**No**		0-3			
Does the proposal deliver value for money - i.e. over the life of the scheme, including for example in the case of development sites, any commerical incomes generated during the holding period prior to development	**3**	i) yes - it is demonstrated to represent the best balance of value and risk when compared to relevant benchmarks identified and other options **appraised OR** this is the only means of delivering the required outcome. In the case of investments in existing assets a required return on capital of x% shall be achievable.	**Yes**		9-10	0	25%	0.0%

		j) yes - but other options could deliver the required outcome or a similar range of outcomes. In the case of investments in existing assets a required return on capital of x% shall be achievable.	**Yes**		7-8			
		k) the proposal does not satisfy i) or j) above, but mitigating factors should be taken into account as presented and evaluated in the rationale.	**Yes**		4-6			
		l) not fulfilled	**No**		0-3			
Does the proposal maximise current and future opportunity and flexibility?	**4**	m) T&C Planning flexibility (sites without constraining existing consents) **AND** unencumbered freehold interest	**Yes**		9-10	0	25%	0.0%

		n) Sites with constraining existing consents only where there is an overarching service requirement that cannot otherwise be fulfilled **AND/OR** freehold interests with limitations on title **OR** leasehold interests that will accommodate the proposal whilst still representing value for money and allowing an acceptable level of flexibility for future asset management and decision making (consider user clause, duration of lease, etc.)	**Yes**		7-8			
		o) the proposal does not satisfy m) or n) above, but mitigating factors should be taken into account as presented and evaluated in the rationale.	**Yes**		4-6			
		p) not fulfilled	**No**		0-3			
					Total	**0**	**100%**	**0.0%**
					Minimum score required			**50.0%**

* Mitigating factors - these will be proposal specific and need to be considered with regard to the four criteria and their order of priority above.

** Additionality - including, for example, opportunities for land assembly, recognising the potential to merge sites with nearby council land and the potential for the constructive use of statutory powers to acquire land. Advancing the council's corporate responsibilities and achieving the objectives of the Council Plan.

7. REGENERATION

The council's ambitious area based and social regeneration programmes determine the focus, scope and scale for our asset management activities; from site assembly, through alternative use and investment to the provision of new assets. The dynamics involved rebalance the location, quality and composition of our asset base. Meanwhile, as the preceding section illustrates, it is the council's assets that have frequently been the drivers behind the achievement of far larger objectives that the council, acting in isolation, could not realistically deliver.

Place and Wellbeing

Southwark Council has long understood the importance of place on health, community empowerment and economic productivity. There is increasing recognition that traditional economic measures of success are not capturing the value of a range of important deliverables more closely aligned to what really matters at a community level. The council has moved towards seeking out a more common currency of place, wellbeing and social value:

- **Ensuring regeneration works for everyone:** working with communities, developers, and partners within and outside the council to ensure that all communities benefit from changes in the borough, maximising opportunities to promote wellbeing, improving the public realm, building communities, and creating robust infrastructure;

- **Building strong, resilient and cohesive communities:** strengthening and modernising the way the council connects and interacts with local communities, and work with our partners to promote asset based community development;

- **Promoting health, wellbeing and addressing inequalities:** working with health, care, community and other partners to improve health, wellbeing and tackle inequalities for all of Southwark's residents;

- **Ensuring decisions are based on better data, evidence and intelligence:** data and information to inform decision-making, policy development and the way we deliver our business. We will promote digital approaches and innovation to improve impact, reduce costs;

- **Creating pride of place for our borough:** work with partners within and outside the council to ensure Southwark is the best place to live, work, play and learn and be economically productive.

Milestones

We summarise below our key asset led achievements, where good asset management has been successful in driving change. In turn these provide a valuable perspective of the scope, scale and complexity of the undertaking ahead.

For ease of presentation these achievements are broken down functionally as asset management, regeneration and capital projects. More so for the years ahead these same categories translate at a fundamental level in to the following propositions for our asset management planning to internalise, shape and deliver on:

Asset management:	Building on existing assets and emerging economic strengths;
Regeneration:	Identifying and bringing forward appropriate sites for commercial development and social regeneration;
Capital Projects:	The responsible and pragmatic use of public sector financial resources

Asset Management

- Generation of £140 million in capital receipts projected by year end, supported by regeneration teams. This is the principal funding resource for the council's capital programme which pays for the libraries, leisure centres, schools and parks all benefiting our local residents.

- The most proactive acquisitions programme in years, supported by regeneration teams. Purchase to date £100+ million of property for investment, strategic delivery of social infrastructure (e.g. schools) and affordable housing for council homes.

- Statutory valuation processes, financial reporting and estate management workflows transformed though implementation of innovative, bespoke IT solutions developed in-house.

- Unlocked new incomes through thematic portfolio review – an additional £700,000 per annum from the telecoms estate; whilst also expanding the infrastructure for broadband connectivity across the borough and particularly for the Rotherhithe peninsula.

Regeneration – South of the Borough

- Compulsory Purchase Order (Aylesbury) Public Enquiry and subsequent confirmation of the CPO by the Secretary of state – seen as an industry test case for estate regeneration the team successfully put the case for estate regeneration forward which was accepted both by the independent inspector and the Secretary of State. This means that

vacant possession can now be granted on the next phase of the Aylesbury regeneration which will deliver approximately 850 new homes with construction starting in the spring

- Opening of Mountview Theatre School in Peckham Square – A suite of statutory consents, agreements and finance was required to facilitate the delivery of the theatre school which has one of the most extensive community/outreach programmes of any cultural organisation.

- Opening of Peckham Palms – a commercial hub dedicated to afro/Caribbean hair and beauty. Not only providing new high quality accommodation for businesses which have had to move from Peckham Station to facilitate the creation of a new public square but also business support to ensure that the businesses flourish

- Facilitating the return of Dulwich Hamlets Football Club to Champion Hill – Complex triparty negotiations between DHFC and Meadow Partners (owners of the stadium) which has enabled the club to return to its home at Champion Hill with the first match to be played on Boxing Day 2018 as well as the development of a training/community pitch on the adjoining Greendale

- Significant land acquisitions on the Old Kent Road to guarantee the delivery of the social infrastructure required for a successful neighbourhood.

Regeneration – North of the Borough

- Completion of the Master development Agreement on Canada Water – This is the agreement between the council and British Land which will facilitate approximately 5 million square feet of development over the next 15 years (subject to planning). A highly complex and initiative agreement which ensures the council benefits financial as the area is transformed with significant investment rights into the project it also secures a new public leisure centre in phase 1 and the option for the council to purchase homes for social rent.

- Completion of Walworth Square and installation of the new war memorial – Commission delivery and installation of Southwark's new war memorial in the newly created Walworth Square. Delivered on time and within budget it was dedicated as part of the centenary marking the end of the WW1.

- Adoption of the Social Regeneration Charter for Canada Water – development and formal adoption of the SC charter for Canada water in partnership with British Land ensuring that local residents benefits from the £5 billion of investment which will be secured in their neighbourhood.

- Winning support and necessary approvals to redevelop disused garages at Perronet House into affordable retail to support businesses at the E & C. This

scheme not only provides opportunities for traders in the E & C shopping centre to be relocated but also value for money shopping for local residents

- Development of a framework for significant investment in St Thomas Street East which will see over £1 billion of investment creating a new business district and 10,000 plus jobs. Working alongside colleagues in planning and 4 different land owners developing a comprehensive holistic approach to ensure best practice place making is applied to a joint vision.

- Facilitated with colleagues in planning the redevelopment of London Bridge Station and the building of the London School of Contemporary Music and the Science Gallery with St Thomas Square.

- Supporting the local economy and delivery of public services in our regeneration areas. Terms have been agreed for new Walworth Library and heritage centre on Walworth Road.

Capital Projects

- Peckham Rye Regeneration – creating quality play facilities for children to enjoy. Projects opened in time to be enjoyed during the long hot summer holidays.

- Cherry Gardens School – completion of a fantastic new Special School for some of our most vulnerable children offering 95 places and space for an Outreach services. The schools boasts a range of special features including Hydrotherapy pool, a new nursery, high quality teaching areas and external play areas facilitating best practice in special education.

- Opening of RIBA London award winning facilities in Albion School, Belham School, Grange School, Charles Dickens Schools.
- Securing Building Design Award Client of the Year 2018 and Building Design Best Education scheme for Bellenden School

- The first phase of Charter School estate Dulwich completed and handed over to the school as well as facilitating the start of site of the Dulwich Health Hub. Children will begin their new term after Christmas at their new school - a £48 million investment into a brand new school ensuring our children do have the very best facilities and start in life

- Delivery of Sumner road housing development – the council's largest house building project delivering 80 council homes plus 42 homes for sale as well as a community centre.

Old Kent Road

The Old Kent Road regeneration is an ambitious 20 year plan for the delivery of 20,000 homes, 10,000 new jobs and a revitalised town centre. It will deliver new parks linking the Greener Belt, schools and the benefits of social regeneration for all.

The plan proposes to mix employment and residential uses at a scale not seen before in London or the UK. An innovative blend of industrious uses alongside new homes that create truly mixed use neighbourhoods and deliver a minimum of 35% affordable housing. The aspiration is to make Old Kent Road an inviting place to both live and work, "a civil and humane community in which old and young can flourish together". For more information see https://oldkentroad.org.uk/

8. ASSETS HELD FOR SALE & DEVELOPMENT

The resurgence of council house building has fundamentally changed the landscape for asset disposals in most local authorities. Southwark is no exception.

The council's commitment is to provide high quality homes for those on a range of income, which are flexible to peoples housing needs as they change over time, while enabling existing communities to have a future in the borough (it has been noted in the Investment Strategy section of the AMP that, despite the extensive land holdings within the council's control, it is insufficient to deliver the council's house building targets.

For the first time in decades land ownership and building resources, rather than debt funding have become the limiting factor in delivering capital development programmes. It is unlikely that the council will build all of the 11,000 new homes it has committed to deliver by 2043 on land it currently owns. Instead it may decide to invest in the purchase of more land, or enter into partnership arrangements, or buy completed units of accommodation for occupation by council tenants in affordable tenures.

Delivering new homes

The council's vision is to lead the way in providing good quality homes for people on a range of incomes, including building 11,000 new council homes, one of the most ambitious council house building programmes in the country:

- 11,000 new council homes by 2043, (2,500 of these by 2022) and hundreds more shared ownership properties;
- 20,000 net new homes in the next ten years of which 7,000 will be affordable homes, ensuring these are genuinely affordable to our local residents;
- Unlocking a number of housing sites in key locations across Southwark such as Canada Water and Old Kent Road;
- Working in partnership to develop good quality, well managed privately owned and rented homes.
- On council land 50% of new dwellings built will be affordable.

Building, exchanging participating and replacing – rarely selling

In allocating land and buildings that has become surplus to the council's operational or investment requirements the following scheme of prioritisation is applied to support the commitment for more and better homes:

1. House building to provide a range of tenures including social rent;

2. Where sites are unsuitable for residential development in planning use and viability, their ability to contribute to the achievement of other Council Plan commitments, (providing affordable workspace throughout the borough, for example) and alternative, sustainable operational uses is appraised;

   This includes whether buildings are listed and require substantial investment to ensure their future. Heritage assets in particular are challenging for the council to maintain sustainably. They often have specific investment requirements and as an owner there are particular requirements placed on the council. Examples include Walworth Town Hall and Kingswood House.

3. Disposal.

Therefore assets that might once have been sold to generate capital receipts (for reinvestment according to corporate priorities) are deployed instead for direct development and regeneration in partnered schemes to provide new homes in a range of tenures. Inevitably this reduces incomes from this source.

Outlook for capital receipts

In view of the important role receipts from asset disposals play in funding the capital programme, they are closely monitored and reported periodically (to the Lead Member for Finance, Performance and Brexit and the Strategic Director of Finance & Governance) to ensure alignment.

Looking forward the picture is more uncertain. Even aside from the factors discussed previously, the easy deals have all been done; their proceeds have been banked, programmed and spent. Typically these would involve land sales, the disposal of redundant buildings and the selling of vacant residential "street" properties, which were difficult and expensive to manage (and occupy) in housing management terms. Overage payments (contractual payments, post-completion triggered when specified sales or planning targets are met) had also made a growing contribution to these figures in the last 5-10 years.

From 2020 onwards, not withstanding the impact of Cvoid-19 on property markets, we have seen receipts begin to decline as the effects of redirecting surplus assets into house building programmes start to be seen. We will monitor the position carefully, to inform capital programming.