Key Messages:

● The RBK asset base represents a liability of c.£57m over the next 5 years (£11.4M pa).

● This is a significant liability, but unit costs (£psm per annum) are relatively low.

● RBK must, therefore, rationalise its asset base significantly to achieve savings.

● The asset base is fragmented and a clear approach to delivery and a robust delivery platform is therefore essential.
Content

1. Asset Strategy Vision
2. The Need for a New Approach
3. Context
4. Guiding Principles
5. Key Themes & Cross-Cutting Goals
6. Objectives
7. Key Considerations
9. Achieving the Objectives (including Scenario Testing)
10. By 2018 ..... 
11. Asset Strategy Reference Material
Asset Strategy Vision

The Royal Borough of Kingston upon Thames Council published *Destination Kingston* in 2012 to set out its vision for a Borough:

- which has a national reputation as the best place to live and work;
- where residents are confident about the future – a place where things happen;
- where residents consider the services that matter the most high quality;
- which has an outstanding reputation for innovation, engagement and designing services with users.

This vision is underpinned by the *One Council* and *One Kingston* programmes. The *One Council* programme was established in 2009 to enable the Council to transform its service and organisational model and to meet the financial challenges it knew lay ahead. The *One Kingston* programme, commissioned in 2011, built upon the *One Council* programme, and defined the projects required to deliver the *Destination Kingston* vision, including the requirement for an over-arching Assets Strategy.

This Asset Strategy has been created to support and complement the *One Council* and *One Kingston* programmes, and to help deliver the *Destination Kingston* vision. The Asset Strategy will enable a clear and consistent approach to be taken to managing all property related issues across and within the Council’s key functional and strategic priority areas. The Asset Strategy considers all of the Council’s property assets, apart from Housing Assets, which are managed through the Corporate Landlord function but classified separately.

#### .... a means of re-shaping the Council’s portfolio to create a robust platform for the future, striving to:

- utilise the asset base to drive service improvements and efficiencies;
- ensure the portfolio is fit for purpose (meet Council and community needs);
- maximise capital and revenue income for the Council from the portfolio (across the operational and investment portfolio);
- leverage the Council’s asset portfolio to support the delivery of regeneration priorities.

Whilst the Asset Strategy will itself evolve as the stated opportunities and actions are pursued, it will provide a key reference point for all future decision-making related to the Council’s asset base.

Meeting operational needs and contributing towards financial savings targets are core components of the Asset Strategy Vision. This anticipates a careful balance between retaining and investing in property to support improving service outcomes, whilst also rationalising and divesting from surplus assets in order to realise both capital receipts and revenue savings.

Where operational property does remain within the Council’s ownership and control, a multi-functional approach will be taken wherever possible to create an agile asset base, reducing the amount of operational space occupied, thereby reducing revenue and capital liabilities. Surplus assets will be sold and funds used to support the Council’s strategic priorities.

In parallel, income-producing assets will be retained and where possible and appropriate rentals will be driven upwards and asset values enhanced.

The Asset Strategy articulates a number of themes, over-riding goals, and objectives that will drive and guide property related initiatives as the transformation agenda progresses.

... a means of enabling us to use our place-shaping capabilities to facilitate the best outcomes for Kingston, and to facilitate the delivery of excellent services and physical assets...
The Need for a New Approach

As the One Kingston programme has progressed, the need for a new approach to the retention, utilisation and extent of investment in the operational asset base has become more important.

The operational asset base is characterised by multiple asset types ranging from standard offices serving administrative purposes, to specialist facilities such as schools, libraries, care homes, and leisure centres.

The asset base has developed, largely in an ad hoc manner, over many years and as a result, has historically comprised a large number of small to medium sized assets geographically dispersed across the Borough.

There are 398 assets of which:

- 5 are core administration/offices,
- 131 are front line service delivery assets (Council delivered),
- 146 are community assets bases for third parties, and
- 116 are investment assets (32 of which should arguably be re-classified as ‘Community’).

The operational assets currently achieve a mixed performance in terms of their fitness for purpose and condition, and represents a considerable aggregate annual liability to the Council of c.£11.4M.

Given the age and condition profile of the operational asset base, a significant proportion now requires considerable upgrade and investment\(^1\) which is likely to be unaffordable. In an environment characterised by changing operational requirements and budgetary pressures, the asset base includes many properties that are too small and/or bespoke to warrant investment as they will remain unfit for purpose and incapable of operating as functionally flexible assets.

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\(^1\) It is possible that the level of investment required is under-estimated in the current backlog maintenance records.
Portfolio Snapshot

Headline facts about the asset base are captured below:

- **Approximately. 400 assets, c. 136 (34%) of which are operational assets**

  **Directorate spread** – The Place portfolio is largest in terms of the number of assets, but is broadly equivalent in scale / floor area terms with the Learning & Children’s Services portfolio.

  **Broad asset categorisation:**
  - 1% (5) core admin/ office
  - 33% (131) front line service delivery (Council delivered)
  - 37% (146) community (third party usage)
  - 29% (116) investment

- **The majority of assets are relatively small, and support a small number of staff**

  **Scale in area (sq m):**
  - 16% (8) > 2,500 sq m
  - 20% (10) 1,001 – 2,500 sq m
  - 34% (17) 251 – 1,000 sq m
  - 30% (15) < 250 sq m

  **Scale in headcount (FTE):**
  - 3% > 500 FTE
  - 6% 101 - 250 FTE
  - 88% < 100 FTE

  **Note:** Data only available for 50 assets

- **Cumulative book value of £338.5m**

- **Cumulative annual cost of £11.4m** including rent commitments that are <£350K, which is unsustainable given budgetary pressure to reduce spend.

  **Directorate spread** – The Learning & Children’s Services portfolio accounts for c.50% (£5.8m) of annual spend, whilst Place, and Adult services account for c.40%, and7% respectively.

- **Capital expenditure in 2012/13 was £1.1m**

- **Annual income of £6.8m** Comprising income from the Investment Portfolio (c£2m, and £4.8m from rental and/or room charges for other assets)

- **Backlog maintenance of £5.2m** (Breakdown; Core Admin, £1.3m; Front line assets,£3.5m; Community, £0.5m), and is likely to continue to rise, given the age and condition profile of the asset base, which is unaffordable given budgetary pressure to reduce spend.

- **The fitness for purpose and condition profile is mixed, albeit data is only partially available (reflects a small sample of assets)**

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2 Core admin/ office, and front line service delivery
3 Scale of portfolios - the picture would change if supplementary scale data were available – a large number of assets are currently missing GIA data.
4 Front line service delivery portfolio - comprising adult care centres, libraries, schools, youth centres etc.
5 Community assets (third party usage, originally designated as investment)
6 Traditionally combined a mix of community and investment assets
7 Includes Guildhall complex which appears under-occupied
Context

The Royal Borough of Kingston upon Thames Council (the Council) provides services to a community of just over 160,000 residents. The area of around 15 square miles includes the historic town of Kingston as well as the other areas including Surbiton, Norbiton, Chessington, Hook and New Malden and numerous open spaces and tourist destinations. The population is expected to increase significantly over the next 20 years which will have a great impact on how the Council provides services to the local population.

The Journey to Date

In November 2008 the Kingston Strategic Partnership was established between the Council and its partners to collectively drive forward a positive agenda for change.

In 2009 the Kingston Plan was drafted, creating a single vision for 2020 under three key themes:

- A Sustainable Kingston
- Prosperous and Inclusive
- Safe, Healthy, Strong

Destination Kingston is the Council’s contribution to achieving the shared vision, which is published annually, and links with the Medium Term Service and Financial Plan.

The One Council programme set out the Council’s focus from 2009-2012, which consisted of ten key projects. Each project involved representatives from across the entire organisation, helping renew the focus on securing greater efficiencies in how the Council works. The initiative covered internal working and partnerships with others, in order to drive annual and recurrent savings.

One Kingston

The One Kingston Programme, sets the agenda from 2013-2017 in line with the Medium Term Service and Financial Plan. The programme comprises 11 key projects.
Key themes underpinning the One Kingston programme include:

- ‘Place Based Budgeting and Local Integration of Services’ pilot;
- ‘Commissioning’ - as the means to align ‘One Kingston’ plans and priorities with the strengths / resources offered by our partners (thereby using public resources to best effect);
- Placing a strong emphasis on localism;
- Building capacity in the voluntary sector, creating a new platform for service delivery (services previously directly provided by the Council);
- Implementing the necessary actions to bring about a better use of local resource and creativity

Moving forwards, the Council will hold property that sustains and supports its corporate objectives as reflected in Destination Kingston and the One Kingston programme. Assets Commissioning will remain a core project. It is widely acknowledged that the asset base needs to be re-aligned to support this change agenda.

**Financial Targets**

The Council’s Medium Term Service and Financial Plan sets a financial target (comprising identified and unidentified aggregate savings) of circa £27.5m by 2017/18.

The Asset Strategy provides a framework for the delivery of savings from within the asset base. Specific property savings targets will be identified and commissioned as part of a refreshed Assets Commissioning Programme.

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**Commissioning Initiative**

Commissioning is central to everything the Council does. It is about deciding what services are needed, how they should be provided and which public, private or third sector organisation can best deliver what is needed. The key components of the Council’s evolving approach to commissioning are:

- **Vision**: To co-deliver services in partnership with external partners in a seamless manner, ensuring the continuation of a One Kingston model.
- **Scope**: the Council is developing its future operating model, taking account of future resource requirements (i.e. skills / roles) against current skills / capacity.
- **Headcount**: Whilst a reduction of core Kingston headcount is anticipated, from 1,800 to 1,200 primarily linked to the commissioning initiative (RBK Children’s Services transferring to the AFC vehicle, and some divestment of Adult Social Care functions), the Council currently envisage a transfer of staff from Kingston to Partner providers, rather than a reduction in headcount levels per se.
- **Future platform**: property assets and IT will be key ‘enablers’ of change, providing the foundation for RBK and partner organisations to commission and deliver local public services.

**Achieving for Children**

In November 2012 the Council, in partnership with London Borough of Richmond Upon Thames Council, launched proposals to provide high quality, cross-Borough Children’s services – *Achieving for Children*. The councils have developed a new, integrated service that is more focussed on the needs of children, especially those who need additional support through the social care or safeguarding systems operating under a local authority company that will became operational in autumn 2013.

*Achieving for Children* comprises three primary service providing areas:

- **Safeguarding and Care Services** includes those services delivering safeguarding and social care for children, young people and families.
Early Help and Preventative Intervention includes the targeted services for children, young people and families, focused on early intervention, prevention and inclusion.

Education Services is divided into two areas; support to secondary, post-16, and primary education for school improvement and secondly the wider school effectiveness services, including admissions and school place planning. School improvement support is provided separately for each borough by organisational structures known as Education Kingston and Education Richmond.

The identification of solutions to meet projected school places need in the 8 Areas of the Borough has become critical as funding is severely restricted and demand is increasing. The need for lateral thought around the use of the asset base, and innovative approaches to delivery of the required places, forms a focus of this Asset Strategy.

Funding related to the 10 established Children’s Centres is constrained. Under Achieving for Children, the Council wishes to re-align and improve the quality of its Children’s Centres moving towards a model of hub (4) and spoke (<6) centres. This aspiration forms one of the considerations of the Asset Strategy.

As a result of the new, integrated Children’s service, the Council will continue to provide a Contact Centre within the Borough. The provision of this facility will need to be considered in the context of the Asset Strategy also.

Kingston at Home and Your Healthcare

The proportion of people over 65 in Kingston is in the top 25% in the country. The challenge for the Kingston at Home Programme is to ensure that as many people as possible are able to continue living independently and safely in their own homes.

The Council has worked closely with the Kingston Clinical Commissioning Group to create a model of integrated health and social care services for adults. The aim has been to improve the experience of individuals using services and to deliver services more efficiently and cost-effectively. Joined up commissioning and delivery has been an important focus.

Kingston’s NHS community healthcare provider, Your Healthcare Community Interest Company, has been at the core of the re-designed service, together with Age Concern Kingston. Your Healthcare delivers high quality services which include: District Nursing, Health Visiting, School Nursing, Rehabilitation, Learning Disability Services, Physiotherapy, Podiatry and Speech and Language provision.
**Kingston at Home** represents a programme of transformation by the Council, moving from four long term residential care homes, towards a more coordinated system of health and social care aimed at allowing people to stay in their own homes. A 50 per cent reduction in discharges from hospital into long term residential accommodation is being pursued via the increased use of community beds for short term support to enable people to return home sooner and by increasing the Council’s provision for dementia care. An urgent Dementia Care requirement has been identified in the Borough - potentially a facility providing up to 80 beds. The Council is in the process of assessing potential solutions with providers, including a ‘re-use’ of Council-owned assets. This reflects the lateral approach to the asset base endorsed within the Asset Strategy.

The Council has also identified a requirement for General Needs Housing (ie. housing within the heart of the community) and is exploring methods of delivery, including the commissioning of appropriate housing from Housing Associations.

As it continues to commission high quality services, one of the Council’s challenges is to ensure that it secures VFM solutions from its providers as it disinvests from property. The Asset Strategy will put in place a clear approach to ‘options analysis’ so that the Council can be sure that, whether it is disposing of a freehold to a provider or granting an operating lease, it is securing the best possible overall outcome.

Finally, there are many unknowns around the PCT estate at the current time and the Council will maintain a property dialogue with PCT representatives to ensure that all parties are aware of opportunities that may arise.

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**The Good Life Initiative**

As part of its commitment to the wellbeing of the Borough, the Council has developed the *Good Life* initiative. The initiative seeks to ensure access to a range of facilities across the Borough related to cultural, sports and leisure pursuits.

The promotion of multi-access to learning and self-education is an important focus in the context of creating multi-functional community hubs. The Asset Strategy explores the possibility of creating ‘One Kingston Front Doors’ that would enable a re-alignment of the Library and Youth services asset base to increase access and enhance the quality of facilities.

Phase 1 of the *Good Life* initiative is focussed upon the commissioning of *Light Use Cultural Assets* such as community halls, youth centres and pavilions. A decisions flowchart has been developed (illustrated above) and this will be incorporated into Asset Strategy related decision-making. Phase 2 will consider ‘heavy use’ cultural assets such as libraries, museum and theatres.
Key Themes & Cross-Cutting Goals

The Asset Strategy is focused upon the enabling of seven ‘Key Themes’ (depicted diagrammatically opposite) and the following ‘Cross-Cutting Goals’:

- Divestments from the asset base, where value for money solutions can be proven and other initiatives are not compromised
- Reduction in annual asset-related spend
- Reduced capital spend on asset maintenance
- Re-designing the asset management delivery platform – to drive through an ambition programme of changes

The delivery of the Asset Strategy will be based on the creation of a robust and sustainable platform for the management of property related assets and services. The immediate focus will be to reduce the amount of space that RBK occupies, selling properties that no longer meet operational purposes, and directly reinvesting capital in smaller, more efficient, functionally flexible facilities, whilst enhancing public access to services and creating a more joined-up local public services estate.
Objectives

Specific Objectives have been identified under each of the seven Key Themes that will provide a focus within the Asset Strategy from now until 2017/2018:

HQ / Main Hub

Consolidation of the HQ

- Consolidate core administrative operations within a ‘corporate hub’ at the Guildhall, supporting core corporate (strategic and policy leads) and administrative functions
- Facilitate and manage partnership use of the Guildhall complex, for example, by establishing a value for money, long term tenancy arrangement with Achieving for Children
- Intensifying usage (by 50%), targeting 6:10 desk ratio, and 8 sq m per workstation
- Enabled through investment in physical space, and the implementation of more flexible working

Dependency: Robust corporate infrastructure (HR, ICT, Property and Facilities Management) required to support consolidation

Operational Spokes

Creating purposeful Operational Spokes

- Establishing Spokes, supporting non-core administrative functions
- Providing touch-down opportunities (to Guildhall based staff)
- Supporting public access to Council and Partner services

Dependencies: HQ/ Main Hub dependency and clarity on candidate teams able to transfer to spokes. Estate rationalisation: re-shaping the local operational portfolio so that it is more joined-up, more cost effective, and more locally focussed.

One Kingston Front Doors

Establishing multi-functional One Kingston Front Doors

- Linked to the Good Life initiative, improving customer access to public facilities and front line services via ‘One Kingston Front Door’
- Rationalising the portfolio, creating multi-purpose assets (in so far as is possible), co-locating public facing / community assets, e.g. libraries, leisure, youth, community centres

Dependency: Defining a One Kingston Front Door ‘blueprint’ (requirement), and potential access to funds to enable investment
Adult Care

Enabling excellent Adult Care

- Linked to the *Kingston at Home, Your Healthcare and Balance* initiatives to secure fit for purpose assets as part of commissioning excellent services.
- Value for money approach to the rationalisation of the Adult Care estate (exploration of retention versus transfer, and/or reprovision).
- Delivering a new 80 bed dementia unit, in partnership with the private sector and third sectors (potentially through prudent redevelopment of a Council asset).
- Minimise exposure to supplementary portfolio charges arising from partner delivery of health care services (potential risk to budget reduction).

*Dependency: Nature of contracts drafted with third parties*

Children and Young Adults

Meeting the needs of our Children and Young Adults

- Linked to *Achieving for Children*
- Proactively explore the Council’s asset base to identify opportunities to deliver 15 new forms of entry (reception) by 2018 (to reflect current forecasts) which translates into 3-5 sites
- Presumption in favour of seeing all school expansion initiatives, including Free School developments, as an opportunity to promote multi-purpose use
- Opportunities to consolidate Children Centres, Youth Services facilities etc.

*Dependency: Creative use of assets, lateral thinking (challenge historic categorisation of assets), and harnessing of internal planning expertise*

Place / Regeneration

Using our assets to ‘Create the Place’

- Developing, promoting and realising a compelling vision for Kingston: *the Place*
- Proactively driving regeneration, through lateral thinking, to meet regeneration priorities
- Leverage specific assets to support initiatives, releasing surplus sites (proactively review case for release, and challenge historic categorisation of assets)
- Using our assets to create opportunities to deliver improved and expanding public services, for example to meet the demands for new sites for Housing (public and private) and for school places.

*Dependency: Obtaining commercially astute advice and harnessing positive planning. Strategic alignment with long term Service Planning.*

Investment Estate

Improving the quality of our income producing portfolio

- Reshape the income producing portfolio to drive enhanced/increase annual income
- Rationalise the portfolio, to reduce to management burden, and unlock value, by exploring alternative use

*Dependency: Obtaining agreement on governance / delegated authority*
Guiding Principles

The following principles will provide a framework for the development and implementation of the Asset Strategy:

We will adopt a strategic approach to asset management.

We will adopt a strategic approach to asset management (no longer thinking of and managing assets in silos), enabling the Council to meet the One Kingston agenda, by ensuring a holistic, joined-up approach to planning, cutting across service and organisation boundaries, and led by the Corporate Landlord function. This will be underpinned by regular engagement with services, partners and wider stakeholders. Key considerations will include the suitability, flexibility, condition, utilisation, cost, and location of assets. In recognition of competing corporate demands for the use of assets, the need for alignment with other core resource such as ICT, and alternative tenure arrangements, a clear business case process will be adopted to inform decision making. Assets have a key role in supporting the Council’s Medium Term Financial Plan. ‘Superfluous’ assets will be removed from the Council’s asset base.

We will encourage the creative use of assets, accommodating multiple uses (where suitable).

We will encourage the creative use of assets, accommodating multiple uses (where suitable) (e.g. new schools potentially utilised by community and youth services) to increase the utilisation of assets (by multiple services, and/or partners), unless specialist requirements dictate otherwise (e.g. dementia care).

We will optimise the financial performance of assets.

Efficient use of assets will be promoted via regular, transparent review of annual costs/ liabilities (seeking to capture all “hidden, below the line” items), and wider portfolio characteristics (suitability, occupancy etc) against clearly defined KPIs. Opportunities to reduce operating costs via commissioning will be explored, weighting up contract terms and liabilities, against wider benefits and risks. In parallel, opportunities to maximise income from assets (operational and commercial), and to raise funds from surplus assets will be explored. The sale of property will be managed effectively – the basis of sale will be considered on a case by case basis. Capital receipts raised will be available for investment and/or reducing current borrowing.

We will leverage assets to deliver strategic regeneration objectives.

We will proactively explore ways to use our asset base to unlock development and regeneration opportunities. Decision making will be informed by commercial realities, looking beyond existing asset designation, at potential master plans.

We will adopt a sustainable approach to asset management.

We will maintain our strong commitment to environmental sustainability and recognise that our asset base has a key role to play. There are a range of interventions that help support this from good procurement and management of energy contracts, education for building users on how to reduce emissions and water usage, physical interventions to ensure buildings are more efficient, as well as the negotiation of environmental commitments with tenants in both our operational and investments portfolio.
Delivery Platform: the Corporate Landlord function.

The Asset Strategy articulates a clear vision for the next five years, underpinned by a number of core themes, over-riding goals, and objectives. In order to drive through the ambitious programme of change there is a need to redesign the Council’s approach to asset management, consolidating the Corporate Landlord function, moving away from “service-based ownership” of assets, and ensuring greater levels of collaboration between key corporate departments, notably Finance, HR, IT, Regeneration, and Planning.

Core Resource

Implementation of the Asset Strategy will require a core resource capable of high quality execution. The core resource will have skills in identifying and progressing:

- asset rationalisation initiatives (including intensifying space use);
- strategic commissioning, procurement and contract management initiatives;
- the creative use of assets to accommodate multiple and/or new uses e.g. community assets as school sites (involving negotiations with third parties, and planners);
- Capital programmes and projects; and
- regeneration initiatives, lead directly by the Council, and in partnership with other public and private sector organisations.

Strong project and programme management skills will be crucial to the core resource, underpinned by a range of technical skills such as: commercially focused transaction/negotiation skills; procurement skills; space analysis/space planning skills; disposal brokerage skills, regeneration delivery/development consultancy skills, and asset management skills.

Data / Processes / Procedures

The identification, analysis and progression of the objectives set out within the Asset Strategy will be based upon informed decision-making. This will, in turn, rely upon the availability of reliable data and the adherence to robust processes and procedures:

- consolidating a single Corporate Landlord model of property management and moving away from “service-based ownership” to ensure that opportunities for the portfolio are optimised;
- re-classification of assets against key Council objectives (underpinned by reliable data);
- quality management information, utilising dashboard style presentation and KPIs (regularly reviewed);
- regular reporting, dashboard style with finance, and/or SLT;
• development of new asset templates, and VFM decision making tools (see overleaf) to support option appraisals and business cases; and

• new governance procedures – to aid swift decision making.

VFM

Value for Money decision-making will be crucial if the Council is to meet its financial targets, whilst securing high quality service provision from its providers. Asset based proposals (e.g. freehold disposal or retention on the basis of the grant of operating leases) will be tested using a discounted cash flow technique, combined with a system of qualitative appraisal, to derive VFM outcomes. All property cost and income considerations related to alternative arrangements will be modelled over a 5, 10 and longer term period and compared with the Status Quo position. This will require an interrogation of proposed provider contract terms to establish how ‘property charging’ is being built into the overall unitary charge.

Internal Collaboration

Implementation of the Asset Strategy will involve greater integration and collaboration between the Corporate Landlord and the Council’s Finance, HR, IT, Regeneration, Planning, and Property functions:

FINANCE

• Alignment of asset investment & disposal decisions to the Council’s Medium Term Financial Plan
• Flexible use of the asset portfolio to maximise value for money to the Council

HR

• Amalgamating RBK’s Flexible Working and Home Working policies to create a new Agile Working Policy
• Establishing Agile Working Pilots
• Formally implementing Agile Working to support an efficient utilisation of the asset base

ICT

• Alignment of proposed ICT investment to asset-based decision making

REGENERATION

• Adopting a commercial approach to regeneration
• Identifying opportunities (beyond historic asset classification)
• Testing / exploring

PLANNING

• Adopting a commercial approach to planning
• Identification of creative ideas, ways to open doors
Key Considerations

RBK’s Asset Strategy is predicated on a requirement to balance multiple organisational, operational, and wider corporate objectives. A range of key considerations have been identified that are highly influential to an assessment of the future shape of the Council’s asset base.

- Service Plans
- Local Strategic Leadership
- Place / Regeneration
- Wellbeing
- Environmental Sustainability / Climate Change
- Workplace Design & Work-styles
- Planning
- Funding

Service Plans

Ensuring that RBK Service Plans are translated into asset ‘need’

- Place more focus upon ‘asset implications’ (current and future) as part of annual Service Planning discussions

Dependency: Engendering a greater awareness of the impact of property costs. Strong linkages between Property and the Directorates and Service Heads and an ongoing dialogue.

Bi-annual reviews of Service Plans will be undertaken with appointed representatives from each Service Department and the Property Services team to review changing operational requirements (and changing service delivery models), against assets utilised. Assets will be critiqued in terms of their suitability, flexibility, condition, utilisation, cost, and location of assets. The multi-purpose use of assets will be encouraged wherever possible.
Local Strategic Leadership

Leading and facilitating a joined-up approach to managing the local public services estate

- Public services are increasingly delivered via a complex network of Local Authority, voluntary sector, private sector, and Governmental organisations. These organisations will typically all own or manage a significant portfolio of property assets. Given the scale of the local public services estate, the financial challenges facing all public service organisations, and the Council’s unique local position as a strategic leader of public service design and delivery, there exists an opportunity to shape and lead the management of the local public services estate.

Dependency: Clarity around local asset holdings and plans, priority service outcomes, and a positive attitude towards making things happen.

CONSIDERATIONS

Opportunities for strategic leadership in managing the local public service estate may arise whenever there is more than one public services organisation property transaction (for example, a lease transaction, an acquisition or a disposal, or a building modification) in any particular locality within the same time frame. In these circumstances the Council can provide leadership in a number of ways, for example:

- Matching local partner organisations’ workspace requirements to vacant space
- Using available public services estate space in the event of an emergency
- Exploiting the Council’s local market advantages in acquiring and disposing of property and/or in negotiating lease arrangement, thereby avoiding unnecessary local inflationary competition between partner organisations
- Rationalising local partner organisation’s workspace strategies and schemes
- Linking a sequence of property events in one distinct locality area to improve local service outcomes.

In each case the justification for co-ordination between local organisations will be that better value for money and improved service outcomes can be achieved through a collaborative approach.

Place / Regeneration

Using our assets to ‘Create the Place’

- Proactively driving regeneration, through lateral thinking, to meet regeneration priorities
- Leverage specific assets to support initiatives, releasing surplus sites (proactively review case for release, and challenge historic categorisation of assets)
- Using our assets to create opportunities to deliver improved and expanding public services, for example to meet the demands for new sites for Housing (public and private) and for school places.

Dependency: Obtaining commercially astute advice, and harnessing positive planning; strategic alignment with long term service plans, particularly Strategic Housing and Education.

REGENERATION PRIORITIES

Kingston is a thriving London Borough: a successful retail and leisure destination, a dynamic cultural hub, a centre of excellence in education, and an area of local and national historical significance. Kingston’s proximity to central London, combined with a thriving local economy and a pleasant environment have increased its desirability as a place to live. Demand for housing, retail, leisure, cultural and educational development in the town centre is therefore also a high priority.

Addressing this demand, through unlocking a number of the key development sites that exist in the town centre, including Council owned assets, is a key objective for the Council and a Key Theme of this Asset Strategy.
The sites identified in the Town Centre Action Plan as P2 (Eden Walk) and the surrounding area and, P19 and P20 (Gas Holders and Kingston College) to the north have been identified as important priorities for the Council. The Council has operational assets lying within, and adjacent to, these priority areas and as part of this Asset Strategy will proactively explore opportunities for using its asset base to drive regeneration forward.

A similar approach to a proactive assessment of the Council’s asset base (operational and income producing) will be actioned across the Borough.

COMMERCIAL APPROACH

A commercial approach is required to consider the commercial positioning and packaging of opportunities. Emphasis must be placed on developing regeneration schemes that are commercially viable and/or deliverable by other means, and that complement each other. In creating the robust delivery platform as part of the Asset Strategy, ‘commerciality’ will be a key consideration for the Council.

OPPORTUNITY & ACTION

- Supplement in-house skills with external expertise where this will add value.
- Develop feasibility studies – mixed used schemes.
- Explore specific development opportunities, and consider co-investment:
  - Potential opportunities to unlock development value
  - Hospitality – latent demand exists in the budget, and mid-range provider markets [e.g. Premier Inn – 150 bed requirement]
  - Residential – latent demand exists for new high and low density residential schemes, especially within close proximity to the riverfront, and train stations
  - Retail
- Consider optimum tenure arrangements, to enable the Council to ‘unlock’ regeneration or development angles, and/or to enable investor/developers to exercise more freedom/control over sites.

Energy Strategy

Reducing our impact on the environment

ENERGY STRATEGY (2009) OBJECTIVES

1: Reduce CO2 emissions arising from energy consumption by all sectors
2: Increase energy and water resource efficiency
6: Opportunities to make best use of support and finance for investment in energy awareness and energy improvement programmes
9: An evidence base to support the Local Development Framework policies on climate change
10: Increased renewable and clean alternative energy capacity and infrastructure.
14: A local authority that leads by example to follow the energy hierarchy

Dependency: Driving forward the several initiatives /areas of exploration in response to the environmental sustainability / climate change agenda

REFIT PROGRAMME

A programme focused on building energy efficiency into existing asset holdings via the national ReFIT framework has been established.

Current REFIT proposals relating to ten specific assets have been developed and will be actioned in 2014/15. These are summarised in the table below.
<table>
<thead>
<tr>
<th>No.</th>
<th>Building</th>
<th>Priority</th>
<th>Total Elec Cost (£)</th>
<th>Total Gas Cost (£)</th>
<th>Total Cost (£)</th>
<th>Total Emissions (Tonnes/CO2)</th>
<th>Total Energy Savings (%)</th>
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<td>602</td>
<td>39%</td>
</tr>
<tr>
<td>2</td>
<td>The Bittoms</td>
<td>1</td>
<td>£20,590</td>
<td>£0</td>
<td>£20,590</td>
<td>123</td>
<td>10%</td>
</tr>
<tr>
<td>3</td>
<td>The Rose</td>
<td>1</td>
<td>£23,232</td>
<td>£0</td>
<td>£23,232</td>
<td>142</td>
<td>11%</td>
</tr>
<tr>
<td>4</td>
<td>Hook Centre</td>
<td>1</td>
<td>£24,510</td>
<td>£6,637</td>
<td>£31,146</td>
<td>204</td>
<td>25%</td>
</tr>
<tr>
<td>5</td>
<td>Guildhall</td>
<td>1</td>
<td>£61,109</td>
<td>£16,865</td>
<td>£77,974</td>
<td>474</td>
<td>13%</td>
</tr>
<tr>
<td>6</td>
<td>Guildhall 1</td>
<td>1</td>
<td>£21,627</td>
<td>£11,387</td>
<td>£33,014</td>
<td>210</td>
<td>8%</td>
</tr>
<tr>
<td>7</td>
<td>Guildhall 2</td>
<td>1</td>
<td>£93,555</td>
<td>£15,708</td>
<td>£109,262</td>
<td>709</td>
<td>5%</td>
</tr>
<tr>
<td>8</td>
<td>Crematorium</td>
<td>1</td>
<td>£10,376</td>
<td>£12,637</td>
<td>£23,014</td>
<td>146</td>
<td>17%</td>
</tr>
<tr>
<td>9</td>
<td>Moor Lane Centre</td>
<td>1</td>
<td>£9,413</td>
<td>£17,758</td>
<td>£27,171</td>
<td>170</td>
<td>16%</td>
</tr>
<tr>
<td>10</td>
<td>The Dukes Centre</td>
<td>1</td>
<td>£4,119</td>
<td>£5,317</td>
<td>£9,436</td>
<td>57</td>
<td>13%</td>
</tr>
<tr>
<td></td>
<td>Totals</td>
<td></td>
<td>£361,914</td>
<td>£86,308</td>
<td>£448,221</td>
<td>3,126</td>
<td>16%</td>
</tr>
</tbody>
</table>

**DECENTRALISED ENERGY PROGRAMME**

RBK is currently exploring the feasibility of decentralising energy networks within the borough with specific focus on the town centre opportunities.

The programme is focused on three key areas within the borough: Kingston Town Centre; Hogsmill Valley (to be considered as an extension to KTC); and the Tolworth Regeneration area.

The Council is working with AECOM to develop an Energy Masterplan [Providing an evidence base to support the Local Development Framework Core Strategy Policies DM2 on District Heating and inform the Community Infrastructure Levy (CIL) charging schedule] [Project currently sits with Planning & Transportation].

**DECENTRALISED ENERGY**

*The Mayor of London’s decentralised energy target: to source 25% of London’s energy from decentralised energy by 2025.*

Benefits of Decentralised Energy (source: Carbon Trust)

Investing in decentralised energy can deliver a number of benefits for public bodies, including:

- A new source of revenue
- Protection against future energy price rises
- Durable cost and carbon savings
- Security of energy supply
- Addressing fuel poverty
- Benefits for developers
- Local leadership on carbon reduction as recommended by the Committee on Climate Change

RBK has completed two key exploratory stages in its assessment of DE opportunities. In 2010 the Council produced a Heat Map which identified heat density clusters which identified potential opportunities for district heating.

In 2013 the Council developed an Energy Master-plan (EMP) focusing on town centre energy consumption. The EMP has identified the extent of a market competitive strategic district heating network for the town centre that could deliver significant CO2 reductions, energy cost savings, and help improve energy security.

- The EMP outlines a short, medium and long term phased implementation strategy;
- The Phase 1 kick-start scheme (green) is based around public sector buildings. The c. £8m investment has the potential to be implemented at public sector rates of return, deliver energy cost savings and reduce CO2 emission by over 25%;
The initial scheme would act as a springboard to supply commercial customers in the future phases of development, the roll out of which would be closely aligned to the Kingston Futures programme;

The public sector has a key role in allocating an initial site for the energy centre. In the longer term, and as the scheme develops, alternative energy production options would include heat recovery from the local sewage works and extracting thermal energy from the River Thames by means of heat pumps. The original energy centre could then be decommissioned and put to other use.

Workplace Design & Work-styles

Intensifying the usage of assets

- Enhancing the flexibility / adaptability of assets, in order to provide a robust platform for the future, that can accommodate operational changes that are likely to impact the Council over the medium to long term
- Promoting efficient / effective asset space usage by promoting the advantages of adopting new work-styles and new space use policies.

Dependency: Appetite for change and formal adoption of new approach to the workplace

CONSIDERATIONS

The Council will explore the utilisation of operational assets more effectively to facilitate multi-purpose usage, to enable asset sharing with third parties and to meet financial savings targets. New work-style and/or workplace initiatives will be embraced provided that they do not hamper excellent service delivery.

Workplace initiatives can bring significant benefits to all parties. Recognition of the benefits is an important first step.

<table>
<thead>
<tr>
<th>INDIVIDUALS</th>
<th>ORGANISATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Improved morale (goodwill, commitment, satisfaction)</td>
<td>- Productivity improvements</td>
</tr>
<tr>
<td>- More flexibility + wellbeing (work/life balance, exercise accommodated)</td>
<td>- Improved service (more adaptable)</td>
</tr>
<tr>
<td>- Empowerment (Control, Accountability increased)</td>
<td>- Better access (extended hours, timely response, reduced sickness)</td>
</tr>
<tr>
<td>- Enhanced time management and planning skills + creativity</td>
<td>- Progressive, best practice employer / modern outlook</td>
</tr>
<tr>
<td>-</td>
<td>- Enhanced creativity</td>
</tr>
</tbody>
</table>

Successful introduction of new work-style and/or workplace initiatives requires:

- Senior level sponsorship & support across the business
- A clear plan
- Resources across Property, HR & IT (maximising opportunities to leverage greater operational improvements)
- Visibility of budgets available
- Agreed space use principles
- Development of new space use protocols

New space use principles should be identified at the outset, for example:
- Greater emphasis on shared use of resources – meeting rooms and desks (rather than ‘owning’)
- Space allocated by need (rather than status)
- Reduced storage practices (centralising filing and minimising personal storage)

A menu of approaches RBK could adopt is depicted overleaf

- Positive space use policies are common to all
- Lower cost approaches can be equally as effective as higher cost approaches, but require a coherent, positive change management plan

### Workplace Investment

<table>
<thead>
<tr>
<th>Approach</th>
<th>LOW investment</th>
<th>MEDIUM investment</th>
<th>HIGH investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Create a platform to promote better space use.</td>
<td>Utilising current space more effectively</td>
<td>Targeted investment in workplace design</td>
<td>Enhanced investment in workplace design</td>
</tr>
<tr>
<td>‘Opening up of space’</td>
<td>- Desks unoccupied for 1 day available for use by others (visible via diary)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Desks unoccupied for 1 day available for use by others (visible via diary)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Managers seated on open plan floors</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Dedicated offices converted into small meeting rooms</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Minor re-decoration - minimal outlay</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Recommendations</th>
<th>LOW investment</th>
<th>MEDIUM investment</th>
<th>HIGH investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Offices unoccupied available for use by others (visible via diary)</td>
<td>- Investment in technology &amp; furniture – in meeting rooms and open plan space (see below)</td>
<td>- Re-positioning rooms on floors</td>
<td></td>
</tr>
<tr>
<td>- Clear workspace policy</td>
<td>- Encouraging flexible working (e.g. from stakeholder sites and home)</td>
<td>- Altering arrangements for Exec e.g. reducing scale of space and/or allowing staff to book space</td>
<td></td>
</tr>
<tr>
<td>- Open diary policy</td>
<td>- Creation of ‘how to’ guides</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Encourage flexible working (e.g. from stakeholder sites and home)</td>
<td>- Offer training</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- ‘Refresh &amp; how to’- e.g. Outlook, AV equipment set up</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Conduct an initial pilot (1-2 teams)</td>
<td>- ‘Refresh &amp; how to’- e.g. Outlook, AV equipment set up</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Identify champions</td>
<td>- ‘Refresh &amp; how to’- e.g. Outlook, AV equipment set up</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Adopt active management e.g. desk &amp; meeting room monitoring</td>
<td>- Ensure senior staff relinquishing offices and desks are shared</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- ’Opening up of space’</td>
<td>- Invest in technology and furniture:</td>
<td>- Adoption of new working practices – principles, protocols (see Low cost scenario)</td>
<td></td>
</tr>
<tr>
<td>- Desks unoccupied for 1 day available for use by others (visible via diary)</td>
<td>- Follow me telephony</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Managers seated on open plan floors</td>
<td>- Follow me print technology</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Dedicated offices converted into small meeting rooms</td>
<td>- New filing (including personal &amp; central storage solutions with lockable components)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Minor re-decoration - minimal outlay</td>
<td>- New desking solutions</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Low Cost Approaches**

- Targeted investment in workplace design
- Utilising current space more effectively
- ‘Opening up of space’ - e.g. Outlook, AV equipment set up

**Medium Cost Approaches**

- Targeted investment in workplace design
- Re-positioning rooms on floors
- Altering arrangements for Exec e.g. reducing scale of space and/or allowing staff to book space

**High Cost Approaches**

- Enhanced investment in workplace design
- Adoption of new working practices – principles, protocols (see Low cost scenario)
- Ensure senior staff relinquishing offices and desks are shared
- Adoption of new working practices – principles, protocols (see Low cost scenario)
The Council will explore the many approaches set out above to enhance efficient space use, having regard to the relative levels of investment required and the resultant impact that the varying degrees of work-style change and workplace design change will yield.

**Planning**

**A positive, enabling approach to planning**

- A ‘strategic’ planning approach to the creative use of corporate and community assets reviewing plans and policies to ensure they meet future needs.

**Dependency:** Clarity around priorities and positive attitude towards making things happen.

**CONSIDERATIONS**

Multiple considerations exist:

- Recognition of policy (e.g. metropolitan open land) and land use designations
- The new National Planning Policy Framework, introduced to support growth and development
- Current under-provision versus levels of demand for new facilities (e.g. schools (3-5 sites), housing, leisure)
- Challenges associated with existing operational facilities versus community need/demand e.g. small in scale (expansion constrained, and unable to meet community demand), facilities highly fragmented and in mixed condition (making investment prohibitively expensive), inappropriately located (due to change in geography of demand)
- Funding challenges exist given constrained finances, and investment needs to be self-financing from within the portfolio
- Transparency, dealing with sensitive matters

**OPPORTUNITIES**

Opportunities can be broadly categorised into two areas:

- Exploring the viability of providing new and/or replacement operational facilities to serve community needs (replacing small assets, in mixed condition, on constrained sites, and/or in the wrong locations)
- Exploring the viability of releasing assets/land in part or full, for alternative use in order to fund investment required in the Council’s operational portfolio, and/or in order to improve the financial returns of the investment portfolio
Wellbeing

Delivering the wider Corporate Social Responsibility and Wellbeing agendas in line with a commitment to social, economic, and environmental sustainability

- Indoor and outdoor environments can have strong, positive effects on the health and well-being of individuals and communities. Research shows that buildings and wider development schemes that are designed to encourage physical activity are strongly linked to positive health and well-being outcomes amongst their occupations and residents.
- It is important that the Council considers and promotes Health and Wellbeing in all of its asset management activity.


The Asset Strategy will seek to rationalise and modernise the estate, thereby assisting the Council to deliver an estate that:

- **Supports diversity** – Enabling access to all members of the public. *In practice, whilst challenges exist with the legacy estate, and costs and/or practical challenges are prohibit remediation, Equality Impact Assessments will be carried out at every new building*

- **Encourages connectivity** – Encouraging clusters, and/or retention of assets in locations easily accessible by foot and public transport. *Network access will be assessed when assessing the future portfolio footprint*

- **Contributes towards the climate change agenda and meeting environmental targets** – Supporting the drive towards a more sustainable, efficient portfolio. *See Environmental Sustainability / Climate Change section – which outlines initiatives such as REFIT which seeks to reduce energy costs of buildings*

The wellbeing agenda is relevant to all aspects of the asset strategy, but is particularly relevant to development of the One-Kingston / Neighbourhood bases concept.

Funding

**A coherent, strategic approach to funding**

- Investment in the refurbishment of assets, and/or reprovision via redevelopment, or new build will need to be ‘self-funded’ via the sale of the surplus assets that no longer meet operational requirements.

Dependency: Consideration will be given to the facilitation of appropriate budgetary management, thereby protecting the recycling of ‘asset-related’ funds for reinvestment purposes.

**CONSIDERATIONS**

- Property will be viewed as a corporate resource (rather than service specific resource)
- Changing operational requirement will be viewed in a holistic way, reflecting financial, and non financial factors
- Option appraisals will be undertaken assessing the net present cost position of all major initiatives (assessing upfront cost, and downstream revenue implications) prior to approval
Achieving the Objectives

The Council will drive forward the actions required to meet the stated objectives of the Asset Strategy. The delivery of the objectives will be explored in the context of information about the asset base, the opportunities, scenario testing and further due diligence. VFM business cases will be developed making a clear case for the recommendations proposed.

HQ / Main Hub

The Council will create an Integrated Accommodation Strategy based upon further detailed investigations to test the outcomes of initial high-level Scenario Testing related to the Council’s core corporate and administrative estate (HQ/Main Hub, Operational Spokes and One Kingston Front Door Objectives).

Consolidation of the HQ

- Consolidate operations at the corporate core at the Guildhall, supporting ‘core corporate (strategic and policy leads) and administrative functions’
- Facilitate and manage partnership use of the Guildhall complex, for example, by establishing a value for money, long term tenancy arrangement with Achieving for Children
- Intensifying usage (by 50%), targeting 6:10 desk ratio, and 8 sq m per workstation
- Enabled through investment in physical space, and implementation of more flexible working

Dependency: Robust corporate infrastructure (HR, ICT, Property and Facilities Management) required to support consolidation

THE STATUS QUO

Note: Guildhall Complex & Sessions

- 12,230 sq m (NIA) in scale
- accommodates a headcount (FTE) of 1,332
- has a cumulative annual cost of £2.66m (including £0.1m for Sessions House)
- has a cumulative book value of £24m
- has a backlog maintenance liability of £1.3m (cumulative capital spend of £208K has just been signed off for 2013/14)

The Council’s HQ accommodation is concentrated at the Guildhall complex in the centre of Kingston. The complex comprises three buildings: the Historic Guildhall, and two purpose built offices (Guildhall 1 and 2). Supplementary office accommodation utilised by Adult Services is provided at Sessions House, Surbiton.

---

8 Supplementary accommodation was also historically provided at Hollyfield Road, formerly a PCT property in Surbiton, now owned by Your Healthcare. Current unoccupied, lacks financial data at the data capture sheet.
OPPORTUNITY REVIEW

Work has been undertaken to explore the potential for intensifying the usage of space within the Guildhall complex by consolidating operations into one or two buildings (thereby releasing vacant space), or to vacate the site entirely. This is illustrated opposite.

High-level analysis indicates that up to 1,447 FTEs could theoretically be accommodated at the Guildhall complex (implies an increase in capacity by c.13% on the revised assumption that 1,253 FTEs are currently on site), via a combination of spatial redesign (8 sq m per desk, using bench desking), and adoption of new policies, notably desk sharing and flexible desking arrangements (80% provision). A menu of approaches to enhancing efficient space use (requiring low to high levels of workplace investment) are illustrated earlier within the document.

In addition, initial investigations into the alternative use potential (and associated market values) of the Guildhall complex have also taken place. Commercial interest in the Guildhall site (and surrounding assets) may come from the Education (University), Residential (developers), Hospitality (hotel operators), and Retail sectors.

Potential opportunities exist to unlock development value:

- **Education** - latent demand exists for sites for student accommodation e.g. recent OJEU for 1,500 beds of accommodation, and potentially for academic accommodation e.g. appetite for a prestigious asset to bolster market positioning and overseas advertising.

- **Hospitality** – latent demand exists in the budget, and mid-range provider markets e.g. Premier Inn – 150 bed requirement.

- **Residential** – latent demand exists for new high and low density residential schemes, especially within close proximity to the riverfront, and train stations

- **Retail** – latent demand exists for retail in locations with high footfall

**Illustration of potential maximum building capacity and indicative values, together with potential annual savings**

<table>
<thead>
<tr>
<th>Asset</th>
<th>Scale (sq m)</th>
<th>FTE</th>
<th>FTE/sq m</th>
<th>Annual liability (£M pa)</th>
<th>Unit costs (£ pa/ sq m)</th>
<th>Backlog EM</th>
<th>Max Capacity (8 sq m per desk 80% desk ratio)</th>
<th>Indic’ value* (50% Afford’ Housing + retail)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Historic Guildhall</td>
<td>GIA: 5,078</td>
<td>238</td>
<td>13.5</td>
<td>0.78</td>
<td>241</td>
<td>0.21</td>
<td>238*</td>
<td>XXX</td>
</tr>
<tr>
<td></td>
<td>NIA: 3,211</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guildhall 1</td>
<td>GIA: 2,610</td>
<td>265</td>
<td>7.4</td>
<td>0.56</td>
<td>286</td>
<td>0.27</td>
<td>292</td>
<td>XXX</td>
</tr>
<tr>
<td></td>
<td>NIA: 1,948</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guildhall 2</td>
<td>GIA: 9,850</td>
<td>750</td>
<td>8.2</td>
<td>1.23</td>
<td>201</td>
<td>0.73</td>
<td>917</td>
<td>XXX</td>
</tr>
<tr>
<td></td>
<td>NIA: 6,115</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>1,253</td>
<td>2.56M</td>
<td>1.2</td>
<td>1.447</td>
<td>XXX</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Max Capacity Unchanged

**Note:** commercially sensitive information pertaining to the valuation of Council assets has been redacted in this table.

Dependencies: Space use consolidation is likely to require RBK to review ICT investment, and storage policies – e.g. increasing levels of electronic record management, and/or off-site storage. In addition, an opportunity exists to utilise the Guildhall complex as part of the wider regeneration plans.

9 Reviewed a range of alternative uses - Residential yield the highest values. Tested values with 0-50% affordable housing provision, with and without retail/other use on the ground floor due to floor risks.
Operational Spokes

Creating purposeful Operational Spokes

ASSET STRATEGY OBJECTIVE

- Establishing deliberate Spokes, supporting non-core administrative functions
- Providing touch-down opportunities (to Guildhall based staff)
- Support public access

Dependency: Robust corporate infrastructure (HR, ICT, Property and Facilities Management) required to support consolidation and clarity on candidate teams able to transfer to Spokes

STATUS QUO

The analysis of the asset base undertaken during the preparation of the Asset Strategy suggests that no apparent Spokes exist at the current time.

OPPORTUNITY REVIEW

The development of the Asset Strategy has stimulated a debate about the relative merits of establishing Operational Spokes in sub-centres, notably Tolworth, Surbiton, New Maldon, and Chessington. The debate is ongoing and will form the focus of more detailed analysis. High-level scenario testing has been undertaken in the context of creating an Integrated Accommodation Strategy (HQ and Spokes) and this is discussed overleaf.

The high-level analysis to date has considered opportunities to create Spokes on existing sites, re-developed specifically to serve this purpose and to support wider Asset Strategy objectives. Opportunities to re-configure existing assets are unfortunately limited (due to the highly cellular nature of most assets considered), and costs of re-development are, relatively high (initial estimates suggest c.£2-3m, based on a requirement of 200 staff, on a 7sqm/ FTE, and build costs of £1,500 – 1,800 per sq m). Questions also exist regarding the opportunity costs of releasing land.

Opportunities to secure Spokes within third party, commercial space have also been tested. Market search activity indicates occupancy cost levels would be broadly as follows:

<table>
<thead>
<tr>
<th>Location</th>
<th>Property example</th>
<th>Rent (pa)</th>
<th>Rates (pa)</th>
<th>Service Charge (pa)</th>
<th>Running costs (pa)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tolworth</td>
<td>Tolworth Tower, Ewell Rd, Surbiton, KT6 7EL</td>
<td>£177.60</td>
<td>£62.16</td>
<td>£15.54</td>
<td>£124.00</td>
</tr>
<tr>
<td>Surbiton</td>
<td>No 1, The Crescent, Surbiton, KT6 4BN</td>
<td>£263.72</td>
<td>£92.30</td>
<td>£23.08</td>
<td>£124.00</td>
</tr>
<tr>
<td>New Malden</td>
<td>CI Tower, High Street, New Malden, KT3 4BT</td>
<td>£236.81</td>
<td>£82.88</td>
<td>£20.72</td>
<td>£124.00</td>
</tr>
<tr>
<td>Surbiton</td>
<td>Millbank House, 171-185 Ewell Road, Surbiton, KT6 6AP</td>
<td>£242.19</td>
<td>£84.77</td>
<td>£21.19</td>
<td>£124.00</td>
</tr>
</tbody>
</table>

Notes:
Rent – headline rent quoted (Source: market search)
Rates – estimated, based on 40% of headline rent
Service charge – indicative level
Running cost – estimated based on benchmarks (Source: BCIS)

On the basis of the potential capital and/or revenue costs associated with the creation of independent Spokes, the feasibility of combining potential Spoke requirements with the creation of One Kingston Front Doors will be explored to support multi-functional aspirations.
HQ/SPOKE ADMINISTRATIVE ACCOMMODATION: SCENARIO TESTING

In order to respond to the emerging Themes, Goals and Objectives set out within the Asset Strategy, and also to illustrate a ‘best practice’ approach to options analysis that will be implemented as part of robust asset management in the future, hypothetical scenario testing has been undertaken to demonstrate alternative ways in which the Council could provide HQ/administrative accommodation in the future and the resultant financial impacts.

The Administrative Accommodation Scenario Testing included the following properties within the analysis: The Guildhall, Guildhall One, Guildhall Two, Sessions House and The Register Office.

The scenario testing has been based upon the following multiple administrative assets in the Council’s ownership and/or occupation:

1. The Guildhall (GH) [Map Ref: 157]
2. The Guildhall One (GH1) [Map Ref: 158]
3. The Guildhall Two (GH2) [Map Ref: 159]
4. Sessions House (SH) [Map Ref: 335]
5. The Register Office (RO) [Map Ref: 328]

The hypothetical analysis has been undertaken using Discounted Cash Flow methodology whereby all costs and income (revenue and capital) associated with each scenario are estimated, projected forwards over a period of time (15 years) and then discounted back to represent a cost in ‘today’s money’. The hypothetical analysis allows the comparison of alternative scenarios against the base case (Status Quo) as illustrated in the tables opposite and below.

IMPORTANT NOTE:
All modelling in this section is purely hypothetical and is presented as ‘proof of concept’ only.

None of the content in this section constitutes Council policy, an indication of future Council policy, or a formal project proposal.
A summary of the comparative analysis of the five scenarios is presented below. Commercially sensitive information relating to the valuation of assets and the cost of investment is not presented. However, the relative quantitative and qualitative merits of each scenario, is described in narrative terms. The scenarios are ranked in terms of their potential attractiveness to the Council as at the time of writing.

<table>
<thead>
<tr>
<th>No.</th>
<th>Analysis</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td><strong>Status Quo</strong></td>
<td>2</td>
</tr>
<tr>
<td></td>
<td><strong>Quantitative:</strong> the least costly option overall. Revenue costs are broadly ‘on market’ in comparison with BCIS rates. Historical trend in capital investment is low and may lead to increased costs in future. <strong>Qualitative:</strong> the GH campus is optimally located for both customers and staff and provides a reasonable to good level of accommodation for Council business.</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td><strong>Status Quo + Investment</strong></td>
<td>1</td>
</tr>
<tr>
<td></td>
<td><strong>Quantitative:</strong> additional capital investment of circa £6m is likely to be required to adequately maintain the GH campus over the next 15 years. Relative to other options this currently represents the lowest cost of investment and best value for money. <strong>Qualitative:</strong> the GH campus is optimally located for both customers and staff and provides a reasonable to good level of accommodation for Council business.</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td><strong>Retaining GH+ GH2 (with investment) / Divest GH1, SH + RO / invest in further spoke accommodation.</strong></td>
<td>6</td>
</tr>
<tr>
<td></td>
<td><strong>Quantitative:</strong> market for disposals currently depressed; existing RBK planning assumptions re 50% affordable housing factored in; Modelling indicates that relative to other options revenue liabilities and capital requirements increase over a 15 year period, making this the most expensive option overall. <strong>Qualitative:</strong> retain significant presence on GH site which is optimally located for staff and customers; potential to secure higher quality accommodation at GH2 through additional investment, and at new leased spoke sites, albeit at higher cost.</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td><strong>Retain GH2 + build 1 other spoke location / Complete divestment of GH &amp; GH1, RO, and SH.</strong></td>
<td>3</td>
</tr>
<tr>
<td></td>
<td><strong>Quantitative:</strong> market for disposals currently depressed; existing</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td><strong>Complete divestment from GH campus, RO, and SH / take out commercial lease on one or more buildings to accommodate staff</strong></td>
<td>4</td>
</tr>
<tr>
<td></td>
<td><strong>Quantitative:</strong> market for disposals currently depressed; existing RBK planning assumptions re 50% affordable housing factored in; cost of leasehold accommodation currently low, but even town centre ‘mid market’ office accommodation generally more expensive than existing Council owned accommodation; leaves Council open to future market increases in rental costs. No significant price advantage from less centrally located accommodation relative to current base costs. Comparative analysis indicates that Council revenue liabilities increase significantly over 15 years compared with status quo option. <strong>Qualitative:</strong> opens possibility of better standard / newer accommodation, albeit at higher cost.</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td><strong>Complete divestment from GH campus, RO and SH / Complete new build on council owned town centre site + 2 x leased spokes.</strong></td>
<td>5</td>
</tr>
<tr>
<td></td>
<td><strong>Quantitative:</strong> market for disposals currently depressed; existing RBK planning assumptions re 50% affordable housing factored in; capital costs for rebuild likely to be far in excess of receipts gained from disposals in current market. Cost of leasehold accommodation currently low, but no significant price advantage from less centrally located accommodation relative to current base costs. Leaves Council exposed to future increases in rental costs. <strong>Qualitative:</strong> Significant new town-centre and locality presence for Council, linked with regeneration objectives, and possibly providing a higher standard of accommodation that currently exists, albeit at significant extra costs.</td>
<td></td>
</tr>
</tbody>
</table>
One Kingston Front Doors

Establishing multi-functional One-Kingston Front Doors

**ASSET STRATEGY OBJECTIVE**

- Improving customer access to public facilities and front line services via ‘One-Kingston front door’
- Rationalising the portfolio, creating multi-purpose assets (in so far as is possible), co-locating public facing/community assets, e.g. libraries, leisure, youth, community centres

**Dependency: Defining a One Kingston Front Door blueprint, and potential access to funds to enable investment. Links with the Good Life Programme**

**STATUS QUO (SERVICE PROPERTY)**

- 12,500 sq m in scale
- accommodates a headcount (FTE) of 82
- has a cumulative annual cost of £0.9m
- has a cumulative book value of £27m
- has a backlog maintenance liability of £1.2 m

The estate comprises a number of disparate, standalone facilities. The Council has an aspiration to consolidate and enhance the quality of the assets through the promotion of multi-purpose usage (bringing multiple services together).

Current front-line service/ neighbourhood bases include:

- Libraries (x6);
- Museum (x1): Wheatfield Way (Kingston)
- Community Centres (x2): Hook Centre (Chessington); Tudor Hall (Kingston)
- Sports Facilities (x3): Kingfisher (Kingston); Kingsmeadow (New Malden); Malden Centre (New Malden)
- Supplementary resources (x1): Tolworth Recreation Centre [Classified as Green Space asset]

**Notes: Could also include: Education + Youth Centres**

**OPPORTUNITY REVIEW**
Multi-channel access is now available across multiple service lines, underpinned by technological developments.

Physical points of access have also changed, increasingly offering open, welcoming drop-in style environments (e.g. Guildhall one-stop shop).

Increasingly many public sector organisations are exploring opportunities to share assets, and provide access to multiple services from single facilities, thereby removing the need for specialist facilities.

Opportunities exist to consolidate front-line service / neighbourhood bases considerably, by adopting a multifunctional approach to assets in the future. Examples of locations where this approach could be taken include the Blagdon Road site, the Kingfisher Sports / Leisure Centre (albeit this would require a re-gear of the current contract), and/or the Tolworth Recreation Centre.

In order to respond to the emerging Themes, Goals and Objectives set out within the Asset Strategy, specifically related to the creation of One Kingston Front Doors, and also to illustrate a ‘best practice’ approach to options analysis that will be implemented as part of robust asset management in the future, hypothetical scenario testing has been undertaken to test alternative ways in which the Council could provide The Good Life-related accommodation in the future, and the resultant financial impacts.

The scenario testing has taken into account a range of front line assets in the Council’s ownership at Blagdon Road, New Malden, and/or nearby.

**IMPORTANT NOTE:**
All modelling in this section is purely hypothetical and is presented as ‘proof of concept’ only.

None of the content in this section constitutes Council policy, an indication of future Council policy, or a formal project proposal.

---

**Assets considered:**

**Blagdon Road site:**
1. Hobkirk / Noble House (Care Home) [Map Ref: 162&280]
2. Open space next to Malden Centre (Community / Green Space) [Map Ref: 295]
3. Malden Centre (Leisure Centre) [Map Ref: 254]
4. Cocks Crescent Car Park (Car Park) [Map Ref:108] [Freehold asset, leased to third party]
5. Multi-storey car park (Car Park) [Map Ref:272] [Leasehold interest in the car park – query logic behind tenure strategy]
6. 23-29 Blagdon Road (Commercial premises) [Map Ref:20]
7. Sites (x3):
   - Former Causeway Social Education Centre & Resource Centre sites, Cocks Crescent (Demolished) [Map Ref:140+141]
   - Ambulance Station (To be demolished) [Map Ref:45]
8. Education (x3)
   - Burlington Infants and Junior School (School) [Map Ref:69]
   - New Malden Childrens Centre (Childrens Centre) [Map Ref:276]
   - New Malden Library & Hall (Library) [Map Ref:278] (nearby)

Assets off-site, included in the status quo (either due to proximity, or to introduce...
comparators):
9. Fountains Roundabout [Map Ref: 398]
10. New Malden Library [Map Ref: 278]
11. Sessions House [Map Ref: 335]

Assets included in modelling (reduced list):
Assets within the Blagdon Road site:
1. Hobkirk / Noble House (Care Home) [Map Ref: 162&280]
2. Open space next to Malden Centre (Community / Green Space) [Map Ref: 295]
3. Malden Centre (Leisure Centre) [Map Ref: 254]
4. Cox’s Crescent Car Park (Car Park) [Map Ref:108] [Freehold asset, leased to third party]
5. 23-29 Blagdon Road (Commercial premises) [Map Ref:20]
6. Sites (x3) [Map Refs: 140+141 + 45]:

Assets off-site, included in the status quo (either due to proximity, or to introduce comparators):
7. Fountains Roundabout [Map Ref: 398]
8. New Malden Library [Map Ref: 278]
9. Sessions House [Map Ref: 335]

The hypothetical analysis has been undertaken using Discounted Cash Flow methodology whereby all costs and income (revenue and capital) associated with each scenario are estimated, projected forwards over a period of time 15 years, and then discounted back to represent a cost in ‘today’s money’. The hypothetical analysis allows the comparison of alternative scenarios against the base case (Status Quo).

Scenarios tested:

1.) Status Quo:
Council retains all existing assets, in current configuration, at existing levels of expenditure. No significant additional capital investment is envisaged over the 15 year period.

2.) New ‘One-Kingston Front Door’ on the Malden Centre Site:
Construction of a new ‘One Kingston Front Door’ facility on the Malden Centre site and the sale of all other assets with the exception of the New Malden Library. The new centre would be incorporate Youth Centre, Office, Library and Leisure Centre uses.

3.) New ‘One Kingston Front Door’ adjacent to the existing Malden Centre site:
Construction of a new ‘One Kingston Front Door’ facility adjacent to the Malden Centre site, with the Malden Centre continuing to provide leisure uses. The new facility would incorporate Youth Centre, Library and Office uses.

4.) Complete divestment of all assets listed:
Complete divestment of all assets listed. Assumption made that disposals will be geared toward residential use.

The preliminary hypothetical scenario testing has highlighted that opportunities exist to make some efficiency savings trough a re-alignment of the asset base, but the outcomes are marginal on the basis of the assumptions made to date. The results of the comparative analysis are summarised in the table below. Commercially sensitive information relating to the valuation of assets and the cost of investment is not presented. However, the relative quantitative and qualitative merits of each scenario, are described in narrative terms. The scenarios are ranked in terms of their potential attractiveness to the Council as at the time of writing.
<table>
<thead>
<tr>
<th>No.</th>
<th>Analysis</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td><strong>Status Quo:</strong> <strong>Quantitative:</strong> the base revenue cost to the Council of running these assets has been identified. Low trends of capital investment in some assets may not be sustainable over the life-cycle of the model. <strong>Qualitative:</strong> A lack of investment in the assets in the long term is likely to result in the physical deterioration of the assets and ultimately detract from the attractiveness of both the immediate area and adjoining properties.</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td><strong>New ‘One-Kingston Front Door’ on the Malden Centre Site:</strong> <strong>Quantitative:</strong> Any capital works on the Malden Centre site will require the permission of DC Leisure which has been granted a concession to exclusively operate and maintain the Council’s leisure centres. The capital cost of developing the new facility is likely to exceed the income derived from disposals based on current market conditions / assumptions about % of affordable housing to be provided. Modelling suggests revenue costs are marginally higher than the status quo, although this may change with further feasibility testing. <strong>Qualitative:</strong> The Council is provided with an opportunity to re-design and re-provide important community facing services / facilities for the locality.</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td><strong>New ‘One Kingston Front Door’ adjacent to the existing Malden Centre site:</strong> <strong>Quantitative:</strong> The capital cost of developing the new facility is likely to exceed the income derived from disposals based on current market conditions / assumptions about % of affordable housing to be provided. This may change through further feasibility testing / optimisation of underlying assumptions. Preliminary modelling suggests that revenue costs are lower than the status quo option post investment. <strong>Qualitative:</strong> The Council is provided with an opportunity to re-design and re-provide important community facing services /</td>
<td>2</td>
</tr>
<tr>
<td>4</td>
<td><strong>Complete divestment of all assets listed:</strong> <strong>Quantitative:</strong> Complete divestment of all assets listed. Assumption made that disposals will be geared toward residential use and that existing Council policy regarding % of affordable housing and density will be used. <strong>Qualitative:</strong> Complete divestment of assets is likely to leave the Council in an unfavourable position regarding the provision and delivery of community facing services.</td>
<td>4</td>
</tr>
</tbody>
</table>

Further detailed analysis based upon a more detailed consideration of the One Kingston Front Door ‘blueprint’ will be undertaken as an action of the Asset Strategy. In this regard, opportunities to redevelop existing Leisure Centres e.g. Tolworth Recreation Centre, or Kingfisher Sports Centre, that are both are in poor condition will be explored to re-provide leisure amenity on-site, including supplementary facilities to serve children and adult service requirements, youth, and to potentially provide touch-down office space (Spokes).
**Adult Care**

Enabling excellent Adult Care

---

**ASSET STRATEGY OBJECTIVE**

- Value for money approach to the rationalisation of the Adult Care estate (exploration of retention, versus transfer, and/or reprovision)
- Delivering a new 80 bed dementia unit, via the private sector (potentially through prudent redevelopment of a Council asset)
- Minimise exposure to supplementary portfolio charges arising from partner delivery of health care services (potential risk to budget reduction) [Specific action: to be developed]

Dependency: Nature of contracts drafted with third parties

---

**STATUS QUO**

- 12,107 sq m in scale
- accommodates a headcount (FTE) of 264
- has a cumulative annual cost of £0.9m
- has a cumulative book value of £26.5m
- has a backlog maintenance liability of £0.5M (70% or £0.3m relates to surplus assets, so will represent a saving

Front line service delivery space comprises 14 properties, largely a mix of care homes and day centres:

- **Care homes for the elderly:** Amy Woodgate House\(^\text{10}\) (TP), Newent House (S), Murray House (S), Holbkirk/Noble House (S), three of which have been declared unfit for purpose, and therefore surplus
- **Care homes for adults with special needs and/or learning disabilities:** Gloucester Road (TP); Fircroft, Ditton Road (TP); Chamberlain Way; and Woodbury, Kingsdowne Road.
- Day centres; Bardwell House; Carbisbrook; and Coombe Oak (TP).
- Sheltered accommodation; Bradbury Centre

**Notes:**

\(^{10}\) Amy Woodgate House – a new, purpose built facility (meets CQC standards), now run by Your Healthcare\(^{11}\) CQC standards – e.g. minimum room size, and requirements to provide en suite facilities

**OPPORTUNITY REVIEW**

Opportunities exist to re-provide new, fit-for-purpose facilities in partnership with private sector provider, and to release other assets, in line with new community based service delivery models (therefore releasing vacant space)

Commercial market demand is likely to be forthcoming on all ‘surplus’ sites from Residential developers, and an opportunity exists to release assets on Blagdon Road to a third party provider, linked with wider regeneration and value release plans.

The results of the comparative analysis are summarised in the table below. Commercially sensitive information relating to the valuation of assets and the cost of investment is not presented. However, the relative quantitative and qualitative merits of each scenario are described in narrative terms. The scenarios are ranked in terms of their potential attractiveness to the Council as at the time of writing.
### Scenarios tested:

1.) **Status Quo**: maintain existing service provision in existing properties.

2.) The provision of new fit for purpose facilities in partnership with a private sector provider(s) and to release other assets in line with new community based service delivery models (therefore releasing vacant space)

### Comparative Analysis

<table>
<thead>
<tr>
<th>No.</th>
<th>Analysis</th>
<th>Ranking</th>
</tr>
</thead>
</table>
| 1   | **Status Quo**: maintain existing service provision in existing properties.  
    | **Quantitative**: N/A the Council does not intend to maintain the status quo position.  
    | **Qualitative**: N/A the Council does not intend to maintain the status quo position. | 2       |
| 2   | The provision of new fit for purpose facilities in partnership with a private sector provider(s) and to release other assets in line with new community based service delivery models (therefore releasing vacant space)  
    | **Quantitative**: the capital cost of developing the new facility is to be contributed to by the sale of existing assets with potential receipts derived from disposals based on current market assumptions about % affordable housing to be provided. Further feasibility modelling to be commissioned.  
    | **Qualitative**: the Council is provided with an opportunity to re-provide new fit for purpose facilities. | 1       |
Children and Young Adults

Meeting the needs of our Children and Young Adults

**ASSET STRATEGY OBJECTIVE**

- Proactively explore the Council’s asset base to identify opportunities to deliver 15 new forms of entry (reception) by 2018 (to reflect current forecasts) which translates into 3-5 sites / 5 x 3FE Primary Schools
- Presumption in favour of seeing all School expansion initiatives, including Free Schools, as an opportunity to promote multi-purpose use
- Explore opportunities to consolidate Children Centres [Specific action: to be developed]

*Dependency: Creative use of assets, lateral thinking (challenge historic categorisation of assets), and harnessing of internal planning expertise*

**STATUS QUO**

- 3,996 sq m in scale, from which up to 668 staff operate according to the HR dataset.
- has a cumulative annual cost of £4.9m
- has a cumulative book value of £170m
- has a backlog maintenance liability of £0.9m

On the basis of the analysis of the asset base to date, assets comprise:

- Schools (47);
- Children’s centres (11); and
- Youth centres (11).

**NEEDS ASSESSMENT**

Forecasts indicate a short term need for 1-3 new forms in four wards by 2015, and a longer term need of 15 new forms (reception) across seven wards.

<table>
<thead>
<tr>
<th>Area</th>
<th>Ward</th>
<th>2015</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>North Kingston</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>Kingston Town &amp; Norbiton</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>Chessington &amp; Hook</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>Surbiton</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>5</td>
<td>Tolworth &amp; Berrylands</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>6</td>
<td>New Malden &amp; Coombe</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>7</td>
<td>Old Malden &amp; Worcester Park</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>8</td>
<td>Coombe Hill</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>7</td>
<td>15</td>
</tr>
</tbody>
</table>

*Note: Source: internal pupil place planning assessments, June 2013.*

The requirement is projected to increase relatively slowly up to 2015, and before sharply increasing. This translates to a requirement for 3-5 sites across the Borough. A mapping exercise has been carried out to illustrate areas of geographical demand, against Council owned sites (See inserts). This will be used to inform opportunity assessment and decision-making.
Indication of capital costs of school place provision

<table>
<thead>
<tr>
<th>Unit build cost(^{12}) (cost/ sq m)</th>
<th>Illustrative requirement (scale/ sq m)</th>
<th>Potential total cost (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>School</td>
<td>£1,500-1,800</td>
<td>1,400</td>
</tr>
</tbody>
</table>

**OPPORTUNITY REVIEW**

Given the significant capital costs incurred in the provision of school places, and on the basis of highly constrained funding availability, a creative approach is required to address the high demand associated with new school provision.

Lateral thinking around the Council asset base is required to establish opportunities for the revitalisation of surplus, under-utilised or well utilised operational property for school uses. A review of the Council’s landholdings will also be undertaken to explore opportunities for the re-designation of ‘community/ greenfield, and/or investment’ assets for schools use. In addition, opportunities to create multi-functional facilities within new school proposals will also be explored as part of an aspiration to rationalise the asset base and think outside silos (eg. youth centres, Leisure Centres and / or libraries within schools proposals).

\(^{12}\) Source: BCIS data
Investment Estate

Improving the quality of our Commercial Portfolio

**ASSET STRATEGY OBJECTIVE**

- To pro-actively manage the investment portfolio to drive greater financial and socio-economic value.
- Financial returns are represented by a secure income stream with growth potential and, where appropriate, realisation of capital receipts.

**Dependency: Obtaining agreement on governance / delegated authority**

**THE ASSETS**

The existing estate comprises 59 interests that deliver £2.07m of rental income, summarised below:

<table>
<thead>
<tr>
<th>Number</th>
<th>Rent (£’000)</th>
<th>Average rent (£’000)</th>
<th>% of total rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>John Lewis</td>
<td>1</td>
<td>1,014</td>
<td>1,014</td>
</tr>
<tr>
<td>Rent &gt; £100K</td>
<td>4</td>
<td>457</td>
<td>114</td>
</tr>
<tr>
<td>Rent £10-100K</td>
<td>18</td>
<td>446</td>
<td>24</td>
</tr>
<tr>
<td>Rent &lt;£10K</td>
<td>36</td>
<td>106</td>
<td>3</td>
</tr>
<tr>
<td>TOTAL</td>
<td>59</td>
<td>2,023</td>
<td>34</td>
</tr>
</tbody>
</table>

Approximately two thirds of the investment portfolio are not traditional investment assets. They are a mix of assets that are related to sports or recreational activities, assets that have some community benefit and a mix of odds and ends.

The assets can be summarised as follows:

<table>
<thead>
<tr>
<th>Number</th>
<th>Rental income (£’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 5 years</td>
<td>5– 25 years</td>
</tr>
<tr>
<td>Investment</td>
<td>19</td>
</tr>
<tr>
<td>Sports</td>
<td>12</td>
</tr>
<tr>
<td>‘Community benefit’</td>
<td>19</td>
</tr>
<tr>
<td>Other</td>
<td>9</td>
</tr>
<tr>
<td>TOTAL</td>
<td>59</td>
</tr>
</tbody>
</table>

John Lewis dominates the portfolio, representing 50% of the total portfolio income. The remaining ‘investment’ assets are a mix of office, industrial and leisure assets.

There are 15 Long Leasehold Properties including John Lewis. They account for £1.54m (76%) of the portfolio income.

The 12 sports and recreational assets include three golf clubs and three tennis clubs. Malden Golf Club (£125K) and Queen Elizabeth Sports Centre (£60K) account for the majority of the rental income.

The assets which have a ‘community benefit’ include further clubs and organisations such as British Legion and the Girl Guides. A health centre (£31K) and Children’s Nursery (£34K) account for the majority of the income.

Included within other assets are three plots of grazing land, three further parcels of land and a few sundry assets.

The nature of the properties means that for 70-80% of the assets, the headline percentage income yield on capital value will look attractive, being in the range of 7-10%. However, the true net income position once voids, bad debts and management costs are taken into account may look less attractive (further analysis to be considered), particularly for the lower value properties.
APPROACH

The investment portfolio has been largely managed on a passive basis via tactical decisions. Consequently there are opportunities to enhance financial performance. However, many of the investment assets are occupied by organisations where there will be political sensitivities associated with increasing rental levels or seeking to follow other commercial asset management strategies.

The portfolio needs to be segmented, identifying those properties which should be retained due to strategic locational importance, high financial return or outstanding community benefit. Where there is an opportunity to enhance income through appropriate asset management strategies, these should be pursued. All assets with significant site coverage, or where there is vacant land, should be reviewed to establish whether capital receipts can be extracted by partial or complete disposal.

The following process chart illustrates a process to segment the portfolio:

OPPORTUNITIES

- Active asset management plan to drive net income improvement and capital receipts – subject to a satisfactory strategy to manage existing occupiers
- Consider disposal of low value management intensive sites (where true net income yield is likely to be much lower than the gross income yield)
- Restructure tenure arrangements, enabling the Council to ‘unlock’ regeneration or development angles (e.g. residential, education, retail), and/or to enable occupiers to exercise more freedom / control over sites

Land values in the borough are likely to be high with strong demand for residential land plots for single unit developments upwards. A specific work-stream to evaluate strip development or change of use opportunities could yield a meaningful capital sum. Examples include:

- A creative approach at Malden Golf Course could liberate 4-5 acres without any meaningful impact on the course itself. With residential planning the value could easily exceed £5m.
- Sports centre – strip development
- Six parcels of land sit within the investment portfolio including three identified as grazing land.
- Cocks Crescent sites- Former Causeway Social Education Centre & Crescent Resource Centre sites

ACTION

A new approach to the ‘pro-active’ management of the portfolio will be put in place. This will include improved reporting – to enhance transparency regarding performance, and the ability to manage sensitive situations that arise and the adoption of a decision making tool will be developed for buy and sell scenarios. The Council will become more ‘opportunistic’ and able to respond to quickly to opportunities, including agreement on governance and delegated authority.
By 2018 ....

- The Commissioning Agenda will be fully developed and the potential for assets commissioning fully explored.

- A robust Strategic Asset Management platform will be in place, consolidating the Corporate Landlord function and driving forwards the Goals and Objectives of the Asset Strategy, in the context of the Guiding Principles.

- We will be delivering our Integrated Accommodation Strategy (based upon a Value for Money options appraisal) so that core administrative functions are fully supported and customer access to the Council’s core services is enhanced.

- A blue-print for the ‘One Kingston Front Door’ will be defined and operationalised - combining leisure and community-based activities for our children, young adults, adults and the elderly – promoting a ‘multi-functional’ approach to the asset base and meeting the requirements of the Good Life, Achieving for Children, Kingston at Home and the Council’s Wellbeing responsibilities.
• We will have opened a new Dementia Care Unit in partnership with our preferred private sector provider demonstrating excellent value for money.

• We will have successfully delivered our Primary and Secondary School Places Expansion Programme

• Using our asset base as ‘leverage’, we will be leading the delivery of Regeneration-based projects in our priority areas.

• There will be a new approach to ‘Investment’ assets, based upon effective management and opportunistic decision-making.

• The scale of our asset base will be shrinking.

• Our annual cost liabilities associated with our asset base will be falling.

• The overall quality and value of our asset base will be increasing.
Asset Strategy Reference Material

This Asset Strategy must be read in conjunction with the following:

Policy and Guidance

Links to core documents:

- Corporate Plans
  - Destination Kingston 2013-17 Medium Term Service and Financial Plan
  - Destination Kingston 2012-16, Draft Medium Term Service and Financial Plan
  - One Kingston Programme
  - One Council Programme
  - The Kingston Plan 2009

- Context
  - Neighbourhood statistics – RBK producing

- Service Plans – 2013-14

- Service Specific Strategies
  - Adult Care – Changing Strategy / Feasibility Study
  - Education / School Place Strategy
  - Car Parking Strategy
  - ICT Strategy

- Place / Regeneration (& Planning)
  - Area Action Plan (AAP)

- Environmental Sustainability / Climate Change + Energy Management Plan

- Property Policy
  - Asset Register
  - Disposals Policy
  - Disposal list
  - Flexible Working Policy