

The Royal Borough of Kensington and Chelsea

KEY DECISION

Report Title: Interim Council Asset Strategy 2025 - 2030

Date: 12 February 2025

Decision Maker	Leadership Team
Reporting Officer	Dan Hawthorn – Executive Director of Housing and Social Investment
Key Decision number	KD1010966
Access to information	Public
Wards	All

1. EXECUTIVE SUMMARY

- 1.1 The Council uses its property portfolio primarily to support the delivery of Council services and Council Plan priorities. Property in the General Fund is used either as operational assets used by Council departments or commissioned providers to deliver a service, or as commercial assets which generate a financial income for reinvestment in Council services.
- 1.2 The Council Asset Strategy and Council Asset Management Plan will allow capital spending to be planned and the Council to keep its property under review to ensure it meets service and resident needs. It also allows the Council to plan ahead to achieve financial savings or additional income through property. It is important that the Council's property portfolio performs well to ensure that the Council delivers best value and community benefit.
- 1.3 The Council Asset Strategy sets out at a high level the priorities, projects and programmes for use of Council property. This will be developed into an Asset Management Plan to support budget setting in for 2026/27 and onwards following more detailed work and reviews to identify the future property requirements and capital investment needed to support.

2. RECOMMENDATION

The Leadership Team is recommended to:

- 2.1 Approve the Interim Council Asset Strategy 2025 – 2030 as appended to this report.

3. REASONS FOR DECISION

- 3.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) guidance advises all councils to include a five-year Asset Management Plan as part of their budget setting process.
- 3.2 The last Asset Management Plan document in the Council was a Corporate Property Strategy, adopted in 2011. This Council Asset Strategy has been prepared to accompany the annual budget report for 2025/ 26. The strategy sets out the current context, cross cutting themes and objectives for the Council and a series of programmes which are currently underway, it is in effect an interim Asset Strategy and headline Asset Management Plan.
- 3.3 The aim is to present a full Council Asset Strategy and Asset Management Plan to the Leadership Team for consideration in February 2026 which will set out a plan of how the strategy will be delivered - through which projects and when. The Council will consult with relevant stakeholders, partner agencies and local people during this next stage of the process.

4. BACKGROUND

- 4.1 There are approximately 589 property assets within the Council's General Fund balance sheet, valued at £870m. The assets sit within three portfolios, Operational, Commercial and Operational Residential.
- 4.2 The Council Asset Strategy aims to set out a framework which will ensure the property portfolio is efficient, fit for purpose and provides the best benefits for residents.
- 4.3 The Council, like all other local authorities, continues to operate within its budget constraints and broader economic pressures which are expected to bring significant financial challenges over the medium term. The cost of managing, maintaining and improving the condition of the Council's estate is significant and will need to be carefully prioritised.
- 4.4 Specific priorities identified in the strategy include the need to rationalise council office accommodation, identify medium and long term solutions for the operational depot sites, secure a pipeline of specialist accommodation to meet growing demand for vulnerable members of the community, and bringing together family services and partners in locality sites to better serve communities.

5. OPTIONS, ANALYSIS AND PROPOSALS

- 5.1 To comply with CIPFA guidance the Council needs to evidence that it has taken a corporate and strategic view in assessing portfolios and making decisions about the future use of assets and land. The Council Asset Strategy will set out the Strategic Outline Case for any major capital investment by showing that a process of option appraisal has been undertaken.

- 5.2 The strategy has been developed through a process of review, research and analysis of data and reports from across the organisation. In response to specific risks, issues and opportunities, six core themes have been identified to enable the Council to make decisions about where and how to prioritise investment.
- 5.3 Assets are in varying states of condition. A review of the data has shown that the asset information is not up to date. A comprehensive programme of surveys and audits, including condition surveys, measured surveys, accessibility audits as well as safety and compliance assessments of all assets is currently underway. This will take time to complete and the work is being prioritised starting with safety and property compliance. The strategy is clear on requirements and standards the portfolios need to achieve in order to getting the basics right in terms of having a safe, compliant and accessible estate.
- 5.4 In addition to this, the Council needs to review all of its assets in terms of performance with a view to reducing expenditure and increasing income whilst continuing to meet the needs of the community. The strategy sets out a series of asset review themes which are priorities in response to the specific challenges that the Council faces.

6. CONSULTATION AND COMMUNITY ENGAGEMENT

- 6.1 The aim is to have a full Council Asset Strategy and Asset Management Plan presented for Leadership Team for consideration in February 2026. The Council will consult with relevant stakeholders, partner agencies and local people during this next stage of the process.
- 6.2 Any decisions about specific assets, arising from the strategy and the further work described in this report, could be subject to further consultation with for example, service users, partners/stakeholders and others, depending on the nature of the asset.

7. LEGAL IMPLICATIONS

- 7.1 Section 1 of the Localism Act 2011 introduced the “general power of competence” for local authorities, defined as “the power to do anything that individuals generally may do” and which expressly includes the power to do something for the benefit of the authority, its area or persons resident or present in its area.
- 7.2 When dealing with publicly owned property assets, the Council must comply with its fiduciary duty. Further legal advice shall be needed as the asset reviews relating to individual properties come forward. The Council should also consider any property tax implications on transactions.
- 7.3 The Council’s constitution currently gives responsibility to the Leadership Team to make decisions around the preparation of the Council’s budget and the various plans and strategies that constitute the Council’s strategic

framework. In preparing the Council's budget and strategic plans, the Leadership Team must consult with relevant stakeholders, partner agencies and local people.

8. FINANCIAL, PROPERTY AND ANY OTHER RESOURCES IMPLICATIONS

- 8.1 The asset management strategy sets out the details of the Council's property assets and establishes a rationale for reviewing the future use of those assets.
- 8.2 The strategy is aligned to, and informed by, the savings and transformation programme. The 2025/26 budget assumes This programme is generating savings on office accommodation and the optimisation of the use of other assets, of £733k as set out in the budget report for 2025/26. The budget for 2025/26 includes an element of spend to save to maximise the income that will be generated.
- 8.3 In addition, there is some funding for work on the corporate estate set out in the capital programme and the pipeline capital programme. This funding will be kept under review as the asset management strategy is implemented. The reviews of individual properties are prioritised as set out in Section 5 of this report. As reviews progress, proposals for the future use of individual assets will be made and detailed financial comments will be provided at that stage.
- 8.4 The next report in February 2026 will inform the capital programme for 2026/27 and future years. This will further improve the alignment of the strategic requirement for owning the assets and the investment requirements to realise their optimum usage.

9. ENVIRONMENTAL IMPLICATIONS

- 9.1 The Strategy includes a clear commitment to working towards delivering the Council's five environmental commitments. Six core themes have been identified to enable the Council to make decisions about where and how to prioritise investment, one of which is around Net Zero, with works already underway to reduce emissions from its own properties to support net zero ambitions and work towards meeting all of the other environmental commitments.

10. HUMAN RESOURCES IMPLICATIONS

- 10.1 The Council needs to ensure that the right level of resource is in place to manage the estate and ensure it is meeting service and resident needs. Officers are considering the Council's internal setup to ensure it is fit for purpose.

11. EQUALITIES IMPACT ASSESSMENT AND IMPLICATIONS

- 11.1 An Equalities Impact Assessment (EqIA) has been prepared and attached to this report. The EqIA concludes indicates that some protected groups will be positively affected by the Strategy and that the need for individual EqIA's for individual projects and sites will be assessed on a case-by-case basis.

12. APPENDICES

- 12.1 Appendix One: Interim Council Asset Strategy 2025 - 2030
- 12.2 Appendix Two: Council Asset Strategy Equalities Impact Assessment

13. SUPPORTING AND BACKGROUND DOCUMENTS

- 13.1 None

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Director for Social Investment and Property

Mandatory clearance process

Cleared by **Corporate** Finance: NI

Cleared by Legal Services: JJZ

Cleared by Communications: KT