

Public Document Pack



Date: **13 October 2014**
Our ref: **Overview & Scrutiny Panel/Supplementary Agenda**
Ask For: **Charles Hungwe**
Direct Dial: **(01843) 577186**
Email: **charles.hungwe@thanet.gov.uk**

OVERVIEW AND SCRUTINY PANEL

21 OCTOBER 2014

A meeting of the Overview and Scrutiny Panel will be held at **7.00 pm on Tuesday, 21 October 2014** in the Council Chamber, Council Offices, Cecil Street, Margate, Kent.

Membership:

Councillor Gideon (Chairman); Councillors: Campbell (Vice-Chairman), Driver, Dwyer, Fenner, Gibson, I Gregory, K Gregory, Hornus, Huxley, Matterface, Moore, Poole, D Saunders, M Tomlinson and Worrow

SUPPLEMENTARY A G E N D A

Item
No

Subject

6. **ADOPTION OF ASSET MANAGEMENT STRATEGY** (Pages 1 - 52)

This page is intentionally left blank

ADOPTION OF ASSET MANAGEMENT STRATEGY

To: **Overview & Scrutiny Panel - 21 October 2014**

Main Portfolio Area: **Finance and Estates**

By: **Cllr Everitt, Cabinet Member for Finance and Estates**

Classification: **Unrestricted**

Ward: **All Wards**

Summary: **The Council are committed to ensuring that services align to achieve the corporate aims. Strategic Corporate Asset Management must facilitate these aims with appropriate policy and process. This report introduces the Corporate Asset Strategy with Cabinet being asked to adopt the strategy.**

For Decision

1.0 Introduction and Background

- 1.1 Thanet District Council Asset Management Strategy expired in 2011, see annex 1.
- 1.2 An interim property disposal process was adopted by Cabinet on 10th May 2012, see annex 2.
- 1.3 The Economic Development and Asset Management department, following considerable consultation with members and officers have documented a new strategic policy and process.

2.0 The Current Situation

- 2.1 Thanet District Council places strategic importance in the council's fiduciary duties in relation to its ownership of corporate property and land.
- 2.2 The ownerships of a significant corporate portfolio bring both benefits and responsibilities. It is important that Thanet Council can evidence the policy and processes they adopt to ensure these obligations are met.
- 2.3 Following a period of review of the corporate property and land asset base, and a substantial consultation process, the Council have produced a new Corporate Property Asset Management Strategy (CPAMS) to facilitate communication, transparency and reinforce its commitment to adopting due process when acting as Corporate Landlord.
- 2.4 The CPAMS gives information about the strategic policy and processes adopted including:-
 - 2.4.1 What Corporate Property Asset management is;
 - 2.4.2 The pressures the council are under in connection with finances and asset liabilities;

- 2.4.3 Reinforces the councils commitment to community asset management by confirming a new post employed to support the community in the complex arena of the Localism Act;
- 2.4.4 Describes the forum where strategic asset management consolidates for consideration;
- 2.4.5 Introduces a new corporate property asset and land disposal process.
- 2.5 The CPAMS is a high level strategic document; it is not an action plan.
- 2.6 The action plan will be prepared for the start of the financial year in 2015, will take its lead from the corporate priorities and support the targets in the medium term financial plan. It will be developed by the corporate property asset management group forum regulated by the policy and processes found within the Constitution for Governance and other relevant Cabinet policy.

3.0 Corporate Implications

3.1 Financial and VAT

- 3.1.1 The strategy has no financial and vat implications.

4.2 Legal

- 4.2.1 Legal advice has been taken into account in the strategy.

5.3 Corporate

- 5.3.1 The council will mitigate its risks of uncoordinated and uncontrolled asset management by adopting a strategic coordinated approach; however, there is still sufficient input from all stakeholders to get involved.

The policy and processes contained within the strategy will support all the other strategies and the corporate plan.

By adopting this strategy there will be a clear forum for considering the environmental impact the corporate estate has on its surroundings. The group will develop a baseline audit and from there document action plans to reduce carbon emissions.

The CPAMG will consider the human rights act and equal opportunities as part of the on-going review of the corporate property portfolio and ensure that no recommendations are made to Cabinet without prior consideration of these issues.

5.4 Equity and Equalities

- 5.4.1 The strategy does not affect equity and equalities but the CAPMG will consider equity and equalities as part of all individual property and land reviews.

6.0 Recommendation

- 6.1 That Overview and Scrutiny Panel recommends to Cabinet for approval; the Corporate Property Asset Management Strategy 2014 – 2019.

7.0 Decision Making Process

7.1 This is a key decision to go to Cabinet, subject to call in.

Contact Officer:	Edwina Crowley, Head of Economic Development and Asset Management
Reporting to:	Ged Lucas, Interim Director of Community Services

Annex List

Annex 1	Thanet District Council Asset Management Strategy 2007 - 2011
Annex 2	Property Disposal Process 2012 -2014
Annex 3	Corporate Property Asset Management Strategy 2014 - 2019

Background Papers

Title	Where to Access Document
None	N/A

Corporate Consultation Undertaken

Finance	N/A
Legal	Steven Boyle, Interim Legal Services Manager & Monitoring Officer

This page is intentionally left blank



Asset Management Strategy 2007 - 2011

Contents

1. Introduction and Mission Statement
2. Strategic Background
3. Strategic Direction
4. Strategic Context
5. Strategic Analysis
6. Strategic Decision-taking
7. 2007/11 Asset Management Plan
8. Monitoring and Performance Indicators

Appendix 1 – Asset Register

1.0 Introduction and Mission Statement

- 1.1 The Council's Property Strategy Plan of 2002 is now out of date. Despite later revisions to put structure into how surplus land and property may be disposed of to support growing demand for services, the Council understands that a completely new strategy is needed.

The view was reinforced by the Comprehensive Performance Assessment received in 2007. This strategy document is based on advice received in recent Government Guidance and National Best Practice but, above all, our local circumstances here in Thanet. We will fully understand the value of our land and property better, and make full use of these assets.

MISSION STATEMENT

'To enhance Thanet's Public Services through effective property management.'

2.0 Strategic Background

2.1 Outline and Purpose of Document

The Council is responsible for the delivery of a range of public services across the district and plays a key role in community leadership; translating the expectations and aspirations of the community into its own actions and influencing the actions of others.

This document is very important to Thanet Council and its ability to make decisions with regard to investing in the community's assets, ensuring the best decisions are made for the future of Thanet and its residents. The purpose of this strategy is to provide a clear system of understanding the value and condition of the property the Council holds. This will ensure that the maximum benefit from the property portfolio is achieved. Balancing a disposal programme with the production on income to invest in retained property.

The structure and content of this document aims to tell the reader why asset management is an essential part of the Thanet Corporate Plan. It explains why we own assets and how we will regularly review those assets to understand their value. Thereby enabling decision taking to be transparent, with consultation a central theme to potential disposal.

2.2 Council in Context

Thanet is a unique coastal District. Its community enjoys a rich coastal environment, with 20 miles of still largely unspoiled coastline. However, by contrast the District remains the third most deprived in the South East, with six wards which rank in the 10% most deprived in England. Despite its location in the Nation's most prosperous region, unemployment is significantly higher than the National Average. Across most socio-economic indices Thanet residents will fare worse than most of Kent and the South East. Around 33% of Thanet residents have no qualifications and the average weekly income is £90 less than that of the average for the South East. This sense of contrast also extends to the area's economic infrastructure, which has been largely shaped by the history, fortunes and economics of the English seaside holiday.

This is changing. The Council has worked hard over the years, and a big increase in new development has occurred. New infrastructure, albeit belatedly, is following, including faster rail linkage to London. Improvement is reflected in consecutive assessments of the Council itself. Recent Audit Commission inspections have been increasingly positive. Progress has also been recognised in other forms of external review, such as Investors in People, and receiving approved ILM Centre status by the Institute of Leadership and Management. Capacity. Improved performance management has allowed the Council to focus on areas of weakness and areas seen as priorities by local residents, decisions being informed by extensive consultation with customers.

With the publication of the 2007-11 Corporate Plan, the Council will provide high quality services in the most cost effective and efficient manner possible. This will be supported by an Asset Management Strategy that enables decision-making against a background of accurate and up to date information.

2.3 Summary of Types of Properties Owned

The Council is a significant property owner, the history of the three seaside towns, Margate, Broadstairs and Ramsgate, has resulted in a substantial legacy of property being held by the Council. Obviously, land and property is needed by the Council to deliver its own services, most visibly refuse collection, street cleansing and working with Thanet Leisure Force to deliver leisure services to the community. There is, however, a reduced need to own large amounts of office space.

Much of the Council's land and property, like the footpaths and promenades, or meeting halls, do not on their own produce much income, but these assets are very important to local people; they are described as "Community Assets".

The properties owned by the council are categorised as explained in section 4. They include the following. Most are very well known to residents. So unsurprisingly residents want to have their say in how the assets are used. This Strategy acknowledges and welcomes public consultation.

- Thanet District Council operational – our main offices in Margate, but also the range of sub-offices and depots our employees work from.

- Sports and Recreation

These cover our three key sports centres, Hartsdown Leisure Centre, Ramsgate Sports Centre and Ramsgate Swimming Pool, providing leisure services through our contractor Thanet Leisure Force. This also covers the parks and public spaces the Council holds. The Council understands the important value these spaces create for the community, and the recent "I Love Dane Park" campaign has emphasised this.

- Entertainment

Properties for entertainment mostly date from the 'seaside resort' period of our history, dating back to the early 20th century. Buildings such as the Winter Gardens, which hold a sense of history of the area, but with changes in entertainment, have seen a decline in demand.

- Infrastructure

Thanet holds title to very distinctive infrastructure, of great value to the Council, but also to the community and the heritage of the area. In this category the Council owns 20 miles of coastline. The district is lucky to have an almost complete lower promenade, giving excellent public access. Public surveys have identified the value of this to not only residents but also visitors. The maintenance costs of these engineered structures is estimated to be massive. Within this category, the Council also owns the Port and Harbours which are valuable assets delivering income.

2.4 How we Fund Investment

Capital investment on General Fund assets can be funded by:

- Capital Receipts
- Borrowing
- Revenue
- Grants and Contributions
- Income

The Council's General Fund revenue budget is under considerable pressure and a budget gap is forecast for future years. This forecast gap is being tackled by the Council's Value, Improvement and Review Programme 2007/11, but there are unlikely to be any revenue resources available to fund capital works to the Council's properties over the term of this Asset Management Strategy.

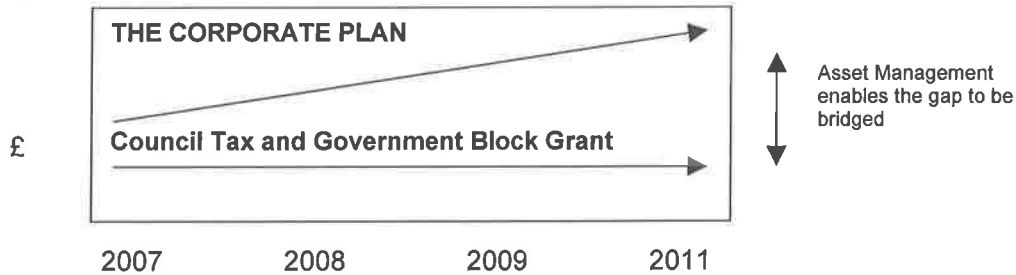
Due to the General Fund revenue budget pressures unsupported borrowing will generally only be undertaken where there is a neutral or positive impact on the revenue budget, for example invest to save projects.

Therefore the Council needs to generate capital receipts from disposals of assets, in order to fund the major part of the capital programme. A procedure to identify surplus properties is set out in sections 5 and 6 of the Strategy. It is based on monitoring and review of the Asset Register. In this way officers bring forward reports for Members to consider and decide.

Grants and contributions towards capital expenditure on assets are actively sought. For example the European Regional Development Fund provided over £1million towards the cost of building an Innovation Centre. Externally funded schemes can however add to the revenue budget due to running costs of the buildings or maintenance requirements specified within the grant conditions (section 6 of the Strategy).

2.5 Financial Situation

The Council's Capital Programme is focussed on achievement of the Corporate Plan. With projects like improving swimming pool provision being a major expense. The figure below shows how increased spending to provide what residents want can only be provided through the Asset Management Strategy. The Council's Block Grant from Government, and the proportion of Council Tax is allowed to spend is required to maintained existing services.



An annual revenue programme of works to the Council's assets is in place to meet the cost of reactive repairs, recurring maintenance and some planned works. The table below sets out the revenue funding included within the Medium Term Financial Strategy.

A big repair deficit to the property portfolio has been reported. This Strategy describes how records are being updated to enable decisions on whether to dispose or invest in individual properties to be taken against empirical data. In general it is not in the Council's, and residents, best interest for Thanet to retain properties in poor repair, especially if such property is not being put to good use.

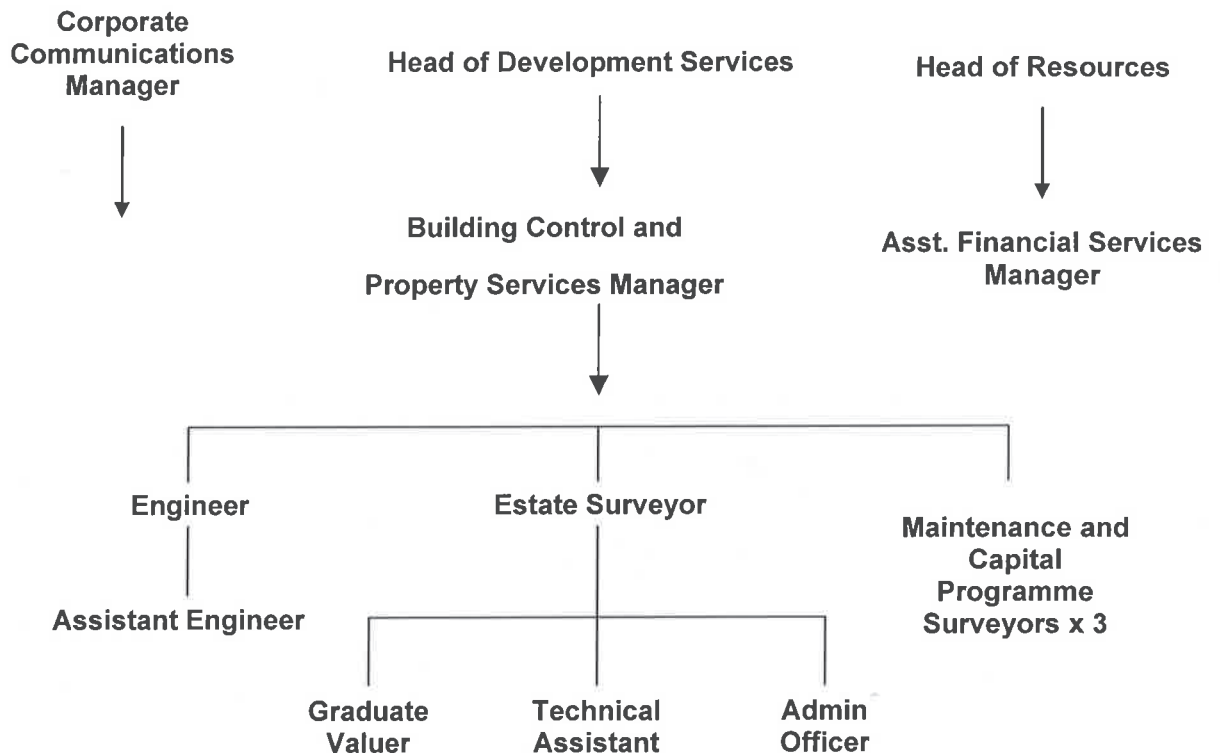
	2007/08	2008/09	2009/10	2010/11	Total
	£	£	£	£	£
Miscellaneous Properties					
Reactive Maintenance	307,080	310,250	313,430	316,630	1,247,390
Recurring Maintenance	218,250	220,350	222,470	224,590	885,660
Programmed Works	75,890	76,670	77,460	78,260	308,280
Upper and Lower Promenades	150,000	151,550	153,110	154,690	609,350
Port and Harbours					
Reactive Maintenance	57,310	57,900	58,490	59,080	232,780
Recurring Maintenance	34,650	34,980	35,330	35,680	140,640
Total Budget	843,180	851,700	860,290	868,930	3,424,100

General Fund Revenue Expenditure Projections – Asset Related

2.6 Organisational Structure

Asset Management is organised within teams - Estate Management, Coastal Engineering and Surveying. These teams operate under the leadership of the Building Control and Property Manager within the Development Services Department.

Of equal importance, because of the links to the Medium Term Financial Strategy are the Head of Resources and her staff. Plus, during the consultation phase on the annual round of potential disposals, the Corporate Communications Manager and her team.



- The work of this group feeds into the Asset Management Strategy Group, membership of which comprises:
- Portfolio Holder, Economic Prosperity and Culture
- Strategic Director
- Head of Development Services
- Building Control and Property Manager
- Assistant Financial Services Manager / Head of Resources
- Estate Surveyor
- Property Surveyor (Major Developments)
- Planning (Strategic Sites) Manager
- Corporate Communications Manager

The Group meets regularly to review reports about the Asset Register, and consider potential disposal/developments to bring forward to Cabinet. The Major Developments staff represented on the Group have a key role; they make the links, often through preparation of schemes to secure planning consent, between release of assets and achievement of the objectives within the Corporate Plan, in particular those regarding economic regeneration prosperity.

The Asset Management Strategy Group produces reports on potential disposals, for consideration of Members. Section 7 of this document – the Asset Management Plan 2007-2011 explains how reports are brought forward for consideration and decision.

3.0 Strategic Direction – The Corporate Plan 2007 - 11

The Council is very clear about what it wants to achieve. Its objectives reflect the Government Guidance needs and requirements of local people. The Council has a Corporate Plan for 07-11, aimed at continuing to make Thanet a good place to be, which also provides opportunities meeting the expectations of residents.

3.1 Key Priorities and Targets

Thanet's Economy

Dynamic management of assets, aligned to an efficient Planning Service, will help generate jobs. The Council will work with developers and inward investors.

Thanet's beautiful beaches and coastal location offer a unique setting for both businesses, visitors and residents, and the Council intends to maximise its coastal and marine potential to expand the visitor base. The council aims to create Thanet to be a destination of choice for weekenders in the South East and the day trip destination of choice for people in East Kent. To achieve this, the Council is aiming to:

- Develop key industrial and employment sites
- Support the creative and cultural visitor economy
- Implement the vision for Westwood
- Diversify the Port of Ramsgate
- Develop Margate town centre
- Support the development of Kent International Airport.

Safer Neighbourhoods

The Council intends to make Thanet a safe place to live, and reduce people's fear of crime. This is something that the Council cannot deliver on its own, and will work closely with the Police and other partners to reduce crime and associated behaviour in Thanet. To achieve this the Council is aiming to:-

- Make Thanet's streets safer at night
- Reduce both incidence and fear of crime
- Develop diversionary activities to prevent and reduce offending / re-offending rates

Healthy Communities

We intend to improve the healthy and well being of people who live in Thanet. Promoting a feeling of belonging for all residents. Tackling genuine feelings of inequality, and giving residents every opportunity to be involved in decision taking.

- Increase opportunities for exercise and play
- Promote healthy lifestyles
- Support the establishment of community space in Broadstairs and Ramsgate

Beautiful Thanet

Thanet has some of the most beautiful beaches in the England and therefore it is vitally important that the Council improves and maintain high levels of cleanliness in Thanet. An improved standard of the services which have a direct impact on the appearance of the streets, beaches and open spaces, is important to the residents of Thanet and it is important for us to work towards high levels of public satisfaction.

- Strengthen enforcement activities – especially in problem areas
- Improve the environment within busy areas and on the approaches to Thanet
- Increase domestic recycling levels to 40% by 2011
- Provide the whole district with access to separated waste collection
- Improve the level of cleanliness across the district
- Provide new swimming pool facilities.

Quality Housing

The Council wants to ensure that irrespective of income or tenure, people in Thanet have access to good quality and secure accommodation that they can afford. To achieve this, the Council is aiming to:

- Ensure that the planning system is used effectively to deliver new affordable housing, with a target of up to 30% of homes on eligible sites being available to rent or buy by households on low incomes of a mix that meets identified housing need
- Work with RSLs and other partners to provide more specialist accommodation for the frail elderly and other vulnerable groups (RSLs Registered Social Landlords)
- Continue to improve housing conditions and the housing market in Cliftonville and Margate central

- Promote initiatives and investment to tackle fuel poverty for people on low incomes , living in poor quality housing
- Reduce the number of vulnerable people living in non decent accommodation (PSA7) through effective hmo licensing and enforcement activity
- Reduce the incidence of homelessness and repeat homelessness and reduce the number of households living in temporary accommodation
- Provide the opportunity to build quality homes.

A Modern Council

The Council intends to make the best use of its resources to provide residents with high quality, consistent and efficient services. It aims to do this by continuing to evolve our internal processes, systems and management to make the best use of people, technology, buildings and assets and that all these elements of the Council enhance service delivery, in both the short and medium term.

- Open the integrated Thanet 'Gateway' in central Margate
- Developing and publishing Service Standards across major service areas
- Implement a specific standard that delivers effective and fast response to resident queries and complaints about key Council services.
- Implement a process to give high profile scrutiny of complaints.

3.2 Are These the Right Aims? Is This What People Want?

Thanet Council has worked hard to ensure the needs of the community are met, and to ensure that what it is striving to achieve is what people in the local area are looking for. The Council has undertaken extensive consultation through the MORI survey in 2005; this identified the key concerns for residents in Thanet as:

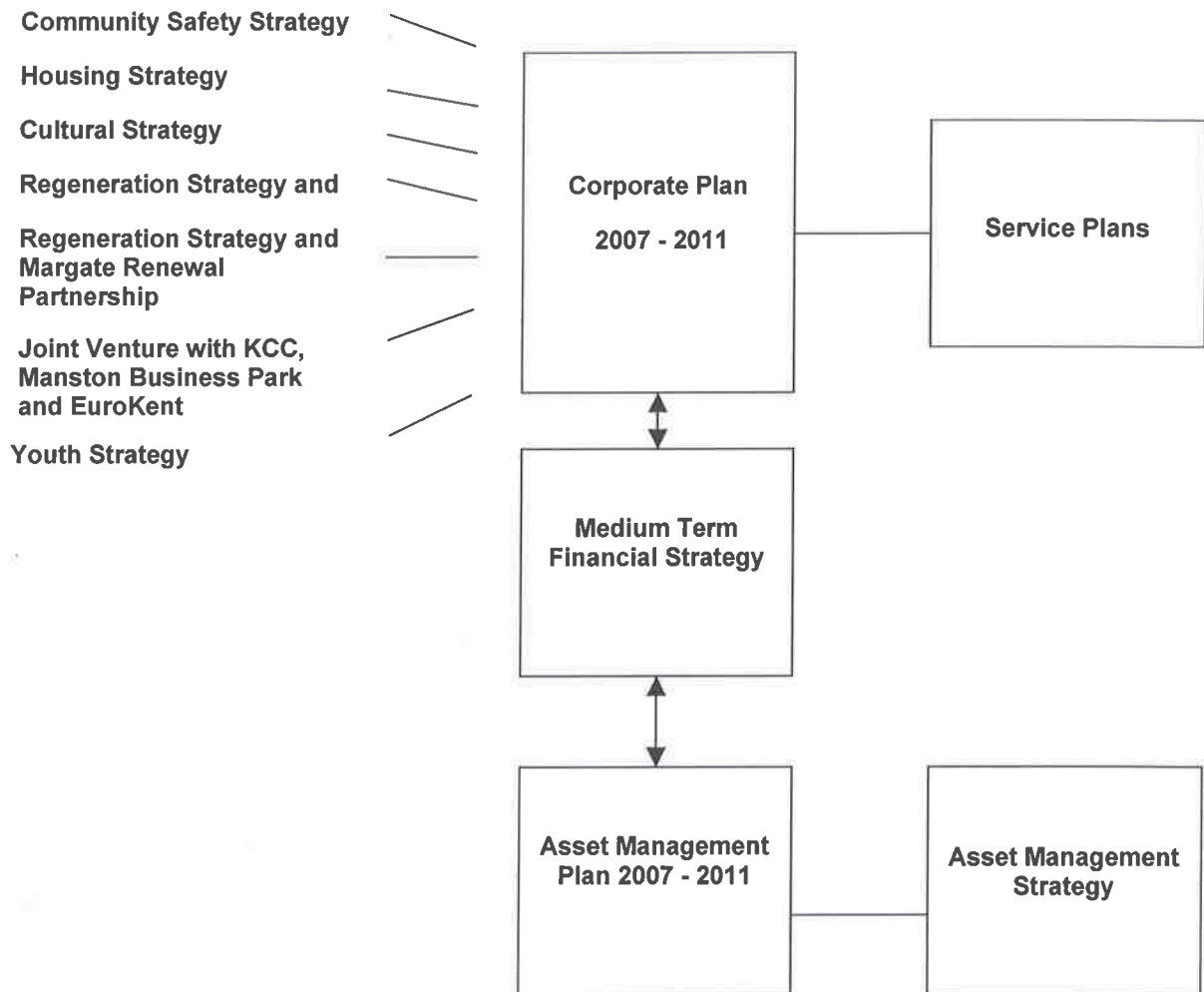
- Cleaner Streets
- Reducing Crime
- Activities for teenagers

From this consultation a Resident's Panel was set up, a representative sample of Thanets population allowing 1000 members of the community to be consulted on various different issues and decisions the council has made.

Further extensive consultation has continued with the development of the Corporate Plan for 07-11 to ensure the Council achieves what the public want. Helping us shape priorities for next four years.

3.3 Priorities, Policies and links with Our Partners

The diagram below identifies the relationship this Asset Management Strategy has with the Council priorities and how this links in with other strategies and, most important of all, implementation via Service Plans. The more explicit we can make these links, the easier it is for our partners from the private, public and voluntary sector to work with us.



4.0 Strategic Context

4.1 Our Philosophy, Why Do We Own Property and Why do We Need to Keep It?

Residents and businesses in Thanet expect the Council to provide them with good services. They also expect the Council to have a clear vision of the future, and how the best possible outcomes for our district will be achieved.

We believe that our Corporate Plan correctly addresses the point. Change is implicit within the Plan. Nothing remains the same, Local Government finance changes, law changes, technology advances and therefore the Organisation's workforce must also change. Yet the land and property owned by Thanet is regarded sometimes as 'static'.

Most of the property we own has been in public ownership since before the formation of Thanet District Council in 1974. Historically, Local Councils were large Organisations with wider powers and greater funding than is the case today.

Two challenges in particular emerge from this. Do we actually need all the property we own to deliver our Corporate Plan and, secondly, can we afford to maintain the extensive Property (Asset) Register we own. Both these challenges will be met by a strategic approach to Asset Management. This involves regular review of the Asset Register and questioning of what we really need to achieve in terms of Asset Management to make the Corporate Plan happen. The wrong approach would be to regard our property portfolio as 'static', and base our services on that assumption. Residents have told us that they want to see change; a dynamic approach to Asset Management is therefore needed.

4.2 Categorisation of Assets

A key element of our review of the Asset Register is distinction between the types of property we own. Thanet will use the categories as defined both by the Chartered Institute Public Finance Accountancy (CIPFA), and the Royal Institute of Chartered Surveyors (RICS). This means that with reference to CIPFA Guidance Notes and Good Practice our property assets will be reported in a manner consistent, and therefore comparable with, other local authorities. The categorisation is similar to that of the RICS Valuation Standards, giving the further advantage of making our Asset Register consistent with the property sector in general.

The categories are:

Operational assets

Property held, occupied, used or contracted to be used on behalf of the authority in the direct delivery of services for which it has a responsibility, whether statutory or discretionary or for the service of strategic objectives of the authority.

This category includes (the list is not exhaustive)

- Land associated with operational property
- Offices
- Sports centres and swimming pools
- Depots and workshops
- Museums and galleries
- Non Housing Revenue Account (HRA) dwellings
- Crematoria and cemeteries (buildings only)
- Off street car parks

NB: Council dwellings are included as operational in the CIPFA Guidance, but will not be part of the Asset Management Strategy at Thanet.

Though not examples included in the CIPFA Guidance, the Port and Marina (at Ramsgate) should be treated as operational.

Infrastructure assets

Infrastructure assets are inalienable assets, expenditure on which is only recoverable by continued use of the asset created, ie there is no prospect of sale or alternative use.

Examples of this category include;

- Footpaths
- Bridges
- Water and drainage
- Promenades
- Coastal defences

The Council is responsible for a substantial coastline, most of which is protected by lower promenade. The Council has always been responsible for maintaining these structures, and indeed upper, cliff-top promenades. But this has been from a discrete Coast Protection Budget, rather than within the framework of asset management.

Community Assets

Community assets are assets that an authority intends to hold in perpetuity, that have no determinable useful life and which may, in addition, have restrictions on their disposal. There is little prospect of sale and change of use. If the asset is used for a specific operational purpose it does not qualify as a community asset.

Examples of community assets include;

- Parks (but not a golf course within a park)
- Historic buildings (but not used for, say, a museum)
- Cemeteries and crematoria (land only)
- Allotments (where there are restrictions on alternative uses)

Non-operational assets

Non-operational assets are those held by an authority but not directly occupied, used or consumed in the delivery of services, or for the services or strategic objectives of the authority. The classification emphasises that the decision to classify something as non-operational focuses on the authority's objectives in holding the asset, and not on whether the authority itself occupies the asset.

Examples (this list is not exhaustive) include:

- Assets under construction
- Land awaiting development
- Commercial property, leased/rented to other parties and producing income. But not for the delivery of Council services by a third party
- Investment property, acquired/held with the express intent of increasing value for subsequent realisation
- Golf courses and sports pitches
- Surplus

The key question then is, "Should the Council own a particular property?" Understanding the above classifications helps satisfactorily address the question. Some rationalisation, and selling of surplus sites, is already supporting Council financing of investment programmes, particularly the Capital Programme and the Corporate Plan. It has also saved revenue costs on upkeeping land and buildings we did not need. Decisions should on the basis firstly of operational need, and subsequently on the basis of cost or value to the Council, justify themselves. It would be wrong to retain non-operational assets that place a financial drain upon the community, unless the community agree that these assets provide a benefit worth paying for.

Raising funds from assets does, of course, also make it possible to repair; or, focus investment on other Council owned property our residents consider to be landmark local amenities. It also has the potential to enable step changes to be made in priority services and community facilities through strategic investment. Part of our philosophy on Asset Management must be community leadership. For example we must set a good example to others on maintenance of the scores of Listed Buildings we own, and the provision of a barrier-free environment into our public buildings to those with a disability.

4.3 Strategic Approach to Property

The Council realises, to make informed decisions regarding its Property Portfolio, it must first understand each property, its value in both monetary terms and with respect to community benefit. This is because of the amenity it may provide, and the opportunity cost of alternative usage to increase either community benefit or financial value. Much information already exists on various databases concerning the property portfolio. But it is not possible at the moment to identify the full utility, level of repair and running costs, including energy efficiency, of all of the Council's properties. Consequently, a major plank of the strategic approach to Asset Management is investment in establishing a wholly updated database.

In the meantime, a decent start has already been made. The Council has in place the Asset Management Group, and membership includes the appropriate Cabinet Member. In recent years this Group has brought forward several sites considered surplus by the Council for disposal, and thereby contributed to funding corporate priorities. In bringing forward this work to Cabinet for decision, the Group was always mindful of the purposes the Council has for owning property.

These are, and remain:

1. To meet the Council's Statutory Obligations.
2. To enable the provision of its Operational Services to local people.
3. To support and achieve Council objectives as set out in the Corporate Plan and supporting/related plans.
4. To generate income.

The Corporate Plan is explained at section 3 of this document when considering our strategic approach to property, the following parts of the plan are particularly relevant.

- (i) During 2006/2007, the Council embarked on a widespread programme of public engagement concerning swimming pool provision. This subject is important to local people. We are a series of seaside towns and communities, and swimming pool facilities have traditionally been important, with the public telling us they still are. Better provision will not just show the public that the Council listens, but will also strongly support our objectives to provide better leisure facilities and, in association, support health promotion.

The cost of improving swimming pool facilities will be considerable; this is understood by both the Council and local residents. At the time of drafting this document, a conclusion has not yet been finally reached, but it seems likely that the Council's Programme for the next three years will be sharply focused in this direction. To fund construction and commissioning of improved public swimming facilities.

- (ii) In support of its Regeneration Objectives, the Council has signed Heads of Terms with Kent County Council on a joint development approach to this Council's land at Haine Road (EuroKent) and the County Council's land at Manston Business Park. Whilst local unemployment remains twice the regional average, success is vital but, to achieve take-up and development of land on both sites, infrastructure costs must be borne early in the development, although there is one major difference between this key project and that of improving swimming pool provision. Whilst swimming pools are essentially a service which incur substantial running costs – any expenditure on infrastructure will be recovered by later receipts.

The Council already has Preferred Development Partners, and therefore disposals with planning consent or joint agreements on both sites will generate cash receipts. A process of recycling a proportion of receipts back into facilitation of further development will be established, thereby achieving a long-term income stream as well as a capital sum for disposal.

- (iv) Hitherto the Council, like most Local Authorities, has disposed by sale at auction of surplus land and property to raise funds. Advice is currently being taken on alternative mechanisms such as joint development with partners or with the Council retaining title to the land in question and sharing future income with the developer. It is thought this will be particularly relevant to key seafront locations. On such sites, income generation may be anticipated at high levels from the commercial sector. Further, it is likely to be in the community interest that an element of landowner control of prominent public buildings remains with the Council, such that care for especially the historic built environment is assured. The crucial point to joint ventures is that the development proposed must be viable commercially.
- (v) Strong progress has already been made by the Council in making more efficient use of its Margate office space. Rationalisation of floor space used directly by the Council has produced savings but, at the same time, quality and efficiency of servicing has risen. In short, money has been saved but Thanet's customers have not suffered any loss of service.

In January 2008, the new Service Centre opened, providing excellent new 'Gateway' facilities for our customers within the main Library in central Margate. The Centre will contribute to an improved access and aspect onto Cecil Square, and will reinforce our joint working with the County Council, Voluntary Sector and others.

Improvements in electronic communication, and moving towards working from home for some of our staff, will further reduce our need for office accommodation. This will provide more opportunities to save money which can be reinvested in priority actions.

- (vi) Market intervention by the Council, because of its constrained resources, must be by exception only. However, the former Marks & Spencer site in Central Margate is an example of partner funding acquiring the building for the Council so that Thanet will lead redevelopment of the site. This particular development is the flagship for reinvestment in Central Margate. Expert input from the Council will make sure that economically, commercially, architecturally and, in planning terms, the development is a success. It will be the catalyst for rejuvenation of the Town Centre but, during the process, some costs will be borne by the Council in facilitation of this change process. As is the case with the EuroKent and Manston Business Park venture, recovery of costs will occur at conclusion of the project, but Asset Management principles require that provision of these costs is made at the outset.

The project at Queens Arms Yard offers a smaller case study example of this proactive approach. Thanet's release of a small site in Margate Old Town will enable a scheme with three other property owners to proceed.

- (vii) Opportunities will be sought for the use of land and other assets in support of the corporate priority, Decent Quality Housing. The council will demonstrate wherever possible that it is prepared to use its resources and to take the lead in affordable housing development in partnership with its preferred Registered Social Landlord development partners.

Where suitable sites become available the affordable housing contribution must form part of the Development Planning Brief.

- (viii) Where appropriate, opportunities will be sought for the use of land in support of the development of a 'café culture' separately formalised through planning and licensing policies.
- (ix) The Quirk Review, "Making Assets Work" 2007, produced for the Secretary of State for Communities and Local Government, encourages an innovative approach to working with community groups. It says that effective community groups have lower costs than Local Authorities, and can therefore make better, and more cost efficient, use of public buildings. In Thanet, we have sometimes grant-funded groups using our buildings. Quirk tells us that a more holistic approach would be more successful, and have a better change of lasting success. The key, he suggests, is recognising community groups that are motivated and focussed. Their purpose is likely to complement the Corporate Plan.
- (x) In suitable locations the installation of telecommunications equipment will be supported to produce revenue generation. The principle of site and mast sharing will be supported.

4.4 Summary

Our strategic approach to Asset Management is two-fold. In the short term, through planned review of the Asset Register, against current category and usage, disposal of surplus property will fund the major investment needed by our Capital Programme. In the medium-term, because the Council does not have an endless supply of property, the emphasis will change toward ensuring that greater value is extracted from all properties, through joint ventures and partnership opportunities.

In parallel, the second major strand of work required is the establishment of an integrated land and property database. We have an Asset Register but a much better information database, in content and updating, needs to be developed. This will be imperative. At the outset our process will deal with those sites clearly recognisable as surplus. This will leave more complex decisions to be taken later, when Thanet will have better management information.

Finally, it is anticipated that into the medium-term there will be the opportunity to promote and enter into joint development projects, leaving the Council titleholder in receipt of enhanced income. Previously this has simply not been an option for the Council but, as values begin to rise and our Regeneration Strategy closes the gap between us and the rest of the South East, opportunities should be taken.

4.5 Energy Efficiency

Energy efficiency is high on the National agenda, and in Thanet it is important to have a positive impact on the environment.

- Minimise Thanet's detrimental environmental impact.
- Reduce revenue costs of operational buildings through improved energy efficiency.

4.6 Investment and Building up of Capital Fund

The relationship between Asset Management, Financial Management and the ability of the Council to deliver its priorities via the Capital Programme is crucial.

The table below shows that the current relationship between disposals and the Programme, subject to Cabinet approval, can achieve substantial funding, but the figure of £8.285m (as reported in February 2007) will not be sufficient to fund the scale of improved swimming pool facility anticipated by residents.

It is self-evident that readjustment of the current programme, to increase focus on swimming pool provision, is required; or, alternatively, the programme of disposals and developments may be accelerated. This would have an initial cost in terms of staffing, fixed term contracts or consultancies, and technical/legal costs.

Increasing income from review of the Asset Register to achieve market rents, and therefore lift annual income from the current total of £1.2 million, will support the financial position, as will better managed planned maintenance. Once the repair backlog diminishes, and with it the call for reactive repairs, more funding will be available to contribute to other areas, including the Capital Programme.

Capital Programme – Capital Receipts							
06/07		07/08		08/09	09/10	10/11	Total
54 Way, Stirling Way, Ramsgate	12,667.00	Pleasurama	555,000.00				
Chatham Street, Ramsgate	160,426.70	Manston Road allotments	1,500,000.00				
44 Hawley Square, Margate	255,000.00						
Coronation Crescent	159,495.94			Asset Management Plan 08/09 to be agreed	Asset Management Plan 09/10 to be agreed	Asset Management Plan 10/11 to be agreed	
16-18 Dane Hill Row, Margate	44,471.25						
Montefiore Cottages, Hereson Road, Ramsgate	63,263.08						
Sopers Yard, King Street plus refund of search fee	261,125.00						
Deposits for Sopers Yard (£25,582) and Montefiore Cottages, Ramsgate (£6,177.50)	31,770.00						
Disposals	988,218.97		2,055,000.00				
Unallocated Capital Receipts			566,000.00				To be agreed

4.7 Government Guidance

At the level of Central Government, a series of targets have been set to reduce the public estate, produce savings and release money for front line services. The Department for Transport, having an estate of £2.3 billion, is tasked with 20% annual efficiency savings. Lessons

it has learned concentrate on data collection. If the Asset Register is electronic and constantly updated, the information needed to take decisions is easy to extract. It does not have to be 'mined'.

Government expects local authorities to follow its lead, although it is understood that Councils do have special working relationships with local communities. Hence the significance of Quirk being published this year.

The underlying message is that Councils will need to make Asset Management a central part of any major projects and objectives, showing the explicit relationship between property transactions and how finance released achieves goals supported by local people. In short, not only must Asset Management be close to forward planning, it must be evident in the Corporate Plan.

5.0 Strategic Analysis

The cost of owning and managing property is substantial; it needs to be closely managed in the interests of efficiency. To take well informed decisions, the Council needs to gather, collate and maintain good statistical information about its property. In basic terms, this must include a recent valuation, important because property value is rising, and is also needed for the Council's Balance Sheet. The other key statistics will be obtainable by a planned survey and inspection; the costs of executing necessary repairs can then be budgeted for.

Finally, in terms of economic contribution, up to date information on rents, lease and licence income received (along with any debts to be pursued) must be rigorously maintained. None of this is possible without data management.

5.1 Property Database

The Council has a plethora of available information, but it is not integrated. The Schedule of Properties, 'The Terrier', is paper-based, whilst the Estate Management information on Leases and Conditions is electronic - the 'Estate Man' software system. This software is not presently linked to the Council's financial system; CEDAR. Information technology advice indicates that a link is technically possible, but will require considerable work and some investment. Finally, a Survey of Repairs is held on a third system.

As a starting point, 'The Terrier' needs to be held on GIS (Graphical Information System). This will make amendment and maintenance much simpler and easier to use. Next, as a second priority, the existing systems for holding information need to be integrated. Options will be considered, but the 'Estate Man', subject to agreement from the IT section, does appear to be the most sensible way forward.

Once the Council has the benefit of an electronic database, it can put in place the mechanisms for maintaining data. This needs to happen in respect of the following subject matter.

1. Condition and Inspection Surveys on a five year 'rolling' programme, either by staff or appointed consultants.
2. 'Rolling' programme of valuations, again to be conducted by the Council's own qualified surveyors or, in specialist areas like the Port or Theatres, by external specialist consultants.
3. In terms of income-generating properties, details of the lease/rent/licence payable in order that maintenance of payments can be pursued, with interventional action taken at target levels. Obviously, this data must link directly to Financial Services and Debt Management.
4. Compliance with Tenancy/Lease Conditions, particularly regarding repair and maintenance obligations.

5. Maintenance Contracts – these recurring obligations, particularly on infrastructure like clifftop lifts or maintenance of community assets like public clocks, must be programmed and correctly carried out. The public notice very quickly if the obligations are not maintained.
6. Equality and Diversity is justifiably an objective of the Council. It is also relevant to the subject of Property Management because Council owned buildings to which the public have access should all be of full mobility standard. Sadly, we know that in Thanet this is not the case. Despite statistical evidence confirming that our resident population is of age profile, with morbidity ratios, etc. indicating that full accessibility is important, standards enabling those with a disability to enter Council-owned properties are not satisfactory. The Council urgently needs to improve its performance in this area. Indeed, the Extended Management Team has committed itself to achieving 100% compliance before 2008/2009. Progress will need to be quick, and it must be monitored.

5.2 Repairs and Maintenance

The Council has an estimated £2.5 million deficit of repairs on its property portfolio. This figure is not based on a detailed survey, but on a sample survey. It was reported by the East Kent Internal Audit Partnership in its report of April 2006. Because the Repairs Budget is less than £1,000,000 a year, much of which is allocated to routine/planned maintenance, it is self-evident that the repair deficit must be reduced quickly - the most efficient method being to dispose of those properties in worst repair (banded 'Poor') not needed to achieve the Corporate Plan or/and fulfil operational service.

The framework for achieving this reduction is the integrated property database as explained above. Surveying resources are being found to design a five year 'rolling' programme of surveys, compare this with existing records and thereby ensure that funding is apportioned to properties on the basis of cost benefit analysis – the fundamental need being to move repair funding away from reactive to pro-active allocation. In doing this, survey will result in categorisation of all properties into three repair bands, these being Good, Average or Poor. The table below shows broadly how Surveyors will classify properties.

Good	Routine maintenance only, including planned redecoration. Minor expenditure only.
Average	- some work required to prevent fall into 'Poor' classification; - either urgent, and of scale <£10k, or <5k and needed within three years;
Poor	- not compliant with Access Standards; - uncompliant with Statute Law (including Listed Buildings, electrics, asbestos etc.) - major energy efficiency weaknesses; - visible internal/external disrepair.

For various reasons repair surveys are in arrears. The only method of remedying this position, and thereby enabling the property database to be restored is to invest in appointment of specialist consultants to assist in revision of existing systems, to achieve integration of the terrier, validations and repairs surveys (costs) on the same electronic system.

Once in place the Council will systematically review the asset register, focussing on the classification, condition and usage of each property to inform decisions on repair, alternative usage or disposal.

Particularly attention will be paid to property which

- from the repairs survey, is banded as poor
- is classified as non-operational, but of nil, or limited income generation

This assessment assumes that the Council will maintain its operational properties in, at worst, average condition. With any deleterious conditions resulting in a banding of poor attributable to damage covered by insurance.

The objective into the medium-term of banding properties by repairs is that the Council moves towards holding all of its property in a good or average banding.

Integration of data will allow collection of running costs on a property specific basis. Thus each building can be recognised as a cost centre enabling performance on energy efficiency, and water consumption to be monitored. In terms of carbon footprint civic buildings, especially facilities like swimming pools and sports halls will also be monitorable. This is important because these type of buildings are potentially huge consumers of energy. Trend lines in performance will guide investment decisions.

The purpose of establishing an electronic, current database, is to embed decision taking based on known costs and statistics.

5.3 Required Resources

With reference to the Organisational Structure outlined in this Strategy, it is apparent that the Council has an Organisational Structure capable of taking innovative action to release and extract value from its Property Portfolio. Ongoing development, involving innovative approaches and community engagement, include the former allotments at Manston Road, Ramsgate and the pending scheme of joint disposal at Eurokent but there is not capacity to carry on this work whilst at the same time assembling and maintaining the database we need as the bedrock of strategic delivery.

Considerable investment is needed in catching up on property surveys in arrears, valuations in arrears and provision of an integrated electronic property database. The solution is not to employ more staff, increasing the establishment and the Revenue Budget cost base of the Council. Instead, a substantial but nonetheless essential and invaluable investment in setting up the framework for future delivery is needed. The one-off cost will be £250,000. From this sum separate contracts will be placed with technical specialists on property surveying, property valuation and software management – the latter working closely with our own IT section. Our property database must be integrated with the Thanet Suite.

The provision of £125,000 is allocated and being spent during 2007/08. A similar sum is identified for 2008/09.

6.0 Recommendations from the Asset Management Group

6.1 Purpose

The Asset Management Strategy Group is tasked with keeping the land and property owned by Thanet under review so that the Council can plan maintenance works and record the value of its property for financial reporting. In addition the Group does make recommendations on potential land and property transactions. Usually these will be disposals to fund objectives set out in the Corporate Plan. By exception there may be acquisitions to recommend if they support Corporate Plan objectives, typically in connection with economic regeneration. But even in those cases where purchase of property is recommended, other disposals would be needed to fund the acquisition.

6.2 Criteria for recommending disposal

Land and property identified as potentially surplus will be recommended for disposal if it satisfies the following criteria.

In disrepair, and not capable of renovation at reasonable cost	Yes	No
No alternate occupancy or usage viable including community occupancy (reference Quirk report)	Yes	No
Condition of land/property is a cause of complaint and/or breaches Statute or Health and Safety requirements	Yes	No
The property does <u>NOT</u> support the Corporate Plan	Yes	No
Value, through disposal or, development agreement, will produce significant receipt to fund the Corporate Plan	Yes	No

When making recommendations to Cabinet on potential disposals officers will state why a particular site does meet the criteria.

6.3 Options

Once it is agreed that the criteria justify either investment by way of redevelopment, or disposal, the Asset Management Group will consider how value can be added by the securing of a planning consent. Should that be so, a process, in accordance with Planning Law, of public consultation is undertaken.

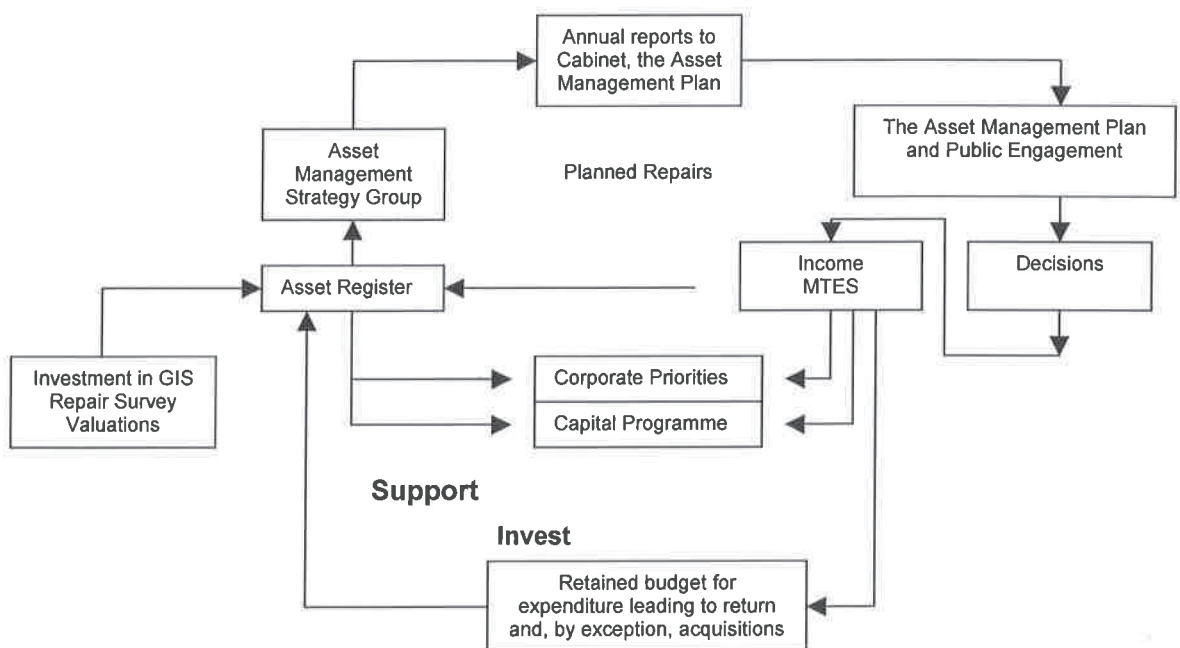
Alternatively, the Group could decide to redevelop a site with one of Thanet's appointed 'Preferred Development Partners'. This would generate an initial receipt, and then agreed proportion of profit, giving the advantage of phased receipt of income.

Both approaches make it possible for the Council to 'shape' what happens to the site or building concerned, and ensure that outcomes accord with the Corporate Plan. Better still, working with development partners helps us control timescale. The public do not like to see land previously in public ownership sold and then simply land-banked.

When making recommendations to Cabinet, as outlined in the Asset Management Plan (Section 7), Officers will always make clear the option recommended.

6.4 The Process

Review of assets is an ongoing job for officers. But recommendations for disposal will be made on an annual basis in the form of a schedule. The schedule will be produced in advance of budget setting, because it is an essential part of the subsequent capital programme. In short decisions on disposals will be taken before budget setting.



6.5 Decision Taking

The final decision on disposals, or acquisitions, will always be taken by elected members in Cabinet. Public consultation will help members to reach their decision, indeed public engagement is a cornerstone of the Asset Management Plan. It is important that the public understands how public property is being used to achieve the Corporate Plan.

7.0 2007 / 2011 Asset Management Plan

7.1 Context and Communication

Members and the public must understand the Council's Asset Management decisions if they are to support them. The Plan therefore concentrates on community engagement, giving a pivoted role to Ward Councillors.

Thanet Council acts as custodian of tens of millions of pounds worth of assets on behalf of the local community. This is a huge resource which can contribute to the lives of local people and local businesses. Like many communities, Thanet faces competing pressures to do and invest more. Residents also want to see tangible improvements to Council services and the area. Ensuring that services, sites, buildings and facilities remain current, up-to-date and modern is one of the Council's major challenges. In simple terms, the Council rarely has enough money to do everything that it and the community wishes. Good Councils address this pressure in a proactive way by:

- Having a clear understanding of the Asset base.
- Reviewing it regularly.
- Identifying assets that may be under-used, costing too much or suitable for alternative uses.
- Realising 'value' for reinvestment in assets, projects and programmes which are of long-term benefits.
- Taking Asset Management decisions on the basis of information.

Simply to maintain current infrastructure, the Council needs to generate substantial Capital receipts. On top of this there is a pressing need to modernise and invest in several projects and services which residents have indicated support for. These priorities include:

- Replacement Swimming facilities.
- Parks and Play Areas.
- Refuse and Street Cleansing Services.
- Regeneration and job creation.
- Maintenance of the seafront and beach facilities.
- Port of Ramsgate – which earns cash for the Council and is an important source of local jobs.

During the period 2007/08 – 2007/11, the Council has set out clear plans for improving the area. The Corporate Plan (and associated plans) can be found at www.thanet.gov.uk. The Corporate Plan clearly identifies the need to fund key investments through the Council's Medium Term Financial Strategy. Provision of finance relies greatly on use of assets, and this is explicitly set out in the Asset Management Strategy.

7.2 Our commitment to communicate, consult and listen to local people

This will, from time to time, give rise to proposals for the disposal of Council buildings, land and other property. The Council wishes any such proposals to be dealt with in a clear and transparent way. The Council will put in place arrangements to enable residents and, as their locally elected representatives, Ward Councillors, to consult on proposals for assets identified by the Asset Management Strategy Group (section 6 of the Strategy) **before** a final decision is taken.

7.3 The Procedure for Bringing Forward Assets for review

Step 1 – The Identification of Sites (usually by the end of March)

The four year Asset Management Plan will be divided into yearly Schedules or programmes. Each yearly Schedule will comprise between ten and thirty projects or sites. That list will be presented to the Cabinet between January and March, as a Work Programme that will fund Capital programme for the coming year and beyond.

The annual reviews are the responsibility of the Asset Management Strategy Group.

Step 2 – Notification to all Councillors on a confidential basis (usually completed by end April)

Once this Schedule is agreed, by Cabinet, all Members will be advised of the Schedule. This notification should normally be given by 1 April for inclusion in that year's work programme. Notification to Members shall take place within ten working days of the agreement of the Work Programme by Cabinet. Notification is confidential because consultation can therefore be planned, with Member participation, rather than carried out reactively.

Members shall then have a 10 working day period to contact Officers to express initial views on the proposals and/or present information or specific requests in relation to consultation on the proposal. Officers will seek to respond positively to requests for consultation. To facilitate these requests Members will book an appointment with officers to make sure delay is avoided.

Step 3 – Communication and Consultation to agreed format (April – July)

Consultation process will be implemented by the Communications and Marketing team. All potential disposals will involve consultation as set out in 1. below. It may also include the actions set out in 2. below. Either way a plan will be agreed with the Members concerned.

The first two stages will be implemented for all potential disposals.

1. Communication and Consultation at the local or ward level – Notify general public of intention allowing 28 days for any responses. As a minimum, our residents will be notified in the following ways:

- a) Leaflet to local neighbours
 - b) Newspaper coverage
 - c) Posters on and around asset
 - a) Ward Member involvement if appropriate to ensure access for local community.
2. Communication and Consultation at the District or Corporate Level – it would be possible to implement one or more of the following:
- Event
 - Questionnaire available in council offices, online and posted to affected local neighbourhoods
 - The above could be underpinned by communication on the proposed programme within Thanet Matters

Step 4 – Consideration of views and representations

The results of consultation on the proposal from the Asset Management Strategy Group will be reported to the Scrutiny Review Group (to be comprised of members from Overview and Scrutiny Panel), to check the process, and make a recommendation before the matter passes to Cabinet for decision.

Step 5 – Decision by Cabinet – based on Step 4

The aim must be to conclude this step by the end of July each year. It is envisaged that, if necessary, the Cabinet will hold a special meeting towards the end of July each year to hear any final representations on sites/proposals in a similar way that the public can speak at Planning Committee, interested members of the public will have the opportunity of addressing Cabinet.

Where identified sites are reported to Cabinet (**Step 1**) outside the above cycle, they will still be addressed through the same five step approach and to similar timescales. If a significant number of sites are not progressed after consultation, then the Portfolio Holders responsible for Asset Management and for Finance shall be authorised to request Officers to bring forward projects from future years to maintain funding necessary to deliver key investments from the Corporate Plan, Capital Programme and approved budgets. It is necessary that Step 4 is completed by the end of July each year in order that the Capital Programme is agreed for the following year.

7.4 Roles and Responsibilities

Council Officers - have an obligation to ensure that the Council's priorities and plans are funded. Officers must also ensure that the views of residents are encouraged and heard as part of the decision-making process on individual schemes/projects.

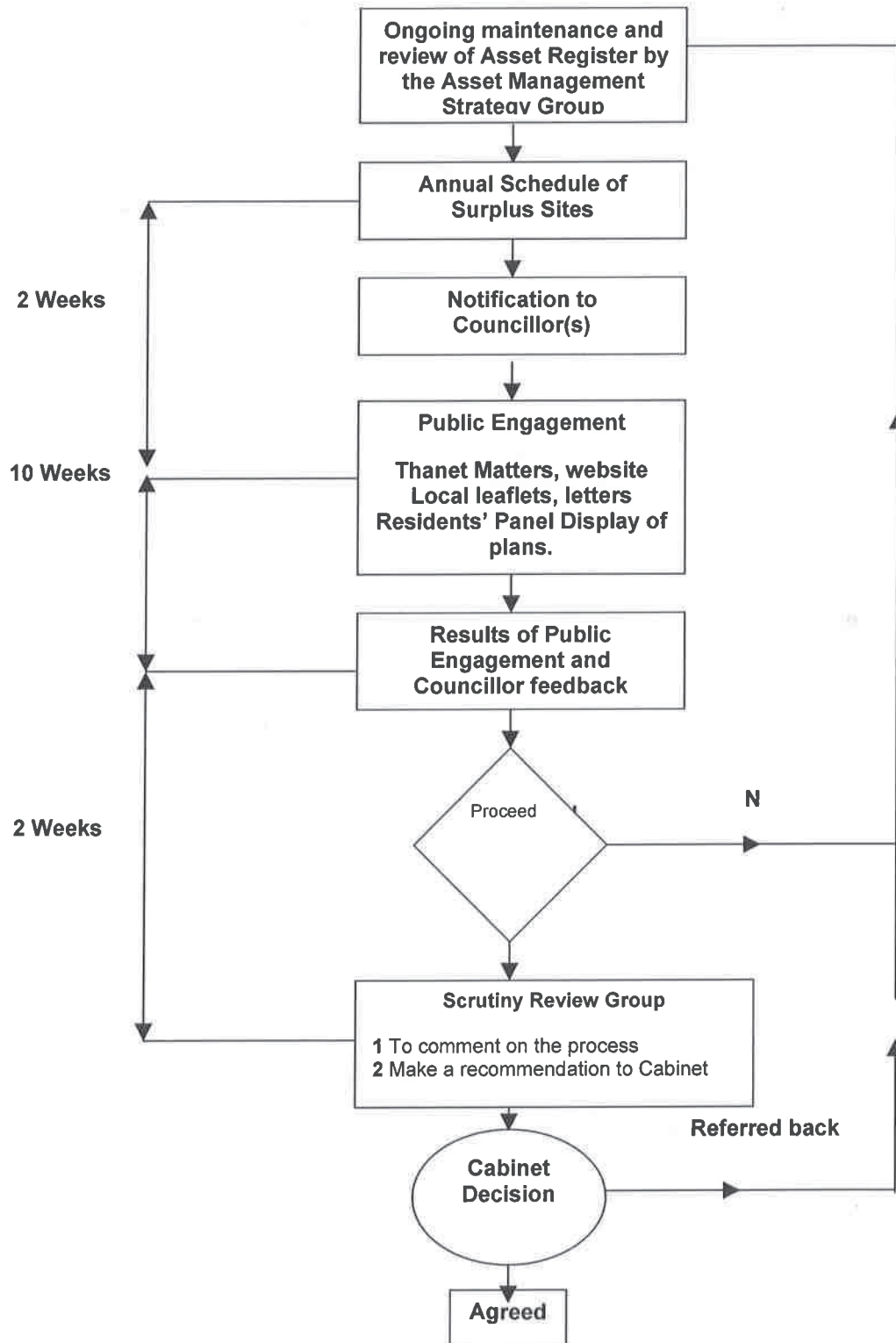
Cabinet - must give Officers clear directions and take decisions that reconcile individual concerns with the need to fund investment that is of broader benefit.

Councillors - must represent their residents effectively and help Officers shape and deliver effective consultation. Although Councillors may have strong views on proposals, they should also seek to represent the Council positively to residents, acting as enablers and communicating a balanced view of why a programme of disposals is necessary. In particular, Members should be aware that by taking a declared stance on a proposal early in the process they may be conflicted out of subsequent decision-making. This may be particularly relevant for Members serving on the Planning Committee.

7.5 Feedback and how to deal with any Complaints

This plan and its associated procedures will be kept under review, and feedback will be appreciated on its application and development. In the event that a member of the public feels that this protocol has been breached, then representations should be made in accordance with the Council's Complaints Procedure, a copy of which is available at www.thanet.gov.uk

Members who have concerns should raise them internally, in the first instance, with a Corporate Director or the Chief Executive. The diagram below shows how the building of management information surrounding the Asset Register, and application of the procedure regarding Asset Disposals/Developments, will become integral to the delivery of corporate priorities and the capital programme:



8.0 Monitoring and Performance Indicators

8.1 Achievement of Capital Programme and Corporate Plan are the headline indicators of success, although individual indicators help illustrate how well the retained Asset Register is performing. These are:

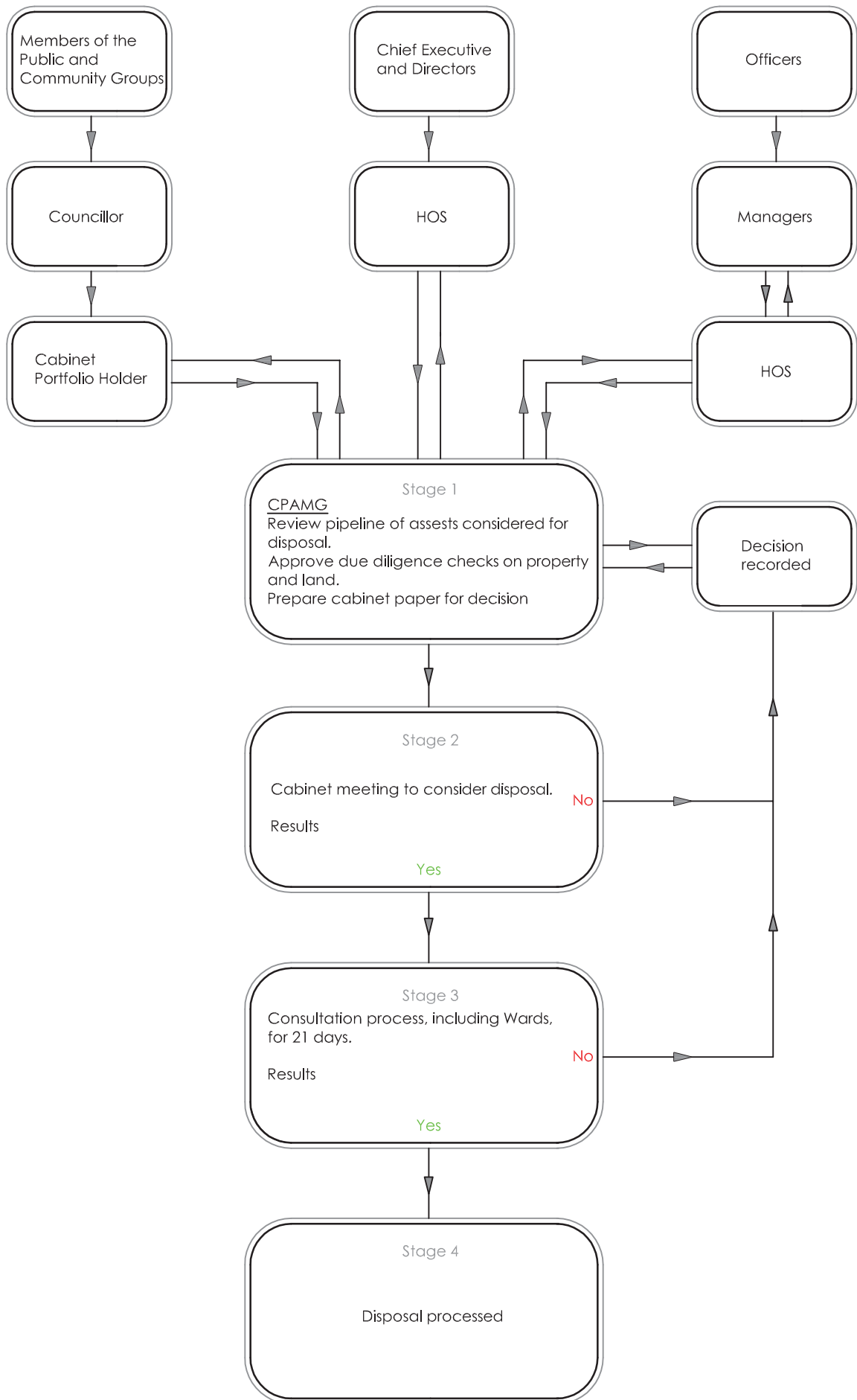
- Rent collected as a % of all rent invoice (all sections of property).
- Achievement of Best Value Performance Indicator (BVPI 156) showing the proportion of buildings we provide services from, fully accessible. In 2006/2007 we achieved only 62%. In 2007/2008 this will rise to 90%, although our target remains 100%.
- Number and % of commercial and industrial properties void.
- Property repairs/maintenance costs as a % of total property income.
- Compliance with Shoreline Management Plan.
- Energy Efficiency, targets and % reductions for major buildings, and overall cost, plus trend line for the entire estate.

B J White
Head of Development Services
Extension 7007

Agenda Item 6

THANET DISTRICT COUNCIL DISPOSAL PROCESS

Annex 2



This page is intentionally left blank

Thanet District Council

Corporate Property Asset Management Strategy 2014 - 2019

15 October 2014

Contents

<u>Executive summary</u>	3
<u>Information and Analysis</u>	3
<u>Introduction</u>	3
Context.....	3
Objectives	4
Asset Management.....	4
Financial Environment.....	5
Community Asset Management.....	5
Corporate Property Asset Management Group	6
Governance.....	7
References.....	7
Glossary	8
Appendix 1: Relationship between Asset Strategy and other Business Strategies	
Appendix 2: Property Asset Register Strategy 2013/2014	
Appendix 3: Thanet Council Corporate Property and Land Disposal Process	11

Strategy

Executive summary

Thanet District Council's Corporate Plan 2012 – 2016 sets out the strategic aims for the area. To achieve those aims the Council must align policy and processes so that the individual service strategies become mutually beneficial.

This strategy highlights the importance the Council places upon corporate property and land asset management and shows the relationship between property and stakeholders.

Information and Analysis

Introduction

Strategic commercial property asset management is the process that aligns business and property asset strategies, ensuring the optimisation of corporate property assets in a way which best supports its key aims and objectives.

Property and land holding is a function of Thanet District Council's corporate role. Thorough analysis of the stock and careful alignment of the portfolio is required to ensure efficient and effective service provision for the benefit of all Thanet stakeholders.

The corporate property portfolio has accumulated over many years and includes some premises generously donated to the council for the benefit of community use. The composition of the portfolio shows a diverse range of construction age and styles reflecting the diversity of the built environment within Thanet.

Financially, local governments have been adversely affected by significant central government cuts and this situation is likely to continue for the foreseeable future. It is against this backdrop that we understand the need to have robust processes and systems to ensure that we make the most of these assets.

Context

The Council retains a public estate whose function is to support the Corporate aims and in doing this, enhance the lives of people who use the services provided within Thanet.

There are many reasons for a local authority to own property. Its use may be for public enjoyment, such as museums, or to provide a particular service to support health and well being, examples include swimming pools and leisure centres. Other reasons for holding property may be as a place for council members and officers to work from or to support community activity. Property may be retained as an investment, whose income stream is used to support the budgets that provide service delivery.

The economic climate remains difficult for all local authorities, with reduced government funding and inflationary pressures on budgets. The challenge is to balance the interests in property with the delivery of services and this strategy outlines the processes Thanet District Council adopt to facilitate this task.

Objectives

The objective of this strategy is to outline the processes Thanet District Council undertakes to ensure strategic and cohesive corporate property and land management.

A strategic process to managing the corporate property will bring the following benefits, (as documented in the Royal Institution of Chartered Surveying, Property Asset Management Guidelines):-

- The delivery of quality services to customers, to agreed priorities, while focusing investment on need;
- Empowering of communities and encouraging feedback;
- Improvement of the economic well-being of an area;
- Maintenance of all property assets to good standards;
- The introduction of new working practices and organizational change;
- A reduction of carbon emissions and the improvement of environmental sustainability;
- The introduction of co-location, partnership working and sharing of knowledge between authorities;
- The improvement of accessibility to services including DDC/equality compliance;
- The generation of efficiency gains, capital receipts and reliable revenue streams;
- An overall improvement in the quality of the public realm.

For property and asset management to be effective it must align with the other business service delivery strategies, the model shown on Appendix 1 shows the relationship between the asset strategy and other business strategies.

Asset Management

In Thanet Council the asset management of the property and land is undertaken by the Estates Department who act as “Corporate Landlord”. This enables our resources to be prioritized and directed where they are most needed, and ensure the portfolio is aligned with Thanet Council’s strategic objectives.

Professionally qualified surveyors are employed to advise the council, committees, chief officers and heads of departments on all aspects of land and property interests. This function is called asset management and includes:

- Providing professional support and expertise to the economic development policy and support to the capital regeneration department.
- Operate a continuous review of the councils overall corporate land and property holding. As part of the corporate activity identifies and promotes the redevelopment potential of the councils land interests in conformity with their economic development, planning and community strategies.
- Negotiating lease and license terms, renewals, managing the contract(s) effectively, undertaking rent reviews, marketing vacant properties
- Undertaking building stock condition surveys of the corporate portfolio, building contract tendering and management, the capital project management
- Maintains adequate data for supporting the council with its corporate property function.
- Valuation of the portfolio for accounting and marketing purposes
- Identifying surplus property for disposal and undertaken the disposal process.
- Maintains an effective working relationship and joint approach with other public authorities to facilitate efficiencies in the public estate.

Proactive management of the corporate estate ensures that the council efficiently and effectively maximises the intended use of the property, providing best value for our services and the people of Thanet. Corporate property and land is accounted for using Chartered Institute of Public Finance regulations, the current composition is shown on Appendix 2.

The Council recognises that property can play a part in stimulating regeneration and growth for the Thanet economy. Public services and service demands are evolving at a rapid pace; proactive asset management identifies opportunities to contribute to regeneration that support not only the District but wider East Kent economy.

The property corporate portfolio is a valuable resource for Thanet District Council, valued at over £66 million in financial year ending 2014. The asset management team's aim is to maintain high levels of net income and reduce operational costs.

The council has endorsed the One Public Estate program established by government to encourage cooperative working between councils by encouraging the sharing of property information and a cohesive approach to managing assets between local and central government.

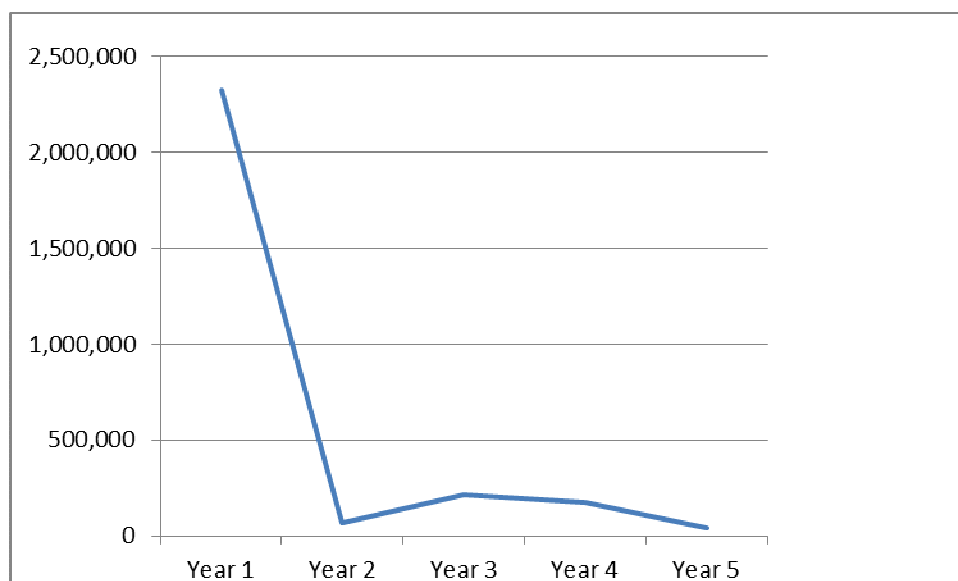
The estates department maintains the corporate property database. This information is available on the council web site, the data presented as outlined in the Transparency Code 2014.

Further information on delegated responsibilities can be found in the Constitution for Governance of Thanet District Council, a copy of this can be found on the Council's web site.

Financial Environment

The financial environment surrounding local authorities remains difficult. Central Government funding cuts do mean that Thanet District Council need to look for ways to reduce costs. This is done by a rolling program of identifying savings, looking at opportunities to increase income, and identifying external funding opportunities wherever appropriate.

A condition audit of sample properties shows that much of the estate now requires significant capital funding in order to keep it to an operational standard. The graph below gives an indication of the significant amount of costs required in year one to keep these properties to an operational standard.



The Corporate Property Asset Management Group will review the options for resolving this problem; see more information about this group below.

More financial details can be found in The Medium Term Financial Strategy (MTFS), but what is agreed is that the portfolio has to play its part in contributing to the financial targets set in the MTFS.

Community Asset Management

Thanet District is committed to supporting the Localism Act 2011 and community engagement and have created a new role of Community Asset Manager whose job includes advising community groups on the following:-

- Community Asset Transfer
- Community Right to Bid (for assets)
- Sources of External funding to support communities looking at property and land projects
- Managing the community asset listing
- Community Liaison for council owned property and land projects

Over the past year the Community Asset Manager has helped many community groups achieve their ambitions in taking forward their projects. More details on this role can be found on the council's website and the community asset manager can be contacted on estates@thanet.gov.uk.

Corporate Property Asset Management Group

To ensure that property and land asset management is considered in line with other business strategies an interdepartmental senior management group meeting will be held once every four months. This group is the Corporate Property Asset Management Group (CPAMG) headed by the Head of Economic Development and Asset Management. It is the forum where corporate property and land is brought forward through to Cabinet for consideration.

The group will include Heads of Departments and Senior Managers from each service sector, the Community Asset Manager and the Cabinet Member for Estates. The Group will;

- Formulate, monitor and update as required the this Strategy and supporting Plan;
- Review the property classification (see appendix 1) to ascertain how well the property meets its use and look for opportunities to enhance its investment, economic or community value.
- Monitor the environmental strategy and carbon baseline footprint of the portfolio, incorporate measures to decrease energy consumption and incorporate sustainable energy wherever feasible.
- Explore partnership opportunities to encourage cooperative working with other government departments and the private sector.
- Consider community property and land related projects and applications made under the Localism Act 2011
- Review baseline income and expenditure data reports to assist in producing a list of prioritized property assets for consideration.
- Where the property is classified as being held for community purposes, proactively look for opportunities to work closely with community voluntary groups, charities and other partnerships to encourage their involvement.
- Review relevant projects that have passed the strategic project board and have a capital component.

- Property surplus to functional requirements will be evaluated to see whether it can be put to a better use, which may be by refurbishment using external funding, redevelopment or disposal.

The Group will identify and agree areas of focus for each financial year; the priorities will facilitate the projects documented as key priorities in the service plans, which in turn support the corporate aims and objectives.

Governance

The Constitution for Governance of Thanet District Council, published on the Council web site, documents the delegated authority members and officers in connection with asset management.

References

Strategic Programme Board, Thanet District Council
 Constitution for Governance of Thanet District Council
 RICS Public Sector Property Asset Management Guidelines, 2nd Edition
 Leaner and Greener, Delivering Effective Estate Management, a report by the Westminster Sustainable Business Forum
 The Localism Act 2011, Community Right to Bid
 Communities and Local Government Committee, written evidence from COPROP, FPS, NaPPMI and NBVBS
 Chartered Institute of Public Finance & Accountancy, CIPFA Property, Building Confidence in Changing Times
 Local Government Act 1972 s123 & s127
 Local Government Act 1972, General Disposal Consent (England) 2003
 Thanet Local Plan
 Thanet Economic Growth and Regeneration Strategy and Plan 2013 – 2031
 Medium Term Financial Strategy 2014 – 2018
 Thanet Destination Management Plan
 Thanet Transport Strategy
 Commons Act 2006
 Charities Act 1993
 s233 & s233 (2) Town and Country Planning Act 1990
 Allotment Acts 1908 to 1950
 Town and Country Planning Act 1990
 National Planning Policy Framework
 Transparency Code 2014

Glossary

CPAMG Corporate Property Asset Management Group

Contact details

Document History

Document required to be reviewed on an annual basis.

Version	Date	Agreed by	Minute ref
01	15 October		

Appendix 2:

Property Asset Register Summery 2013/2014

<u>Catagorisation of Property and Land</u>	<u>Description</u>	<u>Number of properties included on Asset Register</u>
Community	Land or buildings with no determinable useful life, no prospect of sale or change of use e.g amenity land/allotments/bowling green's/war memorials and public clocks	146
Infrastructure	Hard assets generally immoveable and used for public purposes where there would be no prospect of sale e.g. public seats/steps/tidal pools/railings and lighting facilities	79
Non Operational	Assets held by the Council but not directly occupied, or used in the delivery of services e.g. some industrial held for investment/closed buildings e.g. public conveniences/disused land and yards	62
Operational	Assets which are held, used, or contracted to be used for direct delivery of a service e.g. Council offices/car parks/public conveniences/depots /sports and leisure centres	128
Investment	Land and buildings specifically held to earn income to generate economic growth and for capital appreciation e.g. industrial estates/cinemas/cafes/offices	223
Surplus	Assets including land and buildings, where recent formal approval has been given to declare surplus to requirements and for disposal, but arrangements are required to prepare for disposal	17
Assets Held for Sale	Land and Buildings which are ready for sale and are in the process of disposal	8

Appendix 3:

Thanet Council Corporate Property and Land Disposal Process

This document covers Thanet District Councils corporate property and land disposal process. The council disposal process supports the statutes that govern local authorities but the statutes will take precedence over this policy.

(Residential property is outside the scope of this paper.)

The laws regulating disposals are complicated and can be found in many statutes, see reference section within the strategy document. The key Acts refer to the principle of achieving “best value” and they include:

- Local Government Act 1972 – Section 123 & 127
- Local Government Act 1972 General Disposal Consent (England) 2000

There is no legal obligation for a council to dispose of land, but if they do decide upon disposal (the definition can be found in the 1972 Act) the starting principle for a local authority is that it may not dispose of land for a consideration of less than the best that can be reasonably obtained.

With Government cuts to local authorities set to reduce in the next few years, Thanet District Council cannot lose sight of these principles as pressure increases to manage cuts in a challenging economic environment.

Furthermore, a disposal that does not satisfy the best consideration test is ultra vires and can be challenged by a third party through the judicial review process.

Before disposing of any land the authority must give adequate consideration as to whether or not this could be prudent and in line with all of its fiduciary duties and financial circumstances.

Therefore other significant considerations when considering disposals are the powers granted to a local authority under the Local Government Act 2000. which give the LA powers to do anything which they consider likely to achieve any one or more of the following:

- (a) Promotion or improvement of the economic well-being of their area
- (b) The promotion or improvement of the social well-being of their area and
- (c) The promotion or improvement of the environmental well-being of their area

A guide to understanding the meaning of the above can be found in the National Planning Policy Framework, 2014, as below:-

Economic role – contributing to building a strong, responsive and competitive economy, by ensuring that sufficient land of the right type is available in the right places and at the right time to support growth and innovation; and by identifying and coordinating development requirements, including the provision of infrastructure;

Social role– supporting strong, vibrant and healthy communities, by providing the supply of housing required to meet the needs of present and future generations; and by creating a high quality built environment, with accessible local services that reflect the community’s needs and support its health, social and cultural well-being; and

Environmental Role – contributing to protecting and enhancing our natural, built and historic environment; and, as part of this, helping to improve biodiversity, use natural resources prudently, minimise waste and pollution, and mitigate and adapt to climate change including moving to a low carbon economy.

Whilst the Local Government Act 2000 does not negate the importance of applying the principles of best consideration, it does recognise the important duties a local authority has to consider the wider benefits for the community when making disposal decisions and where the local authority can demonstrate an overriding benefit in this manner it may dispose for less than best consideration provided a proper and transparent process has been followed.

Procurement Considerations

Contract standing orders do not apply to contracts relating solely to the purchase or sale of interests in land. However, if there is an element of supply of services supplementary to the grant of an interest in land then procurement rules will need to be considered. Each case will need considering on its own merits through the Estates and Procurement Departments.

Scope of the Disposal Process

The Estates Surveyors retain delegated authority as per the Constitution for Governance of Thanet District Council to undertake the estate management function. Part of their function is to negotiate lease and licence applications on the investment portfolio for best consideration for terms up to 25 years.

Therefore this disposal process will apply where the Council holds a freehold interest in land with vacant possession and:

- (1) the intention is to grant an appropriation in land or
- (2) the intention is to grant a freehold sale of the property or land or
- (3) the intention is to grant a lease over 7 years at less than best value
- (4) the intention is to grant a lease over 25 years at best value.

Best value will be determined by a valuation surveyor accredited with membership of the Royal Institute of Chartered Surveying.

(Note: The Estates surveyors will bring to the CPAMG details of all lease negotiations/renewals to keep others informed of what is happening on the portfolio and where the group determine that a grant may be contentious they can vote to put it through the full consultation process.

Stages of the Disposal Process

Stage 1

All ideas to dispose or appropriate land within the scope of this process will be considered through the Corporate Property Asset Management Group (CPAMG). The requirement to consult the group does not negate other constitutional processes but is a means to ensure that there is sufficient breadth of consultation undertaken to support the corporate plan.

Ideas can be put forward by members of the public through their Council Member, the Cabinet Member for Finance and Estates or the Community Asset Manager. Senior Management Team will have input through the Director of Community Services and Officers will be encouraged to put ideas through their CPAMG departmental representative.

Cost, benefit and risk analysis tests will be undertaken by the CPAMG and a decision taken in principle whether to proceed or not, with the reasons for the decision recorded.

If the decision is to proceed in principle there will follow a process of due diligence checks on property and land including checking title, restrictive covenants and wayleaves.

Once the checks have been successfully completed the Estates department will prepare a report for Cabinet.

Stage 2

At the Cabinet meeting held to consider the report a decision will be made either to accept or reject the recommendations in the report. If Cabinet determine not to proceed with the disposal the outcome will be communicated back to the CAPMG.

Stage 3

If Cabinet give approval to proceed with the disposal a consultation process will commence for 21 days, through Ward Councillors. Depending on the nature of the disposal there may also be additional consultation, through the local press and through TDC public relations department.

The consultation process does not cover matters that are dealt with as part of the planning process.

The reasons for the consultation are to:-

Highlight to the community an asset is being disposed and in doing this give them an opportunity to express an interest (following the guidelines in the Localism Act 2011) and;

Where it is an appropriation in common land gain member of the public feedback on the plans.

The results of the consultation will be collated by Estates and fed back through to the Cabinet Member for Finance and Estates and the Head of Economic Development and Asset Management for review, and where there is a valid case for the disposal to be reconsidered the matter will be referred back to CPAMG and Cabinet.

Stage 4

If Cabinet agree to the disposal it will be progressed by the Estates department using the policy and processes documented in the Constitution for Governance of Thanet District.

The current principle methods of disposal undertaken by the Council (and documented in the constitution are:-

- Competitive Tender
- Public Auction
- Private Treaty

Overview and Scrutiny Committee

The Scrutiny and Overview Committee consists of non Executive members and is appointed on a proportional basis (with political groups represented in the same proportion as the current Council composition).

In terms of the disposal process Overview and Scrutiny Committee can challenge an asset disposal based only on the process not being followed correctly via a “call in” facility. For further information please see Constitution for Governance of Thanet District.

This page is intentionally left blank