

Thanet District Council

Corporate Property Asset Management Strategy

2014 - 2019

15 October 2014



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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.

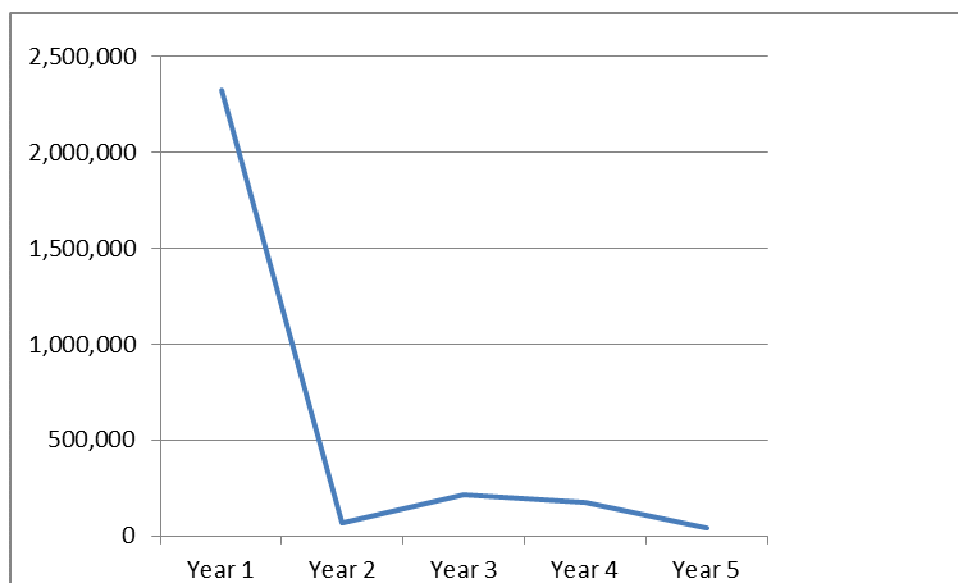
The estates department maintains the corporate property database. This information is available on the council web site, the data presented as outlined in the Transparency Code 2014.

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.