

For General Release

Draft REPORT TO:	CABINET - 19 SEPTEMBER 2011
AGENDA ITEM:	11
SUBJECT:	CORPORATE PROPERTY STRATEGY
LEAD OFFICER:	JON ROUSE, CHIEF EXECUTIVE AND ACTING EXECUTIVE DIRECTOR, PLANNING & ENVIRONMENT
CABINET MEMBER:	COUNCILLOR DUDLEY MEAD, DEPUTY LEADER & CABINET MEMBER FOR HOUSING, FINANCE AND ASSETS
WARDS:	ALL
CORPORATE PRIORITY/POLICY CONTEXT: The management and operation of the council's corporate property assets contributes to the following corporate priorities: <ul style="list-style-type: none">• Safer, stronger and more sustainable communities• Achieving better outcomes for children and young people• Promoting economic growth and prosperity• Improving health and wellbeing• Improving the environment• Delivering high quality public services and improving value for money	
FINANCIAL IMPACT There are no direct costs or savings related to the new corporate property strategy which is a wholly asset based review. Savings will be accrued as and when individual departmental service strategies align with the recommendations made in the property strategy.	
FORWARD PLAN KEY DECISION REFERENCE NO.: 1037	

This is a Key Decision as defined in the Council's Constitution. The decision may be implemented from 1300 hours on the 5th working day after it is made, unless the decision is referred to the Scrutiny & Overview Committee by the requisite number of Councillors.'

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below

1. RECOMMENDATION

1.1 That the Cabinet approve the Corporate Property Strategy and agree that this document will form the basis for future governance of the land and property assets of the Council by way of adoption as an approved executive procedure.

1.2 Subject to agreement being received, that the Chief Executive be given delegated authority to approve any further minor or consequential amendments to the document in consultation with the Cabinet Member for Housing, Finance and Assets.

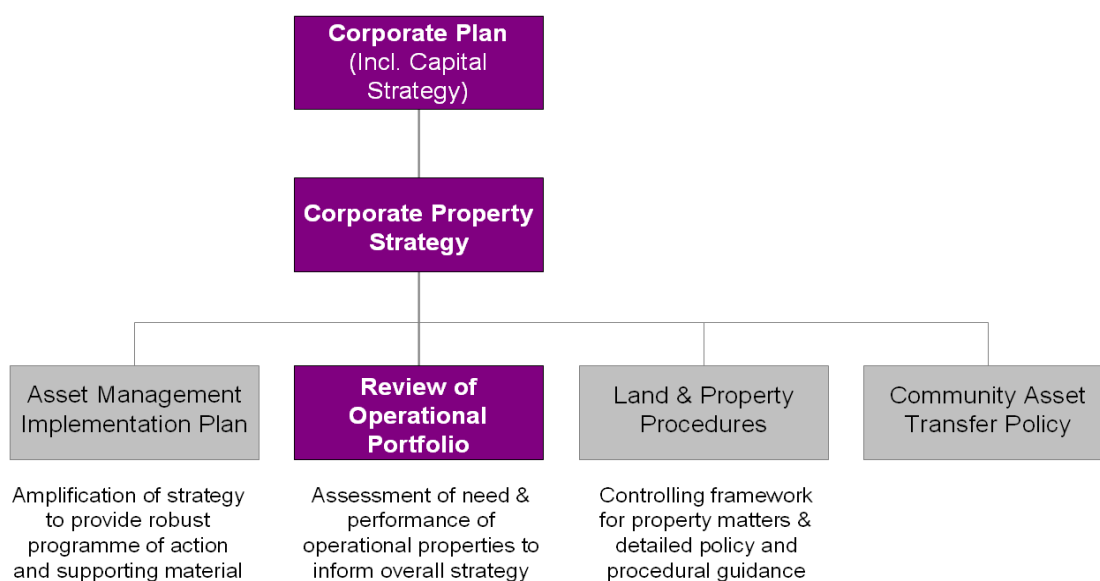
2. EXECUTIVE SUMMARY

- 2.1 Property assets are an important contributing factor to the quality of public services. Buildings which are well designed, maintained and well used, in addition to supporting services, can engender confidence in the professionalism of the council and act as a stimulus to the wider regeneration of the area. For all its services and administrative functions the council needs to question where its future needs lie and in particular the location, amount and nature of that space. Buildings cost money to provide and maintain and in the context of diminishing public expenditure it is essential that they are located within the right areas and offer flexible accommodation which may need to be different from what has been traditionally provided.
- 2.2 The Corporate property strategy articulates a broad vision for the future and sets a framework for action, which is amplified in the Asset management implementation plan. The strategy has been written with a 3-5 year planning horizon and it is important that this remains a live document that is regularly reviewed to adapt to changing demands and available resources. Whilst the council may in the future have fewer buildings in fewer places, the buildings it does have will be different. They will need to be newer, more adaptable, more welcoming, accessible, and more cost effective to occupy and maintain whilst continuing to support the council's aspirations for high quality local services.
- 2.3 These two documents will provide a practical approach to help define, implement and measure how the council:
- Makes its investment decisions in respect of property
 - Maintains and improves its property assets linking with the Facilities management Asset Maintenance Strategy
 - Increases the cost effectiveness of its portfolio
 - Promotes innovation in property asset management including transfer of assets and management of buildings to the voluntary sector and local communities
 - Listens and responds to property users and its customers

- 2.4 The Land and property procedures set out the future governance arrangements for the Council's assets and proposes a 'corporate landlord' model of property management.
- 2.5 A Land and Property Policy on community asset transfer has been prepared to promote the transfer of assets to the voluntary sector and local communities in line with the Big Society policy priority.
- 2.6 Consultation has been undertaken with the various service areas and this will continue so that their respective service plans reflect the overall direction and challenges set out in the Corporate Property Strategy. A summary of their current thinking and future requirements around the major properties within the portfolio is included by way of brief pen pictures the strategy document.

3. DETAIL

- 3.1 In 2010 a 'health check' was carried out on how the Council manages its land and property assets. The main recommendations arising from the report were that the council needed to assert a more corporate approach to the way in which it manages its buildings, undertake a thorough review of corporate property assets and that property, asset and management information which is currently held on a number of different IT platforms across all departments needs to be consolidated on one data base, accessible to the whole council for management and information purposes.
- 3.2 To address these requirements a review of the property portfolio and procedures has been undertaken in line with the recommendations and a series of documents have been produced. Although the Corporate Property Strategy is key, it does not exist in isolation and is closely linked to the other plans and guidance that have been produced as part of this exercise as illustrated below:



- 3.3 In preparing the Corporate property strategy we have examined a total of 430 assets concentrating initially on the major properties and in particular the corporate office portfolio. A detailed report contained within the Review of the Operational Portfolio will be undertaken for these properties which will include a RAG status to reflect 8 key areas including fitness for purpose, utilisation, sustainability and condition. This information will be used to work with and challenge the service areas to provide a fit for purpose and cost effective estate that can help deliver and improve the council's services and aid the release of properties for future regeneration. Recommendations will be based on age, condition, running costs and suitability as to whether individual assets should be retained by the council or disposed of, in the short, medium or long term. Consideration is also given to wider corporate or council initiatives such as Step Change Croydon, Transforming our Space and Customer Access Strategy.
- 3.4 These recommendations will assist the FM team to target an annual property maintenance programme and formulate the capital programme by only investing in buildings that the council intends to retain and improve.
- 3.5 Public service delivery is undergoing a period of radical transformation and within this local government is re-inventing itself. Central to this transformation is the need to promote communities as vibrant, self sustaining places in which to live and work. There are two related drivers of this change – one a policy direction being set by the 'Big Society'; the other a resource pressure with an imperative to close the UK's fiscal gap. With the possibility of the council providing fewer direct services in the future, there will be a need for businesses, voluntary agencies and individuals to take up this challenge in innovative ways. The council can help meet this challenge through creative ways of using its buildings and looking more to Community Asset Transfer where appropriate. A revised Land and property policy dealing with Community Asset Transfer has been prepared and is appended to the main strategy document.
- 3.6 Property will provide an important role in proposed changes to the council's service proposition and in some cases will act as a catalyst for service reform and regeneration. To achieve this, the proposals within the Corporate Strategy and Asset Management Implementation Plan:
- Promote a single corporate landlord model for property management to move away from the previous "service based ownership" to ensure opportunities for the portfolio are optimised.
 - Ensure any investment and FM expenditure is directed to support the council's priorities and towards assets with the greatest need/benefit.
 - Rationalise the portfolio to release unwanted or underutilised or poorly performing assets and to support renewal of the portfolio through relocation or improvement of existing buildings.
- 3.7 The Corporate property strategy looks to review the portfolio under six main themes with a number of required actions which have been prioritised as detailed below:

Theme	Priority	Action	Completed	In Progress	Intended
Optimising the Portfolio	High	Categorise property assets (on basis of management action)	✓		
	High	Identify 'quick win' property assets (for release)	✓		
	High	Review wider office portfolio		✓	
	Medium	Prioritise investment in property (against corporate priorities)		✓	
	Low	Review investment portfolio			✓
Defining a spatial asset strategy	Medium	Develop 'blueprint' of required asset locations		✓	
	Medium	Define broad accommodation needs		✓	
Joining-up Public Service Delivery	Medium	Establish forum for collaborative asset management		✓	
	Medium	Secure commitment to joint working through 'compact'		✓	
	Low	Articulate a shared public sector asset management strategy			✓
	Medium	Determine common data standards to ease data sharing (new Database/Asset Register)		✓	
	Low	Map public sector assets to identify property 'hotspots'			✓
	Low	Multi-agency area reviews (co-location opportunities)			✓
Implementing a Corporate Landlord Model	High	Develop land and property procedures	✓		
	High	Develop decision making framework for capital investment		✓	
	High	Specify, procure & implement new property database		✓	

Theme	Priority	Action	Completed	In Progress	Intended
Integrating asset management and regeneration	Medium	Using assets as a catalyst to improve the urban realm		✓	
	Medium	Integrate disposals with and CCURV and Croydon Congress initiatives		✓	
Promoting sustainability through property	Medium	Align maintenance spend to optimise environmental benefits		✓	
	Medium	Link acquisitions / disposals to CO ² reduction target		✓	

3.8 Properties recommended for disposal will all be considered by CCURV as part of the council's regeneration initiative before being offered to the wider market.

3.9 The Asset Management Implementation Plan (AMIP) is supplemental to the main strategy document and provides more detail around the actions identified and gives an outline methodology to progress and move forward in the medium term. The AMIP considers seven key areas:

- How to Optimise the use of the existing property portfolio
- Challenging the need to own specific assets including investment properties
- Developing a spatial asset strategy by considering where buildings should be located
- Joining up public service delivery by understanding the wider public sector asset management regime
- Integrating asset management with regeneration through CCURV
- Developing better asset management data and procuring new property database
- Promoting sustainability through property

3.10 A new set of land and property procedures has been prepared that reinforce a corporate governance model for how the council manages its assets. These procedures together with the policy on Community Asset Transfer are appended to the new Corporate property strategy.

4. CONSULTATION

4.1 There has been extensive consultation with all council departments whilst preparing the new Corporate Property. As part of the process the draft report has been presented to the Strategic Asset Management Board, Asset and Places Board and CMT. There has been no external consultation at this stage but this will be undertaken as part of the process when specific decisions are made in connection with the disposal or major change to corporate assets.

5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

1 Revenue and Capital consequences of report recommendations

	Current year	Medium Term Financial Strategy – 3 year forecast		
	2010/11	2011/12	2012/13	2013/14
	£'000	£'000	£'000	£'000
Revenue Budget available				
Expenditure				
Income				
Effect of decision from report				
Expenditure				
Income				
Remaining budget				
Capital Budget available				
Expenditure				
Effect of decision from report				
Expenditure				
Remaining budget				

2 The effect of the decision

The corporate property strategy in isolation has no financial consequences to the council other than being a tool to assist in targeting capital expenditure. Any cost benefits arising from property related recommendations will only be realised when departmental service plans are implemented.

3 Options and Risks

Adopting the Corporate property strategy and AMIP: These will provide a tool to challenge and identify potential changes to the existing portfolio so that the recommendations can be taken forward and developed further by the individual service areas. The individual documents are to a large extent interdependent and should therefore all be adopted in order to maximise the benefits.

Risks: There are no immediate risks in adopting this plan as any proposed changes will be fully explored at a later stage. It will, however, provide sound direction and give immediate benefits to ensure that any revenue or capital expenditure on buildings is directed in the most appropriate way and any accommodation moves to release space are undertaken in a more informed manner.

Not adopting the Corporate property strategy and AMIP: If these documents are not adopted the opportunity to fully challenge the current property use and consider future requirements will be considerably reduced.

Risks: There is a real risk that the portfolio will not be fit for purpose in the medium term and expenditure on buildings not as effective. By not adopting a more corporate approach to property through the Land and property procedures the existing treatment of property as a “service” asset will continue and make it more difficult to deliver the required capital and revenue savings and make the most economic use of the portfolio both from a space and cost perspective.

4 Future savings/efficiencies

Through the comprehensive review of the corporate property portfolio the council will be in a strong position to identify and maximise cost savings from rationalization and better use of the estate and direct any capital and revenue expenditure in the most appropriate way.

Although the Corporate Property Strategy will be able to identify opportunities for potential savings and capital receipts, these have not been detailed within this paper as many will only be achievable following consultation and agreement with the service areas when their individual service plans have been agreed.

(Approved by: Dianne Ellender Head of Finance P&E and Central Departments)

6. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

- 6.1 The Solicitor to the Council comments that if approved, the recommendation in this report will ensure that officers of the Council will need to adhere to the Corporate Property Strategy and Asset Management Implementation Plan as from the date of adoption. The documents should always be read in conjunction with section 10 of the Financial Regulations (under Part 4H of the Council's Constitution) to which the Plan cross-refers.

- 6.2 (Approved by: Sean Murphy for Head of Legal Services (Corporate))

7. HUMAN RESOURCES IMPACT

- 7.1 There are no direct human resources considerations arising out of this report.

(Approved by: Chris Baldwin, HR business partner, Planning & Environment on behalf of the director, Workforce, Equalities and Community Resources)

8. EQUALITIES IMPACT ASSESSMENT (EQI)

- 8.1 An initial Equalities impact assessment has been undertaken and has identified that a full EQI is not required for this report as it provides guidance and recommendations for further detailed consideration by individual service areas. Any potential impacts that may arise from the recommendations will be fully considered by the individual Departments and full EQI's will be submitted with their detailed reports. Some of the recommendations within the Strategy document have already been through this process and full EQI's have been

undertaken as part of the more detailed individual service recommendations for Libraries, Youth service provisions, childrens homes and arts and heritage buildings.

9. ENVIRONMENTAL IMPACT

- 9.1** Responsible environmental use and design criteria will be considered when dealing with the Council's estate. The performance and use of buildings has become more significant with the increase in energy costs and, going forward, the monitoring and ranking of the Council's performance under the Carbon Reduction Commitment Energy Efficiency Scheme (CRCEES). To raise awareness and help monitor and achieve the required 25% reduction in CO2 by 2015, the Protocols and procedures have sections on 'Energy and the Environment' and have environmental sustainability, accessibility and building maintenance amongst key property performance indicators. The location of buildings and better accessibility to Council services via alternative means will also contribute towards general CO2 levels by reducing the number of journeys undertaken by residents.

The Corporate Property Strategy fully considers energy efficiency, building operating costs, design and overall environmental impacts, including having more accessible buildings to reduce the impact of travel, within the decision making process. The environmental performance and energy costs will be available for major buildings as part of the Carbon Management & Energy Efficiency Programme (CMEEP) and will be an important element when considering the suitability and future of corporate buildings. The short, medium and long term strategy for each building established as part of this programme will ensure that the investment under RE:FIT is directed in the most appropriate way and initiatives to improve the environment for service users and council staff identified under CMEEP can be fully explored and implemented with a far greater degree of certainty to ensure required payback periods are achieved. Both the environment and sustainability will be included within the investigations and quantified as part of the recommendation work undertaken for the Strategy and Asset management plans to ensure these elements are fully reflected.

10. CRIME AND DISORDER REDUCTION IMPACT

- 10.1** There are no direct crime and disorder impacts arising out of this report but these matters will be fully considered when department service plans are put forward

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APPENDICES

- **Draft Corporate Property Strategy**

BACKGROUND DOCUMENTS

- **Initial Equalities Impact Assessment**
- **Draft Asset Management Implementation Plan (Exempt from publication)**

Corporate Property Strategy

Making the Most of our Assets

Working Draft

This strategy was produced with the assistance of NPS Property Consultants Ltd over the period October to December 2010. It represents a collective view of senior corporate and service managers within the Council of the key issues within; and the broad direction for asset management over the medium term.

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Foreword

Property assets are an important contributing factor to the quality of public services. Well designed, well maintained and well used buildings help support services, promote confidence, and act as a stimulus to the wider regeneration of the area. Importantly the location of service provision and the environment in which services are provided are an essential link between citizens and the council. Together they provide a sense of identity, community, function and image.

As the nature of public services change in response to the constrained public expenditure and expectations of service quality increase, the council's portfolio of property assets must also change. The council is taking a fresh and innovative look at its property assets, challenging their traditional use, locations, the amount and type of space required and is considering the integration of services and sharing of buildings with other partner and community organisations who are faced with similar challenges.

The Corporate Property Strategy provides a broad vision for this future and sets the framework for action that, over time, will see the council's portfolio of buildings adapt to this new environment.

To support the council's aspirations for high quality local services. we will need newer, more adaptable, more welcoming and cost effective premises to occupy and maintain.

Furthermore, as the council's property portfolio changes, the injection of released surplus assets into the Croydon Council Urban Regeneration Vehicle (CCURV) will encourage regeneration and

securing a share in the increased value achieved through the Council's participation in developing these sites .

In this context, the property strategy is intended to promote a common understanding of emerging issues and intended actions. It is not a static document but part of a process designed to engage Members, officers and customers in a debate about the nature of and future management direction for the council's property resource.

Leader of the Council

Introduction

Purpose and Scope of Strategy

This document identifies the key policy and resource influences affecting Croydon and in response to these sets a broad direction for asset management over the medium term; enabling its property portfolio (and associated professional support) to be optimised to meet identified needs. It is intended to facilitate rational property decision making based on corporate and service priorities. Along with the Asset Management Implementation Plan, which provides more detailed amplification of the strategy, it provides a practical tool which will help to define, implement and measure how the council:-

- Makes its investment decisions
- Maintains and improves its property assets
- Increases the cost effectiveness of its portfolio
- Promotes innovation in property asset management
- Listens and responds to property users and its customers

The strategy has been written with a 3-5 year planning horizon but will need to be reviewed and refreshed regularly to reflect changing circumstances. It is restricted to consideration of property assets that the council owns or uses; excluding council owned housing and schools(including nursery, primary, secondary and special schools) which are subject to their own developing property strategies. The strategy has been developed through an iterative process¹ with contributions and views sought from a wide range of stakeholders within the council. It is intended to promote a common understanding of the importance of property in achieving the council's aims and to set a direction for its management over the medium term. The strategy has also been informed by a review of the existing property portfolio. It is intended for a wide audience including:

- Members - to support decisions on investment priorities in the portfolio
- Senior managers - to identify likely portfolio changes to meet their needs
- Other public sector stakeholders – to enable a more coherent cross-organisational approach to service provision and use of property assets
- Public / customers – a statement of the council's asset management practices and priorities

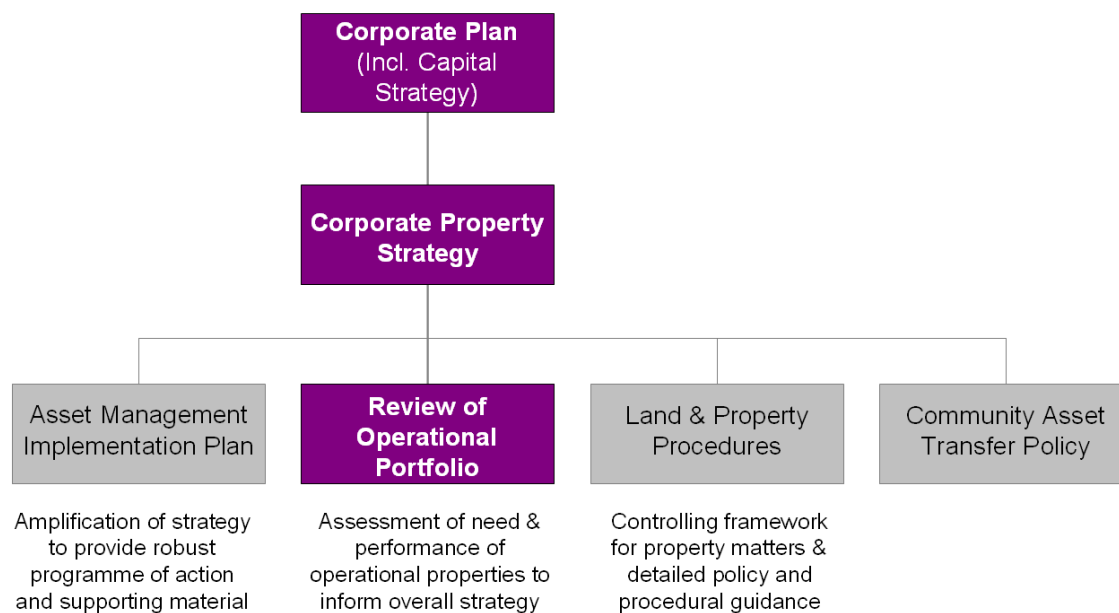
Format and Content of Strategy

The strategy is arranged in 7 sections with appendices containing supporting material.

- This section has explained the purpose, scope and intended audience for the strategy.
- Section 2 provides an overview of the role of asset management. (Where the term asset management is used it is as a shortened version for property asset management).
- Section 3 describes the broad planning context for the strategy. These are a range of policy and resource influences from a national to local level to which the council's management of the portfolio must respond.
- Section 4 provides information on the size and nature of the property portfolio under thematic headings, and is designed to improve understanding of the portfolio and to raise awareness of emerging issues in the estate.
- Section 5 articulates the strategic direction for asset management in response to these challenges and provides a broad framework of action under a number of key themes.

- Section 6 identifies the main challenges (resources, constraints and risks) in implementing the strategy and gives a template to measure progress in delivery.
- Section 7 provides a simple visual summary of the strategy linking the broad planning context for asset management to the strategic response through asset management

The corporate asset management strategy does not exist in isolation. It is closely linked to the Council's Corporate Plan, Capital Strategy² and Revenue Strategy and is supported by more detailed plans and guidance as shown below.



An Overview of Asset Management

Why Asset Management is Important

The Council places strong emphasis on the role of asset management in improving value for money and better public services. Property can have a major influence in delivering better outcomes for citizens and in creating a sense of place. Public sector performance and confidence in public services are inextricably linked, and property underpins this linkage. Physical infrastructure, like property, is essential for the technology, business processes and cultural change which are required to continually raise the council's performance. This link between property and effective local services is summarised below.

Customer Perception	Buildings can engender confidence that an organisation is capable and professional and has an influence on a customer's experience
Access to services	The physical location and design of buildings can improve accessibility to services
Staff Issues	A good work environment can motivate staff and a good physical environment sends a message that staff matter
Efficiency	Good asset management can ensure space is used effectively, costs minimised and release resources for corporate and service priorities
Regeneration	Management of investment through property (& its location) can facilitate regeneration

Asset Management Objectives & Procedures


The council has developed a set of principles and objectives for the management of its property portfolio. These are stated through the Land & Property Procedures (appendix 1). These procedures provide the controlling framework for property matters. It is the translation of these objectives though day to day actions that is important in securing effective strategic property management. A summary of the

principles and objectives is given below with the full procedures in Appendix 1.

Principles & Objectives	
The whole Portfolio should be:-	Individual properties should be:-
<ul style="list-style-type: none">• Planned for and managed on an authority-wide basis• Linked with partner organisations to identify mutual opportunities• Assessed in terms of its performance so as to ensure economy, efficiency and effectiveness• Managed corporately with defined responsibilities for all those with an involvement in property matters• Managed by clear procedures to ensure accountable & effective decision making	<ul style="list-style-type: none">• Owned/managed corporately• Suitable and sustainable• Safe and secure• Maintained to an appropriate standard• Used efficiently/risk minimised• Funded adequately• Reviewed regularly• Held only if they add value to service delivery• Used to deliver council's goals• Managed to reduce energy & minimise environmental impact

Asset Management, Regeneration & CCURV

The council recognises a strong link between its asset management policies and regeneration. The quality and design of buildings can improve the urban realm and be a stimulus to attracting people and businesses to the area. The location of council assets as well as providing vital local services can also engender a sense of community vibrancy and identity. CCURV³, the council's Urban Regeneration Vehicle is integral to the regeneration of the area blending public and private sector expertise to develop out a range of surplus sites across the borough. The asset management actions identified through this strategy will be underpinned by this innovative delivery mechanism.



The council's Corporate Plan, Capital Strategy and Core Strategy and Implementation Development Plan emphasises the need to coordinate investment in the area's distinctive places. A specific infrastructure focus is placed on the need to transform Croydon's Metropolitan Centre in line with the vision to promote Croydon as an enterprising City. Other areas require sensitive management to retain and enhance their distinctive characters and the location, image and use of council property assets are important in this.

CCURV was established in 2008 to support regeneration in the borough, to replace ageing civic office accommodation and to ensure the council retains influence over the type, timing and mix of developments across the borough. CCURV will therefore be an important mechanism for delivering regeneration linked closely with the council's asset management policies.

Key Organisational Arrangements

Management of the council's property portfolio is currently segmented on the basis of asset type and activities. With the promotion of a single corporate landlord model this segmentation will become less obvious with the Corporate property team having a general overview of all property assets. However, the day to day management of property through separate units (housing, schools and corporate assets) will be required to reflect the specific management needs of each type of asset. There is a further separation of property related activities. Strategic activities which affect the size and nature of the portfolio are delivered through the Corporate Property Services Team in the Planning & Environment Department. Activities related to services to and within buildings and which affect the condition and fabric of buildings are provided through a long term facilities management contract provided by Interserve; with the council's intelligent client function provided through the Facilities Management Team in the Resources & Customer Services Department. The Interserve contract has now been extended to 2016.

Internal Council Governance is well established, and asset management matters are considered by the Strategic Asset Management and Asset and Places Board which are officer boards with cross-service representation. The remit of these boards allow consideration of asset management matters alongside the Local Development Framework⁴, Core Strategy⁵ and Infrastructure Delivery Plan (IDP)⁶ so that asset management is aligned to planning and regeneration priorities.

Executive Arrangements

Under the Leader's Scheme of Delegation within the Council's Constitution, the Cabinet Member for Housing, Finance and Asset Management has delegated to him decisions relating to contractual and property transactions. This delegation is subject to Part 3 of the Council's Constitution which provides that the Cabinet Member will act on a recommendation of the Council's Corporate Services Committee in making such a decision.

These Executive arrangements are also subject to the Council's Financial Regulations which provide that only asset disposals above £100,000 need to be approved by the Corporate Services Committee. Decisions relating to disposals at or under that amount can be taken by the Deputy Chief Executive and Executive Director of Resources or, if the amount is £5, 000 or less, by the relevant Executive Director or such officer as is specifically authorised under a Departmental Scheme of Delegation.

The Strategic Context

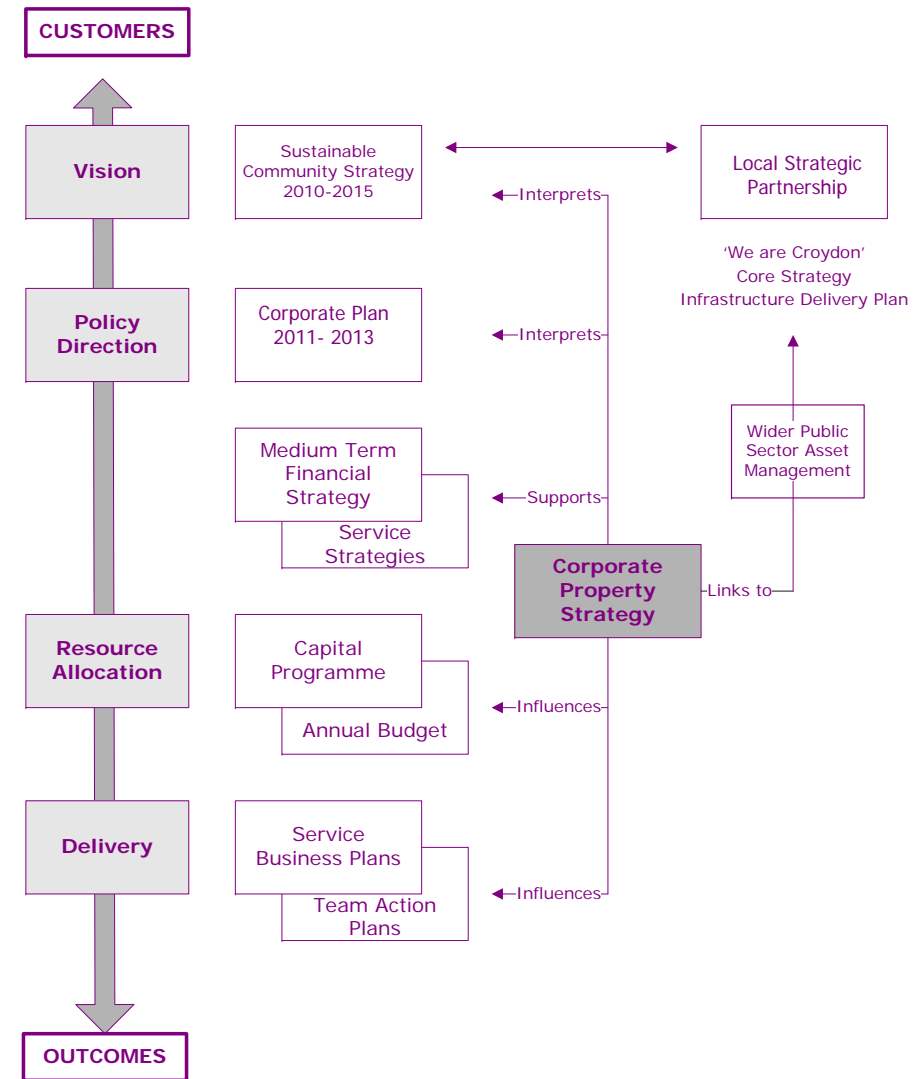
The Overall Planning Context

This Strategy is set within the context provided by other corporate and service plans. These are a response to wider external factors impacting on the area. A vision for Croydon has been developed through the Local Strategic Partnership. This was based on extensive consultation and therefore represents an aspiration for the future shared by both business (public, private and voluntary organisations) and individuals. This vision, supported by six key themes, is for Croydon to be: -

'London's most enterprising borough – a city that fosters ideas, innovation and learning and provides skills, opportunity and a sense of belonging for all'

The Core Strategy amplifies the community vision by setting out a spatial plan for Croydon. The Core Strategy in particular identifies the regeneration of Central Croydon as a thriving urban centre, recognising the need for enhanced transport connections and the need to address the dated physical appearance - and with it Croydon's image. The council's own property assets have a role to play in this regeneration through their location, design and use as good quality buildings can attract new businesses and people.

The Infrastructure Delivery Plan sets out the infrastructure necessary to realise Croydon's Vision. It identifies what infrastructure is required, when, where and by whom. This includes the diversity of infrastructure such as schools, health, transport facilities and utilities as well as council facilities which are used to support public service delivery and which are important to quality of life.



Influences for Change

There are a range of influences that are driving change in the area and to which the council must respond through its portfolio management. These can be recognised at a national, regional and local level.

- **National** - the context is set by the UK's need for public service transformation in response to rising public expectations and a policy drive around place shaping. The medium term resource context is shaped by significant national debt which needs to be reduced. This will lead to an era of public spending constraint and a drive for **efficiency savings** to encourage better use of limited financial resources. The Comprehensive Spending Review (CSR) identifies a 7% year on year reduction in local government spend. This emphasis on efficiency allied with public expectations of council services implies a need for **public service transformation** and a focus on exploring new ways of delivering services. There is also a policy drive for sustainable communities with an aspiration to create vibrant areas, which are attractive places, to live, work and play. Part of this is concerned with encouraging **citizen participation** (Small State - Big Society) and **place shaping** - the council and community collectively articulating a new vision for the area. An implicit assumption through the CSR is that property will contribute to efficiency savings through capital receipts from disposals or lower running costs. It should be noted however that in a depressed property market judgement needs to be made about timing of property release in order to ensure optimum value.
- **Regional** - Croydon is identified as an 'opportunity area' in the London Plan with potential for growth in homes, business and jobs in part due to its proximity to the 'Gatwick Diamond'. A policy direction defined through the London Plan and the Mayor's Transport Strategy and Economic Strategy is for outer London Boroughs to work closely in **positive partnerships** with adjoining areas outside of London to promote prosperity. Croydon has also recently been included within the Coast to Capital and Greater London Local Enterprise Partnerships (LEP⁹), one of the government's pathfinder economic development regions.

- **Local** - The council needs to respond to these national and regional influences whilst protecting vital services. To do so the council will have to **use its own resources efficiently** and in light of public expenditure constraints seek to do more for less. There are pressures associated with **population growth** from new homes. Croydon has been identified as an area of housing growth with an additional 21,500 homes to be provided by 2031; over 14,000 of these within the Croydon Metropolitan centre. Critical in responding to these pressures is a need to **improve transport and infrastructure capacity**. There is a response to the issue of **climate change** with a requirement to ameliorate flood risk which may be a constraint to new growth if not addressed. Alongside this there is a need to live more **sustainably** and to reduce the borough's overall carbon footprint. The well-being of the area is also dependant on **promoting a thriving economy**, ensuring **neighbourhood vibrancy** and sustaining **community cohesion**.

How the council manages its property assets and the direction it sets for asset management must be responsive to these influences for change. Public expenditure constraints will affect all services and it is important that the council's portfolio is optimised to support these changes and that where possible capital and revenue 'tied up' in bricks and mortar is released to support service delivery. The Council recognises that in meeting its aspirations for the area it serves it too has to change. These changes need to improve value for money in services; provide better customer care and support regeneration of the area. There are a range of corporate and service aspirations to which the council's portfolio must respond in terms of its size, nature and management. The most significant of these are given briefly below.

Corporate & Service Priorities

There are a range of corporate and service strategies which asset management must support. The most significant of these are summarised below.

Corporate or council wide initiatives

- ***Step Change Croydon***¹⁰ – in response to the challenges identified above the council is embarking on a programme of change which will affect how, when and where services are delivered. It is focused to ensure a better use of scarce resources; to re-position the council as commissioning led with a mixed economy of providers to streamline internal processes and to ensure responsiveness to client needs.
- ***Transforming Our Space*** is an integral part of Step Change Croydon. This is a wide ranging programme that seeks to modernise the way the council does business – how it engages with clients, works with partners and uses its resources (money, people and buildings). At the heart of the initiative is a cultural change programme designed to ensure that the council is 'fit for the future'; responsive and effective. The Public Service Delivery Hub (Bernard Weatherill House) due for opening in 2013 will be a focus for and manifestation of this cultural change. A key element is centred around the changes in the way we work with flexible and mobile working allowing a far more intensive use of retained space.
- ***Customer Access Strategy*** – is a project which falls under Step Change Croydon. The overall philosophy is to better tailor service access to clients needs with an increasing use of on-line access to services through the council's contact centre. The objective is to provide an increased capability to resolve customer issues through a 'one and done' approach.
- ***Infrastructure Delivery Plan (IDP)*** – identifies the hard, social and green infrastructure needed to support and underpin Croydon's growth through to 2031. This forms part of the Local Development Framework.


Service Specific Strategies and Portfolio Implications

There are also a number of service strategies to which the asset management strategy needs to inform and respond. For those services areas which have property assets a brief 'medium term' pen picture of a service asset strategy is presented through Appendix 3;. It is essential that the corporate property team engage with the service areas to ensure their plans reflect property specific actions in an appropriate and corporate manner. This appendix is organised by service and / or asset type.

Problems & Pressures in the Portfolio

A number of issues have been recognised with the current status and management arrangements for the portfolio. These need to be addressed with an appropriate response defined through the strategy. These problems and pressures include: -

- ***A Legacy of under-investment*** – the portfolio has suffered from an historic under-investment and thus in general terms the portfolio comprises ageing buildings which are in a poor condition, not fully 'fit for purpose' and inflexible in terms of meeting future service needs. The proposed allocations for maintenance in the Capital Strategy are given in Appendix 2. These budgets have yet to be approved by cabinet committee.
- ***Poorly Performing Properties*** – A lack of scrutiny over running cost performance and space utilisation means there may be scope for releasing capital and revenue tied up in buildings which could be better directed to support service delivery or to reduce costs.
- ***Inappropriate Portfolio Mix*** – The current portfolio is a legacy of piecemeal decisions made over a long period of time. Its mix in terms of tenure, age and size is no longer appropriate to the council's needs and it therefore may need to change.

- 
- ***Lack of Corporate Ownership and Management*** - There has been a legacy of a service 'ownership' mentality with assets being perceived as in the ownership of specific services rather than the council as a corporate entity. This constrains effective asset management as cross-service opportunities to optimise the portfolio through asset rationalisation; cost reduction or better utilisation may be lost if service perspectives prevail.



The Property Portfolio

The Size & Nature of the Portfolio

The council has a diverse property estate spread throughout its administrative area. The bulk of the estate is operational property used for direct delivery of services for which the council has a statutory or discretionary responsibility and is predominantly freehold. The broad dimensions of the portfolio are: -

- The corporate portfolio comprises 430 properties
- Is worth £971.857M in terms of book value
- Incurs running costs of £45.2M per annum
- Has a repair backlog and statutory obligations requiring an investment of £32.5M to address

Property Costs, Value & Income

There is a recurring cost borne from the revenue budget to own and occupy property. Assuming the portfolio is 'fit for purpose' and in a reasonable state of repair the objective should be to minimise this expenditure in order to release revenue for service priorities. Property running costs represent 3.76% of the Council's annual spend with energy costs 16% of the annual property running costs. As well as providing accommodation from which to deliver services, property is also capable of releasing value (from property disposals) or generating income (from lettings). Although not its primary purpose, this can make a valuable offsetting contribution to capital projects or operating costs. The asset value of the portfolio is £971.9M of which £66.2M is the investment portfolio. The asset value is a 'notional value' required for capital accounting purpose and reported on the Council's Balance Sheet through the annual statement of the accounts. It does not necessarily represent the achievable market value of the portfolio.

Age & Condition of the Portfolio

The council surveys the condition of the building stock on a rolling 5 year programme in order to be aware of immediate health and safety issues, incipient risks and liabilities to the council and the investment needs associated with ensuring buildings are in a reasonable state of repair - as required by the authority to meet its service delivery obligations and statutory requirements. The current estimated backlog of repairs in the portfolio is £32.5M of which £6.5M (20%) are urgent and essential.

The relationship between relative levels of expenditure on reactive and preventative maintenance provides an indication of the effectiveness of an organisation's overall maintenance strategy. Annual expenditure predominantly on planned maintenance with a stable or reducing backlog trend is indicative of a well maintained portfolio, whereas a high proportion of spend on reactive maintenance suggests an inadequate budget and maintenance strategy. Currently there is an imbalance between spend on reactive and planned maintenance.

The Portfolio's 'Fitness for Purpose'

Buildings need to be suitable ('fit for purpose') in order to support service delivery. A building of the wrong type and/or in the wrong location can be a major inhibitor to effective service provision. It is important therefore to periodically review the suitability of buildings to see if they are having a beneficial or detrimental effect on services. The portfolio's fitness for purpose has been assessed as part of a wider review of the need for and performance of property assets.

Statutory Compliance

Ensuring the portfolio conforms with statutory obligations is a high priority of the council. Failure to do so may expose council staff and clients to health and safety risks or expose the council to financial risks. The statutory obligations for the portfolio and related professional services are varied and subject to continued revision and therefore need to be monitored closely.

Sustainability & Energy

With the advent of the Carbon Reduction Commitment Energy Efficiency Scheme (CRC) there is an imperative that the council seek to reduce its CO₂ emissions by promoting sustainability through its asset management practices or it runs the risk of financial penalties. The number, type and location of buildings as well as use of energy within buildings can help to reduce the council's carbon footprint and act as an exemplar to other organisations to do the same. The council has 99 buildings which are over 1000M² and deemed open to the public and which therefore need to display a Display Energy Certificate (DEC⁷). The DEC rating for these is shown below (with A being the most energy efficient).

DEC Rating for Buildings over 1,000M ²						
A	B	C	D	E	F	G
		3	17	14	9	56

Reduction of energy costs is a key driver underpinning the workplace transformation initiative and the council also has an objective to achieve BREEAM excellent status for new building as part of its overall approach to sustainability. The council has an 'invest to save' policy whereby projects can receive loan funding payable over 5 years to finance energy saving initiatives. The council also uses its resources with equivalent match funding from SALIX⁸ to support this initiative.

Asset Review & Categorisation

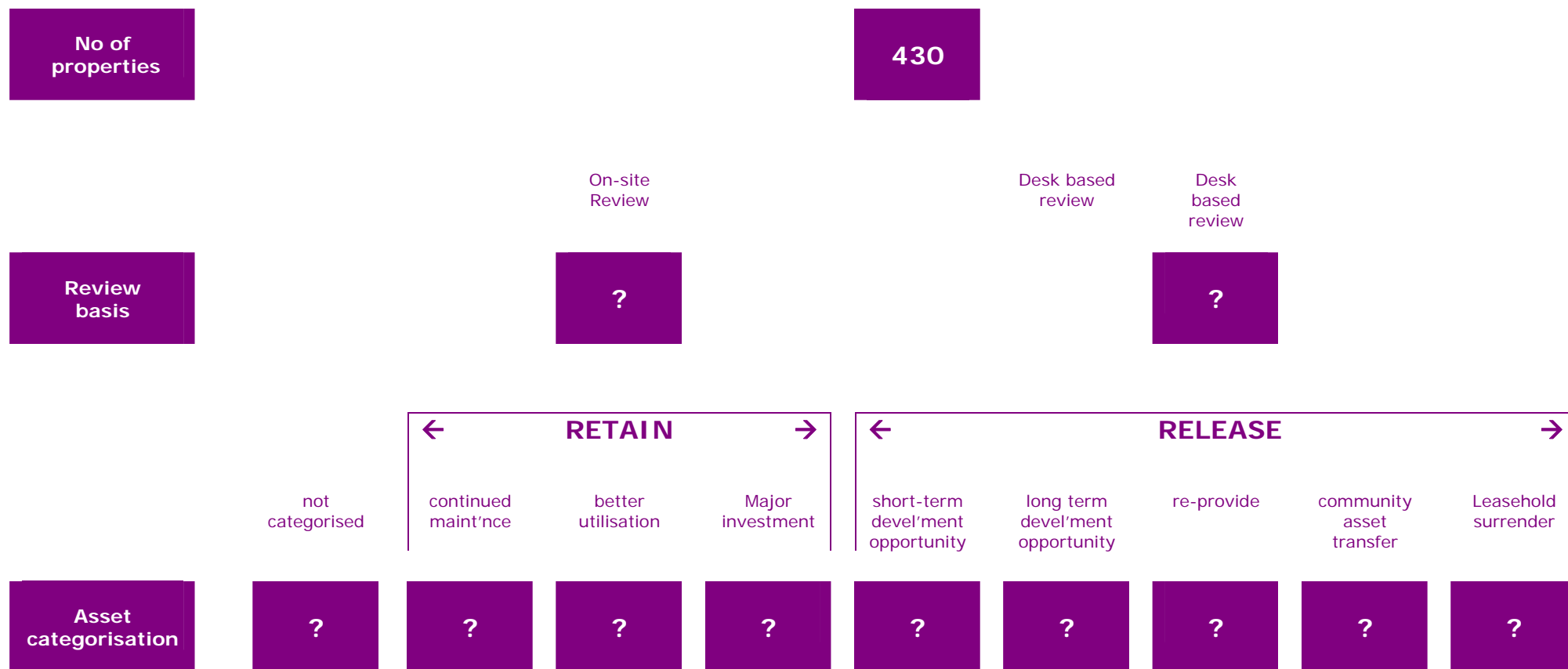
Information when brought together provides a mechanism to assess the contribution individual buildings make to council objectives, to identify required management action and/or to quantify potential investment needs. The operational portfolio will be subject to a comprehensive review in support of this strategy and in order to categorise assets according to their performance (need, utilisation or cost), development potential and required management action. This process has been commenced and the type of property assets, numbers reviewed and categorisations are summarised below.

Property Type	No. of Assets	On-Site Review	To be reviewed
Adult Education Centres	5	3	2
Car Parks	21	0	21
Cemeteries & Crematoria	5	1	4
Commercial & starter units	24	1	23
Community Buildings	19	10	9
Depots	7	4	3
Education (Non-schools)	13	6	7
Libraries	13	12	1
Offices & Admin Buildings	33	5	28
Parks (land & buildings)	168	1	167
Primary and Nursery Schools		Not reviewed	
Property released by services	33	1	32
Residential Homes / Day Centres	11	2	8
Secondary Schools		Not reviewed	
Sports Centres & Pools	8	2	6
Third Party Use & Misc.	44	3	41
Youth Provision (Youth clubs, scout huts etc)	26	1	25
Total	430	52	378

The approach to asset categorisation has been set within the context provided by the likely future direction of service strategies. These may be subject to change as the council responds to the new operating environment presented by the Comprehensive Spending Review. A key element of the corporate property strategy following completion of the review will be to produce a summary of the future asset needs. This review will categorise properties under a variety of headings identifying any investment for those assets identified as 'retain' and a potential for capital release and running cost savings in across the portfolio for those assets identified as potentially suitable for 'release'.



Summary of Asset Categorisation (Template)



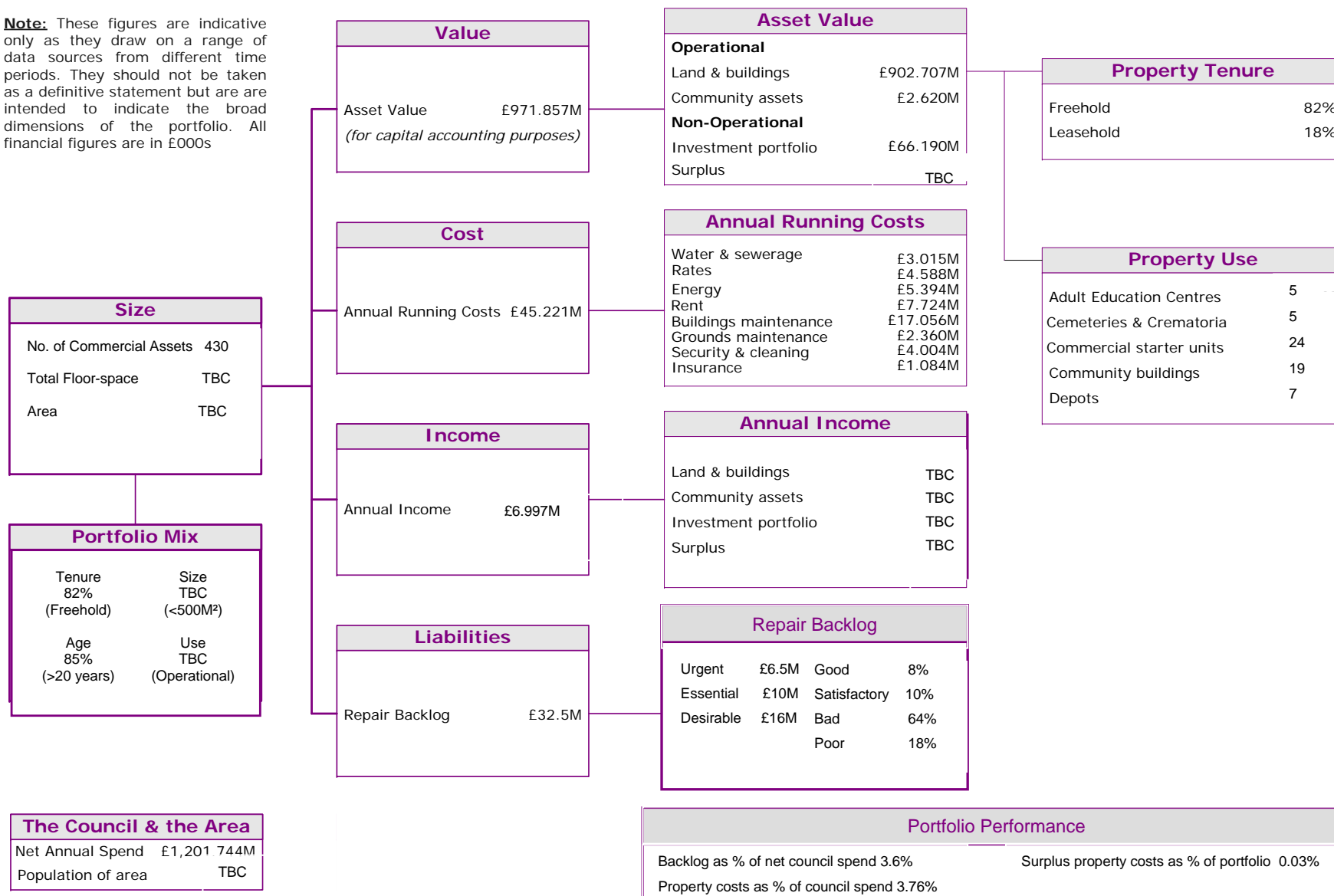
Details of the review process, the challenge methodology adopted, the approach to asset categorisation and the details for individual property assessments is given in a separate document (Review of Operational Portfolio); which is a supplement to this strategy. Each property was placed in a single category according to required management focus.

Asset Rationalisation, Indicative Savings & Potential Receipts

	Existing		Retain	Investment Needs	Release	Capital Receipts (£000s)	Running Costs (£000s)	Comments
Adult Education Centres	5	➔						
Car Parks	21	➔						
Cemeteries & Crematoria	5	➔						
Commercial/Starter Units	24	➔						
Community Buildings	19	➔						
Depots	7	➔						
Education (non-schools)	13	➔						
Libraries	13	➔						
Offices & Admin Buildings	33	➔						
Parks & Opens Spaces	168	➔						
Properties released by services	33	➔						
Residential homes & day centre	11	➔						
Sport centres & Pools	8	➔						
Third Party & Miscellaneous	44	➔						
Youth Provision(Clubs, scout huts etc)	26	➔						



Note: These figures are indicative only as they draw on a range of data sources from different time periods. They should not be taken as a definitive statement but are intended to indicate the broad dimensions of the portfolio. All financial figures are in £000s



Strategic Direction for Asset Management

The Overall Direction

The strategic outlook and response for the council and the area is shaped by 3 over-arching themes. These are:-

- **Responding to Resource pressures** – The council is entering an era of financial constraint; and in future will have to do the same for less and in a different way. The response to this budget pressure is in two broad directions:-
 - Externally – the council is seeking to collaborate with partners or neighbouring councils to secure economies of scale. To date this has tended to be ad-hoc, and service specific but **collaboration in public service provision** could become an accelerating and more systematic trend.
 - Internally – the council is seeking to streamline processes and down-size the organisation. In the future the council will be leaner, with less staff, less service delivery points and thus a need for less property and less space.

Traditionally the council has been a 'provider' of services and in the future these reforming trends may mean that the council becomes less a direct service provider and more of a 'commissioner' of services; with a need for less directly employed staff and less property in its direct ownership. This can be achieved in a variety of ways as demonstrated through the setting up of a Local Authority Trading Company (LATC) that is now occupying 6 council properties under commercial lease arrangements

- **Growth and Regeneration** – Croydon faces the challenge of accommodating more homes and ensuring prosperity through

job creation. Critical in meeting these challenges is provision of infrastructure such, as roads and transport links plus, renewal of the more run down areas of the borough. The council can support this through its own buildings by optimising their location in terms of both service need and regeneration priorities and by promoting quality building design to act as an incentive to business and improve the image of the area.

- **Community Empowerment** – With the possibility of the council providing less services itself there is a need for businesses, voluntary agencies and individuals to develop capacity to fill this potential 'service deficit' in innovative ways. This is consistent with local people having a local voice in shaping services to meet their needs as provided for within the Big Society. The implications of this are not yet clear but could extend to the private or voluntary sector assuming responsibility for some services whilst the council regulates quality and equity of provision. This could extend to ownership and management of council facilities (subject to safeguards on wider community interests, legal compliance and expertise) through Community asset transfer and new policy guidance is included in appendix 4.

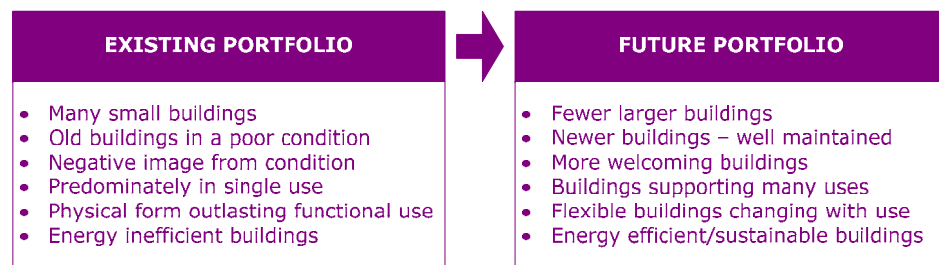
There is potential for tension between the need to secure efficiency savings and aspirations to promote regeneration and neighbourhood vibrancy. With less property the council will not be able to sustain the number and range of assets across all communities. The property portfolio of the council; and asset management as an activity, can play a part in facilitating the council's response to these influences. The context identified above suggests that Croydon and the council may face a period of change in several areas. There are pressures associated with housing growth; public service reform and continued evolution of the council itself as it responds to constrained budgets and seeks to sustain effective service provision. The planning context

implies a revised direction for asset management focussed on supporting the council's aspirations for change and using property as a catalyst for service reform and regeneration. Asset management needs to:-

- Assert a 'corporate landlord' model of property management to counter a propensity to consider assets in service 'ownership' and to ensure opportunities to optimise the portfolio on a cross-service or cross-organisation basis are identified.
- Provide a robust approach to the allocation of scarce capital so that the investment is directed to supporting the council's priorities and towards assets with greatest need / likely benefit.
- Rationalise the portfolio in order to release unwanted or poorly performing assets and to support renewal of the portfolio (improvement of existing assets or provision of new assets)

Over time this will support a change in the size and nature of portfolio to one which has less property, more welcoming and flexible accommodation; blends public and commercial use and increases options for reductions in net property operating costs


The Direction for Change in the Council's Portfolio



Key Themes

This broad direction for asset management is articulated under 6 themes as described below.

- **Optimising the portfolio** –The existing portfolio is a legacy of piecemeal decision making over a period of time. Whilst it has been subject to review and rationalisation over a period of time there is still a legacy of value to be released through improved 'sweating'. This needs to concentrate on aligning the portfolio to the smaller commissioning focussed Target Operating Model (TOM) of the council and on the need for; performance, cost or income generation potential of individual assets. Given the council's financial position the emphasis should be placed on revenue reduction as a preference over capital release.
- **Defining a spatial asset strategy** - Central to the future of public services, the council's aspirations for the area and the nature of the supporting portfolio are the concepts of **place** and **space**. That is the location of service provision and the environment in which services are provided. The concepts of place and space can be viewed as a link between the customer and service provider. Together they provide a sense of identity, community, function and image. These concepts need to be reviewed for each service and a 'blueprint' developed for a new geographical pattern of property assets which can be compared with the existing portfolio to identify potential changes.
- **Joining-up public service delivery** – the planning context points to increasing integration of public service delivery to provide the public with seamless access to a range of services irrespective of organisational responsibilities. Whilst the primary focus of the council is to integrate its own services through a 'one council' approach, the council is well positioned to lead on collaboration of public services as a whole. This implies



increasing use of shared assets both within and across public sector organisations. The facilities management contract with Interserve which expires in 2013 may allow consideration of a pan-public sector approach to facilities management through a single contract and 'intelligent client' function.

- ***Integrating Asset Management with Regeneration*** – the physical location and design of civic buildings can play part in regeneration. Quality buildings attract businesses and make an attractive environment for the public. Through its own buildings and sites the council and CCURV can support its regeneration priorities. Decisions over the provision, type and location of council facilities need to be tied closely to the council's own regeneration priorities and the wider infrastructure needs of the area. It is proposed that CCURV undertake a review of all the Council buildings to identify any potential redevelopment benefits within the portfolio so that this can be factored into medium to long term planning. A programme of voluntary registration of title should be undertaken to include investigation of adjacent unregistered land to facilitate development of sites.
- ***Implementing a Corporate Landlord model*** – A 'corporate landlord' rather than a 'service silo' approach to 'owning' property is required to support a more integrated view of services and to ensure cross-service opportunities to optimise the portfolio are identified and acted upon. This corporate approach is amplified through the revised land and property procedures defined in Appendix 1.
- ***Promoting sustainability through Property*** - The council has a strong commitment to sustainability with a target to reduce its CO₂ emissions from its buildings and to be carbon neutral in the long term. To do this the council needs to occupy

less space and occupy efficient buildings. Building Regulations will ensure sustainability in new buildings and so it is existing buildings that need to be the focus of action. Inefficient buildings need to be targeted for release or remedial action. The profile of sustainability needs to be raised with managers and building users across the council and the 'energy loan' scheme used to replace inefficient equipment. With the introduction of the Carbon Reduction Commitment Energy Efficiency scheme (CRC) and an open market for carbon at market price from 2014 the council needs to ensure the impact on the revenue budget is minimised. The Comprehensive Spending Review changed the CRC scheme removing revenue recycling effectively making it a tax on a carbon footprint.

Making it Happen – A Framework for Action

Looking forward a number of actions are required to respond to the challenges identified above. An overall plan is presented below. The resource implications and timing of these actions are not identified in detail. Given the council's resource constraints it will need to determine the relative priority of each action, the risk of not undertaking it (or value foregone) and the potential scale of benefits which to be delivered. A simple notation has been adopted to identify the relative priority (High / Medium / Low) based on the balance of risk and reward to the council. It should be noted that the identified actions are over and above day to day asset management activities.

Theme	Priority	Action	Completed	In Progress	Intended
Optimising the Portfolio	High	Categorise property assets (on basis of management action)	✓		
	High	Identify 'quick win' property assets (for release)	✓		
	High	Review wider office portfolio		✓	
	Medium	Prioritise investment in property (against corporate priorities)			✓
	Low	Review investment portfolio			✓
Defining a spatial asset strategy	Medium	Develop 'blueprint' of required asset locations (place)		✓	
	Medium	Define broad accommodation needs (space)		✓	
Joining-up Public Service Delivery	Medium	Establish forum for collaborative asset management		✓	
	Medium	Secure commitment to joint working through 'compact'		✓	
	Low	Articulate a shared public sector asset management strategy			✓
	Medium	Determine common data standards to ease data sharing (new Database/Asset Register)		✓	✓
	Low	Map public sector assets to identify property 'hotspots'			✓
	Low	Multi-agency area reviews (co-location opportunities)			✓
Implementing a Corporate Landlord Model	High	Develop land and property procedures	✓		
	High	Develop decision making framework for capital investment		✓	
	Medium	Specify, procure & implement new property database		✓	
Integrating asset management and regeneration	Medium	Using assets as a catalyst to improve the urban realm		✓	
	Medium	Integrate disposals with CCURV and LSP initiatives		✓	
Promoting sustainability through property	Medium	Align maintenance spend to optimise environmental benefits		✓	
	Medium	Link acquisitions / disposals to CO ² reduction target		✓	

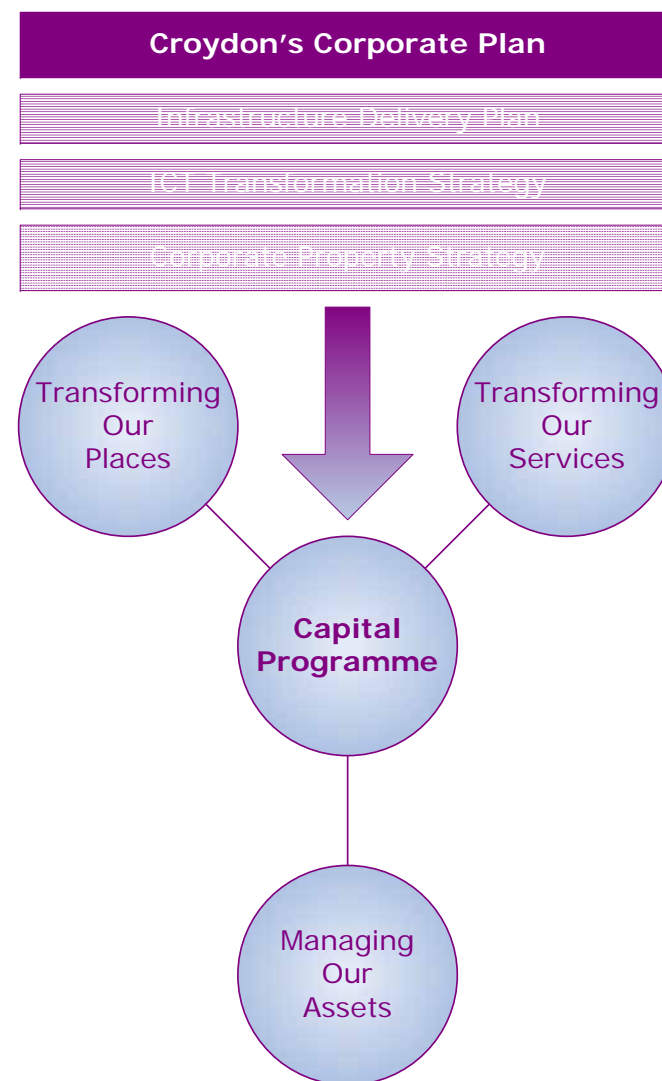
Implementing the Strategy

Resource Implications

The council has traditionally had a relatively low level of debt and therefore is now in a position where it can commit £200 million toward capital investment over the next five years (£40million per annum each year using prudential borrowing). Any disposal receipts will also be reinvested through the capital programme together with external finance grants that form a significant element of available capital. This will need to be directed so as to optimise value. Fundamental to this is a transparent mechanism to prioritise the allocation of funding to ensure value for money. The Council's Capital Strategy defines the process that will be adopted and all investment in the portfolio should be determined on this basis.

The Capital Strategy is linked to the Infrastructure Delivery Plan, ICT Transformation Strategy and the Corporate Property Strategy (this document). The priority programmes and projects identified through these 3 strategies will make up the capital programme. Capital prioritisation will need to be aligned to the investment needs of the council's core property assets which will be retained in the future; and overall maintenance needs. The legacy of underinvestment in maintenance will need to be reversed if these core assets are to be retained in a good condition.

Final investment decisions on individual projects will be based on a full business case. The project appraisal process and criteria for capital investment decisions are amplified through the Capital Strategy.



Risks & Constraints

Progress in implementing the strategy is likely to be influenced by a number of factors. The main ones are identified below: -

- Capacity and expertise – The council will need a specific organisational focus in order to implement some of the identified actions. This will include, for example, a dedicated project management capacity (to procure and implement the proposed new property database) and estates management expertise to progress the disposal of unwanted assets.
- Organisational resilience – It is essential that organisational resilience is developed with a suitable skill base to allow the implementation of the.
- Lead Member and Senior Officer Commitment – There will be a need for strong corporate leadership in order to sustain the momentum of implementation of the strategy over time.
- Changing Service Delivery Models – The council is undergoing a major reform in how it is organised and works with potential far reaching implications for models of service delivery. Whilst this strategy has attempted to reflect likely changes (and their asset implications) it needs to be recognised that corporate and service strategies are not yet clearly defined and may change.
- A new property database needs to be procured and implemented to ensure that all properties are accounted for and that information is complete and consistent.

Measuring Progress

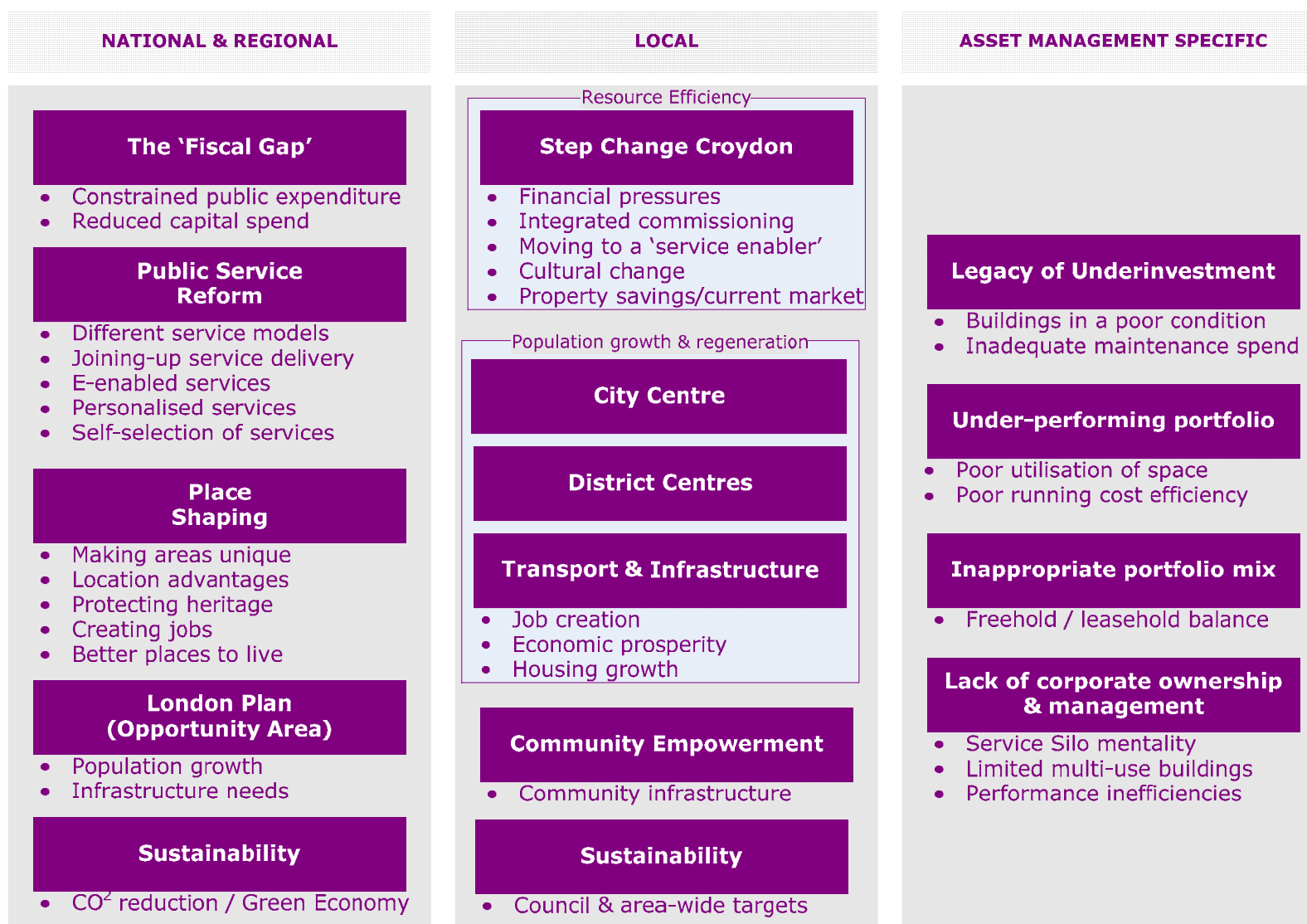
The long-term, multi-faceted nature of property as a resource means it is difficult to measure performance through a single performance measure. Property can be considered from a variety of perspectives (physical, financial and functional) and all these need to be considered in developing a performance measurement framework. Best Practice in asset management recommends the adoption of national performance measures where these are available plus the development of local indicators to meet specific local priorities. The council accepts this

approach but with a pragmatic recognition that with its limited resources and capacity progress developing and reporting on property performance can only be undertaken on an incremental basis.

The council has developed a simple portfolio level performance 'scorecard' which concentrates on a small number of indicators chosen to provide a rounded perspective of the portfolio. An overall 'scorecard' to measure portfolio performance is presented below. The 'scorecard' has a number of measures under a series of themes designed to give a rounded perspective on performance of the portfolio. The indicators and targets shown are indicative only and the approach will be refined over time with indicators and targets agreed corporately. This strategy articulates the broad approach and sets an initial framework for measuring progress.

Asset Management Theme		Property Performance Indicators		Trend Data			Targets		Change
		(O = Outcome Indicators / P = Process Indicators)		2007/08	2008/09	2009/10	Croydon	National 'Norms'	▲ ■ ▲
PHYSICAL	Age	O	% of buildings over 20 years old						
	Condition	O O O P	Overall backlog as a % of net annual spend Urgent & essential repairs as % of backlog Ratio of planned/reactive maintenance spend % buildings conditioned survey in last 5 years					70/30 100%	
FINANCIAL	Cost & Income	O O O O	Property running costs as % of council spend Running costs per FTE (Offices only) Income as a % net council spend Rate of return (Commercial portfolio only)					8%	
	Value	O O	Asset value as a % of net council spend Surplus property as % of total asset value						
FUNCTIONAL (USE)	Capacity & Utilisation	O O O	Office space as % of total portfolio Floor-space per work-station (Offices only) Workstation to FTE ratio (Offices only)					10.0 7:10	
	Suitability	P O	% of buildings assessed in last 5 years % of buildings assessed as 'fit for purpose'					100%	
LEGAL	Suitability	P	A range of local indicators						
	Suitability	O O	CO2 emissions in tonnes per annum % buildings (open to public) with a DEC A-D	N/A	20%	20%			■

STRATEGIC CONTEXT FOR ASSET MANAGEMENT





STRATEGIC RESPONSE THROUGH ASSET MANAGEMENT

DIRECTION	THEMES	ACTIONS
<ul style="list-style-type: none"> • Asserting a 'one Council (then 'Whole Public') view of assets • Providing robust approach to allocation of capital resources • Rationalising to release & renew (optimising the portfolio) 	Optimising the Portfolio	<p><i>Amplified through the Asset Management Implementation Plan</i></p> <ul style="list-style-type: none"> • Categorise assets through challenge process (Property Specific Actions) • Identify 'quick win' assets for release (freehold & leasehold) • Review wide office portfolio • Review investment portfolio • Prioritise investment against corporate priorities & asset classes • New property database
	Defining a spatial asset strategy	<ul style="list-style-type: none"> • Define 'blueprint' for required location of assets over long term (places) • Determine broad accommodation requirements over long term (spaces) • Establish forum to promote collaborative asset management and service integration
	Joining up public service delivery	<ul style="list-style-type: none"> • Secure commitment to joint working through a 'Property Protocol' • Articulate a shared public sector asset management strategy for the area • Define common data standards across public sector to promote ease in data sharing • Map public sector estate to identify 'hot spots' & rationalisation opportunities • Undertake multi-agency area based reviews (to identify co-location opportunities)
	Implementing a Corporate Landlord Model	<ul style="list-style-type: none"> • Develop land and property procedures • Develop decision making framework for capital investment • Specify, procure & implement a new property database
	Integrating asset management with regeneration	<ul style="list-style-type: none"> • Develop assets to act as a catalyst for improvements to the public realm • Integrate disposals with LSP initiatives and CCURV programme
	Promoting sustainability through Property	<ul style="list-style-type: none"> • Align maintenance programme to optimise environmental benefits • Link acquisitions/disposals to CRC programme and 25% reduction in CO₂ emissions



Appendix 1 – Land and Property Procedures

Introduction

This policy sets out a corporate framework for the management of the Council's land and property. The approach is centred around corporate ownership of property and the Council's asset portfolio being considered as a corporate resource. With the average cost of running a building/including rent, rates, annualised costs, hard FM, soft FM, and management, ranging between £430 to £1500/m² NIA, property accounts for a significant organisation cost.

By rationalising and making more efficient use of land and property assets, significant cost savings can be achieved. This is one 'key' reason for adopting a central strategic management approach to land and property assets.

In addition, the enhancement and maximisation of property value ensuring that it is maintained, safe and in the right location and fit for purpose, is one of the main objectives of the corporate approach to management of the Council's property portfolio.

This policy document governs the approach to the management of the Council's property assets and should be used as a reference source when considering any actions that will impact on Council property or land assets. For further information on the interpretation of this document contact the Corporate Estate & Infrastructure team.

FM = Facilities Management

NIA = Net Internal Area

CROYDON COUNCIL

DRAFT LAND AND PROPERTY POLICY

Contents

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6. ENERGY AND THE ENVIRONMENT
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- A - Corporate Standards for Property
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B. NON - OPERATIONAL PROPERTY

A. OPERATIONAL PROPERTY

1. THE COUNCIL'S OBJECTIVES FOR OPERATIONAL PROPERTY

1.1 The Council has set the following objectives for its property portfolio, in that it should be;

- managed and operated corporately
- suitable and sustainable
- safe and secure
- maintained to an appropriate and defined standard
- used efficiently with risks minimised
- funded adequately
- reviewed regularly
- held only where it adds value to service delivery
- delivering corporate objectives
- managed in a way to minimise its impact on the environment and reduce energy usage
- provide value for money

1.2 The standard of Croydon's Property Portfolio should communicate a positive image and contribute to service improvements in line with Croydon's six Sustainable Community Strategy Goals of: -

- Achieving better outcomes for Children and Young People
- Safer, Stronger and more sustainable Communities
- Delivering High Quality Public Services and Improving Value for Money
- Improving the Environment
- Improving Health and Wellbeing
- Providing Economic Growth and Prosperity

1.3 The Land and Property Portfolio is a key element in the Council's agenda to improve service delivery. However, not all the Council's land and property is cost effective, is in the right

place, or up to date in terms of meeting corporate and community needs.

1.4 The Council's approach to strategic property management is to identify the gaps in provision and efficiency and set out specific actions to rectify shortfalls by defining the future shape of the Portfolio whilst at the same time rationalising the Council's estate. This is determined based on a range of criteria which establish priorities in relation to modernising the asset base and ensuring that the corporate estate supports the Council's core business. Strategic reviews will be regularly undertaken of the property holdings by the Corporate Estate and Infrastructure Team working with service users and departments. An annual programme of strategic reviews will be drawn up for consideration by the Strategic Asset Management Board and Assets & Places Board.

2. DEFINITION

Extent of the Policy

2.1 The Land and Property Policy refers to land and property owned, leased or occupied by the Council. This includes property which has;

- public access
- staff occupying or using the land or property
- a Council service provided from the land or property

2.2 Schools and investment properties are covered under the spirit of this policy, as corporate assets. However, separate policy documents cover the unique and specific aspects of these properties.

Category of Property covered by the Policy

2.3 The Land and Property Portfolio is used in a number of ways to deliver the Council's objectives and the Portfolio has been classified under the following categories:

2.3.1 **Operational land or property** that is needed to deliver the Council's core services to the end user or community e.g. elderly persons care homes, car parks, cemeteries, leisure facilities, depots etc. A sub-set of this heading is "Community Property", which is land or buildings owned by the Council and used by Third Sector organisations, for activities generated by voluntary, charitable or other similar organisations. Examples include Scout Huts, Community Halls and business premises occupied for Community related purposes.

2.3.2 **Corporate Accommodation** – Land and buildings used to accommodate the office and administration functions which support the delivery of Council services.

2.3.3 **Underused or Surplus Property** – properties held on the Vacant and Underused Register covering two areas: -

- Property held pending final use, redevelopment or regeneration
- Property declared surplus to operational requirements (including Housing Land and Buildings)

2.4 The efficiency and effectiveness of the operational, office and administrative buildings are a priority in terms of service improvement. Operational properties need to be continually challenged in terms of achieving core goals and will be the subject of regular review.

3. LEGISLATIVE AND REGULATORY COMPLIANCE

3.1 The Council's Land and Property Portfolio will comply as far as reasonably practicable with all relevant legislative, regulatory

and Government requirements to ensure that it is safe and secure for the delivery of quality services.

3.2 It is the day to day responsibility of the Head of Facilities Management to ensure that the land and property used by Service occupiers complies with relevant legislation.

3.3 It is the function of the Facilities Management team to ensure that the necessary audits, assessments and registers are in place and to provide advice, information and support to services in relation to the Council's statutory responsibilities regarding the occupation of property. The following areas relating to the fabric and services of buildings fall under this requirement. This does not represent an exhaustive list of responsibilities but a highlight of 'key' areas:

3.3.1 Asbestos Register & Management

The Council manages asbestos in the portfolio from a single point within the Facilities Management team, and a corporate Asbestos Register, under the Asbestos at Work Regulations 2006 is maintained to manage asbestos, including its location and other relevant information.

3.3.2 Insurance

The Council corporately insures its Portfolio and maintains current insurance valuations in accordance with best practice. For further details regarding insurance, the Council's risk and insurance officer should be consulted.

3.3.3 Fire Risk Assessment, Fire Alarm Systems and Fire Procedures

3.3.3.1 The necessary remedial action and fire risk assessments are undertaken on a corporate basis regarding fire safety management and enforcement to ensure the Portfolio

complies with current and future legislation and the risk of fire is minimised.

3.3.3.2 Under the Regulatory Reform (Fire Safety) Order 2005, Fire Precautions (Workplace) Regulations 1997 (Amendment 1999) assessments are carried out on the physical fabric of the property to ensure the risk of fire is minimised.

3.3.3.3 All fire incidents are investigated to identify what action should be taken to prevent and minimise the impact of any future incident.

3.3.3.4 Fire detection and alarm systems, including emergency lighting are maintained and tested in accordance with best practice. Fire procedures are regularly tested and refined.

3.3.4 Water Hygiene Risk Assessments

Water Hygiene Risk Assessments are carried out on the Land and Property Portfolio as required by the Health and Safety Approved Code of Practice 2001 and in accordance with the HSE publication - 'Legionnaires' disease – The control of legionella bacteria in water systems (L8)'. Remedial works are undertaken as required. This process is monitored and controlled from a single point within the Facilities management team

3.3.5 Health and Safety

The Land and Property Portfolio is assessed to identify risk to occupiers and visitors to the Council's premises and the necessary action taken to minimise any such risk in accordance with the Health and Safety at Work Act 1974, codes of practice and other health and safety legislation.

3.3.6 Mechanical and Electrical Systems Maintenance, Testing and Inspection

As required under relevant legislation, the maintenance, testing and inspection of mechanical and electrical systems is undertaken to cover fixed and portable electrical installations and appliances, gas systems, boiler systems, mechanical ventilation systems, lifts and escalators, pressure systems and mechanical lifting and fixing systems. All statutory inspections are carried out by Zurich which is managed through the Facilities management team.

3.3.7 Building Fabric

Routine building fabric maintenance and inspection will be undertaken on a 5 year rolling programme co-ordinated through the Facilities management team to meet reasonably practicable standards.

3.3.8 Risk Audits and Assessments

Risk assessments on the Portfolio will be undertaken periodically to identify the risks present and recommendations will be made as to risk minimisation and control.

4. **CORPORATE GOVERNANCE**

4.1 The following principles of management ensure the necessary corporate governance of the Land and Property Portfolio with one responsible Corporate Property Officer:

4.1.1 All land and property is corporately owned and is occupied and used by the services in accordance with the 'Corporate Standards for Property' in Appendix A.

4.1.2 Heads of Service are responsible for ensuring that future property and accommodation requirements and issues are



identified in Service Business Plans and fed into the Strategic Asset Management Board.

- 4.1.3 All property transactions (except for those reserved under delegated powers. See 4.3.1) which involve or effect the Council's land and property holdings will be recommended to the Strategic Asset Management Board and then to the Assets & Places Board for consideration and where appropriate endorsed for submission to the Corporate Services Committee in line with the Council's Standing Orders and Scheme of Delegation. Corporate Services Committee will then deal with the report in accordance with its powers and make any necessary recommendations to the Cabinet member for Resources & Customer Services for final approval. Such transactions include:

- Acquisitions – freehold or leasehold interest
- Disposals – freehold or leasehold interest
- Joint property use or occupation with partners or stakeholders
- Declaration of properties as surplus to requirements
- Capital investment in land and property assets
- Covenant control and enforcement
- Rent reviews
- Major accommodation moves and changes
- Leasing of new accommodation

- 4.1.4 Properties that are declared surplus by one service area but are retained by the council for use by another service will be referred to the Strategic Asset Management Board and then to the Assets & Places Board for consideration but will not be required to be referred to Corporate Services Committee as the asset will still be retained by the Council

- 4.1.5 All Directorates will have a named competent Officer who is responsible for property and premises related issues within their Directorate. This is the representative at the relevant Strategic Asset Management Board meeting.

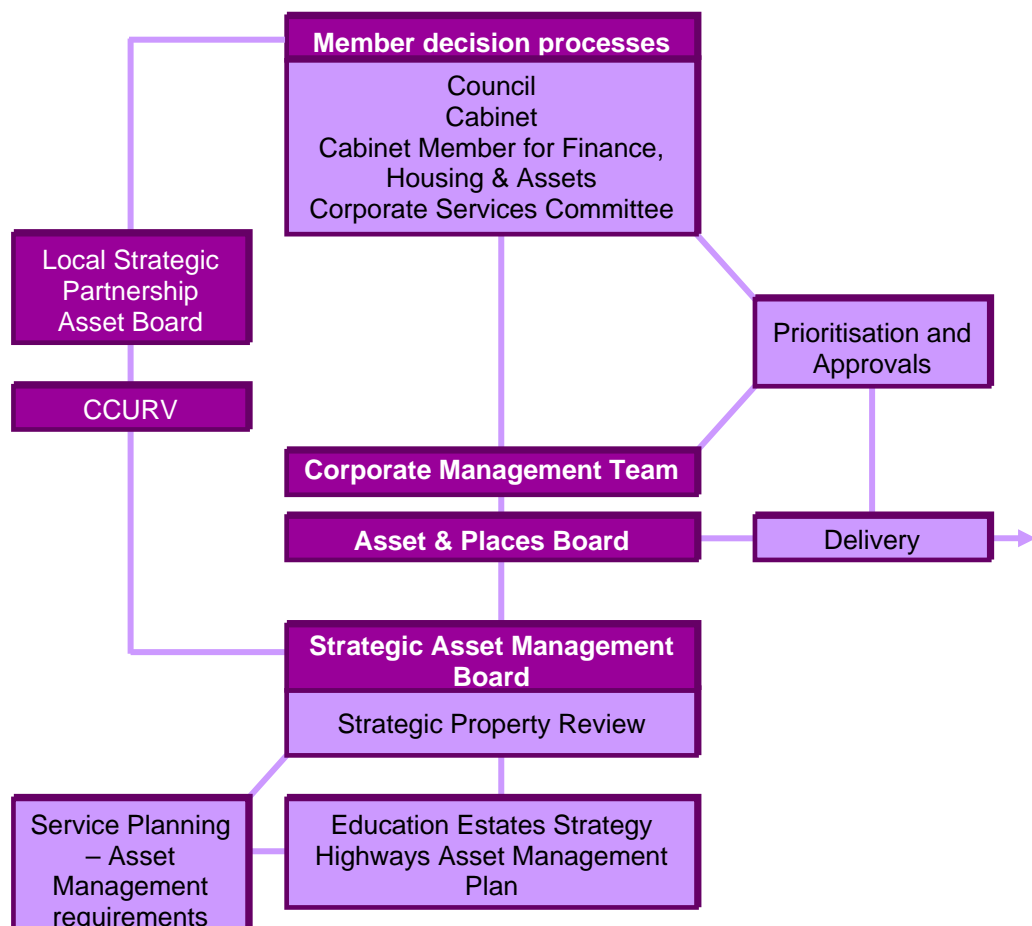
- 4.1.6 A named competent Site Supervisor will be responsible for specific campus/buildings and will ensure compliance with the 'Corporate Standards'. A schedule will be maintained identifying those responsible. These Officers will be appropriately trained to fulfil their roles. Ongoing training and audits of adherence to Corporate Standards will be the responsibility of the Head of Facilities Management, who will also be responsible for ensuring Site Supervisors are appointed.

- 4.1.7 Heads of Service will be responsible for keeping property occupational costs to a minimum and ensuring Corporate Standards are adhered to. They should liaise with the Corporate Estates and Infrastructure team for advice on rating, service charges and other property costs to ensure best value is achieved.

- 4.1.8 The Corporate Estate and Infrastructure team will produce an annual report on the performance of the Council's Land and Property Portfolio to be submitted to the Strategic Asset Management Board and the Assets and Places Board.

- 4.1.8 The organisational arrangements for the property decision making process are as set out in the following Table:

ORGANISATIONAL ARRANGEMENTS FOR LAND & PROPERTY DECISION MAKING



4.2 Responsibilities for Land & Property

4.2.1 The Executive Director of Planning and Environment has the ultimate strategic responsibility for the Council's land and property portfolio.

4.2.2 The Executive Director of Resources and Customer services and Deputy Chief Executive has the ultimate operational and duty holding responsibility for land and property in active use and occupation. For vacant property that has been declared surplus to requirements, these responsibilities reside with the Executive Director of Planning, Regeneration and Conservation.

4.2.3 The respective duties outlined above are delegated to the Director of Regeneration and Economy and the Director of Service Transformation and Support Services, for their areas of responsibility.

4.2.3.1 Director of Regeneration & Economy through the Corporate Estate & Infrastructure team will be responsible for:

- Strategic estate management.
- Landlord and tenant (including leases, licences and rent reviews)
- Acquisitions and Disposals.
- Asset management planning.
- Use to which property and land is put.

4.2.3.2 Director of Service Transformation & Support Services through the Facilities Management team will be responsible for:

- Operational health and safety of premises.
- Facilities management (including maintenance, statutory compliance and condition of premises).

4.3 Process for Decision Making

4.3.1 Delegated Decisions

The relevant Executive Director has the ultimate delegated decision making authority over the following:

- Use to which a vacant building is put (subject to planning).
- Recommendations to members for acquisition, disposal or leasing properties in consultation with the Executive Director of Resources and Customer Services/Deputy Chief Executive.
- Lease renewals to existing tenants.
- Minor value disposals in accordance with the financial thresholds set out in the Council's financial scheme of delegation.

4.3.2 Process for seeking Delegated Decisions

A report clearly setting out the nature of the decision required will be prepared and signed off by the relevant Director prior to submission to the Executive Director

4.4 **Committee Decisions**

Where decisions are not delegated, they will be generally made through the Council's Corporate Services Committee or Cabinet. Detailed reports will be prepared and signed off by the Director of Regeneration and Economy prior to submission through the officer boards as details in 4.2 above.

- 4.5 No decisions relating to land or property may be made outside of processes and procedures set out in this policy, without the express authority of the Executive Director of Planning, Regeneration and Conservation.

5. **PROPERTY INFORMATION [To be revised and confirmed once solution to corporate data base requirements is agreed]**

- 5.1 The Council keeps a range of property data relating to the location size, condition, tenure, value and use, suitability and sufficiency of its all property assets. This includes both GIS based mapping information, supporting terrier information and the Council's asset register. Each asset is identified by a Unique Property Reference Number (UPRN). This information is stored and updated centrally by the Corporate Property team, in conjunction with the Education Asset Management team.
- 5.2 The information is available on a read only basis to service occupiers and users of the Council's buildings, and to the Council's partners on request.
- 5.3 The Corporate Property team is responsible for the updating and validation of all property information

6. **ENERGY AND THE ENVIRONMENT**

- 6.1 The Council endeavours to manage its Land and Property Portfolio to minimise adverse environmental impact and support biodiversity, providing sustainable buildings.
- 6.2 The Council manages energy consumption corporately in accordance with the Environment and Climate Change Strategy to ensure the efficient use of resources and will, as appropriate, invest in energy efficient technologies to prevent the waste of resources. An annual energy and carbon reduction action plan will be drawn up by the Facilities Management team and reported annually to the Assets & Places Board. This will focus on compliance with the

Government's Carbon Reduction Commitment and the EU directive 2010/31/EU.

7. PROPERTY REVIEW PROCESS & PROPERTY STRATEGY

7.1 All operational property will be the subject of an ongoing review process aimed at challenging whether individual property assets represent value for money to the Council and are suitable and sufficient for purpose. The review process is implemented by the Corporate Estate and Infrastructure team in conjunction with nominated service representatives who have responsibility for contributing relevant service asset information to the Strategic Asset Management Board. Each review follows the process set out below:

7.2 Property Performance Indicators

A suite of local property performance indicators is held by the Corporate Estate and Infrastructure team, together with Croydon's performance against national indicators. The main performance indicators are highlighted below, together with the extent of benchmarking information held by the council:

7.2.1 Performance Indicators

- Building condition (condition surveys) and maintenance requirements.
- Environmental sustainability.
- Occupational cost.
- Suitability.
- Capacity and utilisation.
- Time and cost predictability.
- Accessibility.

7.2.2 Benchmarking Indicators

- Financial information around occupational costs.
- Energy and water consumption.
- Carbon dioxide (CO₂) emissions.

- The condition and maintenance needs of the property portfolio.
- Utilisation levels.
- Accessibility.
- Construction contract performance.

7.3 Property Strategy

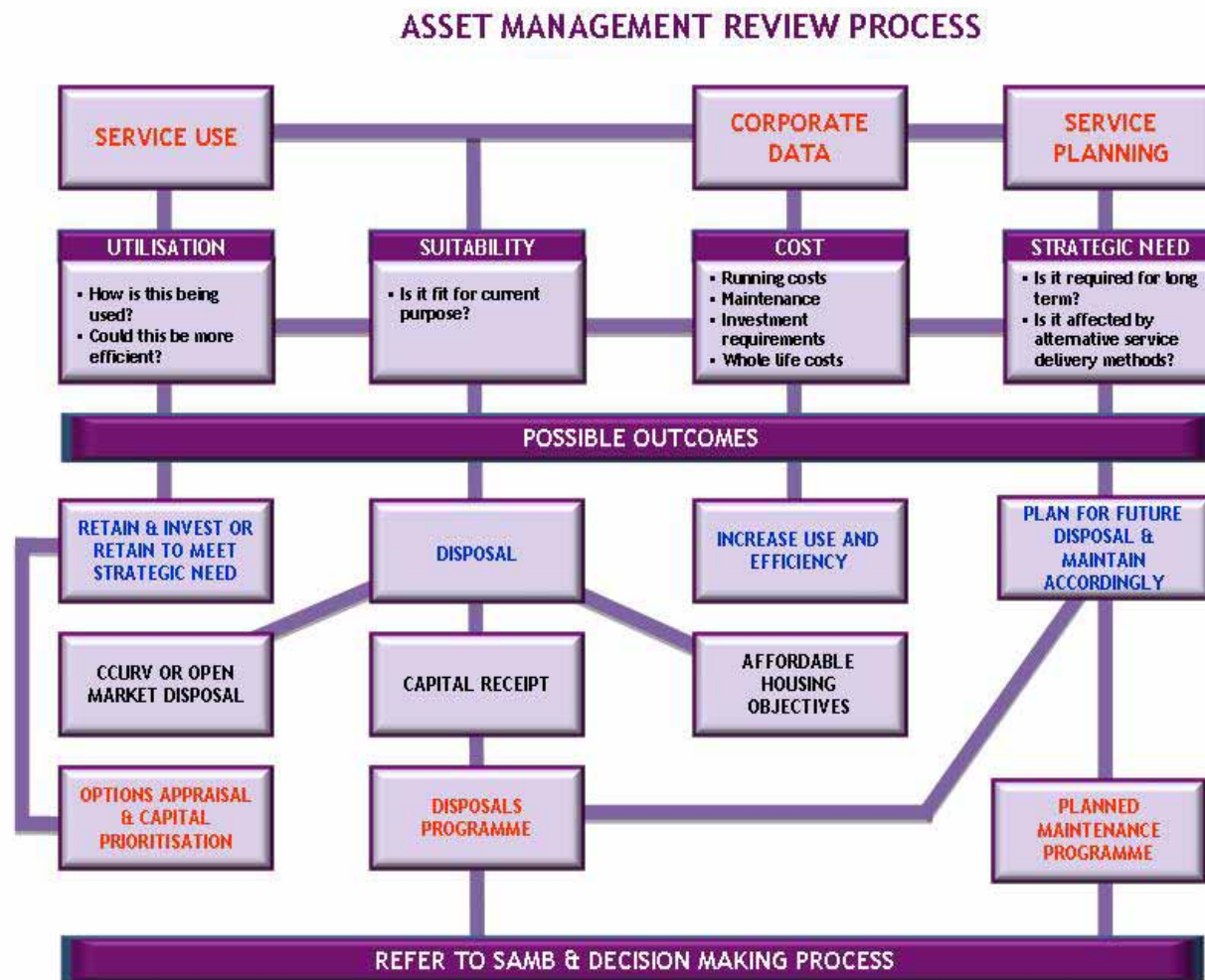
The Council's Corporate Property Strategy details the strategy for the Council's occupation of land and property and is updated annually. The strategy is governed through officer boards listed at 4.1 and the strategy is approved by the Council's Cabinet at each refresh.

7.3.1 The plan detailing how the Council will implement its Corporate Property Strategy is also updated annually and is known as the Asset Management Implementation Plan.

8. REPAIRS AND MAINTENANCE

8.1 The Council determines the level of repair and maintenance of an asset to ensure that it remains fit for purpose to provide a safe and comfortable environment for employees, end users and the community, in accordance with the Prioritised Long Term Property Maintenance Strategy and Plan, which forms part of the Asset management Implementation Plan.

8.2 A corporately prioritised planned maintenance programme is maintained by the Facilities Management team (through the Interserve Contract) to ensure that repairs are targeted on a corporate basis. Spending levels will always seek to meet statutory requirements. In addition the Council will endeavour to annually reduce the maintenance backlog and report the position to Members.



9. CAPITAL ALLOCATION PROCESS

- 9.1 All capital projects will be considered through the Council's corporate capital commissioning process, and be drawn from relevant strategies including the Corporate Property Strategy.

10. CO-LOCATION / PARTNERSHIPS

- 10.1 Partnerships are seen by the Council as integral to its ability to provide quality services. By being involved with a wide range of partnerships the Council can optimise the use of its property.
- 10.2 The Council need to continually review and where possible pro-actively encourages co-location with partners to improve asset utilisation and joined-up services.
- 10.3 Every opportunity is therefore taken to work with other landowners within the area to give a greater flexibility to all parties in delivering property in the right place.
- 10.4 Any arrangements with partner organisations must be recorded by formal occupational agreements to remove any uncertainty over the terms of occupation or the need for future changes

11. COMMUNITY INVOLVEMENT

- 11.1 The community and stakeholders play a major role in the development and improvement of the Land and Property Portfolio to deliver quality services to customers. The Council will use consultation with the community as necessary to inform the development of asset management planning and the Property Strategy.
- 11.2 A Community asset management policy has been developed and is included within appendix 2 which provides full details as to the Councils approach to transferring assets to the community

12. SECURITY

- 12.1 With the aim of ensuring appropriate property security standards, the Council's corporate security policy applies to all land and property owned or occupied by it.

13. REGENERATION

- 13.1 The Council strategically uses its Land and Property Portfolio to identify areas of need for regeneration and proactively considers ways in which the portfolio can be used to achieve regeneration objectives.
- 13.2 The joint venture between the Council and John Laing (CCURV LLP) will deliver a series of regeneration projects across the borough throughout the 25 year life of the partnership.
- 13.3 Property which is held for redevelopment purposes is maintained to an appropriate standard taking into account the proposed future use and the need to prevent local deterioration maintaining safety whilst minimising expenditure.

14. OFFICE ACCOMMODATION

- 14.1 All office moves of strategic impact to the estate are based upon a Corporate Accommodation Strategy prepared by the Facilities Management team and are managed and implemented by them in consultation with the Corporate Estate and Infrastructure team in accordance with the Corporate Standards for Property.
- 14.2 No accommodation moves can take place without the authority of the Accommodation Taskforce or such other group as may from time to time replace the Taskforce
- 14.2 Ad hoc unplanned moves must be authorised by the Accommodation Taskforce or Accommodation Manager before they are executed.

15. DISPOSAL OF ASSETS

- 15.1 All disposals are undertaken by the Corporate Estate and Infrastructure team in accordance with the policy and procedure for land and property disposal set out at Appendix B. Disposals will be considered only after suitable alternative Council uses for the asset have been investigated.
- 15.2 The Council will seek the best consideration reasonably obtainable for all disposals of interests in land held for planning purposes or otherwise in accordance with the Town and Country Planning Act 1990, the Housing General Disposal Consents for land held for housing purposes under the Housing Act 1985 and other land in accordance with Section 123 of the Local Government Act 1972. There are exceptions for the grant or assignment of a lease where the term to be granted or which remains is not more than 7 years under planning and local government legislation. Otherwise the consent of the Secretary of State is required unless account

can be taken of the Local Government Act 1972; General Disposal Consent 2003.

- 15.3 The General Disposal Consent 2003 does not apply to land held for planning or housing purposes and disposed of under planning or housing powers. It permits the disposal of land for less than best consideration without requesting the consent of the Secretary of State where the undervalue is not more than £2m and the Council considers the disposal is likely to contribute to the promotion or improvement of the economic, social or environmental well-being of all or part of its area or some or all of its residents or the people present there. Such a disposal has to comply with the European State aid rules. However, the Council must also remain aware of the need to fulfill its fiduciary duty if it is to dispose of land at an undervalue in a way which makes it accountable to the community.
- 15.4 Where a disposal is agreed at an undervalue, the Council's solicitor shall make provision in the legal documentation to protect the Council's interest in the event of a subsequent sale by the inclusion of either an asset lock, claw back, or overage clause, restrictive covenants or rights of pre-emption. The Council's preferred method of disposal in such circumstances shall be leasehold
- 15.5 A programme of disposals of surplus assets is maintained and implemented in the context of best practice and prevailing market conditions. In general the presumption should be for the disposal of assets on a leasehold basis.
- 15.6 It is recommended that the Council initiate a programme for the voluntary registration of title as this will assist the recording of property data and future disposals. The investigation of any adjoining unregistered land should also be undertaken at the same time.



16. ACQUISITIONS

- 16.1 Unless there are exceptional circumstances, the Council will only acquire land or property for the following reasons:
- Its contribution towards the provision of the Council's services
 - Economic Development/Regeneration and planning purposes
 - Purchases which consolidate and achieve unencumbered freeholds or tenures
 - Its contribution to the Council's accommodation strategy
- 16.2 All acquisitions are managed by the Corporate Estate and Infrastructure team and undertaken in accordance with the policy and procedure for land and property acquisition set out at Appendix C.

17. CONCLUSION

- 17.1 The key objectives for the Council's land and property are:
- 17.1.1 The Council will endeavour to ensure that all its Portfolio is fit for purpose and is supporting service delivery.
- 17.1.2 Land and property are a corporate resource and specialist corporate teams and processes exist for dealing with all matters related to land and property.
- 17.1.3 The first point of contact for land and property matters is set out in the Corporate Standards for Property and in this document.
- 17.1.4 Regular monitoring of performance takes place by the Corporate Estate and Infrastructure team, Facilities

Management team and the Strategic Asset Management Board together with appropriate reporting arrangements to the Assets and Places Board, Corporate Management Team and Members.

Appendix A


1. CORPORATE STANDARDS FOR PROPERTY

- 1.0 In order to ensure good management of the Land and Property Portfolio and compliance with legislation and other regulatory requirements, the following standards guide has been adopted. The guide is in connection with the Council's Land and Property which the authority occupies to deliver services. It will ensure the Council and service managers, are fulfilling their legal responsibilities with regard to the Land and Property that the Council occupies and owns.

1.1 If in doubt please contact the Corporate Estate and Infrastructure Team for further information.

2. EXTENT OF APPLICATION

- 2.1 The Corporate Property Standards relate to all categories of property. The overriding principle is that all property related actions, transactions and alterations must be referred to the Corporate Property Officer before any action is taken.
- 2.2 The following items are mandatory practice for all members of staff involved in property management/property transactions.

- 
- a) The terms of any property related land transaction with a third party must be negotiated and arrived at by the Corporate Property Officer with agreement through the Strategic Asset Management Board and the Assets and Places Board. This includes sharing occupation of property. Sharing occupation includes allowing another organisation to share Council property, or Council staff sharing property owned/controlled by another organisation. No action to agree any of the above can be taken by any other party except through the Corporate Property Officer.
- b) All disposals must be conducted by the Corporate Property Officer at open market value (or be subject to a report quantifying benefits to the Council if not) and in accordance with the Policy and Procedure for Land and Property Disposal. Disposal of dwellings under Right to Buy are excluded from this requirement, although disposal should still be through the above team.
- c) Any proposed strategic office moves in general purpose office accommodation must be approved by the Head of Facilities Management in consultation with the Corporate Property Officer, and where appropriate referred to the Strategic Asset Management Board and Assets and Places Board.
- d) Any proposals to alter, amend or make any additions to or change use, occupier or operator of, property/land occupied, must be discussed and progressed with the Corporate Property Officer and Head of Facilities Management committing resources. All physical changes to accommodation will require amendments to the appropriate drawings held on the Corporate Property Data base and GIS.
- e) All long term maintenance works to the estate must be agreed in advance through the Strategic Asset Management Board.
- N.B. Change of use and change of occupier includes use/occupation for a different function within the same service area, within the same Directorate or between Directorates. Change of operator includes transfer of the management of a function to another Authority, partner or private sector operator.
- Strategic Asset Management Board approval is also required for:
- Modification of that use/occupation including sharing of use with another service area or third party.
 - Outsourcing of service or letting to a third party.
 - Major new projects, additions or alterations of a material nature.
- f) All decision making reports or briefing notes relating to service changes should where there is a space or property impact, be signed off by the Head of Facilities Management and Corporate Property Officer in advance.
- g) Any physical works (including to fixtures, fittings and equipment e.g. kitchen equipment) require the approval in advance from the Strategic Asset Management Board and should be raised with the Heads of Facilities Management and Corporate Property Officer at the earliest opportunity and once agreed should be recorded on the Corporate

Database for Property held by the Corporate Property team. For leasehold properties, notice of any alterations should be made at least 3 months prior to works being carried out to allow for landlords consent to be obtained and an allowance for likely external costs should be included within any business case.

- h) All proposals involving property acquisitions (freehold or leasehold) need to comply with the Council's capital commissioning process.
- i) Managers responsible for occupation of any property must ensure
 - i. Any payments requested in respect of property leased to the Council are referred to the Corporate Property Officer.
 - ii. Property maintenance issues are addressed through the Facilities Management team.
 - iii. In order to avoid third party rights being created over Council property, no local agreements are to be entered into for occupation, access, rights of way, tenants alternations, scaffolding and the like and all such requests must be passed on to the Head of Corporate Property.

2.3 The Corporate Property Officer is responsible for the interpretation of these standards, and can provide advice as to their relevance in specific situations on request.

- 2.4 The Corporate Property Officer must be consulted at an early stage in respect of any case covered by these standards, to confirm:
- The property issues involved
 - Appropriate reporting/consultation arrangements
 - Compliance with these standards

2.5 Any repairs and maintenance issues in connection with land/property occupied should be raised with the Head of Facilities Management or where appropriate a Representative of Interserve and copied to the Head of Facilities Management at the earliest opportunity.


2.6 Exceptions

- These standards do not apply to the management of dwellings within the HRA.
- These standards do not apply to school buildings where delegated responsibility is passed to Head Teachers, subject to parallel standards being in place between the school and the relevant directorate, and subject to the requirement for the reporting of any changes to the Corporate Property Officer.

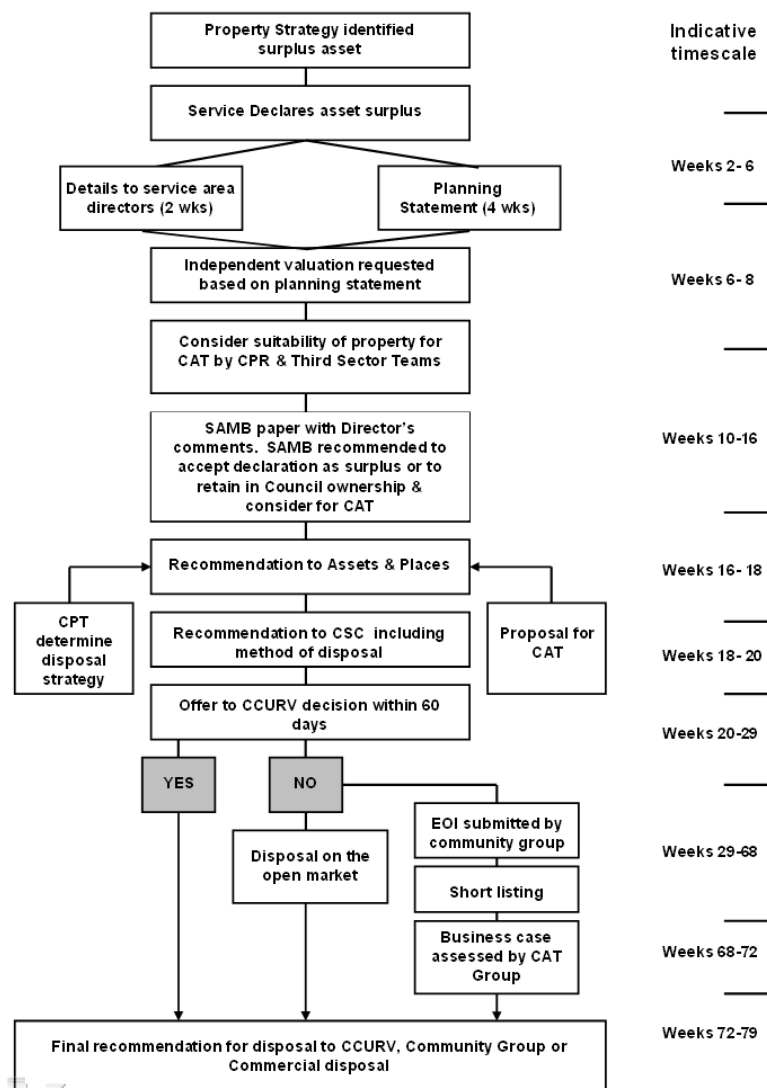
Appendix B

POLICY & PROCEDURES FOR LAND & PROPERTY DISPOSAL

- 1 This policy shall apply to all actions involving the disposal of an interest in land or property that has been declared surplus to Council requirements. All disposals will be arranged and managed by the Corporate Property Officer.
- 2 All disposals must comply with the Council's duty to achieve the best consideration reasonably obtainable other than for short tenancies of not more than seven years. A disposal at less than best consideration is permitted for certain disposals under the General Disposal Consent 2003. Such consent applies up to an undervalue of up to £2m which will require cabinet approval. Any disposal at less than best consideration above £2m will require consent from the Secretary of State or other appropriate Minister. Legal advice will be sought in all cases where disposal at less than best consideration is being considered.

- 
- 3 All disposals will follow the principles set out in the Commission Communication on State aid elements in sales of land and buildings by public authorities (97/C 209/03) or any further guidance from the commission designed to avoid the provision of unlawful state aid as a result of disposals at less than the market price.
 - 4 Before any land or buildings can be marketed for disposal, a report must be issued to the Strategic Asset Management Board for consideration. The report will be circulated at least 2 weeks prior to the meeting in order to allow all other departments to consider whether the land or building meets any requirements they may have. Such interest will then be considered in light of the Council's overall strategy and a recommendation then made to the Strategic Asset Management Board as to whether or not in light of the departmental feedback received, that the asset is surplus to requirements. Once the Board have considered the issues they will then make final recommendations for a declaration of surplus and disposal strategy or otherwise to the Assets & Places Board, who will then make suitable recommendations to the Corporate Services Committee. Ward Councillors will be consulted on agreed disposals at the relevant time by the Head of Corporate Estate and Infrastructure and comments sought before any recommendation is made to Corporate Services Committee and any further action taken. The stages of the Disposal Protocol are shown below.

DISPOSAL PROTOCOL



- 5 A property may be considered surplus to a particular Council service requirement if:
 - 5.1 It makes little contribution to the delivery of Council services, either directly or indirectly, nor generates appropriate income and has little or no potential for future service delivery or regeneration & development purposes.
 - 5.2 It has no potential for future strategic or redevelopment purposes.
 - 5.3 An alternative site has been identified which would achieve a more cost effective service delivery solution, and the existing site has no potential for future alternative service delivery.
 - 5.4 It suffers a lack of condition, suitability, sufficiency or environmental factors (including carbon intensity) against service standards or has high running costs and the problems cannot be rectified by economic capital investment such that replacement is required.
 - 5.5 A change in service delivery methods results in the property no longer being required.
 - 5.6 It has no potential for an alternative Council use.
 - 5.7 An alternative use value is higher and the service can be relocated elsewhere and still leave a net capital receipt.
 - 5.8 Part of the asset is vacant and likely to remain vacant for some time.
 - 5.9 It repeatedly scores poorly in property performance assessments.
 - 5.10 The beneficial use or financial return (both revenue and capital growth) generated from the property is below that which could be achieved from an alternative use, or a disposal and alternative investment opportunity.

- 5.11 It contributes disproportionately to the Council's carbon footprint and is costly in terms of carbon reduction legislation i.e. CRC efficiency scheme.
- 6 All reports to the Strategic Asset Management Board will include a Planning Statement together with an independent valuation. The purpose of the planning statement is to:
- 6.1 Firstly, highlight the possible alternative uses and scope of development that may be considered for the site in question. The statement will confirm the relevant policies that are applicable to the site.
- 6.2 Secondly, inform the alternative use valuation of the site and allow the formulation of a potential disposal strategy and conditions of sale eg assessment of overage provisions etc.
- 7 Details of the Asset together with its Planning Statement are circulated to all Directors for comment, following which a report to the Strategic Asset Management Board is made recommending either a declaration of the asset as surplus to requirements or retention in Council ownership. In turn, this recommendation is considered by the Assets and Places Board for onward recommendation to the Corporate Services Committee following discussion at the Strategic Asset Management Board.
- 8 All property declared surplus to requirements at the Corporate Services Committee will initially be offered to CCURV LLP on the basis that any price they propose for its purchase is considered against the Independent Valuation to determine whether it should be transferred to CCURV or otherwise disposed of. A recommendation as appropriate will then be referred back to the Corporate Services Committee. Recommendations made back to Corporate Services Committee will either recommend disposal directly to CCURV following receipt of CCURV's offer, or disposal to a named third party following an open market disposal

process, if the CCURV offer was not able to be recommended directly at the time. The CCURV offer will be as a matter of course listed against the received open market tender offers, if initially the CCURV offer cannot be recommended to Committee.

- 9 Once a property has formally been declared surplus, and where vacant, the management responsibility will revert to the Corporate Property Officer together with the running cost budget. In respect of properties which will continue to be occupied up to the point of disposal, their day-to-day management will remain with the Facilities Management team. In both cases, budget responsibility for ongoing running costs and security will transfer to the respective team.
- 10 Where relevant, fixtures, fittings and other materials will be re-used in the Council's and/or other partners' assets or be recycled if no alternative use can be found. The responsibility for clearing buildings will reside with the Facilities Management team.
- 11 In order to identify the most appropriate method of open market disposal, professional advice must be obtained from the Council's approved framework consultants (or other consultants as may be agreed with the Head of Corporate Property Officer). The consultant's report will include:
- Recommended method of disposal with reasons having regard to the adopted Unitary Development Plan and Local Development Framework Core Strategy and the Planning Statement.
 - Any rights that need to be retained/reserved.
 - Identification of possible special purchasers.
 - Impact on neighbouring land retained by Council or occupied by community groups.
 - Any obligations under *Crichel Down Rules* to offer back the land or property to former owners.



- Period for which the valuation remains valid.
- Any additional actions required that might enhance value.
- Recommendation for timing of disposal to ensure best consideration is achieved.
- Advice on whether a disposal should be deferred having regard to market or other factors.
- An open market valuation of the asset.

12 A planning consent will be secured or other appropriate action taken in advance of marketing, where the Council's professional advisors consider that site value will be enhanced through development, if it is not to be disposed of directly to CCURV LLP.

13 Disposals will be authorised in accordance with Section 7.3 of the Council's Scheme of Delegation.

Methods of Disposal

14 Advice will be sought from the Council's professional advisors on the most appropriate method and estimated costs of disposal. In all cases, (except Auction) it will be made clear to prospective purchasers that if a higher bid is received after a "Without Prejudice & Subject to Contract and Committee Approval" offer is to be recommended, the Council may be obliged to consider this in order to comply with its best consideration duty unless an exclusivity period has been agreed and a non-refundable deposit paid. If a higher bid is considered previous bidders will be informed of the existence of such a bid and invited to submit a revised bid under sealed conditions by a new tender return date. The Council will seek to maximise its influence over development and/or use of the land it is selling. Therefore, when the sale of land and property is contemplated for development, the Council shall consider the grant of a long lease. The preference should for all disposals be for long leasehold interests. [Where disposal is on an open market basis the Council will advertise the opportunity in the

appropriate Property Journals and Publications and in particular in a local Newspaper for an appropriate notice period.]

15 The following methods of sale will be considered and the disposal strategy advised to the Corporate Services Committee at the time of recommending the asset as surplus to requirements.

16 **Private Treaty** – a sale of a property negotiated with one or a small number of "Special" purchasers. (The price which a special purchaser would be prepared to pay is by definition an abnormal price, which exceeds market value because of the particular circumstances of the special purchaser). The disposal can have a closing date and by way of sealed bids where it is clear that there is or likely to be more than one interested party. The property may or may not have been marketed for sale. A binding legal agreement is created on "exchange of contracts" between the Council and the purchaser as a result of acceptance of the bid by the Council following Corporate Services Committee approval.

17 This is likely to be appropriate for more straightforward cases such as garden land extensions or 'ransom' strips and the timing of the disposal is not critical or the Council wish to retain some control over the end use of the land or buildings. This provides a flexible approach but it is essential that all dealings are shown to be transparent and fair to all parties as it is more difficult to demonstrate that the best consideration has been secured. Therefore, in all cases it is essential that:

17.1 The Council's managing officer must keep clear records of all dealings with interested parties and ensure that a record of all bidders and bids is maintained.

- 17.2 All meetings and negotiations with parties must be minuted and signed. Any final discussions agreeing the disposal price should be attended by two officers.
- 17.3 Best consideration is satisfied.
- 17.4 If it is thought that there may be other interested purchasers then the full advertised tender process at item 19 below should be used. Generally a notification of the Council's intent to dispose of the asset/land should be published in the local press to allow any interested parties to enter the negotiation/submit offers prior anyway.
- 18 If there are a large number of offers received it may be appropriate to consider a best and final offers sealed tender process with a shortlist drawn up after suitable interrogation of the offers to include all serious parties with best and final bids being requested by a specified date. The invitation to submit best and final offers should:
- 18.1 Provide clear instructions, closing date, and the form the tender should take including the period that the offer is valid.
- 18.2 A statement that bids by reference to other bids will not be accepted (i.e. a bid in excess of all other bids with a specified ceiling).
- 18.3 State that the Council is not bound to accept the highest or any offer.
- 18.4 Refer to the Council's best consideration duty.
- 18.5 May required bidders to provide evidence of credit and financial covenant.

Preferred Route For Land & Property Disposal

- 19 **Open Tender** – a sale of property by a process of public advert and tenders submitted by a given date in accordance with a strict procedure. The Council creates a binding legal agreement upon approval of the tender following Committee. This approach is useful where wide exposure is required, land ownership is not complex and obligations to be placed on purchasers are clear and capable of specification in advance. It is also appropriate where there is a wide valuation band. Bids may be invited on an unconditional or conditional basis (eg. subject to planning permission).
- 20 The tender process should be undertaken by sealed tender bids. Tenders will be opened after the closing date and can allow for further best and final bids to be requested. All invitation to tender documents must set out the evaluation criteria and these cannot be changed once all bids are received, (as a minimum these should include the financial standing of the bidder, economic viability of any scheme and the likely completion date).
- 21 The Invitation to Tender will be in an agreed form to include:
- Description of property and conditions of sale (including form of contract and deposit requirements) to be provided by the Council's Secretary and Solicitor.
 - Clear instructions, closing date, and the form the tender should take including the period that the offer is valid.
 - A statement that bids by reference to other bids will not be accepted (i.e. a bid in excess of all other bids with a specified ceiling).
 - A Statement that the Council is not bound to accept highest offer or any offer and that all offers are subject to consideration by the Council's Corporate Services Committee.

- Reference to the Council's best consideration duty.
- 22 Once received, all bids must be fully considered and critically analysed by the officer and professional independent advisor and confirmation obtained that the recommended bid represents the best consideration. It may be appropriate for open tenders to consider whether best value could be obtained by using a second round for best and final bids on same basis as above.
- 23 Late bids will not be opened. Where an unsolicited bid is received which is higher than the best tendered bid specific legal advice should be sought.
- 24 Where sealed bids are used, these must be opened in the presence of an authorised officer.
- 25 **Public Auction** – a sale of property by open auction available to anyone. The sale will be advertised in advance. A binding legal agreement is created upon the acceptance of a bid by the auctioneer.
- 26 In all cases prior approval of the Corporate Services Committee must be obtained by the Head of Corporate Property Officer. The following requirements should be noted:
- The Council must select the auctioneer.
 - The Council's Secretary and Solicitor must agree any description and details to be included within the catalogue and provide all documentation for the sale pack.
 - Written confirmation from an independent valuation advisor should be obtained to support the suitability of any reserve/guide price set by auctioneer which should not be less than the estimate of best consideration.

- Where the reserve price is not reached the lot should be withdrawn from sale and alternatives for disposal considered.
 - Offers received after the auction at or above reserve can be considered and will be progressed on same legal basis as if sold at auction.
- 27 **EU Procurement** – where the disposal amounts to a public works contract or public works concession contract and not a land transaction, the disposal will be conducted in accordance with EU procurement rules. Guidance from the Office for Government Commerce will be taken into account in deciding when the proposed terms of a disposal require the EU procurement rules to be taken into account and whether or not the restricted procedure or competitive dialogue is most appropriate. Specific legal advice will be sought.
- 28 **Exceptions** - There may be some circumstances where open marketing of a property is not considered appropriate unless the EU procurement rules dictate otherwise. The most common cases will be the re-gearing or renewal of a lease or other transactions where there cannot be competitive tendering due to the existing legal interests of other parties. This situation may also arise when there is a clear financial benefit in dealing solely with an adjoining land owner due to the likely marriage value or a special purchaser. In all such cases Corporate Services Committee consent will be required and a detailed report outlining the benefits including a report from independent professional advisors should be submitted.
- 29 On occasion the Council may also wish to support a specific form of development to deliver key objectives and therefore may wish to approach only a selected number of purchasers such as Housing Associations, community groups or specialist developers.

- 30 Where a Member or officer of the Council is a prospective purchaser the Council's normal procedures relating to conflicts of interest shall apply and the Member or officer concerned must not be involved with the case in any way. Members should not be directly involved in negotiating the disposal of land.

Sales at less than Best Consideration

- 31 The Council only has powers to dispose of land to Registered Social Landlords (now Registered Providers following the change in the law in the Housing and Regeneration Act 2008) at less than best consideration under the terms of
- (a) The General Consent under Section 25 of the Local Government Act 1988 for the Disposal of Land to Registered Social Landlords where the disposal is for the carrying out of works and its subsequent use as housing accommodation with or without other facilities.
 - (b) the Local Government Act 1972: General Disposal Consent (England) 2003. Other than these general powers, the Council must seek the consent of the Secretary of State to sell at less than best consideration.
- 32 All proposed disposals at less than 'best consideration' are to be formally placed before Cabinet for decision.
- 33 Any report placed before Members will contain a full financial and option appraisal of the offers received. The Head of Corporate Estate and Infrastructure will separately be responsible for undertaking or arranging a valuation to be undertaken in accordance with GN5 of "the RICS Valuation Standards" latest edition. The report will include valuation advice and a recommendation.
- 34 The Council's Director of Democratic and Legal Services will provide Members with specific guidance on whether or not the proposed action meets statutory requirements, and European State Aid and Procurement Rules.

- 35 The Director of Finance and Resources will provide a commentary on the financial aspects of the proposed action, and the opportunity cost of the foregone capital receipt, and its impact on the Council's Investment Programme.

- 36 Where a disposal is agreed at an undervalue, the Head of Corporate Estate and Infrastructure will protect the Council's interest in the event of a subsequent sale by the negotiation of either a clawback, overage clause, restrictive covenant or right of pre-emption and any legal documentation shall be prepared accordingly.

- 37 The Council's preferred method of disposal in such circumstances shall be either by way of a long lease or building agreement rather than a by freehold sale.

Deposits

- 38 Consideration will be given to requesting a non-refundable deposit of 5% of the sale price within 7 days of acceptance by the Council of a bidder's offer. A further 5% will then be payable upon exchange. The initial 5% deposit will only be refundable if the sale does not proceed as a result of the Council's decision. In such circumstances, then an exclusivity period will be offered for an agreed period (which reflects the complexity of the case) during which time no other offers will be sought.

Fees

- 39 In order that an appropriate level of the costs of sale can be attributed to capital expenditure, purchasers will be required to allocate 4% of the Gross Consideration towards the Council's fees and other costs incurred in connection with the sale.



Specific Complex Disposals

- 40 In some cases, such as the disposal of former playing fields, public open space or land held for housing purposes or highway purposes, specific pre-disposal protocols involving consents to be obtained from the Secretary of State should be followed. Specific legal advice should be obtained in such instances.

Appropriation of Land

- 41 If land is to be appropriated for planning purposes, specific legal advice should be taken early on in the disposal process.

Appendix C

POLICY & PROCEDURES FOR LAND & PROPERTY ACQUISITION

- 1 The Council requires all services utilising property assets to identify current and future needs via both the Council's Accommodation Strategy and its Property Strategy.
- 2 Unless there are exceptional circumstances, the Council will only acquire land or property for the following reasons:
 - Its contribution towards provision of the Council's services
 - Economic Development/Regeneration & planning purposes
 - Its contribution to the Council's Accommodation Strategy
- 3 Acquisition should be considered against the Council's financial position prevailing at that time and preferably on a freehold basis, but leasehold will also be considered. Any proposed acquisition must clearly demonstrate the target outputs / outcomes from the acquisition and how these contribute to the Council's Sustainable Community Strategy Goals. All acquisitions will be approved in line with the Council's Financial Regulations and Scheme of Delegation, and arranged and managed by the Head of Corporate Estate and Infrastructure.
- 4 Decisions to acquire assets should also have regard to the Council's carbon footprint. Where possible the Council will avoid acquiring new assets that have a very high negative impact on its carbon footprint.
- 5 This policy does not apply to the acquisition of properties following a Council resolution to make a Compulsory Purchase Order.

Process

- 6 The following procedure will be undertaken in relation to all acquisitions:

- 7 **Option Appraisal** Undertaken by Head of Corporate Estate and Infrastructure in conjunction with Director of Finance and Resources the Council's Director of Democratic and Legal Services and other Heads of Service to analyse:
 - Critical appraisal of business need
 - Whole life costing
 - Funding options
 - Financial appraisal
 - Legal assessment
 - Technical, Condition and Statutory Compliance appraisal
 - Valuation appraisal
 - Risk Assessment
 - Sustainability appraisal
- 8 The Outcome of the Options Appraisal will be reported to the Strategic Asset Management Board – to be provided by the Head of Corporate Estate and Infrastructure and then to the Assets & Places Board.
- 9 Acquisition terms (price, tenure, terms and conditions) will be negotiated by the Head of Corporate Estate and Infrastructure, supported by an independent valuation agent, who will then submit a value for money assessment report on the proposed acquisition price and terms.
- 10 The Head of Corporate Estate and Infrastructure will issue a report for approval by the Strategic Asset Management Board, Assets & Places Board and Corporate Services Committee.
- 11 Full due diligence and title search will be undertaken before recommendation to Committee.
- 12 Occupation will only be upon completion of Legal documentation

B. LAND & PROPERTY POLICY - NON-OPERATIONAL PROPERTY

- 1 The Council's objectives for its non-operational (income producing) properties are as follows:
 - Provide good financial return at an acceptable level of risk.
 - Provide a cost effective contribution to achieving community or council goals, such as supporting local businesses, economic development or regeneration.
 - Provide longer term financial or strategic benefits that justify retention.
- 2 All non-operational properties will be reviewed at least once every 5 years, as part of a rolling programme of review to test the benefit they deliver to the authority and wider community, and to challenge the need for their retention. The review will include the tests and process shown in the following diagram.

Financial test

- 3 As these properties are held in part for income generation, the first test is to establish whether the net return on capital invested (yield) represents good value for money to the Council. The Internal Rate of Return from each property will be compared to the return the Council could achieve from the capital receipt if invested in alternative investments of equal risk. The comparator level of return will be derived from current prevailing property market investment returns.
- 4 The Director of Finance & Resources, in consultation with the Head of Corporate Estates & Infrastructure will set an acceptable rate of return (yield) with the lower limit set by the comparator return, and the upper limit set by reference to an acceptable level of risk to the Council. For example, if the lower limit were 6%, officers may suggest an upper limit of 14% for higher risk scenarios, as anything beyond this would be reflecting an inherent income risk beyond that which the Council may consider inappropriate. The appropriate range is agreed at the beginning of each financial year by the Director of

Finance & Resources upon advice from the Head of Estate & Infrastructure.

- 5 In principle, if a property is providing a return within the agreed financial range, then it is performing adequately in financial terms, and will justify retention.

Contribution to corporate goals

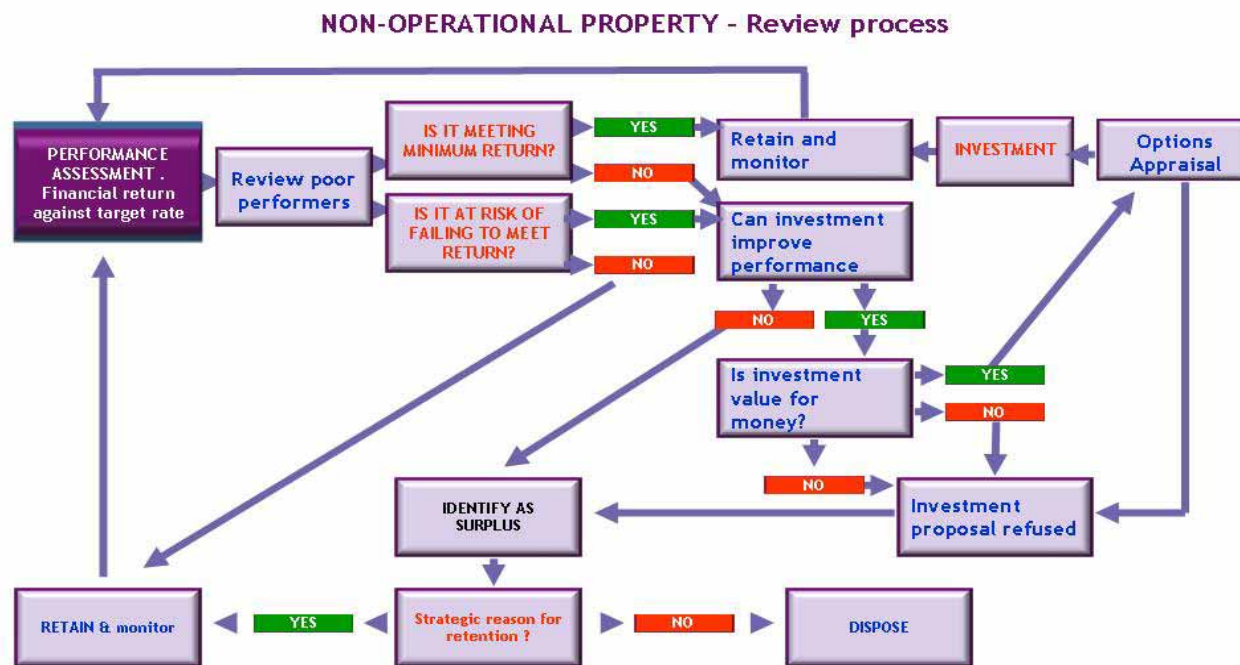
- 6 If a property fails the financial test, it is then considered against the Council's Sustainable Community Strategy's Goals, and its contribution towards the delivery of these will be identified. This will be compared to the capital value of the asset, and a judgement made as to whether reinvestment of a capital receipt would offer a better contribution to the delivery of the goals than retention of the property.

Strategic reason for retention or obstacles to disposal

- 7 If a property fails the corporate goals test, it will then be assessed to see if there are any other valid strategic reasons for retention, or obstacles to disposal. These will include:
 - Potential alternative beneficial use for the Council.
 - Potential alternative beneficial use for partner organisation.
 - Ransom strip.
 - Potential development value in conjunction with adjacent third party property or as a long term strategic land bank opportunity.
 - Strategic control over future development area.
 - Strategic contribution to regeneration opportunity.
 - Restrictive covenant or title defect that impacts on saleability.

Disposal

- 8 Any non-operational property that fails the first two tests, and has no strategic reason for retention or unavoidable obstacle to disposal will be sold.





Appendix 4 LAND AND PROPERTY POLICY

Transfer of Public Assets to Community Management

1. Context


- 1.1. Transfer of Public Assets to Community Management is one of the key elements of the Council's creating a Bigger Stronger Society agenda. Providing an asset base for communities makes a significant contribution to community empowerment, wealth creation and community cohesion. Transferring the management and control of public assets to local communities in appropriate circumstances is beneficial to all stakeholders. This policy has been developed to support community empowerment in a transparent and equitable manner.

2. Objectives

- a). To increase the range and number of publically owned assets managed by the community, providing an increasing asset base for local communities to determine solutions to their problems and shape services to meet their needs.
- b). To reduce the dependency of community organisations on support through grant aid, and generate new sources of income to sustain local community services and maintain local assets.

3. Key principles

- 3.1. The key principles set out below were endorsed by the Local Strategic Partnership in 2008 to underpin the strategic approach of members of the Partnership to take forward asset transfers.
- It is both desirable and beneficial to the transfer public assets to community management and ownership where appropriate.
 - Asset transfers must create viability, not liability.
 - The maximum level of community control of transferred assets should be allowed which is consistent with the wider community interest and legislative constraints

- 
- A full assessment of risk to all stakeholders will be undertaken to minimise and appropriately apportion risk.
 - Where necessary support will be provided by public agencies to community groups to build capacity to manage assets including, where appropriate, supporting the development of new organisations.
 - Public bodies will support community organisations in exploring opportunities for new sources of funding to support asset transfers.
 - Public sector bodies will explicit include the transfer of assets to the community in their property and asset management strategies.

3.2. In addition, the Council would include,

- Supporting the aims and priorities of the Council, and
- Taking a strategic approach linked to asset review and prioritisation

4. Benefits of Transferring Public Assets to Community Management

4.1. Benefits can be summarised as,


“...providing a base for community services, as a source of income to support community activities and reduce grant dependence, and as a vehicle for building confidence in a community and empowering residents to take control of their future.”¹

4.2. Benefits to the community include:

- building confidence and capacity;
- attracting new investment, generating wealth and reinvigorating the local economy
- securing stronger, more cohesive and sustainable communities
- encouraging taking pride in their ‘place’

4.3. Benefits to public sector providers include:

¹ ‘Making Assets Work’ Report of the Quirk Review (May 2007)

- 
- additional partnership resources;
 - more cohesive local engagement;
 - new and additional service provision;
 - more accessible and responsive bases from which to 'reach' into the community and deliver services;
 - help to solve building management problems;

4.4. Benefits to the organisation include:

- financial security;
- increased recognition;
- management capacity and organisational development.

5. **Assets Falling Within the Scope of the Policy**


- 5.1. A qualifying asset is any land or building in the ownership of Croydon Council. This policy does not exclude any asset. However, Council housing, operational assets, schools and office space wholly occupied by Council services are less likely to be considered suitable for transfer.
- 5.2. Assets that are already occupied or part occupied by community groups will be in scope and will often provide a good opportunity for an asset transfer as the building and opportunities it offers will be well known to community groups.

6. **Transfer arrangements**

6.1. "Transfer" can include:

- leasehold short, medium and long term
- freehold

at or below best consideration.

- 
- 6.2. The council's preferred option is to grant long leases. The council will only consider transfer of freehold at a discount on the market value in exceptional circumstances where there is a clear business case which demonstrates the social value outweighs the loss of capital receipt to the Council.
- 6.3. The rental charged will reflect the market value of the premises. However, the council may decide to give grant aid towards rent as part of a wider funding package to the organisation.
- 6.4. The transfer of assets to the community is intended to provide independence and sustainability. Also, where the transfer is on a long term lease, lessees will have access to resources which would not be available to lessees with short or medium term leases. The council will not, therefore retain any responsibility for repair and maintenance where the lease is for 25 years or longer and the lessee will take on full repairing responsibilities.
- 6.5. The Council will, where appropriate, include lease terms enabling an asset to revert to the Council in certain circumstances such as:
- If the anticipated benefits of transfer are not realised
 - If the organisation wishes to move
 - Where transfer is linked to service provision which ceases
 - Bankruptcy
 - Illegal or corrupt practice by the lessee


7. Criteria

- 7.1. The key factors to be considered in the evaluation of proposals for the transfer of assets:
- Benefits to the local community by transferring the asset
 - Ability of the voluntary or community organisation to sustain the use of the asset over the leased period.
- 7.2. All proposals will be required to meet the following,
- The proposed use of an asset reflects the outcomes and objectives identified in the Transfer of Public Assets to Community Management policy document and other appropriate plans and strategies.

- The proposed use of the asset is genuinely for the benefit of the community, and would offer real opportunities for successful and independent, community or third sector organisations to become more sustainable in the long term.
- The asset would be made fully available for use by a range of local groups, especially those working with, or in, disadvantaged communities, and should be compliant with the Disability Discrimination Act (DDA).
- The use of the asset is environmentally sustainable. Any future refurbishment plans should consider energy efficiency as a priority, and use good quality, environmentally sustainable, materials and construction practices.
- That the third sector organisation would have greater security and independence, and would be better able to meet the needs of the communities it serves.
- That the proposed use would enable communities to have more access to facilities and/or opportunities that respond to their local needs.

7.3. Community organisations will need to demonstrate that they can meet the following requirements for them to be able to be considered 'fit for purpose' to manage transferred assets:

- Aims and objectives – there must be clear links to key Community Strategy objectives and Council priorities.
- Governance and decision making - adequate constitution, governance arrangements and management controls, must be in place.
- Financial viability – the organisation would need to demonstrate an ability to carry out cash flow and budget forecast that demonstrates that the project is sustainable, and that the asset will be maintained adequately.
- Community support – the organisation must be able to demonstrate local need, community support through consultation, and that the project is not aligned only with a single interest group.
- Skills base - the organisation and key individuals managing the asset and associated project, can demonstrate appropriate skills, knowledge and expertise to sustain the project in the long term.
- Structures – there must be clearly defined structures, roles and responsibilities within the organisation appropriate to deliver the project, whether voluntary and/or paid.

- 
- Partnership working – the organisation would have to demonstrate experience of, and/or commitment to, partnership working, demonstrating that the asset would be put to a variety of uses to benefit the community.
 - Legislative and regulatory controls – all relevant equality standards, child and vulnerable adult protection, health and safety, planning and licensing requirements must be met.
 - Monitoring and evaluation - processes must be in place to demonstrate the successful delivery of objectives and targets over the life of the project including the provision for an impact assessment.

8. Capacity Building

- 8.1. Provision of support and capacity building for Third Sector Organisations will be crucial to the successful transfer of assets to the community. Many organisations have the potential but lack the skills and expertise to manage premises effectively and meet the criteria for asset transfer in full. The need for capacity building will be part of the risk assessment process. In particular, organisations involved in the transfer of assets will be required to undertake,
- Skills audit
 - Capacity building plan agreed on point of transfer
 - Visible Standards (or equivalent good practice standards)
 - PQASSO or equivalent quality assurance

9. Assessment Principles

- 9.1. The following principles will apply:
- A transparent corporate process
 - An agreed method of assessing benefits and risks
 - Maximum use of established best practice and guidance



10. Asset Management Transfer Process


1. Decision on declaring asset surplus in line with the Disposal Protocol and decision taken by Corporate Services Committee to allow disposal to a community group in line with this policy. Report to include value estimates for alternative disposal options and planning statements where necessary for larger sites
2. Produce prospectus including property details and advertise the opportunity through council website and community group forums inviting expressions of interest (these will need to include a standard organisational assessment and application setting out a high level business case – draft guidance notes will be sent out to all interested parties)
3. Screening process – all applications considered by Assessment Panel and any additional information requested
4. Short listing for detailed bids and DTA Asset Transfer Protocol document agreed with successful organisations invited to make detailed bids
5. Detailed bids assessment by Assessment Panel including full risk assessment, legal and finance input
6. Equalities Impact Statement completed
7. Final recommendation to Corporate Services Committee
8. Heads of Terms agreed
9. Transfer completed
10. Periodic review

Lead officers – Strategic Estates Manager (SEM) and Head of Third Sector

Assessment Panel – Strategic Estates Manager, Head of the Third Sector, Legal Services and Finance representatives


11. Legal Issues

- 11.1. An individual assessment will be prepared by legal services for each full proposal. No transfer will be progressed without such an assessment. Full consideration will be given to issues arising from any successful application particularly in respect of:

- 
- 11.2. **Domestic law** - If selling non HRA land the Council will need to meet its obligations under s123 of the Local Government Act 1972. Scope exists for the Council to dispose of property at less than market value if the transaction comes within the provisions of the General Disposal Consent (England) 2003. It will also be necessary to consider any obligations under Crichton Down Rules to offer back the land or property to former owners
- 11.3. **European State Aid** - if a disposal is at less than market value, the Council will have to ensure that such a transaction follows the principles set out by the Commission.
- 11.4. **Employment law** - consideration will be given to any TUPE issues that may arise out of the disposal

12. **Risks of Community Asset Transfer**

- 12.1. The assessment will consider the risks e.g.:
- Potential to disadvantage particular individuals, groups or wider community
 - Potential for negative impact on community cohesion;
 - Potential loss of existing services;
 - Uncertain capacity of recipient to manage asset;
 - Potential for asset to become a liability for recipient;
 - Capacity of recipient to deliver identified outcomes;
 - Capture of asset by unrepresentative/extremist minority;
 - Contravention of State Aid and procurement rules;
 - Conflict with other legal, regulatory constraints;
 - Potential for Council liability;
 - Lack of value for money;
 - Conflict with other funders;
 - Unfair advantage for one group over another.
- 12.2. The Council will manage risks by using one or more of the following;
- Legally binding Service level Agreement or other legal agreement
 - Form and length of tenure to be offered

- 
- Clawback arrangements
 - Adoption of good practice learnt from others and the previous transfer of Council's assets.
 - Lease restrictions.

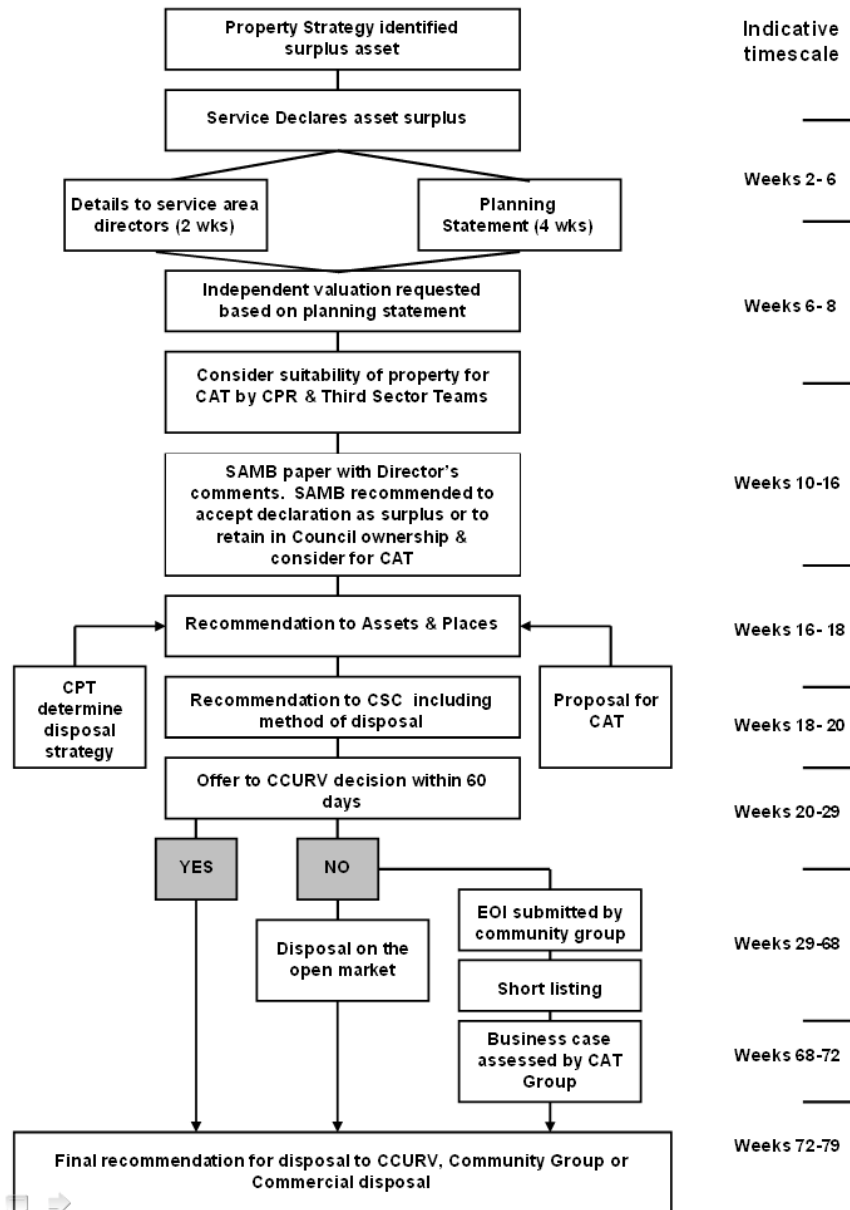
13. Equalities Impact Assessment

- 13.1. A detailed EqIA will be carried out on each proposed disposal. This will inform decisions made on the method of disposal and, if the asset is offered for potential transfer, the EqIA will inform decisions on transfer.

14. Assessment Templates

- 14.1. The process is formalised through use of standardised assessment templates for the initial expression of interest and more detailed business case for those asked to make a formal proposal following the initial assessment. This guides the implementation of the policy and ensures consistency of approach and transparency in its application.

DISPOSAL PROTOCOL



Notes:

1. The strategy has been written with the assistance of NPS Property Consultants Ltd. The process included interviews with senior corporate and service managers with validation of emerging issues and actions through informal workshops. The strategy therefore represents a cross-service consensus view of the direction for asset management and within this the key priorities.
2. The Capital Strategy sets out the council will manage, finance and allocate investment in assets in order to achieve its medium to long term vision and objectives for Croydon.
3. CCURV is Croydon's Urban Regeneration Vehicle. It is 25 year joint venture between the Council and John Laing PLC. It will provide phased regeneration at a number of sites across the borough. It is currently constructing the Public Service Delivery Hub (PSDH) in central Croydon and will also develop a new leisure and social housing project at Waddon in conjunction with the Council and Hyde Housing. This will be followed by College Green and Taberner House (which will be vacated once the PSDH is completed). As part of the joint venture released council property assets will be initially offered to CCURV.
4. Local Development Framework (LDF) is a collection of planning documents which outline how the council will manage development and land use in the borough.
5. Core Strategy seeks to provide the basis for the development of Croydon up to 2031. It develops the vision for the future of the area into a spatial plan. It interprets how Croydon's communities and people, its places and neighbourhoods, buildings and spaces, facilities and services can contribute towards achieving a better future through the right combination and location of development, regeneration, conservation and investment.
6. Infrastructure Delivery Plan (IDP) identifies the hard, social and green infrastructure needed to support and underpin Croydon's growth through to 2031. It forms part of the Local Development Framework
7. Since 1st October 2008 public buildings in the UK over 1,000M² must display a Display Energy Certificate (DEC). These were introduced in response to the EU Energy Performance of Buildings Directive. DEC's are designed to promote the improvement of the energy performance of buildings. They are based on actual energy usage and uses a scale of A – G to illustrate energy efficiency with A being the most efficient. There should be an accompanying advisory report which need not be displayed but there is a penalty for not displaying a DEC or having an advisory report. The concept may be extended to smaller buildings and large privately owned buildings used by the public in the future.
8. SALIX is an independent not for profit company. It provides funding for technology which is cost effective in reducing CO₂. It works through a mixture

of loans and grants to public sector bodies in the UK enabling the introduction of sustainability measures in response to the climate challenge

9. Croydon is included in the Coast to Capital Local Enterprise Partnership (LEP), which is one the government's 24 pathfinder LEPs announced in October 2010 and designed to facilitate an integrated approach to transport, housing and strategic planning on a cross-boundary basis.
10. *Step Change Croydon* is a single change programme for the Council that will prioritise and deliver efficiency improvements over the period 2010 to 2015. It is governed by a dedicated Board.

Equality Impact Assessment

Initial Assessment

Last updated March 2010

INITIAL EQUALITY IMPACT ASSESSMENT (EqIA)

SECTION 1: SUMMARY OF EQUALITY IMPACT ASSESSMENT

1.1	Details of the Policy, Strategy, Function, Project or Activity
	<p>Title of EqIA: Corporate Property Strategy</p> <p>Date of EqIA: 26 August 2011</p> <p>State whether EqIA is on a Policy, Strategy, Function, Project or Activity <i>(NB. Your EQIA may be a combination of these, in which case please state what it is exactly e.g. Policy/Strategy) Strategy/Policy</i></p> <p>Indicate whether it is a 'new' or an 'existing' Policy, Strategy, Function, Project or Activity (Mark with a 'X'): New [X] Existing []</p>
1.2	Details of the person completing the EqIA
	<p>Full Name: Stephen Wingrave</p> <p>Position: Strategic Estates Manager</p> <p>Directorate: Planning and Environment</p> <p>Department: Regeneration and Economy</p> <p>Full Contact Details: Stephen.wingrave@croydon.gov.uk</p>
1.3	What is the aim and objective of the Policy, Strategy, Function, Project or Activity?
	<p>The Corporate Property Strategy is an enabling piece of work that will help to deliver financial and property related benefits over time as the strategy and recommendations are adopted and the use of corporate property is rationalized, and resources better targeted. The report includes a recommended approach as to how the corporate property portfolio should be managed and its current use and location challenged so that, in collaboration with the individual service areas, the best use can be made of property assets - whether this is retention and better utilization or disposal. The Strategy also includes a land and property policy setting out details of how the corporate estate should be dealt with on a day to day basis and a Community Asset Transfer Policy setting out guidance for disposal of properties to community groups.</p> <p>Although adoption of the Strategy will look to have a positive impact on the use of the Councils portfolio, it is considered more appropriate to undertake a staged approach to the EqIA as this initial piece of work is a more general approach. Once property specific recommendations have been made a full EqIA may be appropriate and will be undertaken at the appropriate time.</p>

SECTION 2: POTENTIAL IMPACT

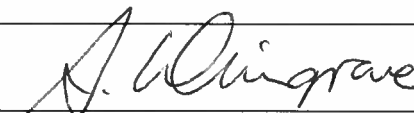

2.1	Could the policy, strategy, function, project or activity have an impact
-----	--

(negative or positive) on...?				
	Positive/ negative	None = 0	Some = 1	A Lot = 2
Promoting equality of opportunity	Positive		1	
Increase participation in public life	Positive		1	
Promoting positive attitudes			1	
Promote good relations between different groups			1	
Eliminating discrimination		0		
Eliminating harassment		0		
2.2 Could the policy, strategy, function, project or activity exclude, or otherwise discriminate against any of these groups of people?				
	Positive/ negative	None = 0	Some = 1	A lot = 3
Age		0		
Disability		0		
Gender (incl transgender)		0		
Race		0		
Religion or Belief		0		
Sexual Orientation		0		
2.3 Could the policy, strategy, function, project or activity affect community cohesion and/or social inclusion (either positively or negatively)?				
	Positive/ negative	None = 0	Some = 1	A lot = 3
Community Cohesion ¹			1	
Social and economic exclusion ²		0		

SECTION 3: DECISION AND SIGN-OFF

¹ That which must happen in all communities to enable different groups of people to get on well together. This includes fostering strong and positive relationships between new and existing communities.

² Persistent inequality of those who are social or economically excluded or marginalised and those living in poverty.

3.1	If 2.1, 2.2 or 2.3 score a 1 or above, a full EqlA must be completed.		
Is a full EqlA required?			
Yes		Date EqlA to commence	Not at this stage as paper is an update report
No	X		
Lead Officer			
Name	Steve Wingrave		
Signature			
Date	30 August 2011		
Lead Director			
Name	Tony Antoniou		
Signature			
Date	30 August 2011		
Date sent to corporate equalities and cohesion team (data.equalities@croydon.gov.uk)			

**Please send completed initial assessment to Equalities and Cohesion Team,
7th Floor Taberner House, data.equalities@croydon.gov.uk**