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Working in Partnership

# Property Policy

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## Document Title: Property Policy

### Summary

Publication Date	14 February 2018
Related Legislation / Applicable Section of Legislation	
Related Policies, Strategies, Guideline Documents	Corporate Asset Management Plan Economic Regeneration Strategy Financial Strategy Community Asset Transfer Approach
Replaces	Property Strategy 2014-15 – 2016/17
Joint Strategy (Yes/No)	
Name of Partner(s) if joint	
Strategy Owner (Name/Position)	Director of Finance, Resources and Operations
Policy Author (Name/Position)	Principal Asset Surveyor, ENGIE
Applies to	

### Review of Policy

Last Review Date	
Review undertaken by	Capital and Assets Programme Manager
Next Review Date	October 2019

### Document Approvals

This document requires the following approvals.

Name	Title	Date of Issue	Version Number
Cabinet	Cabinet	14 February 2018	1

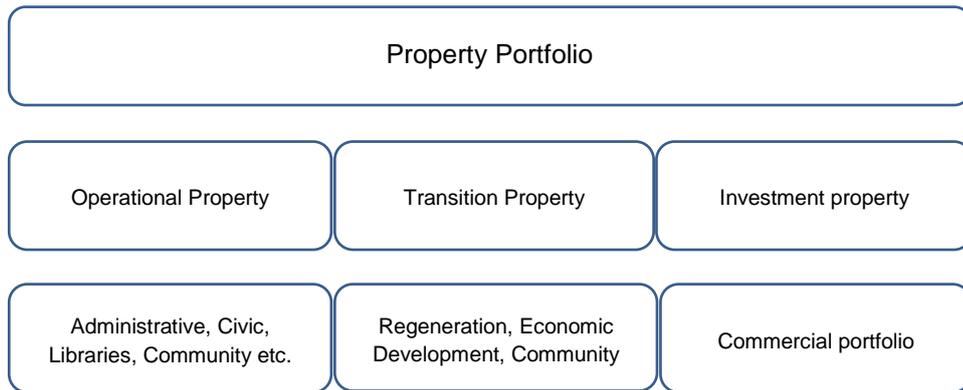
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## 1 Introduction

- 1.1 Property is North East Lincolnshire Council's most important non-people resource and property costs are the second largest cost after staffing costs. Property provides the means by which the Council delivers its services and manages its business. Effective Policy for the need and use of property assets is essential in ensuring buildings and property assets are utilised to optimum levels.
- 1.2 The Property Policy therefore commits the Council to a rigorous and business-like approach to the management of its property assets. Held primarily for organisational need and financial return, the Council will continue to drive performance targets to provide long term sustainable accommodation, income and value for money to support the Council's service delivery. There are of course a number of key implications for delivery of robust management:
  - i. The need for a clear rationale for owning properties, ensuring regular processes of review, and reporting, to determine properties are fit for their intended purpose
  - ii. The need to demonstrate performance and return from its commercial portfolio
  - iii. Responsible stewardship of public assets ensuring appropriate investment to manage and maintain assets to appropriate standards
  - iv. There should be clear links between the Council's property and the Council's strategic priorities and objectives
  - v. A Policy that is clearly aligned to the Councils workplace, economic and financial position
  - vi. There will be a key role for Members in monitoring the performance of the portfolio, in both functional, and financial terms
  - vii. Value for Money (VfM) is obtained in all circumstances and whole life cost approaches to validating option appraisals will be implemented
- 1.3 The portfolio is divided into three categories as per diagram 1 below:
  - i. Property which supports the Council in delivering organisational outcomes (Operational Property)
  - ii. Properties held to support our strategic objectives i.e. property held or acquired as part of long term objectives, or held in transition pending reuse or disposal, (Transition Property)
  - iii. Properties which provide the Council with a good commercial and sustainable return (Investment Property)

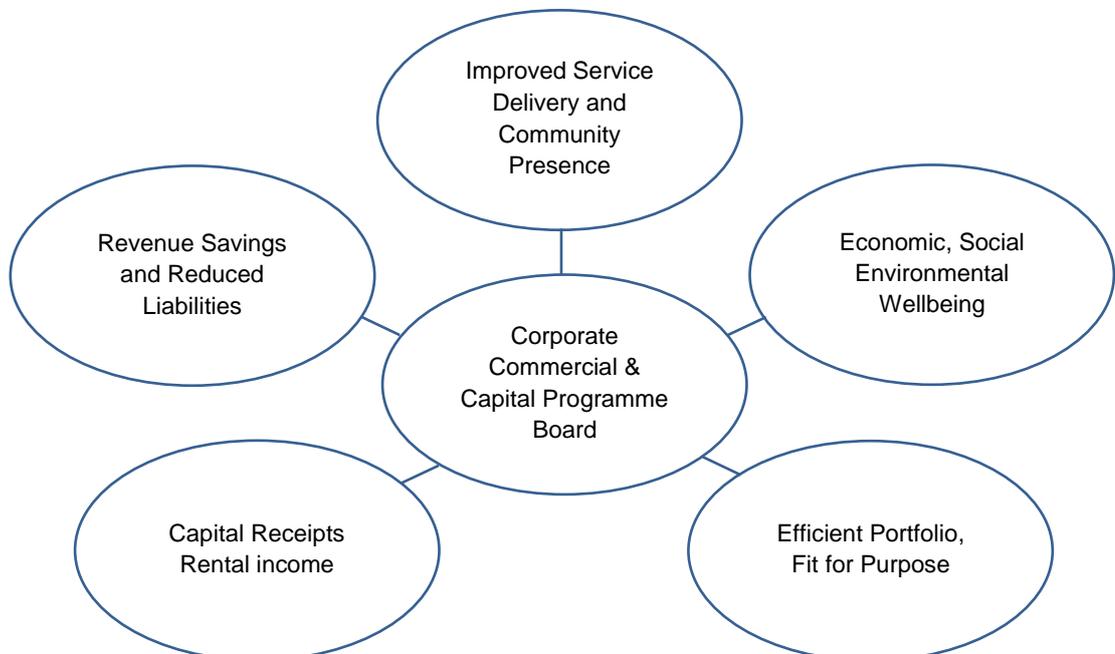
1.4 Diagram 1: Property portfolio categories



1.5 Governance and assurance in the delivery of the Property Policy is achieved through the Council’s Leadership Team, with professional services and advice being available through the Council’s regeneration partner ENGIE.

1.6 The basic process for making property decisions is illustrated in diagram 2 below. Where property is needed to support operational, commercial or other strategic objectives then the process leads to a recommendation for action through the Corporate Commercial and Capital Programme Board (CCCP). Only where property is not needed to support operational, commercial or other strategic objectives will other avenues be explored through the programme board governance prior to disposal being considered.

1.7 Diagram 2 - Strategic Property Objectives:



- 1.8 The interdependencies of delivering improved services and managing the property portfolio well is shown above in diagram 2. Excellence in one of those areas can drive further transformational change in the other. The Council therefore expects:
- Property managers to be cognisant of the key corporate and service objectives,
  - That Service Heads continue to review how they use property assets they occupy
  - That there be a continued approach to a shared challenge in the use of property that incorporates collaboration, team working and prioritisation
- 1.9 The Council recognises that achieving the outcomes of the Property Policy against the strategic priorities and outcomes will require formal governance that ensures competing needs to be prioritised by:
- Meeting organisational (and partner) needs/demands
  - Rationalising the number of assets
  - Maximising rental income
  - A prudent mix of a disposal of some assets and acquiring other assets
  - Considered investment and disinvestment planning
  - Working with local partners to derive social return and community benefits

## 2 Why Have a Property Policy?

- 2.1 The Council has a substantive operational land, buildings and investment property portfolio. The portfolio principally consists of operational buildings, schools, leisure and libraries, offices and Civic buildings. The Council also holds and owns commercial and investment assets such as factory and industrial units to generate income along with assets to support economic regeneration. Business Centre's also support employment in the Borough and Allotments contribute to the health and wellbeing of all people in North East Lincolnshire both of which are key outcomes for the Council.
- 2.2 With such a valuable property estate it is essential that a practical Property Policy coupled with an Asset Management Plan is in place to support the achievement of the Council's strategic priorities and is aligned to its key strategies. It is also essential that this policy is embedded into all appropriate Council policies and service plans which have implications for property assets.
- 2.3 This Property Policy gathers together the Council's various objectives for property and its impact on the wider role of the Council into a coherent framework of values. This document will act as a framework within which:
- i. Individual strategies and plans are developed
  - ii. Management responsibilities and accountabilities are defined
- 2.4 The individual components of this policy represent principles that will form part of the governance of the Council's outcomes framework and will be refreshed annually (though these principles are always subject to changes in legislation which will take precedent). The policy will also align to the Council's

Medium Term Financial Plan (MTFP) to ensure that it continues to provide a relevant framework that can be used to sustain and improve the overall performance of the Council.

- 2.5 This document has been developed to act as a guide to assist officers, elected members and other stakeholders when considering and making decisions involving the property interests of the Council.

### 3 The Council's Role as a Property Owner

- 3.1 The quality and condition of Council properties can make an important impact on the environment and people whether they be; schools, libraries, town halls, offices, parks or depots; irrelevant of the type or age or historic interest of the asset.
- 3.2 The Council will ensure that its properties are maintained in accordance with suitable industry/ market standards which the Council will always strive to achieve. It also recognises that sufficient expenditure on maintenance and management is essential to prevent erosion in property condition and value.
- 3.3 The Council recognises the importance of indirect as well as direct costs of holding under-utilised property assets and will undertake a continuous process of review to promote opportunities for releasing surplus property and making better use of retained properties.
- 3.4 The Council does not necessarily need to own the property from which it delivers services and will continue to consider alternative means of service provision as part of its transformation programme. However it does have a preference for ownership and where possible will seek to utilise its own property before considering leasing in options.
- 3.5 The Council also recognises the role it plays in supporting regeneration of the Borough either by using its property and land assets directly or in the acquisition or disposal of property assets. Regeneration activities will always be supported by appropriate business cases and option appraisals. Therefore this Policy reflects on the current Economic Strategy: <https://www.nelincs.gov.uk/council-information-partnerships/policies-and-strategies/>
- 3.6 This Property Policy also reflects emerging trends of central government policy. The key external influences that have been reflected are:
- i. Customer access to services and information
  - ii. Value for Money
  - iii. Robust governance principles
  - iv. Partnering and multi-agency approach
  - v. Sustainable property
  - vi. Community use of assets
  - vii. Regeneration opportunities
  - viii. Safeguarding heritage assets
  - ix. Commercial opportunities

## 4 The Governance, Responsibility and Behaviour in the Management of Council Assets

- 4.1 The Governance arrangements for the management and reporting of all Council property assets, including investment related activity is through the Corporate Commercial and Capital Programme Board (CCCP), sponsored by a Leadership Team sponsor. Matters of exception will be reported to the Leadership Team. There may also be instances where referrals are subsequently made to Cabinet in respect of all key asset management decisions (commercial and strategic) – as set out at section 4.7 below.
- 4.2 Formal reports to Leadership Team are referred to the Director of Finance Resources and Operations and the relevant Portfolio Holder so that the activities and implications can be considered.
- 4.3 These processes will ensure there is a consistent strategic approach to the management of the Council's property asset portfolio.
- 4.4 Individual Project Teams will provide recommendations through the project management framework documentation and approach to project management, to the CCCP Board which should consist of workstreams representatives both internally and externally.
- 4.5 The strategic management accountability of the property portfolio is that of the Council with responsibility and operational management vested to the ENGIE Partnership Asset Management Service.
- 4.6 The Leadership Team ensures that there is an appropriate representation for board decisions including key Council wide projects and that property and asset governance is adhered to so that the terms of reference and governance procedures are in place.
- 4.7 The key principles of governance affirm that:
  - i. All property and land is to be treated as a corporate resource
  - ii. All property and land held and/or occupied by the Council should support the Council's strategic priorities and outcomes and are aligned to key strategies
  - iii. Where assets are identified which do not support these, the Leadership Team will be invited to consider the capital resource tied up in those assets, be released by disposal or deployed for alternative uses
  - iv. Where land or assets are being disposed of, consideration will be given to any void costs and how these shall be resourced. Similarly, when assets are being acquired, full consideration shall be given to ensuring all costs associated with the property can be fully met.
  - v. The Council will prioritise occupation of property of which it has freehold title. ENGIE will undertake the annual asset valuations for the Council to allow an assessment of the portfolio to inform decisions on future uses to maximise the assets. As part of this the Internal Rate of Return will be reported for the main assets and categories to enable analysis against target rates and current performance. ENGIE will monitor the monthly commercial estate income and performance indicators to identify and address any areas of concern or opportunities for savings and/or revenue generation

- vi. All Council property which is subject to a lease or licence to a third party is to be classified as part of the Commercial portfolio and will be subject to best value obligations, whether market rental or demonstrate an equal social, economic or environmental return on investment (SROI)
- vii. Responsibility for the overall strategic direction of the Council's land and property to be overseen by the Council's Corporate Property Officer (CPO). The nominated CPO is the Director of Finance, Operations and Resources
- viii. Service requests will, in the first instance, be raised with the Asset Team and consideration will be given at the CCCP Board. The sponsor, in conjunction with the Portfolio Holder may in turn raise matters with the Leadership Team (LT). The LT oversees the co-ordination and management of the Council's assets and where appropriate advise and make recommendations to elected members on the use of these assets
- ix. The Council continues to produce and maintain a Corporate Asset Management Plan (CAMP) which is refreshed periodically
- x. The Council will maintain an accurate and comprehensive database of its asset holdings. As far as is practically possible property data should be held within a single data system

## 5 Corporate Asset Management Planning

- 5.1 The Council has produced an Asset Management Plan for its property holdings. The main aims of the Plan are to:
  - i. Set out the role of the property assets in delivering the priorities and outcomes of the Council.
  - ii. Set out the main priorities by which property will be assessed in terms of its performance.
  - iii. Set out an action plan by which the Council's interest in its property assets will be changing to reflect the Council's organisational changes.
- 5.2 The Council will ensure the Corporate Asset Management Plan is maintained and refreshed periodically.
- 5.3 The CCCP Board will ensure the Property Policy is implemented and that all the Council's property assets are managed in accordance with this Policy. It will act as the Accountable body for amendments to this Policy with the remit to make recommendations to cabinet for any changes or redrafts where appropriate.

## 6 Corporate Landlord

- 6.1 The Council has continued to develop the corporate landlord function since adoption in 2009. The strategic management accountability and decision making is that of the Council, whilst the responsibility of the asset management service has been devolved within the Regeneration Partnership with ENGIE.
- 6.2 The Council recognises that specialised service functions will naturally assume they have unique occupational requirements. However, regardless of the type of accommodation occupied by the Council, it should be viewed as “rented” corporate property which is managed by the Assets Team, under the directorship of the S151 Officer/Director of Finance, Operations and Resources.
- 6.3 The occupational space requirements are designed, maintained and managed to optimum use standards. Requests as a result of service changes and enhancements are considered in line with strategic property plans, together with the effective use of budgets in the utilisation of property and decisions made as referenced in 7.2 below.
- 6.4 The asset management arrangements for the property portfolio will continue to have consideration for the following:
  - i. Prioritisation of maintenance activity including emerging issues, health and safety statutory compliance, cyclical and reactive maintenance
  - ii. Agreed maintenance programme to assist with life cycle costs for the property portfolio and prioritising spend against planned and reactive maintenance
  - iii. Management of service contracts to identify cost efficiencies without compromise to service provision to support the property users service delivery
  - iv. Comparison of performance against targets in terms of management costs and to meet Key Performance Indicator (KPI) targets
  - v. Facilities Management support assessing how service delivery reflects the needs of internal stakeholders.

## 7 Administrative (Office) Accommodation

- 7.1 The Council has introduced “agile working” to promote the open, non-hierarchical and communicative culture associated with open plan working environments and to promote flexible and efficient working practices and ability to use both office space and alternatives alike.
- 7.2 The design and layout of the office working environment is driven by recognition of the evolving nature of working practices generally (e.g. home-working and touchdown, diversity agenda, shift working and extended hours), coupled with sensitivity to properly meet particular operational requirements for confidential meetings, training, secure documentation etc.
- 7.3 The Council has set a target space utilisation of no greater than 0.7 workstations per full time employee (FTE) across a retained office estate. In addition net spatial allocation per employee will not exceed 7 square metres, to support any proposed space charging system. These targets may become more demanding as working practices evolve.
- 7.4 The Council will invest in Information, Communication Technology (ICT)

solutions to deliver key targets of Agile Working that includes the introduction of robust electronic document and record management systems (eDRMs) in keeping with the ICT policy.

## **8 Letting Policy**

- 8.1 The Council will pursue a commercial letting policy designed to promote efficient management which maintains or enhances asset values.
- 8.2 The Council will observe its obligations towards people whose first language is not English.

## **9 Property Acquisition**

- 9.1 In general or unless there are special circumstances Land and Property interests will only be considered for acquisition if, i one or more of the following circumstances apply:
  - i. The acquisition will make a positive contribution to the current delivery of Council services including any income opportunity
  - ii. All other methods for the delivery of this service have been investigated and a cost benefit analysis report which highlights this acquisition as the most economically advantageous and efficient method of service delivery.
- 9.2 The acquisition supports other Council strategic objectives or strategies e.g. Regeneration. In addition to the above, the following circumstances will apply:
  - i. No other available land and property asset can provide a more cost effective and/or efficient point of service delivery
  - ii. There is an adopted Council plan/policy/strategy, with resources identified
  - iii. There is potential for advantageous shared use.
- 9.3 All property acquisitions must be signed off by the Director of Finance, Operations and Resources (Chief Finance Officer) in consultation with the relevant Portfolio Holder, prior to any formal reporting to the Council decision making bodies.

## **10 Property Disposal**

- 10.1 Land and Property will be considered to be surplus or under-utilised if, following one or more of the following statements apply. That the interest:
  - i. No longer makes a positive contribution to the current delivery of Council services
  - ii. Has no potential for future strategic regeneration and/or redevelopment purposes in pursuit of the Council Plan strategic priorities and objectives
  - iii. Does not provide VfM and an alternative site would provide a more cost effective and/or efficient point of service delivery
  - iv. Offers an income from the site which is below that which could be achieved
  - v. Does not conform to Council plan/policy/strategy, with resources identified, which will bring the site into beneficial use in the

- foreseeable future (e.g. vacation of accommodation following successful right to challenge under the Localism Act)
- vi. Offers no potential or advantage for shared use.
- 10.2 Disposals will be managed as a specific programme by the CCCP Board to ensure that capital receipts are aligned to the Council's Capital Investment Programme.
- 10.3 The Council will, as a matter of general policy, seek to achieve open market value (to include lettings and sales) through exposure to the open market for a period of time. However the Council may not expose property to the open market should the circumstances justify such an approach.
- 10.4 Where the best price reasonably obtainable is not achieved then the Council will comply with its Protocol on less than best Disposal, and relevant legislation. When disposing of property the Council will, where relevant, have consideration, but not limited to existing Policies and approaches to:
- i. Protocol on less than best
  - ii. Community Asset Transfer approach
  - iii. Considerations of disposing of Heritage Assets or listed buildings
  - iv. Assets of Community Value
  - v. Heritage Assets or Listed buildings
  - vi. Playing Pitch Strategy
  - vii. Assets under covenant or subject to Trust
  - viii. National Planning Guidance
- 10.5 All property disposals must be signed off by the Director of Finance Resources and Operations in conjunction with the relevant Portfolio Holder, prior to any formal reporting to the Council's decision making bodies.
- 10.6 The Council will consider all relevant options for all significant disposals and acquisitions outside normal operational management. Options for all disposals must consider the inclusion of, 'Planning Pre Application feedback' that would ensure all interested parties have advice as to the development opportunities for the asset / site.
- 10.7 The Council will look to mitigate against void costs when holding assets prior to disposal for a substantive period prior to disposal should be considered as general Policy; for example when disposal terms are conditional upon a future event like obtaining planning permission.

## **11 Partnerships/ Regeneration and Assets**

- 11.1 The Council and ENGIE formed the North East Lincolnshire Regeneration Partnership in July 2010. The contract has long-term objectives to improve the lives of residents in North East Lincolnshire. Services which are delivered as part of the Regeneration Partnership linked to the Property Policy include:
- i. Regeneration and Growth
  - ii. Strategic Asset Management
  - iii. Strategic Housing
  - iv. Planning and Development Management
  - v. Environment and Flood Risk Management

- vi. Building Control
- vii. Strategic Planning

- 11.2 The Council and North East Lincolnshire CCG (Clinical Commissioning Group), work in partnership under an agreement made pursuant to section 75 of the NHS Act. This enables the pooling of funds to pursue shared aims in respect of adults' and children's health and care services. These arrangements enable services to be better joined up ensuring that services users can access a more integrated range of services when needed that are easier to access.
- 11.3 With effect from 1 April 2015 Lincs Inspire, as a leisure provider partner, has been responsible for the operational management of these services including day to day management of property assets. Therefore all major capital investment proposals in relation to these properties, which may impact the property portfolio, will be signed off by the Council and its Property Partner. The Council holds the responsibility for the fabric of the buildings, property maintenance, repair and where relevant, decision making in terms of capital improvements, replacement or decommissioning of facilities.
- 11.4 The Council will in some cases retain overall ownership of a Council owned asset where it has entered into a partnership agreement so as to influence corporate priorities and needs and to be flexible over time with the changes required by local and national government.
- 11.5 The use of Council property to support the development of the Town Centre and other regeneration initiatives through the use of Council assets will always be considered favourably in order to drive the 'Place' initiatives within the Borough.

## 12 Conclusion

- 12.1 The Council's Property Policy is linked to other strategies which should be considered when those property assets that may be required for either retention or disposal to support the overall aims of the Council and its partners in the development of the Borough.
- i. Corporate Asset Management Plan  
<https://www.nelincs.gov.uk/homes-and-property/council-buildings-land/council-owned-land-and-property/>
  - ii. Local Plan  
<https://www.nelincs.gov.uk/planning-and-development/planning-policy/the-local-plan/the-new-local-plan/local-plan-submission-2016/>
  - iii. Economic Regeneration Strategy  
<https://www.nelincs.gov.uk/council-information-partnerships/policies-and-strategies/>
  - iv. Financial Strategy  
<https://www.nelincs.gov.uk/council-information-partnerships/finances-and-spending/budgets-and-finance-strategy/>
  - v. Medium Term Financial Plan  
<https://www.nelincs.gov.uk/council-information-partnerships/finances-and-spending/budgets-and-finance-strategy/>
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