

Capital Strategy and Programme 2017/18 to 2021/22

Overview of the Council's Asset Management Strategy

1. Introduction

1.1 The strategic aims for management of the Council's property are:

- To support service delivery
- To provide fit for purpose buildings
- To minimise cost
- To have a lean portfolio with the minimum number of properties required to maintain service provision
- To exploit sharing opportunities with other public and voluntary sector organisations
- To consider opportunities for urban or rural regeneration using Council property as a catalyst.

1.2 We aim to implement the strategy by:

- Continuing with condition surveys to monitor the state of the Council's property.
- Promoting and actively seeking opportunities to share buildings and facilities with partner organisations.
- Disposing of surplus properties where appropriate.
- Acquiring properties if the need cannot be met by property already owned.
- Capital investment in buildings to provide fit for purpose buildings where it is cost effective to do so.

1.3 Officers are also in the process of developing a new strand of the Asset Management Strategy which will involve purchasing property with a view to letting it out to commercial tenants in order to generate additional revenue income for the Council. A report will be brought to Executive in spring 2017 which explains the financial business case and risks associated with this strategy prior to the approval and implementation of this new strategy objective.

2. Summary of the Council's Property Portfolio

2.1 The majority of the Council's current property portfolio is used for operational purposes for delivery of key council services. These include:

- Council offices
- schools

- care homes
- temporary accommodation
- libraries
- leisure centres
- parks and open spaces
- car parks.

2.2 The Council also leases a small number of properties which are used for the delivery of services including:

- The Council's contact centre at Calcot
- Merchant House
- The Birchwood Care Home
- The Kennet Centre car park.

2.3 The Council owns a small number of properties which are held for the purposes of income generation and economic regeneration of the district these principally consist of:

- The London Road Industrial Estate
- The Kennet Enterprise Centre
- Clappers and Bloomfield Hatch Farms.

2.4 The Council also owns, or has an interest in a number of properties which are leased to or part owned by other individuals or organisations, for example:

- Community Centres
- Other buildings which are leased on a long term basis to local sporting, community or charitable groups
- Former Council Houses which were bought by their tenants on a shared ownership basis.

2.5 Any properties not included in the categories listed above may be considered as surplus assets and consideration will be given whether they can be used for the delivery of services, used to generate income or disposed of. A list of properties currently earmarked for disposal is given as Appendix 1 of this document.

3. Summary of the Asset Management and Review Process

3.1 All operational properties are managed on a day to day basis by the relevant service. Investment properties and properties held for sale are managed by the Council's Asset Management Team (in Finance).

3.2 Frontline services, the Asset Management Team and Members are all represented on the Asset Management Group. The terms of reference of this group include:

- Consideration of the changing accommodation needs of all services
- Reviewing the justification for the Council holding properties on the basis of strategic importance, suitability, condition and cost
- Consideration of proposals to acquire, lease and dispose of properties
- Prioritising and allocating expenditure on maintenance in accordance with condition survey information plus other criteria to be established.

3.3 The Asset Management Group undertakes a cyclical review of all property owned by the Council . As part of this process, the group aims to classify each property as Red, Amber or Green from the point of view of:

- Strategic Importance – i.e. the extent to which they support the delivery of the Council Strategy
- Operational Efficiency

Each property is the responsibility of a designated a Head of Service.

3.4 The Asset Management Group will review the list of assets periodically by asking the responsible Heads of Service to inform the group of any actual or planned change in use and/or status, i.e. Services will be responsible for reporting when assets become surplus to requirements, but the Asset Management Group will regularly monitor the status of all the Council's assets.

3.5 The Service responsible for any assets designated "Red" in terms of strategic importance should prepare a business case to justify why the asset should be retained by the service if they feel it should not be disposed of, for review by the Asset Management Group.

3.6 If the business case is successful, this should be noted on the asset listing and the status of the asset should be reviewed again within a three year period.

3.7 If the business case is not approved, the Asset Management Group will normally recommend to Corporate Board, Operations Board and the Executive that we should either let out the property on a commercial basis to generate revenue income or sell it to generate a capital receipt, unless a case is made to transfer it to another service or another organisation where it is needed to help deliver one of the Council's key strategic priorities.

4. Principals for Disposal of Properties

4.1 As a general rule assets which are surplus to the Council's operational requirements will be disposed of by letting or selling properties to a third party at the appropriate market price.

4.2 Exceptions will be made to this rule when a business case is made that a property should be transferred to another individual or organisation for below the market price in order to achieve one of the Councils key policy objectives. One example of this approach might be the provision of land or buildings to facilitate the delivery of affordable or extra care housing.

4.3 In some cases a local community or charitable group may make a case for the Council to transfer one of its buildings to enable them to deliver services to local residents. The criteria for considering this type of request is set out in the Community Asset Transfer Policy which forms Appendix 2 of this document.

5. Recent Achievements in Management and Review of Council Properties

- Completion of a development agreement for the London Road Industrial Estate.
- The development of the Market Street continues to progress.
- Former temporary accommodation at Taceham House transferred to social housing provider for social, special needs or affordable housing purposes
- Arrangements is now in place for the joint use of the Riverside and Moorside Community Centres with local community groups.

Appendix 1 –Property Asset Disposal Programme

Site	Comments
Current Disposals	
Pound Lane Depot	Contracts for sale exchanged and planning application for commercial and affordable housing development submitted.
Trinity School playing fields- Love Lane Site	Planning application submitted prior to planned sale.
Land adjacent to the Phoenix Centre, Newbury	A number of attempts to sell this site to a provider of social housing and supported living have so far been unsuccessful. The Housing Team and Asset Management Group are therefore now considering alternative options for the future use of the site
Potential Future Disposals	
Various properties at Market Street, Newbury	Site being taken forward as a regeneration project and the development agreement signed with Grainger Plc.
London Road Industrial Estate	Site being taken forward as a regeneration project and the development agreement signed with St Modwin.

Appendix 2

Community Asset Transfer Policy

1.0 What is Community Asset Transfer?

1.1 Community Asset Transfer is the transfer of the Council's land and buildings to community and voluntary organisations at less than best consideration, normally on a leasehold arrangement.

1.2 The policy will apply when either:

- A community or other voluntary organisation approaches the Council to request the use of a Council property asset, or
- The Council identifies an asset as being surplus to its requirements and is considering how best to dispose of it.

2.0 Purpose of the Policy

2.1 The Council has a disposal policy which is contained in the Asset Management Plan and the general presumption is that disposals will be on the open market for best price. Reference is made in the Asset Management Plan about disposals to not for profit organisations. This community and asset transfer policy is to give fuller guidance on how to achieve that.

2.2 The purpose of the policy is to set out a framework to show how West Berkshire Council will consider requests from the community and voluntary sector to use the Council's

land and buildings. It also sets out the information that is required from the community and voluntary sector and the expectations for the transfer fulfilling the Council's strategic objectives and to empower local communities.

3.0 National Policy Context

3.1 National Government has, for some time, encouraged local authorities to involve local people in the direct running of their communities and has produced legislation, such as the Local Government Public Involvement Act 2007 and the Localism Act 2011, to create strong communities and deliver better public services through a rebalancing of the relationship between local people and public bodies.

3.2 The Localism Act has introduced the concept of the Community Right to Bid. This process allows relevant bodies (e.g. Parish Councils and Community Groups) to ask for assets of community value to be listed. This effectively means that the asset cannot be sold until the relevant body has been given a chance to confirm that they wish to bid for the asset. If so they must also be given sufficient time to submit their bid. A separate process has been introduced to manage this requirement, although the properties and applicants involved are likely to be similar to those affected by the Community Asset Transfer Policy.

3.3 The Quirk Review undertaken in 2007 set out the benefits to local

groups by the management or ownership of public property assets which, in turn leads to stronger communities. The Quirk review recognised that the voluntary and community groups would need assistance to understand the risks and rewards of community asset transfer.

4.0 Local Context and Links to Council Strategies

4.1 Working in partnership with the local voluntary sector should help the Council to achieve some of its own objectives such as those in the Council Strategy including to reshape the way cultural, countryside and other services are delivered, with significantly greater involvement from local communities, the voluntary sector and parish councils and seek to transfer assets and services where these can clearly be delivered more effectively.

5.0 Criteria for community asset requests

5.1 When considering requests for a community asset transfer the Council must bear in mind the following in relation to the affected property:

- The need to raise capital receipts.
- The loss of any income or opportunity costs.
- Requirements for the property for direct service delivery by the Council.
- The benefits to all parties by transferring the property.
- That, where the property is needed to deliver a service, additional

ongoing revenue costs are not incurred.

5.2 The Property

- The property must be owned by the Council, either freehold or leasehold and be legally capable of being transferred.
- It must be surplus to operational requirements.
- The transfer of the property has been approved by the Asset Management Group.
- The transfer will deliver a strategic or operational benefit to the Council.

5.3 The Use

- The use will support the Council's strategic priorities set out in the Council Strategy.
- The property will be used for the benefit of the local community to enable local people to have access to services or facilities that meet their local needs.
- The use will be inclusive of a wide and diverse range of people.
- The use will deliver a demonstrable social, economic or environmental benefit to the local community.
- The use is not already provided in the locality.
- The use to be environmentally sustainable and Disability Discrimination Act compliant.

5.4 The Applicant

- Interested organisations must be community led with strong local links.
- Be properly constituted and be capable of being a legal entity.
- Not for profit.
- Be financially viable.

- Have good governance through open and accountable processes.
- Have the skills and capacity to deliver the service and manage the property.
- Have a well prepared business case.
- Have a track record of delivering similar projects either as an organisation or by way of key individuals within the organisation.

5.5 *Basis of transfer of property*

- Transfers will usually be on a leasehold basis. This makes it easier to limit the use for community benefit.
- Freehold will be considered if the applicant pays full market value.
- The applicant will be responsible for all management of the property including health and safety matters and all required surveys.
- The use is to be for community benefit and the organisation is to provide continuing evidence of a community benefit on a periodic basis.
- If planning consent is required then the applicant must obtain this.
- The applicant will be expected to meet all the running, maintenance and repair costs of the property.
- Collaboration and sharing of the property with other community or voluntary groups will be encouraged.
- The Council may be prepared to take back the property in cases where the transfer has been unsuccessful.

6.0 The Community Asset Transfer Process

6.1 A property asset is identified, either by WBC as being surplus to

requirements or by a request by a community or voluntary organisation for a particular property. In the latter case the property may be operational so consultation will be required with the service to see if the property could be released from operational use.

6.2 Valuation undertaken bearing in mind that the transfer may be at less than best consideration.

6.3 Expressions of interest invited from suitable groups.

6.4 Expressions of interest appraised by Asset Management Group to include the relevant portfolio holder and recommendation to be made to Management Board.

6.5 Short listed groups requested to submit a business case for the transfer.

6.6 Business cases appraised by the Asset Management Group and relevant portfolio holder along with the option of an open market disposal. The assessment matrix shown later can be used to assist in the decision making process.

6.7 Decision recommended to Executive if outside the delegation of the Head of Legal Services.

6.8 Terms agreed with successful applicant and lease completed.

6.9 The timescale for applications will vary depending upon the complexity of the proposal, the number of applicants, the route it needs to take through the Council's governance structure and for the completion of

the lease. However, applicants should be aware that the process could take 12 months.

7.0 Business Case Requirements

7.1 It is likely that potential applicants for community asset transfer will have limited financial and property management experience so it is important that a robust business case is submitted. The business case can be in any format but should contain the following information and evidence:

- Proposed use and maintenance of the property.
- Details of the local needs that will be met by the proposal and how the benefits will be measured and reported on an annual basis.
- Details of any new jobs that might be created.
- Evidence of local consultation and that there is a demand and local support for the scheme.
- How the scheme fits in with the Council's strategic objectives.
- Evidence of the ability, skills and capacity of the organisation to run the proposed service, including governance details.
- Evidence of the scheme complying with equal opportunity, sustainability and health and safety requirements.
- Financial details of the organisation and how the scheme will be funded, at the outset and going forward.
- Project plan to show likely timescales to set up and fund the scheme.
- A risk assessment and contingency plan in the case that the scheme is not successful.

8.0 Risks in Community Asset Transfer

8.1 There is an element of risk in a community asset transfer and the potential risks are listed below. These will need to be considered in conjunction with any application.

- Organisation does not have the capacity or skills to take over the property and provide the service, or loses these at a later date.
- Reliance on key personnel either within the organisation or at the Council, lack of succession planning.
- Organisation cannot fund the proposed scheme either at the outset or at some time in the future.
- Property is not used for community purposes or taken over by a minority interest.
- Transfer contravenes State Aid or procurement regulations.
- Confusion over roles and responsibilities between the Council and the organisation.
- Objectives of the organisation are unclear and not aligned to Council objectives.
- Scheme is not value for money.
- Potential liability for Council if the scheme fails.

8.2 These risks can be reduced by the provision of clear legal documentation and a summary of expectations by each party at the outset.

