

Somerset County Council Corporate Property Group Policy for the Acquisition of Property Assets



This policy is to be read in conjunction with:

- County Plan (latest version 2016 – 20)
- Corporate Asset Management Plan (latest version 2014)
- Policy for the Disposal of Property Assets (latest version revised 2014)
(see <http://www.somerset.gov.uk/organisation/council-buildings/>)

Policy Objectives

The purpose of this policy is to inform officers and members when considering the acquisition of additional property assets (land or buildings) to be brought under the control of Somerset County Council. This revision replaces the Acquisition of New Property Assets Policy (2009) and the policy revised policy of October 2014.

Scope

- The policy applies to leasehold and freehold assets and those held under trust deed.
- This policy does not apply to the acquisition of land for highway purposes, which is managed under separate governance arrangements.

General Context

The Council

The Council is a significant public sector landlord with a wide portfolio of property assets including schools, farms and areas of outstanding natural beauty. The Council is tasked with ensuring the benefit derived from the property portfolio is maximised at all times. This is done in order to deliver the services required by the residents of Somerset to a quality, and at a cost, which at least meet expectations, within the resources available.

Corporate Property Group (CPG)

The Corporate Property Group (CPG) acts as landlord for the Council: responsible for control and management of all SCC property assets (land and buildings, owned and leased in and out). The Group ensures that the property estate is fit for purpose – and remains so, as parameters (legislative, political, service delivery, financial, asset opportunities) change.

The Group manages the property portfolio in an effective and strategic way to deliver the Council's objectives in the **County Plan 2016-20** via the **Asset Management Plan (2014)**.

This includes the acquisition of new, additional property assets as part of the rationalisation of the property estate. Unsuitable or life-expired assets are replaced by more suitable and cost effective-alternatives.

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There will also be circumstances in which additional assets are acquired in order to perfect the title of or improve disposal prospects and receipts for another asset, with investment then being realised on disposal of a larger combined asset.

Additional assets are also required to meet the demands of a changing or expanding service or to reflect changes in legislation or service specification. Budget reductions also necessitate that property assets be used to generate vital revenue and capital income to support the Council's core activities.

Policy Principles

- SCC will use its property assets to their best advantage to directly deliver or to support the delivery of services for which the Council is responsible. This may include the acquisition and development of property assets to generate an income.
- SCC may also choose to retain surplus property assets where retention to generate revenue represents the best value for the Council.
- SCC will, wherever possible and appropriate, expect to recover a market rent from the occupation of any additional asset. Lead Commissioners seeking approval for additional property assets must factor those costs into their forward budget.

Approval of Acquisition

New land or property will be acquired where the Asset Strategy Group (ASG) approves that:

- 1) The service objectives are compatible with and necessary for delivery of the County Plan.
- 2) An additional property asset offers the best (most effective and affordable) long term solution to achieve the objective(s) and that no existing alternatives will suffice.
- 3) The particular asset proposed is the best of the options available and is within the budget available.
- 4) The purchase price does not exceed the current market value.
- 5) There is budget approval within the Council's MTFP (Medium Term Financial Plan)

N.B. Assets transferred to Council control without direct charge by a third party are likely to still incur costs for SCC in the future and are thus subject to formal approval by ASG.

Upon receipt of approval from the Asset Strategy Group, the decision to acquire a property asset must be recorded in accordance with the Council's governance arrangements (see <http://intranet.somerset.gov.uk/community-governance/guidance-and-templates/officer-decisions/>)

Appraisal of Need for an Additional Property Asset

Option Appraisals must be carried out for all service delivery, capital or revenue

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investment proposals, and for any new (or surplus) accommodation decisions. (See ASG item April 2014).

The process is required to ensure alternative solutions are considered, taking into account affordability, and deliverability, which will identify the best delivery solution. Whole life costings, where available and appropriate should be included. A “do nothing” option should be simultaneously assessed as the baseline for the decision.

Funding Responsibility

The Lead Commissioner(s) for occupying service(s) will be responsible for funding all costs incurred by the acquisition. For shared assets, this may involve contributory funding from a number of Lead Commissioners. This includes both revenue and capital costs. Capital costs must be included in the Capital Programme.

Costs which may be incurred include:

- The freehold or leasehold acquisition cost of the property (including legal fees etc)
- Any improvement or upgrading costs (including statutory compliance work and maintenance costs required to bring the property up to an acceptable standard)
- Insurance and IT connections
- The day-to-day running costs including facilities maintenance and rental costs
- Annual planned maintenance costs
- Overhead apportionment of SCC central charges

The Lead commissioners may, additionally, remain responsible for costs incurred by existing property assets rendered surplus to requirements by the acquisition, whilst awaiting their disposal or re-use (see <http://www.somerset.gov.uk/organisation/council-buildings/> Policy for the Disposal of Property Assets.)

Unauthorised Acquisition of Property

Any unauthorised acquisition (or attempted acquisition) of a property asset, whether by formal lease, licence, free transfer or purchase or by unwritten commitment, may result in disciplinary action being taken against the officer responsible.

Failure to produce evidence of a formal approval to proceed by the Asset Strategy Group (or the Head of the Property Group in conjunction with the Commercial and Business Development Director) may be regarded as a breach in the agreed protocol and disciplinary action considered.

Further Advice and Guidance

The Corporate Property Group is responsible for maintaining and reviewing this policy.

Claire Lovett

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