



# Corporate Property Policy

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Dudley Metropolitan Borough Council

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## **Corporate Property Policy: An Overview**

This Corporate Property Policy has a five year planning horizon and is reviewed on an annual basis. It gathers together aspirations, current behaviours and notions of best practice to express a clear set of policy principles to guide strategy for and management of the Council's property over that period.

The Property Policy therefore represents joined-up thinking about property and commits the Council to a rigorous and business-like approach to its management. It is based upon four key principles:

- A clear rationale for owning properties. This requires a regular process of review and reporting to confirm whether or not individual properties are fit for their intended purpose.
- The setting of clear objectives for property, monitoring and management of performance of assets to ensure that objectives are being met and remain relevant.
- Responsible stewardship of public assets. Spending money to manage and maintain assets to an appropriate standard. As a minimum the Council is prepared to target investment in its property where that investment generates a positive return in terms of increasing value or avoiding diminution of value.
- Clearer links between the Council's property and its borough wide objectives. Elected Members take an interest in the performance of the portfolio in both functional and financial terms.

### **The main objectives over the life of the Corporate Property Policy are:**

- A)** For the Council to establish a property holding account system whereby each property is categorised into either operational accounts or general fund investment accounts. **(Refer to paragraph 9.0 and Strategy and Work Plan Objective A)**
- B)** The Council will ensure that titles to properties within the corporate portfolio are secure. **(Refer to paragraph 13.0 and Strategy and Work Plan Objective B)**
- C)** The Council will ensure that the corporate portfolio is owned and occupied in an environmentally friendly way. **(Refer to paragraph 17.0 and Strategy and Work Plan Objective C)**
- D)** The Council will ensure that it has a balanced portfolio that supports its vision, priorities and the present and future needs of its service providers. **(Refer to paragraph 14.0 and Strategy and Work Plan Objective D)**

- E)** The Council will promote the efficient management and enhancement of its commercial assets. **(Refer to paragraph 20.0 and Strategy and Work Plan Objective E)**
- F)** The Council will aim to reduce the size of its minor interests portfolio. **(Refer to paragraph 23.0 and Strategy and Work Plan Objective F)**
- G)** The Council will ensure a formal and consistent approach to property and accommodation planning. **(Refer to paragraphs 11.0, 18.0 and Strategy and Work Plan Objective G)**
- H)** The Council will ensure that all property costs can be attributed to individual properties across the whole portfolio. **(Refer to paragraph 8.0 and Strategy and Work Plan Objective H)**
- I)** The Council will establish space charging throughout its operational portfolio. **(Refer to paragraph 8.0 and Strategy and Work Plan Objective I)**
- J)** The Council will Incorporate a strategic challenge to capital investment, development and disposal decision making. **(Refer to Strategy and Work Plan Objective J)**
- K)** The Council will embed the use of whole life costing into capital investment, development and disposal decision making. **(Refer to Strategy and Work Plan Objective K)**
- L)** The Council will embed the Corporate Landlord initiative in which property is accepted by all Directorates as a Corporate resource. **(Refer to Strategy and Work Plan Objective L)**
- M)** The Council will ensure collaborative Directorate Asset Planning between Directorates and Corporate Estate Services to improve forward planning. **(Refer to Strategy and Work Plan Objective M)**
- N)** The Council will ensure that all data held on the Corporate Land and Property IT System is accurate and current. **(Refer to Strategy and Work Plan Objective N)**
- P)** The Council will increase the accessibility of accurate land current data held in the Corporate Land and Property IT System, (CLPMS). **(Refer to Strategy and Work Plan Objective P)**
- Q)** The Council will optimise the value of its commercial, (non-operational) portfolio. **(Refer to Strategy and Work Plan Objective Q)**

# CORPORATE PROPERTY POLICY

## 1.0 Introduction

Property is the Council's most important non-people resource and property costs are the second largest cost after staff. Whilst individual properties may have been associated for many years with a particular Directorate or function they are, above all, corporate assets that the Council needs to manage on behalf of the Council as a whole.

Dudley Council like many Councils, has a property portfolio that has been acquired over many years. The reasons why individual properties were acquired in the first place may have been long-forgotten or overtaken by events.

Part of the portfolio is operational and part is commercial: it exists to accommodate the work of the Council, to help the Council promote its policies and to support the Council by generating revenue. In each case it is vital to ensure that the property portfolio's ability to do these important jobs is maximised.

## 2.0 Why Have a Property Policy?

Most individual Council policies and service plans have implications for property and property itself has an opportunity to support or hinder these policies and plans.

In 2001 and 2002 the Council was required to produce an Asset Management Plan. These were very well received by the Government as they demonstrated an increasingly strategic and joined up approach to managing property across the Council. However, when the obligation to submit a formal plan ceased, the Council took the opportunity to evolve those prescriptive plans into a family of documents that better suited the Council's needs.

This Corporate Property Policy builds upon those Asset Management Plans of the past and pulls together the Council's various objectives for property and its impact on the wider role of the Council, into a coherent framework of values. The Property Policy acts as a framework within which:

- Individual strategies and plans are developed
- Management responsibilities and accountabilities are defined
- Individual property proposals and actions can be evaluated.
- Property management performance can be assessed.

The individual components of this Property Policy represent enduring principles and the Council expects them to be durable. The Property Policy is reviewed on an annual basis by the Corporate Property Group to ensure that it continues to provide a relevant framework that can be used to sustain and improve the overall performance of the Council.

### **3.0 Coherence with Wider Council Policy**

The Property Policy will, inevitably, contain some generic objectives of the sort that will apply to any large scale owner and occupier of property. Nevertheless it also reflects the particular historic legacy, local circumstances, objectives and priorities of the Council.

This Policy informs and is informed by other Council policies and plans; some being more significant than others in terms of their implications for property. This Property Policy is consistent with the Office Accommodation and Commercial Strategies and complements the Community Strategy, the Council Plan, the Capital Strategy, the IEG Strategy and the Repairs and Maintenance Policy, as well as continuing work associated with individual service Directorates and themes associated with specific projects related to issues such as office accommodation and flexible working. (Refer to paragraph 29.0 Useful Links)

The Council is also committed to meeting its duties under the Disability Discrimination Act 1995; from annual allocations ring-fenced for DDA related work to wider community safety and accessibility projects. In particular the Council is addressing many of the issues raised in the Act through its Dudley Council Plus initiative. The initiative offers customers, via specially designed access points across the Borough, a single means of contact to all Council services. These Dudley Council Plus centres will negate the need to visit those services situated within accommodation that makes access for all customers difficult.

The Property Policy also reflects wider trends and central government policy. As these evolve they will be reflected in refinements to the Property Policy over time. The key external influences that have been reflected in this Policy are:

- Promotion of access to public services
- Best Value
- Good governance principles defined in the Comprehensive Performance Assessment regime.
- The “single capital pot”
- Electronic Government agenda
- Support for Partnering and multi-agency approaches across various services
- Sustainable and responsible environmental performance.

## **4.0 The Council's Property**

The Council has a substantial property portfolio including 112 schools, 25,000 housing stock and approximately 1,400 buildings on 500 key sites. Excluding housing, approximately 95% of the Council's property portfolio (by value) is operational property and valued in excess of £330m.

The major part of the Council's assets, therefore are accounted for by land and buildings. Property related costs also represent the second largest cost to the Council after employment.

## **5.0 The Council's Role as a Property Owner**

Beyond its scale and cost the Council's property portfolio is significant also in the impact it makes on the Borough's economy and environment. The quality and condition of Council properties makes an important impact on the urban environment. In Dudley itself the Council is the largest occupier of offices.

The Council needs to ensure that its properties are maintained in accordance with corporate standards. A poor physical condition can contribute to an atmosphere of decay in the immediate area whereas properties that are well-maintained and secure can sustain or elevate the tone of the neighbourhood. The Council recognises that responsible ownership and occupation of property includes acting as a good neighbour by ensuring its in a good condition. It also recognises that insufficient investment in maintenance and management is normally reflected in proportionately greater erosion in value.

The Council has a Repairs and Maintenance Policy that sets out its objectives to keep its property assets fit for purpose and protect their value; as such addressing backlog maintenance remains a high priority. The Council normally protects the amount of money it spends on repairs and maintenance and over the last 5 years it has reduced the backlog of repairs on its property by some £15m. The proportion of its property that falls within the Government's definition of "good" now stands at 70% with less than 1% falling into the "poor" category.

Under-used or vacant property represents an actual as well as opportunity cost to the Council. Also, under-exploiting a scarce land asset, under used or vacant property often prevents another more beneficial use or form of development from taking place.

The Council recognises the importance of indirect as well as direct costs of holding under-used property assets and is committed to a continuous process of Property Review to monitor and promote opportunities for identifying and releasing surplus property.

## **6.0 The Symbolic Importance of the Council's Property**

The Council's operational property collectively symbolises the role and legitimacy of the Council in the life of the Borough.

The condition, signage, accessibility, cleanliness and design of all Council operational property is seen as representative of the image the Council wishes and needs to portray to the community. The Council's operational property, in essence, is one of the most visible expressions of its "brand".

The Council is therefore committed to adopt consistent standards in these matters where practicable.

## **7.0 The Corporate Landlord**

All Council property, including community schools and housing, is owned by the Council corporately. All property, other than Housing, will be held in a new Property Holding Account.

Operational property will be occupied on the basis of a quasi landlord and tenant relationship. An asset rent will be applied to all operational accommodation. The Corporate Estate Services Division of the Directorate of Law and Property, acting as managing agent for the corporate landlord, will maintain records of accommodation occupancy and asset rental costs. This will be used to define a formally documented basis of occupation with clear responsibilities and accountabilities governing such things as responsibility for particular aspects of maintenance

## **8.0 Accounting Issues (Refer to Strategy and Work Plan objectives H and I)**

Over the next four years the Council will work towards ensuring that all property costs can be traced or apportioned to individual units of accommodation, rather than aggregated by service or portfolio. This will ensure that the true costs of occupation and management are directly attributable and, in so doing, will enable better-informed choices to be made about different options and investment proposals.

The Council will work towards introducing space charging. Asset rental levels per square metre or per workplace will inevitably vary and decisions about where different functions are located within the Council will, following consultation, continue to be made centrally. The purpose of a space charging asset rental system, however, is to make explicit the accommodation overhead cost of individual activities. The system will provide incentives for accommodation users to actively manage their space, to release any unneeded space and achieve cost savings.



## **9.0 Property Holding Accounts (Refer to Strategy and Work Plan objective A)**

The Council will establish a Property Holding Account. This will be structured into sub-accounts for:

- Operational Property Account
- General Fund Commercial Investment Account

Each of these sub accounts will contain information relating to:

- Property base (listing of properties in portfolio)
- Capital Value
- Asset Rents
- Repairs and Maintenance Expenditure
- Rental Income
- Management Costs
- Running Costs

The capital and revenue advantages and disadvantages of holding/disposing of assets within each sub-group will be assessed every two years. Costs of establishing accounts will be debited to the first year of the account.

## **10.0 Monitoring Property Performance (Refer to Strategy and Work Plan objective J)**

The Council recognises that good quality management information is a prerequisite for economic, efficient and effective management of property. In particular the Council is committed to ensuring that high quality information is maintained on the following:

- |           |  |
|-----------|--|
| Condition | <ul style="list-style-type: none"><li>• Actual current condition, defects, defect remedies and the cost, manner and timing of rectification.</li><li>• Additional works required, including cost and timescale, for cyclical maintenance.</li><li>• Health &amp; Safety priorities.</li><li>• Economic priority (a standard categorisation code used to indicate where properties cannot be rendered fit for purpose on an economic basis)</li></ul> |
| Values    | <ul style="list-style-type: none"><li>• Existing and alternative use.</li><li>• Asset rental or estimated rental value.</li><li>• Full reinstatement value</li></ul>   |

Title	<ul style="list-style-type: none"> <li>• Leasehold or freehold</li> <li>• Relevant lease terms</li> <li>• Relevant title restrictions</li> <li>• Registered or not</li> </ul>
Running Costs	<ul style="list-style-type: none"> <li>• All running costs attributed to each unit of accommodation.</li> <li>• Costs broken down into different expenditure categories.</li> </ul>
Accommodation	<ul style="list-style-type: none"> <li>• Floor areas in accordance with RICS code of measuring practice.</li> <li>• Site areas</li> </ul>
Usage	<ul style="list-style-type: none"> <li>• Staff numbers and the administrative units in which they are located.</li> <li>• The period of occupation</li> <li>• Commercial user type and user restrictions</li> </ul>
Suitability	<ul style="list-style-type: none"> <li>• Suitability for purpose in terms of site and accommodation configuration</li> </ul>
Key Responsibilities	<ul style="list-style-type: none"> <li>• Who is the “responsible occupier” if operational. Reference to standard occupancy agreement type.</li> <li>• Key responsibilities if tenanted for user, repairs, alienation.</li> </ul>

The Council recognises the need to fund the creation, maintenance and analysis of good quality management information. It recognises that this represents a relatively modest cost that is self-financing by, for example:

- Maintaining values by maintaining condition
- Using proper information on condition to achieve better value in maintenance and capital expenditure
- Identifying and realising opportunities to generate higher values for alternative uses
- Minimising arrears

- Releasing surplus property through better appreciation of accommodation overheads promoting more efficient occupation.

The Council recognises that good information is a pre-requisite for effective day to day management and that this pays dividends in terms of cost savings and value enhancement.

The Council also recognises that efficient and systematic monitoring of property performance is important in adding value, driving improvements and economies and has a positive effect upon the Council's image. This monitoring also provides enhanced opportunities to identify, promote and reward efficient management. To facilitate the monitoring work, the Council will continue with its operational performance indicators to ensure that property and accommodation decisions are made on an informed basis.

### **11.0 Directorate Asset Planning (Refer to Strategy and Work Plan objective G)**

Directorate Asset Plans have five year planning horizons and the process considers the needs and aspirations of all services within each Directorate. They are consistent with this Policy and Office Accommodation Strategy and set down realistic objectives that ensure that the balance and delivery of Council services is facilitated by a flexible and balanced operational portfolio that is fit for its intended purpose. The process utilises operational property performance information, (refer to paragraph 14.0) to inform capital decision making and forward planning.

The Council ensures that, where required, the structure for and disciplines around Directorate Asset Management Planning are maintained and refreshed on an annual cycle.

The Corporate Property Group remains a significant part of the Council's overall Corporate Framework and will be the sponsor of amendments to this Property Policy. It is also responsible for commissioning the Corporate Property Review programme and Directorate Asset Plans.

### **12.0 Partner Organisations**

The boundaries of local authority work are becoming more fluid. Increasingly services will be delivered in conjunction with third party organisations and this will require a more flexible and collaborative approach to accommodation strategy, especially if the regenerative potential of these co-locations is to be maximised.

The Corporate Property Group will be responsible for maintaining a regular dialogue with actual and potential partner organisations to explore these synergies.

### **13.0 Protecting the Value of Council Assets (Refer to Strategy and Work Plan objective B)**

The Council recognises the need to invest in appropriate maintenance to ensure optimum performance and prevent erosion of asset values and will work towards the concept of a fully maintained estate. The Council will ensure that all operational properties are covered by planned preventative maintenance programmes. These will minimise the long term holding costs of Council property whilst maintaining asset values.

The exception to these principles arises in cases where a property nears obsolescence, especially where the property's alternative use value is likely to be higher than its existing use value.

The value of the Council's assets is at risk of erosion from a number of other sources:

- The Council will adopt a policy of ensuring timely and commercially effective rent review, lease renewal and dilapidations negotiations.
- The Council will enforce relevant repairing and service covenants on let properties where these apply.
- The Council will take all practicable steps to ensure that the integrity of its estate is protected from encroachment and adverse possession. This requires regular, professional, multi-purpose inspections, the maintenance of good records and clear title. In order both to protect title and to make its properties easier to sell the Council is embarking on a process of voluntary registration of its non-housing land and property.

Properties with potentially higher value alternative uses will be considered annually when framing the annual asset valuation sample so that alternative use values can be ascertained. Properties with a higher value alternative use should be evaluated to assess whether it would be better to sell them to re-provide better or more economical facilities or to generate capital receipts surpluses.

### **14.0 Corporate Property Review (Refer to Strategy and Work Plan objective D)**

The Corporate Land and Property Review, (CLPR) operates under the auspices of the Corporate Property Group and Corporate Property Officer. The process takes place every two years and challenges retention of the Council's operational assets. The process involves setting, monitoring and reporting against property performance targets and qualitative feedback provided by the property users. It culminates in a report to the Corporate Property Officer which provides an overview of the performance of operational assets with recommendations for those assets falling outside combined operational need, investment or socio-economic regeneration purposes.

The CLPR runs in parallel, and is consistent with, the Directorate Asset Planning process. Refer also to paragraph 11.0.

## 15.0 Property Categorisation

All property interests held by the Council will be categorised according to the primary and any secondary purposes.

The purposes for which property can be held (whether on a primary or secondary basis, are:

Commercial Investments	Internal rate of return targets will apply to different classes of commercial interest.
Tenanted Property With Socio-economic Regeneration Purpose	Whilst income producing, these properties exist primarily to provide facilities to residents or occupiers – e.g. shops on housing estates and starter units
Operational Indirect Service Properties	These span administrative offices, depots etc
Operational Direct Service Properties	Council accommodation and facilities which are provided for direct use by the public – e.g. libraries and car parks
Property Held Pending Development	Properties which are held for future development, either to secure a form of development or to secure a financial gain.
Public Open Space	The amount of public open space needed will be affected by any intensification of use (e.g. moving from grass to all weather pitches)
Miscellaneous Minor Interests	These include easements, way-leaves, rights of way, highway cultivation licences etc.

Primary purpose will generally be used in applying this policy. The Council believes that ascribing a wide range of purposes to individual properties promotes inaction and lacks clarity.

The Council will also maintain the existing Chartered Institute of Public Finance and Accountancy and Office of the Deputy Prime Minister categorisations for reporting on Key Performance Indicators.

## **16.0 Letting Policy**

The Council will pursue a commercial letting policy designed to promote efficient management and maintain or enhance asset values.

The Council recognises that the prime goal of shops on housing estates will usually be to provide facilities for residents. Appropriate mix of convenience and food outlets will take precedence over maximisation of rental income.

The Council will comply with the Government's "New Lease Code" which is designed to offer potential tenants a varied range of tenure options, subject to the principles of good estate management.

The Council will ensure that commercial units are available to people whose commercial proposals are acceptable but whose first language is not English and will offer a translation service where required. The Council will also provide documentation in a format that is accessible to people with disabilities.

## **17.0 Environmental Impact (Refer to Strategy and Work Plan objective C)**

The Council seeks to own and occupy property in an environmentally responsible way.

Performance standards and targets will evolve and the Council will endeavour to achieve upper quartile performance against national benchmarks.

New buildings should be designed to achieve a good Building Research Establishment Environmental Assessment Method (BREEAM) assessment.

New buildings will seek to achieve upper quartile benchmark performance in energy and water efficiency. Where feasible, adaptations and refurbishments to existing buildings will seek to make meaningful contributions to minimising adverse environmental impacts.

The Council will not use tropical hardwoods in its buildings unless via accredited sustainable sources.

## 18.0 Property Management

The Council's management arrangements for the property portfolio are expected to consider, in an annual review, the following key areas:

- Financial/Budgetary

Comparison of performance against targets in terms of capital receipts, returns, management costs, value enhancement/maintenance and re-investment levels.

- Good Practice

Is good practice being achieved in terms of risk management, operational structures and practices and the deployment of external consultants.

- Policy Coherence

To what extent does the estate and its management support wider policies of the Council in terms of value for money, quality of service, job creation, regeneration and the needs of the capital programme?

- Stakeholders

How does property management reflect the needs of internal and external stakeholders and partner organisations?

- Scope for Improvement and Future Targets

The suggested priorities, feasibility and management initiatives required to improve financial performance, good practice, policy coherence and stakeholder involvement.

## 19.0 Office Accommodation

The Council recognises that whilst specialised service functions will naturally assume they have unique occupational requirements, the large majority of office accommodation occupied by the Council is generic office space. This space needs to be designed, maintained and managed to good commercial standards.

The Council believes in promoting a broadly "open plan" policy. This is partly to promote the open, un-hierarchical and communicative culture associated with open plan working environments and partly because this promotes more flexible and efficient use of the accommodation overhead.

The design and layout of the working environment will be driven by recognition of the evolving nature of working practices generally (e.g. home-working and hot-desking), coupled with sensitivity to particular operational requirements for confidential meetings, training, secure documentation etc.

The Council will develop target space utilisation standards in line with its proposed space charging system. These are expected to become more demanding as working practices evolve.

The Office Accommodation Strategy specifically addresses the Council's priorities in this area, (refer paragraph 29.0 Useful Links)

## **20.0 Commercial Properties (Refer to Strategy and Work Plan objective E)**

The Commercial Portfolio is primarily comprised of shop units with a small number of office and industrial units and freehold ground rents. Many of these interests were acquired a long time ago and are part of the legacy of the Council.

The primary and original function of the commercial portfolio is the socio-economic regeneration of local areas. The Council will regularly review its portfolio to assess whether the fact of Council ownership continues to contribute a worthwhile regeneration output that cannot be achieved better by releasing individual properties for sale. The Council will therefore consider whether desirable features such as being able to offer tenure flexibility, maintaining the condition of its property and thereby the tone of a neighbourhood or securing a balanced tenant/trade mix could be delivered equally well, or better, by the commercial sector.

The second justification for holding investment property is revenue generation. The Council reviews the underlying performance. An annual summation is prepared "Commercial Property and Investment Performance Report". The report is submitted to the Cabinet Member for Law and Property and presented to the Corporate Property Officer. The Corporate Property and Director of Finance will then meet during 2<sup>nd</sup> quarter/June-July each year to discuss the report's proposals, and to agree to any actions arising.

The report considers the commercial portfolio in the context of the wider property and investment markets and the West Midlands region. The portfolio is split into asset categories, the report will also provide summary appraisal information and a simplified performance matrix, followed up with recommendations and an action plan.

It is the Council's policy that receipts from the sale of commercial properties will as a first call, normally be used to address backlog maintenance liabilities on other commercial interests sufficient to maintain value. Ongoing residual maintenance liabilities will be expected to be funded out of commercial revenues to portray an accurate picture of net investment returns.



The Commercial Property Strategy specifically addresses the Council's priorities in this area. (Refer to paragraph 29.0 Useful Links)

## **21.0 Property Occupied By Voluntary Organisations**

The Council's policy is to adopt the principles advocated in the RICS report "*Whose Property Is It Anyway?*" (Refer to paragraph 29.0 Useful Links)

The Council recognises the importance of providing support to voluntary organisations that provide services to the community compatible with the Council's wider objectives. Traditionally this support has taken the form of "soft" rental terms on Council properties.

The traditional approach is seen as damaging from three perspectives. First, it promotes under-management by voluntary organisations of important resource costs. Secondly, it makes it more difficult to perform day to day property management decisions sensibly, for example enforcing repairing covenants. Thirdly, a suppressed rent not only reduces the income receivable but also damages the underlying asset value base of the Council.

The Council's policy is therefore to move to proper commercial lease terms and open market rents and, where appropriate, to replace the hidden rental subsidy with an overt grant subsidy. The opportunities for voluntary organisations to make bids for external funding can use grant or match funding, increasing investment into both property and services.

## **22.0 Property Held Pending Development**

In certain cases the Council will hold property interests in anticipation of some wider benefit to be secured through re-development, sometimes for long periods.

These property interests will be maintained in a secure and safe condition. Where possible holding costs will be defrayed by securing temporary rental or licence fees.

The continued holding of these properties usually has an opportunity cost and this is not generally justified where the redevelopment potential is small or remote. Continued justification will need to be substantiated on the basis of specific development proposals and estimated timescales, holding cost and return assumptions.

## **23.0 Minor Interests (Refer to Strategy and Work Plan objective F)**

The Council owns a large number of minor interests. These typically give the Council a notional control over land use that it does not need.

The minor interests portfolio costs more to manage than the value of the net income receivable. In many cases the Council retains a residual liability. The Council will move towards rent reviews based upon the retail price index, (RPI) to cut down on negotiations required.

The Council will aim to reduce the size of the minor interests portfolio by offering these interests to occupiers and, where appropriate, the wider market. Except in cases where minor interests have reversionary or future development value or where they exist to support uses adjacent to existing Council properties, the Council's policy will be to offer for sale with value being assessed by reference to management costs, assuming full absorption of appropriate Council overheads. As a programme the Council will progress these sales on a gradual basis where this can be achieved alongside other work.

## **24.0 Schools**

The Borough's schools are divided into Voluntary Aided schools and Foundation Schools, which are owned by the school's trustees and Community Schools which are owned by the Council.

Governing bodies are now fully responsible for their repairs budgets. essentially internal and operational repairs.

The Council has reviewed its 82 primary schools and intends to close 5 school. Additionally, the Council will also review the position with regard to surplus capacity within its 30 secondary schools.

For schools, as for other property types, the Council will work towards direct attribution of all expenses and income. This will be achieved through the Property Holding Account.

The Council will also produce and review a clear statement defining the distinction between "landlord" and "tenant" responsibilities for school land and buildings. This will, for example, clarify the responsibility for surplus land and for caretakers' house sales.

Schools are specifically addressed within the Schools Asset Management Plan. (Refer to paragraph 29.0 Useful Links)

## **25.0 Property Acquisition**

Land and Property interests will only be considered for acquisition if, after consultation, the following circumstances apply:

- The acquisition will make a positive contribution to the current delivery of Council services.

- All other methods for the delivery of this service have been investigated; the cost benefit analysis report of the investigation highlights this acquisition route as the most economically advantageous and efficient method of service delivery.

In addition to the above, the following circumstances may apply:

- The acquisition of the interest has potential for future strategic regeneration and/or redevelopment purposes in pursuit of the Community Plan or Council Plan aims and objectives.
- No other land and property asset can provide a more cost effective and/or efficient point of service delivery.
- There is an adopted Council plan/policy/strategy, with resources identified, which will bring the land or property into beneficial use in the foreseeable future.
- There is potential for advantageous shared use.

## 26.0 Property Disposals

Land and Property will be considered to be surplus or under-used if, following consultation, any of the following statements apply. That the interest:

- No longer makes a positive contribution to the current delivery of Council services.
- Has no potential for future strategic regeneration and/or redevelopment purposes in pursuit of the Council Plan aims and objectives.
- An alternative site can provide a more cost effective and/or efficient point of service delivery.
- The income from the site is below that which could be achieved from:
  - an alternative/more intensive use.
  - Investment of the capital receipt (i.e. uneconomically let)
  - and there is no potential to re-gear, or otherwise manage the lease in a more economically advantageous way.
- Part of the site is vacant and likely to remain so.
- There is no adopted Council plan/policy/strategy, with resources identified, which will bring the site into beneficial use in the foreseeable future.
- There is no potential for advantageous shared use.

Disposals will be managed as a programme that is designed to deliver the capital receipts targets. These targets will be driven by the Council's wider needs and the potential to release surplus capital inherent in the portfolio. This may lead to the Council's targets being exceeded.

Acquisitions and disposals are specifically considered in the Council's Acquisitions and Disposals Policies. (Refer to paragraph 29.0 Useful Links)

## 27.0 Real Estate Partnerships

Real estate partnerships are relatively new and unproven contractual relationships in which assets are transferred (usually with an option to re-purchase) to a commercial organisation along with a contractual obligation to provide specified serviced accommodation at an all-encompassing unitary charge.

These models can be designed to cope with the need to retain operational flexibility to cope with significant changes in accommodation demand or new or refurbished accommodation. Implicit in these models is a recognition of the whole life asset cost of the accommodation in which, over the term of the contract, the unitary charge is kept to a minimum by balancing the capital and life cycle costs.

At this stage these market models are unproven and under-developed and, for this reason, the Council is not intending to pursue such options further. In recognition of the likely development of these models in the future, however, the Council will review its policy in this area on a three year basis.

Objective	Activity	By When	By Whom
<p><b>A</b> Establish a property holding account system whereby each property is categorised into either operational or general fund Investment accounts (Refer to Policy Paragraph 9.0)</p>	<ul style="list-style-type: none"> <li>• Produce and review clear statements defining the distinction between “<i>landlord and tenant</i>” responsibilities for all operational buildings</li> <li>• Establish draft “<i>landlord/tenant</i>” occupancy agreements for consultation</li> <li>• Establish a draft “<i>accounting framework</i>” for wider consultation</li> </ul>	<p>Mid 2006 Mid 2006 End 2006</p>	<p>M Cox M Cox Corporate Estate Services</p>
<p><b>Position at date of Report:</b> Work in progress. A series of internal meetings within Corporate Estate Services, (CES) has taken place culminating in a draft spreadsheet. Working on behalf of the Office of the Deputy Prime Minister, York Consulting advised CES that only Dorset County Council have already successfully implemented this kind of accounting framework. Initial discussions have been held with Dorset CC and a site visit was made in April 2006.</p>			
<p><b>B</b> Ensure that titles to properties within the corporate portfolio are secure (Refer to Policy Paragraph 13.0)</p>	<ul style="list-style-type: none"> <li>• Develop resource and implementation plan following meetings with HM Land Registry</li> </ul>	<p>End 2006</p>	<p>M Cox</p>
<p><b>Position at date of Report:</b> Work currently in progress. Land Registry staff working with Law and Property officers in accordance with agreed programme.</p>			
<p><b>C</b> Ensure that the corporate portfolio is owned and occupied in an environmentally friendly way (Refer to Policy Paragraph 17.0)</p>	<ul style="list-style-type: none"> <li>• Undertake consultation with key stakeholders with regard to BREEAM methodology.</li> </ul>	<p>End 2006</p>	<p>S Cooper</p>
<p><b>Position at date of Report:</b> C1.1 Work in progress. Consultation has commenced with designers with regard to considering the issue of green/sustainable design and development. C1.2 Completed as part of the new operational performance indicators; refer also to comments in relation to Objective D.</p>			

Objective	Activity	By When	By Whom
<p><b>D</b> Ensure the Council has a balanced portfolio that supports its vision, priorities and the present and anticipated needs of its service providers (Refer to Policy Paragraph 14.0)</p>	<ul style="list-style-type: none"> <li>• Implement recommendations of Review</li> <li>• DUE surplus land report to Corporate Property Officer</li> <li>• Finance to ensure that Agresso compatible with use of Corporate Property References.</li> </ul>	<p>April 2006 and ongoing End July 06  Mid/End 2006</p>	<p>S Cooper J. Peterson  T. Maher</p>
<p><b>Position at date of Report:</b> Work in progress. This report reflects recommendations made following the review. Work is also in progress with the Directorate of Urban Environment. Looking at surplus land. A Project Plan has been compiled and work is in progress to gain access to accurate cost and consumption data for utilities and other facilities related services.</p>			
<p><b>E</b> Promote the efficient management and enhancement of the Council's commercial assets (Refer to Policy Paragraph 20.0)</p>	<ul style="list-style-type: none"> <li>• Establish a commercial letting policy consistent with the efficient management, maintenance and enhancement of asset values.</li> </ul>	<p>End 2006</p>	<p>M Cox  -</p>
<p><b>Position at date of Report:</b> Work in progress. "Selection of New Tenants" questionnaire revised following advice from Debt Recovery Working Group and experience from London Borough of Newham who seek better quality of tenant who is less likely to default. Also makes debt recovery more effective. New E1.2 and E1.3 supersede IRR measures which were national KPIs and are no longer required for submission. The commercial portfolio is also monitored through quarterly meetings with Director of Law and Property and Finance. Trading accounts are calculated using a mixture of LAFIS and Agresso. Until the latter is fully implemented the accounts will not fully reflect the actual position. Overview of performance included as part of this report.</p>			
<p><b>F</b> The Council will aim to reduce the size of the minor interests portfolio (Refer to Policy Paragraph 23.0)</p>	<ul style="list-style-type: none"> <li>• Establish phased implementation plan for reviewing minor interests portfolio.</li> </ul>	<p>May 05 and ongoing</p>	<p>M Cox</p>
<p><b>Position at date of Report:</b> Work in progress – first phase approach to MEB to consider first tranche of lease renewal and rent reviews, establish a consistent valuation approach and consider some standard documentation.</p>			

Objective	Activity	By When	By Whom
<p><b>G</b> Ensure consistent property planning throughout the Council (Refer to Policy Paragraphs 11.0 and 18.0)</p>	<ul style="list-style-type: none"> <li>Office Accommodation Strategy to be reviewed/updated.</li> <li>Commercial Property Strategy to be reviewed/updated.</li> </ul>	<p>April annually April annually</p>	<p>S Cooper M Cox</p>
<p><b>Position at date of Report:</b> Review/update of Office Accommodation Strategy held pending completion of Public Sector Plc Phase 2. Work is in progress in relation to updating the Commercial Property Strategy.</p>			
<p><b>H</b> Ensure that property costs can be attributed to individual properties across the whole portfolio (Refer to Policy Paragraph 8.0)</p>	<ul style="list-style-type: none"> <li>Establish consultation process with regard to the mechanics of attributing costs to individual properties to include defining, capturing and collating property costs.</li> <li>Develop implementation plan.</li> </ul>	<p>End 2006  To be determined</p>	<p>Corporate Estate Services and Finance</p>
<p><b>Position at date of Report:</b> Work in progress. Meeting with Finance's Agresso Implementation team has considered the problems surrounding the use of corporate property references when completing orders. Agreed to make the use of the corporate property reference mandatory as part of the first phase of updates to the system.</p>			
<p><b>I</b> Establish space charging within the Council's operational portfolio (Refer to Policy Paragraph 8.0)</p>	<ul style="list-style-type: none"> <li>Establish draft space charging model for consultation.</li> <li>Establish implementation plan</li> </ul>	<p>January 07 To be determined</p>	<p>I Kite/M Cox/ S Cooper</p>
<p><b>Position at Date of Report:</b> Work is in progress.</p>			

Objective	Activity	By When	By Whom
<p><b>J</b> Incorporate a strategic challenge element to capital investment, development and disposal decision making process. (Asset Management Improvement Plan Item 1 - September 2006)</p>	<ul style="list-style-type: none"> <li>• Cabinet and Shadow Elected Members for Law and Property invited to quarterly Corporate Property Group meetings.</li> <li>• Annual Property Performance Report to Corporate Board and Cabinet.</li> <li>• Criteria outlining the process of strategic challenge to be circulated to Corporate Property Group.</li> </ul>	<p>January 07 and ongoing November 06  December 06</p>	<p>J. Polychronakis  J. Polychronakis  S.Cooper/M. Cox</p>
<p><b>Position at date of Report:</b> Work in progress. First annual report to November 2006 meeting of the Cabinet.</p>			
<p><b>K</b> Incorporate and embed the use of whole life costing techniques into capital investment, development and disposal decision making process. (Asset Management Improvement Plan Item 1 - September 2006)</p>	<ul style="list-style-type: none"> <li>• Criteria and framework for incorporating whole life costing into capital decision making process to be drafted and circulated to Corporate Property Group.</li> </ul>	<p>Early 2007</p>	<p>S.Cooper Dudley Property Consultancy</p>
<p><b>Position at date of Report:</b> Work in progress. Meeting held with Assistant Director of DPC and criteria being drafted in conjunction with similar work being undertaken by DPC/Audit.</p>			



Objective	Activity	By When	By Whom
<p><b>L</b> Embed the Corporate Landlord initiative in which property is accepted by all Directorates as a Corporate resource. (Asset Management Improvement Plan Item 2 - September 2006)</p>	<ul style="list-style-type: none"> <li>Elected Member involvement in Corporate Property Group.</li> <li>Formalised Corporate Landlord budget to address problems that have traditionally fallen between Directorates' responsibilities.</li> <li>Reinforcement of "corporately owned assets" at Corporate Board/Cabinet level.</li> <li>Restrict view of "acquisition layer" on AXIS</li> <li>Digitise current occupation and ensure screen available through AXIS</li> <li>All disputes in relation to appropriations to be reported to Corporate Property Group.</li> </ul>	<p>January 2007 and ongoing To be determined</p> <p>Sept/Nov 06 and ongoing October 2006</p> <p>October 2006</p> <p>Ongoing</p>	<p>J. Polychronakis S. Cooper/M. Cox</p> <p>J. Polychronakis T. Reilly</p> <p>T. Reilly</p> <p>M. Cox</p>
<p><b>Position at date of Report:</b> Elected Members have been included on circulation list for Corporate Property Group minutes. Initial landlord budget has been identified from existing resources. Work in progress in relation to AXIS layer amendments.</p>			
<p><b>M</b> Embed collaborative Directorate Asset Planning between Directorates and Corporate Estate Services to improve forward planning. (Asset Management Improvement Plan Item 3 - September 2006)</p>	<ul style="list-style-type: none"> <li>Annual review of Directorate Asset Plans between Cabinet Members/Directors and Cabinet Member/Corporate Estate Services.</li> </ul>	<p>February 2007 and annually</p>	<p>Cabinet Member L&amp;P and S. Cooper</p>
<p><b>Position at date of Report:</b> Due to commence in new year.</p>			

Objective	Activity	By When	By Whom
<p><b>N</b> That all data held on the Corporate Land and Property IT System is accurate and current. (Asset Management Improvement Plan Item 4 - September 2006)</p>	<ul style="list-style-type: none"> <li>• Condition survey backlog to be updated by external consultant.</li> <li>• Corporate Estate Services to review requirement and capacity for a dedicated Building Surveyor.</li> </ul>	<p>End March 2007 January 2007</p>	<p>S. Cooper T. Reilly/S. Cooper</p>
<p><b>Position at date of Report:</b> Work in progress - external consultant appointed to update survey backlog. Dudley Property Consultancy committed to maintain accuracy of condition data over a five year cycle of re-surveys.</p>			
<p><b>P</b> To increase the accessibility of accurate land current data held in the Corporate Land and Property IT System, (CLPMS). (Asset Management Improvement Plan Item 5 - September 2006)</p>	<ul style="list-style-type: none"> <li>• Dudley Property Consultancy to contribute project related information to the existing CLPMS.</li> <li>• Re-write of the CLPMS to enable access to wider Council user base.</li> </ul>	<p>To be determined. Complete by mid 2008</p>	<p>S. Cooper/DPC S. Cooper</p>
<p><b>Position at date of Report:</b> Work in progress. Initial meeting held with Assistant Director DPC. Facility to share commercially sensitive data with users over a secure portal already exists. Re-write of IT system will enhance the facility.</p>			
<p><b>Q</b> To optimise the value of the Council's commercial, (non-operational) portfolio. (Asset Management Improvement Plan Item 6 - September 2006)</p>	<ul style="list-style-type: none"> <li>• Commercial portfolio to be considered as part of the Annual Property Performance Report.</li> <li>• Corporate Property Policy to be adhered to in that sales from commercial portfolio to be reinvested in that portfolio.</li> </ul>	<p>Nov 2006 and annually  Ongoing</p>	<p>J. Polychronakis M. Cox  M. Cox</p>
<p><b>Position at date of Report:</b> Work in progress.</p>			

## 29.0 Useful links

The following property/accommodation related documents have been referred to within this Policy and their hyperlinks are provided below:

a) Office Accommodation Strategy

[http://insidedudley/lawproperty/info&res/corporateestate/\\_officeaccommoda/default.htm](http://insidedudley/lawproperty/info&res/corporateestate/_officeaccommoda/default.htm)

b) Capital Strategy

<http://www.dudley.gov.uk/council--democracy/plans-policies--strategies>

c) Repairs and Maintenance Policy

[http://insidedudley/lawproperty/info&res/departmentaldoc/\\_repairsandmaint/default.htm](http://insidedudley/lawproperty/info&res/departmentaldoc/_repairsandmaint/default.htm)

d) Schools Asset Management Plan – Local Policy Statement

<http://www.dudley.gov.uk/education-and-learning/childrens-services-documents-and-info/plans>

e) Acquisitions Strategy

[http://insidedudley/lawproperty/info&res/corporateestate/\\_managementvalua/\\_landpropertyacq/default.htm](http://insidedudley/lawproperty/info&res/corporateestate/_managementvalua/_landpropertyacq/default.htm)

f) Capital Investment and Disposal Guide

[http://insidedudley/finance/info&res/capitalinvestme/\\_capitalinvestme/default.htm](http://insidedudley/finance/info&res/capitalinvestme/_capitalinvestme/default.htm)

### Contact officer:

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