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## **A - INTRODUCTION & CONTEXT**

### **A1 CONTEXT**

A1.1 Local Government is subject to many challenges, including:

- Challenging international economic environment
- Reducing Government grant, leading to major shortfalls in revenue
- Increased public expectations
- The Government's Localism agenda
- New regulatory frameworks, including the International Financial Reporting Standards (IFRS)

A1.2 There are also more local drivers for change affecting the way that the Council manages its assets:

- The recent partnership with East Hampshire District Council, involving a shared management team and the joint use of major assets
- The Capital and Asset Pathfinder project led by Hampshire County Council and involving a joint approach towards planning of all public-sector assets within the county

### **A2 CORPORATE STRATEGY**

A2.1 The Council's vision is for the communities of South and East Hampshire to be increasingly prosperous, vibrant and active. The Corporate Strategy describes how the Council plans to achieve this vision over the period 2012-17.

A2.2 The Council's three priority themes for the next five years are:

- Financial Sustainability
- Economic Growth
- Public Service Excellence

A2.3 For each of these priorities, the Corporate Strategy sets out principles underpinning how it will deliver the vision over the next five years. In any decisions around resource allocation, the Council's initiatives, projects and services are tested against the principles under these three priorities.

### **A3 AIMS**

A3.1 Council property and financial assets, as with any of its resources, should be used for the benefit of the community the Council serves. Assets may directly benefit services, or, in the case of investment property, there may be indirect benefits, such as the generation of income or capital for the Council.

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A3.2 The aim of this document is to:

- a) Set out a **strategy** for aligning the Council's property and financial assets with the overall Corporate Strategy;
- b) Provide **clear direction** for consistent decision-making in relation to the Council's assets to help achieve the strategy; and
- c) Ensure that suitable asset management **plans and processes** are in place to align assets to the Council's Corporate Strategy

## **B - ASSET MANAGEMENT STRATEGY**

### **B1 PORTFOLIO AND CONTEXT**

B1.1 Havant Borough Council owns a large property portfolio. The main purpose is for the delivery of public services, but property is also held more generally to support the Council's corporate priorities. The portfolio includes parks and open space, car parks, public conveniences, community buildings, beach huts, sports and leisure centres, council offices and commercial investment property. This is made up as follows:

Total property values	£52.4m
Annual Rental income	£1.17m (2012/13)
Annual maintenance	£955,000 (2012/13) <sup>1</sup>

B1.2 The asset base at Havant is divided between cash resources and property assets.

B1.3 The property assets are subdivided into investment properties and land and buildings. Whilst the standard basis for valuation is market value, certain categories of asset are under accounting regulations valued on the basis of the existing use (ignoring alternative uses) or on the basis of depreciated replacement cost. Additionally, open space land is generally classed as a community asset and not valued.

B1.4 Therefore, although most of the property portfolio<sup>2</sup> could be sold, the valuations reported in the Council's accounts, other than for investment property, do not necessarily reflect the potential capital receipts from disposals.

B1.5 The cash assets represent the Council's financial reserves, grants and capital funding. The Council has full control over how most of these cash resources are utilised. However, there are resource implications associated with the use of these resources. As cash is spent, the capital value of cash investments decreases, and treasury returns will fall. Therefore, there is a clear link between capital and reserves budgeting and long-term asset management, and consideration must be given to the balance between protection of cash resources and current capital and reserve commitments.

B1.6 The current cash and property resources are outlined below. Realisable assets represent the resources over which the Council has complete control, and the commitments column demonstrates how much of the resource is currently allocated to agreed projects. The

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<sup>1</sup> Total budget for Large Buildings Repairs (items over £5,000) and smaller maintenance items. This figure does not necessarily reflect actual spend.

<sup>2</sup> Adopted open space and a few other assets may not generally be sold and are, therefore, not realisable assets.

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projected balance represents remaining cash after all current commitments have been met. These commitments will be subject to review through the budget process.

HBC Asset base				
	Total Assets (2012) £'000	Realisable Assets		
		2012 <sup>3</sup> £'000	Current commitments (to 31/3/15) £'000	Projected Balance 2017 £'000
<b>Financial Assets</b>				
Capital Programme funding	507	507	-507	0
General Fund Balance	1,224	1,224	0	1,224
Specific Revenue Reserves	2,962	2,962	-2,962	0
Grants and Contributions Unapplied (Dev Con)	1,205	0	0	0
Bad Debt & other provisions	1,636	0	0	0
<b>Property Assets</b>				
Investment Properties	18,118	18,118	944	19,062
Assets awaiting Disposal	0	0	0	0
Land & Buildings <sup>4</sup>	34,257	34,257	0	34,257
Vehicles, plant & Equipment	4,652	0	0	0
Software assets	81	0	0	0
<b>Total Assets</b>	<b>64,642</b>	<b>57,068</b>	<b>-2,525</b>	<b>54,543</b>

## B2 STRATEGIC AIMS

B2.1 The purpose of this strategy is to put in place arrangements for aligning the Council's property and financial assets with our Corporate Strategy, so that the resources are used for the benefit of the community.

Strategic Property Aims	
We will:	
1.	Preserve and enhance the Council's realisable asset base
2.	Generate additional revenue and capital growth through further investment in property and by improving the performance of the investment portfolio
3.	Plan our future office requirements in partnership with other public and private partner organisations
4.	Improve the fitness for purpose of operational property
5.	Strive towards greater consistency and accessibility of service provision through assets
6.	Improve the sustainability of the property portfolio

<sup>3</sup> Realisable assets as at 31.3.201

<sup>4</sup> Although most of these assets could be sold, the Land & Buildings figures do not necessarily reflect realisable values. See paragraphs B1.3 and B1.4 for a full explanation.

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- B2.2 The achievement of these strategic aims will be supported by placing effective asset management at the heart of the Council's corporate planning processes. To do this, we will:
1. Design and specify corporate systems around the needs of effective asset planning;
  2. Align the asset strategy and policy with all other strategies, policies, plans, and reports;
  3. Embed into the organisation a rigorous approach to asset management planning.
- B2.3 Our approach to asset management planning is set out in B3.

**Asset Base**

**Corporate Strategy:** Financial Sustainability

Strategic Property Aim 1: ***Preserve and enhance the Council's realisable asset base. Capital projects will not be a burden on future generations.***

- B2.4 The Council's asset base, which includes financial and property assets, is a major resource to the organisation, and is ultimately held on behalf of the community.
- B2.5 Capital expenditure and the disposal of property assets reduce the asset base. There is an immediate revenue impact, but there is also a long-term cost in terms of revenue and capital growth, which is borne by future generations.
- B2.6 Therefore, the Council will preserve and enhance its realisable asset base by:
- Normally reinvesting in property or other sound long-term investments the proceeds from the disposal of assets
  - Seeking to maximise the return from its property portfolio, disposing of underperforming investments
  - Assessing all capital expenditure against its long-term revenue costs and affordability to the Council and community
  - Using revenue to support capital projects, normally borrowing only up to 30 years
- B2.7 The commitments in the current capital programme will reduce the realisable asset base by £0.51m by 2017. If invested in property, this would produce an income of around £30,000 p.a. Therefore, we will make no further capital commitments to 2017 without fully assessing the impact on the realisable asset base (Policy Statement 13).

The Council's realisable asset base is £57.3 m, including £1.4 m general fund and £52.3 m property assets.

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**Target 1: Limit to £2.5m the fall in the realisable asset base (from £57m to £54.5 m) by 2017**

**Investment in Property**

**Corporate Strategy:** Financial Sustainability

**Strategic Property Aim 2: *Generate additional revenue and capital growth through further investment in property and by improving the performance of the investment portfolio***

B2.8 Property assets have the potential for generating income and capital growth. It has proved to be a good long-term form of investment and, in an era of historically low interest rates, has continued to show good returns (currently of at least 6%). The Council will, therefore, invest further in commercial property by:

- Regular portfolio management to maximise the return from property
- Disposing of underperforming assets and reinvesting funds in new property investments
- Looking for opportunities to acquire land with no current development potential, where there is a realistic prospect of achieving a capital gain within 25 years

The Council's investment property is worth £18.1 m, and produces a rental income of £1.18 m p.a.

**Target 2: Increase the investment property to £19.1 m and rental income to £1.24 m p.a. by 2017**

**Regeneration and Investment**

B2.9 The Council can play an important role in the economic regeneration of its area. The redevelopment of an area may also provide an opportunity for long-term investment by the Council, if a suitable return is available. However, it is important to distinguish between the acquisition of property for regeneration and investment purposes.

B2.10 Where development can be carried out successfully by the private sector, the Council's involvement may be limited to its statutory planning role. The private sector is best placed to assess risk in relation to speculative development and to bring forward land for development when the time is right. The Prudential Code prevents the Council from embarking on purely speculative development ventures.

B2.11 Many town-centre redevelopment sites are in multi-ownership and the private sector is not always able to acquire all of the properties required. In such cases, the Council can play a vital enabling role through the use of its compulsory purchase powers. The Council may

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at this stage enter into a development agreement with a partner to pass on to the future owner of the site the full costs of compensating existing property owners.

B2.12 Regeneration may provide opportunities for investment, such as by retaining an interest in the land and securing a share in the generated rental income by way of a return. However, investment in regeneration schemes should be undertaken only where this produces a long-term return in accordance with the Council's investment criteria.

B2.13 Economic development considerations have been incorporated into this document in the following ways:

- The property policy seeks to assist in the regeneration of our priority areas (Policy Statement 5)
- The Council will have regard to the economic implications of property acquisitions and disposals (Policy Statements 5 and 9)
- The Council will consider local economic health in determining the future location of HBC staff (paragraph B2.14)

#### **Council Offices**

**Corporate Strategy:** Public service excellence - continue to develop the 'South and East Hampshire Partnership' .....pursuing options to integrate services where this is the most efficient and beneficial option

Strategic Property Aim 3: ***Plan our future office requirements in partnership with other public and private partner organisations***

B2.14 As the management and officer teams of the two partner councils converge, we shall need to plan for future accommodation requirements in partnership with East Hampshire District Council and Hampshire County Council. To do this, we will:

- Consider whether services can be operated in entirely new ways
- Plan for the needs of those customers requiring a direct interface
- Expect co-location to be the norm for back-office staff
- Seek sustainable but affordable office solutions, incorporating green travel planning and of high environmental quality
- Occupy the minimum office area, with flexible working as the norm
- Consider local economic health in determining the future location of the Council's staff
- Take into account the major investment and valuable asset in the Havant Public Sector Plaza
- Consider some back-office staff located outside of the borough

**Target 3: Agree by 2014 a plan for back-office and**



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frontline staff in accordance with B2.14, and implement this plan by 2017.

### Operational Property

**Corporate Strategy:** Public service excellence

Strategic Property Aim 4: ***Improve the fitness for purpose of operational property***

B2.15 Paragraph B3.22 set out how we will improve the fitness for purpose of operational property by designing performance indicators and measuring the suitability, accessibility and quality of assets.

**Target 4: All services responsible for assets to produce from 2014/15 an annual Service Asset Management Plan, to include existing fitness for purpose of each asset and how this will be improved.**

### Service Property

**Corporate Strategy:** Public service excellence

Strategic Property Aim 5: ***Strive towards greater consistency and accessibility of service provision through assets***

B2.16 We will measure the existing standards across the borough on a phased basis between 2013 and 2015. This will take into account the quality as well as the quantity of assets.

**Target 5: For each asset type (to be included in the Service Asset Management Plans):**  
**a) Measure existing standards of all assets by 2015**  
**b) Plan by 2015 to equalise standards across the borough (including the acquisition or disposal of any assets) over a 10-year period**

### Sustainability

**Corporate Strategy:** Public service excellence - We will seek to procure locally and sustainably

Strategic Property Aim 6: ***Improve the sustainability of the property portfolio***

B2.17 We will aim to improve the sustainability of our operational property by:

- Adopting best practice in facilities management of Council buildings

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- Optimising energy and water consumption, whilst providing a safe and comfortable working environment
- Aiming to reduce energy consumption
- Nominating an officer with responsibility for energy management across the two partner councils
- Seeking to increase awareness of energy efficiency among staff
- Promoting the use of cost-effective renewable and environmentally conscious energy sources and technologies within Council properties
- Considering energy efficiency with the design, construction, procurement and maintenance of the Council property portfolio
- Moving to a culture of “whole-life costing” (i.e. looking at the total costs of assets over their working life)

B2.18 Our new operational buildings will be designed to:

- Minimise energy use
- Use locally sourced materials and labour where possible
- Achieve high standards for internal environment and flexibility
- Accord high priority to natural ventilation and daylight
- Achieve sustainable design standards (e.g. BREEAM<sup>5</sup>)
- Integrate green travel planning with local procurement

B2.19 It will be an aspiration to move towards these standards in existing buildings, starting with any refurbishment and maintenance schemes. All large buildings occupied by public bodies and open to the public are required to display a Display Energy Certificate (DEC). This shows the energy performance of a building based on actual energy consumption. Therefore, we will seek to improve the DEC rating of qualifying buildings occupied or maintained by the Council, where the Council is likely to have a long-term (more than 10-year) interest in the building. We will also assess the affordability of increasing the BREEAM rating of the larger operational buildings.

**Target 6: a) By 2017, improve the DEC rating of qualifying buildings in which the Council has a long-term interest.**  
**b) By 2015, assess the affordability of increasing the BREEAM rating of all operational buildings over 500 sq. m.**

B2.20 Other specific targets will be included in the Joint Asset Management Plan and in the next review of the Asset Management Strategy.

### **B3 CORPORATE APPROACH TO ASSET MANAGEMENT**

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<sup>5</sup> BRE Environmental Assessment Method (BREEAM) is a voluntary measurement rating for green buildings that was established in the UK by the Building Research Establishment (BRE). The Council's Core Planning Strategy requires new non-residential properties over 500 sq.m. to achieve a 'Good' / 'Excellent' rating.

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B3.1 Strategic property asset management is:

"the process which aligns business and property asset strategies, ensuring the optimisation of an organisation's property assets in a way which best supports its key business goals and objectives." <sup>6</sup>

B3.2 Good asset management<sup>7</sup> can help deliver:

- Exceptional services, aligned with local priorities;
- Investment focused on need;
- Empowerment of communities;
- Improved economic well-being;
- Well maintained assets;
- Cultural organisational change;
- Reduced carbon emissions and improved environmental sustainability;
- Co-location, partnership working and sharing of knowledge;
- Improved accessibility of services;
- Efficiency gains, capital receipts, or income streams.

**Corporate Approach to Asset Management Planning:**

- 1. Design and specify corporate systems around the needs of effective asset planning**
- 2. Align the asset strategy and policy with all other strategies, policies, plans and reports**
- 3. Embed into the organisation a rigorous approach to asset management planning**

**1. Designing Corporate Systems**

We will design our corporate systems to:

- Improve asset data management
- Hold data in robust systems
- Plan major corporate systems to take account of asset management requirements

B3.3 A first essential ingredient in managing assets effectively is the collection and maintenance of good data about the assets. This requires an effective asset database linked to a geographical information system and to other corporate systems. We need also to put in place suitable systems to ensure that property and financial assets are accounted for correctly.

<sup>6</sup> RICS Public Sector Property Asset Management Guidelines (2008)

<sup>7</sup> Building On Strong Foundations - A Framework for Local Authority Asset Management" published by the Department for Communities & Local Government (2008)

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- B3.4 Better data management is necessary to:
- Satisfy auditor requirements for asset valuations and depreciation in accordance with International Financial Reporting Standards
  - Work across boundaries with other public sector bodies (e.g. Hampshire Capital & Asset Pathfinder)
  - Meet increasing central government requirements
  - Meet increasing expectations of our customers (e.g. access to data online and FOI requests)
- B3.5 Asset management systems need to link with other important corporate systems. Therefore, we will plan for the following systems on an integrated basis with our partners:
- **FIS** (Financial Information System) - Main corporate system to ensure the proper administration of the Council's financial affairs.<sup>8</sup>
  - **GIS** (Geographical Information System) - Main corporate system for digital mapping data. Geographical definition of assets.
  - **Asset Register** - Records and depreciates asset values in accordance with IFRS<sup>9</sup>
  - **Property Database** - Physical and legal data set. Links to GIS and Asset Register.
  - **Property Subsystems** - Separate systems for rent collection and building maintenance. Links to Property Database and FIS.

## **2. Aligning Strategies, Policies & Plans**

We will :

- Align with this document all strategies, policies and plans; and
- Ensure all reports are consistent with this document

where there is an actual or potential impact on the Council's property or financial assets or resources

- B3.6 The strategies and policies within this document have been developed from and aligned with the Corporate Strategy. Therefore, all future policies, strategies and plans which have, or could have, an impact on the Council's property or financial assets will be aligned with the Asset Management Strategy and Policy

- B3.7 All Cabinet and other formal reports relating to property or financial resources will be checked for consistency with this document.

## **3. Embedding Asset Management into the Organisation**

We will embed asset management into the organisation

<sup>8</sup> S.151 Local Government Act, 1972

<sup>9</sup> International Financial Reporting Standards

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through:

- The production of regular asset management plans;
- A planned approach to the maintenance of assets;
- Measurement of asset performance;
- Regular reviews of property assets; and
- Benchmarking with other councils and public bodies

### **Asset Management Plans**

- B3.8 Asset management plans have been a regular part of the property planning process at both partner authorities for a number of years.
- B3.9 The asset management plan should lay the foundation for the efficient and effective use of all assets and provide a platform for strategic planning and decision making. It should enable the Council to understand the extent, value, condition and suitability of the property portfolio across the organisation. It should set out the actions to be taken to meet our strategic property objectives.
- B3.10 Planning the management of both partner councils on an integrated basis can lead to mutual benefits and potential savings. Therefore, we will prepare a joint asset management plan covering the period 2013-17. This will include:
- Vision of the property asset base at the end of the plan period
  - Key property asset changes required to deliver the plan
  - Asset plans for each service using property
  - Planned maintenance plans and an estimate of costs
  - Broad investment and disposal plans
  - Performance indicators and benchmarking
  - Property review plans
- B3.11 From 2014/15, each service with responsibility for assets will in addition produce a Service Asset Management Plan.

### **Planned Maintenance**

- B3.12 Failure to maintain the Council's assets could result in:
- Reductions in capital values;
  - Threats to long-term income generation of investment property;
  - Buildings, and hard surfaces, becoming run-down, which reflects poorly on the Council, or becoming dangerous and leading to claims;
  - Buildings becoming more expensive to maintain in future (e.g. leaking roof could result in damaged internal decorations or dry rot);
  - Vandalism/graffiti being encouraged (breaching the Council's duties in relation to antisocial behaviour, crime and disorder);

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- Damage to other property or injury to the public, especially in the case of trees;
- Breaches of the law (e.g. failure to maintain cemeteries "in good order" - Local Authority Cemeteries Order 1977).

B3.13 For these reasons it is vital that we have a planned approach to the maintenance of our physical assets and trees on our land. This will be directed towards:

- Meeting department service delivery needs;
- Priorities based on the impact of condition on service delivery and risk;
- Minimising the whole-of-life costs of assets;
- Optimising capital receipts on disposal of building assets where additional income exceeds expenditure;
- Ensuring the most effective use of maintenance resources to at least 70% planned, 30% reactive spend; and
- Ensuring appropriate building maintenance information exists for reporting requirements.

Key Outcomes:

- Building assets fit for purpose with functional and operational requirements of the working environment met;
- Physical condition and efficient operation of assets kept to a standard appropriate to service function and value to the community; and
- All statutory and technical requirements met to ensure health, safety, security and reliability.

B3.14 We will at regular intervals carry out full surveys of all assets with buildings or hard surfaces. The results of these surveys will inform the planned maintenance programme. We will inspect assets with buildings on an annual basis to update the planned maintenance programme.

B3.15 The planned maintenance programme will be fully costed and reported to Cabinet for approval. Cabinet will allocate sufficient funds to cover the maintenance of retained assets in accordance with this policy, including setting up an Asset Maintenance Reserve. Should there be insufficient funding available, assets will be considered for disposal (Policy C8).

B3.16 The Asset Maintenance Reserve will be used exclusively for maintenance purposes and will "top up" any deficiencies in the annual revenue budget. It will not be used for improvement projects, which should be considered and approved through the capital programme, although maintenance involving the replacement of building components may include incidental improvements.

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B3.17 The day-to-day management of the Asset Maintenance Reserve will be delegated to JMT<sup>10</sup> in consultation with the portfolio holder, subject to annual reports to Cabinet on the use of the reserve.

**Open Space Maintenance**

B3.18 The Council acquired its open space from two main sources:

- a) Former Council housing estates; and
- b) Transfers from developers of private estates

B3.19 Historically, when open space land was acquired from developers, they paid over a sum equivalent to twelve (or, in recent years, twenty) years' maintenance cost. Since new open space was regularly acquired, there was a constant supply of new funds. These contributions have not been put directly towards open space maintenance, which has instead been funded through the main General Revenue Fund. As the contributions have been used up, this puts an increasing burden onto this Fund.

B3.20 The options for the Council are:

- 1. Make available additional funds
- 2. Encourage the transfer to community interest groups
- 3. Dispose of land for development
- 4. Cease maintenance of open space

B3.21 In the absence of new sources of funding, our focus will be on the other three options for open space land in B3.20.

**Asset Performance, Property Review and Benchmarking**

The following definitions for property (land with or without buildings) will apply:

**Surplus property** is no longer required for the Council's current or future purposes.

**Underused property** is occupied by the Council or a third party providing services on behalf of the Council, but additional use could be made of the property. This may include reconfiguring or refurbishing the building.

B3.22 To align our assets effectively with our strategic aims, we need to measure and review the performance of our assets. To do this, we will:

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<sup>10</sup> Throughout this document, JMT refers to the Joint Management Team of Havant Borough Council and East Hampshire District Council.

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- *Develop Performance Indicators* - We need to develop indicators that will help us to monitor the performance of our assets in ways that support our overall strategy. The approach to this is demonstrated in Appendix 3 and detailed performance indicators will be included in the Joint Asset Management Plan.
- *Benchmark Asset Performance* - We will benchmark our performance with other districts and boroughs in south of England and use the results to plan our assets strategically and to inform decisions about our assets.
- *Measure Suitability, Accessibility, and Quality* - We will through surveys and reviews assess the suitability and accessibility of our assets and designate each asset as high, medium and low quality.
- *Undertake Property Asset Reviews* - We will carry out regular reviews of our assets to identify surplus, underused and underperforming assets and assets no longer fit for purpose.

**Community Right To Bid**

B3.23 Our policy for responding to the Community Right to Bid is set out under C3 (Localism). For our own assets, we will:

- Identify properties that might be nominated as assets of community value
- Identify any realistic development potential / alternative use
- Assess future maintenance costs
- Consider whether underused or potentially surplus
- Consider whether to sell or encourage community asset transfer

**B4 MEETING FUTURE CHALLENGES**

B4.1 There is no doubt that the Council will face many new challenges in the future and our response will need to evolve to meet these challenges. This will require a flexible approach, involving new ways of working and greater use of the private sector, including the exploration of LABVs and other models for managing our assets strategically.

We will aim to meet future challenges through:

***Excellence***

- Investing in people and training
- Ensuring that the best and most effective governance arrangements are in place, including asset champions at member and senior officer level
- Investing in suitable knowledge-base systems and integrating these strategically with the main corporate systems
- Being aware of exemplars and best practice



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- Ensuring that the most efficient and effective property procedures and processes are in place
- Procuring specialist skills and services economically and efficiently

***Innovation***

- Considering new models for managing assets
- Allowing officers the freedom to innovate through maximum delegation compatible with accountability

***Partnership***

- Fully integrating the strategic asset management arrangements of HBC and EHDC
- Exploring other partnership opportunities
- Playing an active part in the Hampshire Capital & Asset Pathfinder
- Benchmarking with other councils

***Community involvement***

- Consulting with local communities on major decisions affecting them (e.g. disposal of open space or community facilities)
- Responding positively to community initiatives (e.g. requests for Community Asset Transfer)

## **C - ASSET MANAGEMENT POLICY**

### **SUMMARY OF POLICY STATEMENTS**

1: Health and safety considerations will be of paramount importance in the use of Council property and appropriate training will be provided to employees and councillors and, where appropriate, other users of Council property.

2: The Council will seek to reduce energy consumption and promote energy efficiency, where possible and practical. Energy reduction targets will be included within the Joint Asset Management Plan. Sustainability criteria will be used when making decisions on acquiring, constructing, refurbishing or disposing of property

3: The Council will make arrangements for maintaining and publishing a list of assets of community value.

4: Where the Council provides non-statutory, discretionary services through the use of assets, it will seek to ensure that an appropriate level of service is provided (whether by the Council or by others) through the consistent application of service criteria.

5: The Council will acquire property for the purposes of:

- a) Regeneration or economic development, where the acquisition would lead to a strategic benefit for the authority, or where there may be long-term future development potential, subject to the acquisition being supported by a robust business case based on a detailed financial appraisal; or
- b) Investment purposes in accordance with investment criteria approved from time to time by Cabinet; or
- c) Service continuity, subject to a robust business case, consistency of provision and financial sustainability.

6: When acquiring leasehold property subject to a market rent or an onerous repairing liability, if the term exceeds five years the Council will seek to include break clauses every five years.

7: All operational property required for existing and future purposes will be maintained to NaPPMI condition level A (performing as intended and operating efficiently). The costs of future maintenance will be taken into account when considering whether to retain operational property.

The Council recognises the health and safety risks associated with trees and will ensure that trees on Council property are sufficiently maintained to minimise such risks.

8: All occupation of Council property, other than by the Council, will be formalised by an appropriate written agreement. Tenanted property will normally be let on market terms, with any rent subsidies being explicit and funded by grant aid rather than through a reduced rent. The only exceptions

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to this policy shall be:

- a) Short-term occupation of property, where this is in the Council's interest (e.g. where this reduces the Council's business rates liability); and
- b) Leases granted in accordance with the Council's Community Asset Transfer policy; and
- c) Limited assistance provided to existing lessees when there is an increased risk of void properties, where this is in the Council's financial interest, as approved by the s.151 Officer, and the financial assistance does not involve illegal state aid.

9: The Council will bring into full use, or dispose of, potentially surplus or under-used property. Before disposing of or redeveloping its assets the Council will consider the impact on the community and any economic development issues. Other than in exceptional cases, assets will be disposed of only if:

- a) continued ownership of the asset cannot be justified in accordance with the Council's property acquisition policies; or
- b) retention of the asset is not the most economic, efficient and effective solution to meeting the Council's requirements; or
- c) the rate of return from disposal is equal to or greater than the return available from retaining the property; or
- d) the disposal is approved in accordance with the Council's Community Asset Transfer policy.

The receipts from the disposal of property assets will be reinvested in property, unless Cabinet expressly resolves otherwise.

10: The Council will, other than in exceptional cases, seek from any disposal the best consideration reasonably obtainable. Decisions in relation to exceptions will be made by Cabinet, other than where Cabinet delegates individual decisions.

11: The Council will treat planning applications in relation to land in which it has an interest neither more nor less favourably than other applications.

12: We will consider selling or letting surplus property to our public-sector partners without first placing it on the market, subject to Cabinet approval for each transaction and provided that such transactions are on the basis of best consideration or market rent. In any transaction with East Hampshire District Council, we will require a special purchaser payment only to the extent that this is assessed by independent advice to be a part of best consideration. Property acquired jointly between the two councils will be subject to a right of pre-emption, enabling either council to sell its interest at any time and providing an opportunity for the other council to acquire the whole property.

13: Before making any capital expenditure commitments, we will take into account the impact on the Council's realisable asset base and the long-term income potential of the capital.

14: The Council will acquire open space as a result of planning approval for development only if there is a recognised need for that type of open space.

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Where open space is acquired, developers will be charged for all costs associated with the acquisition, ownership, and future management and maintenance of the land. The Council will not undertake to maintain any fences or walls, which will remain the responsibility of the developer.

15: The Council will consider requests from bodies representing local residents or the wider local community, including other public bodies, to take over the ownership, management or maintenance of open space. Such transfers will be considered only where supported by robust business cases and where the transferee has sound long-term management and governance arrangements. Transfers of ownership will be considered only where the land has no future development potential.

16: The Council will grade all open space land it owns or leases according to its amenity value. Open space will be disposed of only:

- a) To another public-sector body, or local not-for-profit organisation, for the continuing future maintenance of the land as public open space; or
- b) For development purposes, subject to planning permission; or
- c) Where other significant realisable or quantifiable benefits will accrue to the Council; or
- d) Where this is necessary in order to improve the lives of vulnerable groups or individuals, including disabled or older people

However, before making a decision to sell open space land, the Council will consult with nearby local residents.

17: The Council will continue to make available to allotment holders its existing allotment sites. It will be willing to respond to requests from local community interest groups to take over sites within their areas, provided that the long-term future of the allotments is secured. Transfers will be considered in accordance with the Council's Community Asset Transfer Policy.

18: We will actively support charitable organisations occupying our buildings where we deem them to be meeting the Council's strategic aims and objectives.

19: The Council will consider assets for transfer to community interest groups where this may empower communities. This may involve the transfer of freehold property or long lettings, with or without subsidy. Such a transfer will not be considered unless it is supported by a robust business case, the transferee has sound long-term management and governance arrangements and the proposed use of the property meets the Council's objectives.

20: Cabinet will consider its maintenance policy of land it does not own on a case-by-case basis, except for bus shelters, which will be maintained only on the basis of an agreement with Hampshire County Council including a regular financial contribution from the County.

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21: a) Other than when acting in a statutory capacity, councillors and officers will not prejudice, or be perceived to prejudice, the Council as landowner.  
b) Officers working across both partner councils will not favour one council over the other.  
c) Cabinet members will not lead projects, or take part in debate or vote on Cabinet decisions, involving the acquisition, disposal or letting of Council property where there is a perceived or potential conflict of interest.  
d) Cabinet will delegate to officers, in consultation with the relevant councillors, as necessary and appropriate, any decisions relating to property transactions it does not make itself.

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**C1 HEALTH AND SAFETY**

**Policy Statement 1: Health and safety considerations will be of paramount importance in the use of Council property and appropriate training will be provided to employees and councillors and, where appropriate, other users of Council property.**

C1.1 There are a number of statutory and non-statutory health and safety issues arising out of the use of property. Some of the more common ones relate to asbestos, gas, electricity, fire hazards, tree maintenance, management of contractors and the prevention of accidents.

C1.2 The Council will:

- carry out regular inspections of assets
- commission specialist advice where necessary
- minimise the health and safety risks associated with contractors working on its premises and voluntary organisations occupying Council property
- provide necessary training wherever the Council has a health and safety responsibility

**C2 SUSTAINABILITY AND ENERGY CONSERVATION**

**Policy Statement 2: The Council will seek to reduce energy consumption and promote energy efficiency, where possible and practical. Energy reduction targets will be included within the Joint Asset Management Plan. Sustainability criteria will be used when making decisions on acquiring, constructing, refurbishing or disposing of property**

C2.1 In order to achieve the targets in the Asset Management Strategy, the criteria set out in C5.9 will be taken into account for operational property whenever decisions are made to:

- acquire or construct new property
- carry out major maintenance / refurbishment schemes
- declare surplus or to dispose of property

**C3 LOCALISM**

**Community Right To Bid**

**Policy Statement 3: The Council will make arrangements for maintaining and publishing a list of assets of community value.**

C3.1 The Localism Act 2011 contains a new Community Right to Bid. This allows communities to ask the Council to consider adding land and buildings to a List of Assets of Community Value, which the Council is required to maintain.

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- C3.2 Any land and buildings within the borough, and not just property owned by the Council, may be included on the list. Community interest groups may nominate any property that is valued by the local community, including local shops, pubs, libraries, and leisure centres, as well as village halls and community centres.
- C3.3 Once listed, the property may not be sold without following a formal process, as set out in the legislation. This delay is intended to enable community interest groups time to prepare a business plan and to raise the money to bid for the asset.
- C3.4 At the end of the process, the landowner is not obliged to sell to the community interest group or to any purchaser. However, the landowner is entitled to compensation for any real costs incurred as a result of the Right to Bid process. The local authority is responsible for paying this compensation, up to a financial limit (beyond which, compensation may be payable by the Government)<sup>11</sup>.

**Community Right To Reclaim**

- C3.5 The Government has made it easier to bring public-sector land back into use by reforming the Public Request to Order Disposal process (referred to in the past as PROD)<sup>12</sup> and increasing the numbers of organisations covered by it.
- C3.6 Anyone can send a Request to the Secretary of State setting out why they think:
- land or property covered by the request process is under-used or vacant,
  - there are no suitable, consulted upon and publicly tested plans in place or likely to be put in place in an acceptable period of time; and
  - the land should be disposed of in order to enable it to be brought back into use.
- C3.7 If the evidence supports the Request being made, the Secretary of State may decide to issue a Disposal Notice requiring the relevant public body to dispose of the land.
- C3.8 This underlines the importance of identifying unused and underused property so that it can be brought into full use or disposed of at a time and in a manner within the Council's own control. This is dealt with in more detail in C8 (Disposal of Assets).

**C4 ASSETS FOR PROVIDING SERVICES**

<b>Policy Statement 4: Where the Council provides non-statutory,</b>
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<sup>11</sup> The Government has said that it will meet the cost of compensation claims that exceed £20,000 in a financial year up to March 2015, with consideration to follow on funding from 2015 onwards.

<sup>12</sup> Under s.98 of the Local Government, Planning & Land Act, 1980

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**discretionary services through the use of assets, it will seek to ensure that an appropriate level of service is provided (whether by the Council or by others) through the consistent application of service criteria.**

- C4.1 Many of the Council's assets involve the provision of services to the public, including open space, parks, car parks, public conveniences, cemeteries, community buildings, allotments and beach huts.
- C4.2 Where Council assets are provided for the use and enjoyment of the public in connection with non-statutory, discretionary services, the Council will seek to ensure that an appropriate level of service is provided. This will have regard to the general principle of consistency of provision, subject to:
- local conditions, including population size and local demand
  - the level and quality of existing provision, including by other public and private providers
  - financial considerations, including maintenance and opportunity cost
- C4.3 The Council will for each category of asset publish four-year plans setting out:
- the level and quality of provision the Council aims for, including criteria for direct provision by the Council
  - the level and quality of existing provision by the Council
  - plans for the Council to acquire or dispose of assets to meet any shortfall or surplus in provision
  - whether services can be, or are being, provided in ways other than through ownership by the Council
- C4.4 Existing assets will be graded as high, medium and low quality, according to their suitability and fitness for purpose. This grading will be used to consider the need for additional investment in existing assets and whether individual assets may be surplus. Individual decisions acquiring and disposing of property will be made in accordance with the acquisition and disposal policies in Section D (Asset Management Policy)
- C4.5 In assessing local demand, the Council will engage with local communities, which may, where necessary or required, involve formal consultation.

**C5 ACQUISITIONS, NEW BUILDINGS AND REFURBISHMENTS**

**Policy Statement 5: The Council will acquire property for the purposes of:**

**a) Regeneration or economic development, where the acquisition would lead to a strategic benefit for the authority, or where there may be long-term future development potential, subject to the acquisition being supported by a robust business case based on a detailed financial**



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appraisal; or  
b) Investment purposes in accordance with investment criteria approved from time to time by Cabinet; or  
c) Service continuity, subject to a robust business case, consistency of provision and financial sustainability.

### **Investment Property**

- C5.1 Since the Local Government Act 2003, the Council has had the power to invest, which includes investment in property. The Localism Act 2011 has strengthened the Council's ability to invest in the same way as a private individual, although this is tempered by the need to comply with the Prudential Code.
- C5.2 The Prudential Code requires the Council to demonstrate that capital plans are affordable and sustainable. This is carried out through the prudential indicators agreed by Full Council each year. The Treasury Code places emphasis on the security and liquidity of any investment made by the Council, ahead of the yield generated. These principles apply to cash and property-based investments.
- C5.3 To comply with the Prudential Code, the Council:
- May acquire property for purely investment purposes;
  - May acquire land with 'hope value' for future development (land bank); but
  - Should not embark on purely speculative development
- C5.4 The Council's ability to create a land bank is, however, subject to the Community Right To Reclaim (paragraph C3.6). Therefore, such land would need to be capable of short-term Council uses or lettings to avoid being classed as surplus or underused.

### **Operational Property**

- C5.5 Freehold or long-leasehold properties should be acquired, where this adds value to the Council's realisable asset base<sup>13</sup> and is likely to provide a good long-term investment. Shorter leasehold property may be appropriate where the intention is to provide services for a short period of time, or where the owner is unwilling to part with the freehold.

**Policy Statement 6: When acquiring leasehold property subject to a market rent or an onerous repairing liability, if the term exceeds five years the Council will seek to include break clauses every five years.**

- C5.6 Where we acquire a property by lease requiring either:

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<sup>13</sup> This will normally mean that the cost of acquisition does not exceed the realisable market value of the asset.

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- a) a market rent to be paid, or
- b) maintenance to be undertaken, or other onerous liability

we will seek to negotiate break clauses in the lease at regular intervals (at least every 5 years)

- C5.7 The Council should not enter into potential leasehold liabilities of more than 25 years without including an option to break. This will limit the burden of liabilities on future generations.
- C5.8 A full financial assessment of any income and all estimated expenditure, including maintenance, will be undertaken for all operational property acquired. This should be over a period of 25 years, or the lifetime of the lease, if shorter. This should be informed by expert external advice, which should be obtained whenever a property is acquired.
- C5.9 For operational property, any proposed property acquisition, new building, refurbishment or extension to an existing building must be able to demonstrate the following:
- Sustainably constructed (supported by a Breeam rating in accordance with the Council's Planning Joint Core Strategy);
  - Accessible to all members of the community;
  - Well-designed, presenting a positive image of the Council and providing modern dynamic space which is fit for the intended purpose;
  - Co-location to be the norm (for council offices and other services with partner organisations);
  - Flexible in terms of:
    - Space usage
    - Sub-division/sub letting
    - On-site expansion space
  - Economic in facility management terms (including repairs and maintenance) based on Whole Life Costing.

**C6 ASSET MAINTENANCE**

**Policy Statement 7: All operational property required for existing and future purposes will be maintained to NaPPMI condition level A (performing as intended and operating efficiently). The costs of future maintenance will be taken into account when considering whether to retain operational property.**

**The Council recognises the health and safety risks associated with trees and will ensure that trees on Council property are sufficiently maintained to minimise such risks.**

**Maintenance Standards**

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- C6.1 The condition of all assets we maintain will be rated using the National Property Performance Management Initiative (NaPPMI) PMI 1 A-D 'condition' definition (Table 1). This will be assessed on site during the Condition Survey.

<b>Table 1 - Condition rating</b>	
<b>A</b>	Good – Performing as intended and operating efficiently
<b>B</b>	Satisfactory – performing as intended but showing minor deterioration
<b>C</b>	Poor – Showing major defects and/or not operating as intended
<b>D</b>	Bad – Life expired and/or serious risk of imminent failure

- C6.2 We will maintain to condition rating 'A' all buildings currently used and planned to be used in the future for council services. This may involve the need for capital expenditure improvements. Buildings which might not be used in the longer term may be maintained to a lower standard, but this will not fall below B. Buildings currently assessed at C or below will be subject to the approval of a business case before major expenditure is undertaken to increase the condition rating. In the absence of a successful business case for such buildings, they will be considered through the disposals policy (C8).
- C6.3 Where there are insufficient capital or revenue funds to maintain all of our assets to these standards, the disposals policy will also be applied to consider the possible disposal of some assets.

**Reactive Maintenance**

- C6.4 Reactive maintenance is carried out by services that use property, where unplanned work is required (e.g. plumbing incidents and vandalism). It will be assessed via the reason rating in Table 2. R1 work will be carried out immediately. R2 will be undertaken as soon as reasonably practicable. R3 work will be assessed on a case by case basis.

<b>Table 2 - Reason rating</b>	
<b>R1</b>	Health and safety breach; Serious security risk; Public outrage (e.g. grossly offensive graffiti)
<b>R2</b>	Technical breach of legislation ; Minor security risks; Deterioration of fabric
<b>R3</b>	Other

**Maintenance of Trees**

- C6.5 The Council recognises the health and safety risks associated with trees and the need for their regular inspection and satisfactory

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maintenance in order to minimise such risks. Therefore, the Council will ensure that an appropriate system is in place, and that sufficient funds are available, for the inspection and maintenance of trees on Council-owned land.

**C7    TENANTED PROPERTY**

**Policy statement 8: All occupation of Council property, other than by the Council, will be formalised by an appropriate written agreement. Tenanted property will normally be let on market terms, with any rent subsidies being explicit and funded by grant aid rather than through a reduced rent. The only exceptions to this policy shall be:**

**a) Short-term occupation of property, where this is in the Council's interest (e.g. where this reduces the Council's business rates liability); and**

**b) Leases granted in accordance with the Council's Community Asset Transfer policy; and**

**c) Limited assistance provided to existing lessees when there is an increased risk of void properties, where this is in the Council's financial interest, as approved by the s.151 Officer, and the financial assistance does not involve illegal state aid.**

- C7.1 The Council's property may be occupied by the Council itself, or by third parties, including not-for-profit organisations, other local authorities or public sector organisations and private firms. The Council may hold such property for a number of reasons, including investment, economic development purposes and the provision of community facilities.
- C7.2 All non-council users or occupiers of Council property will be required to sign a formal, written agreement before using or occupying Council property. The appropriate form of agreement for use or occupation should be determined objectively by the nature and extent of the occupation. However, this may involve a lease, tenancy at will, licence, easement or other agreement, as appropriate.
- C7.3 Temporary occupation may be in the Council's interest (e.g. reduction in rates liability of void properties) and the occupier will not necessarily be charged. However, formal lettings will normally be on market terms, with the lessee paying the market rent for the property occupied, this being the best rent obtainable. Lettings will also have regard to market conditions in relation to matters such as rent-free periods, deposits and tenant guarantees. Any rent subsidies given to tenants (e.g. CAB), in support of the Council's policies must (except in accordance with the Community Asset Policy) be explicit and funded by grant aid rather than through a reduced rent.
- C7.4 Where prevailing economic conditions are such that there is an increased risk of void properties, limited financial assistance in the form of a reduced rent may be allowed where this:

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- a) Is in the Council's financial interest;
- b) Is approved in writing by the Council's s.151 Officer;
- c) Does not involve illegal state aid.

**C8 DISPOSAL OF ASSETS**

**Policy statement 9: The Council will bring into full use, or dispose of, potentially surplus or under-used property. Before disposing of or redeveloping its assets the Council will consider the impact on the community and any economic development issues. Other than in exceptional cases, assets will be disposed of only if:**

- a) continued ownership of the asset cannot be justified in accordance with the Council's property acquisition policies; or**
- b) retention of the asset is not the most economic, efficient and effective solution to meeting the Council's requirements; or**
- c) the rate of return from disposal is equal to or greater than the return available from retaining the property; or**
- d) the disposal is approved in accordance with the Council's Community Asset Transfer policy.**

**The receipts from the disposal of property assets will be reinvested in property, unless Cabinet expressly resolves otherwise.**

- C8.1 The Council will make maximum use of all property, whether it is held for service/operational or investment purposes.
- C8.2 The Council has assets within its ownership that no longer have any operational or strategic use. The proceeds from these assets could be better used by re-investing the proceeds from these assets to acquire new assets which can be used to achieve the Council's priorities. Unsuitable and low-quality assets will be considered for disposal.
- C8.3 Criteria for considering whether to dispose of a property shall include:
- a) Whether the rate of return from disposal is equal to or greater than the return available from retaining it;
  - b) For operational property, the extent to which the property satisfies the sustainability criteria set out in C5.9 and their classification under C4.4;
  - c) Whether there is an overriding strategic reason to retain the property
- C8.4 The process for making decisions on the disposal of property assets is shown in Appendix 1 to this policy.
- C8.5 The receipts from the disposal of property assets will normally be reinvested in property.
- C8.6 Property is not deemed to be surplus until declared so by Cabinet. Once declared surplus, it should be offered for sale as soon as possible with the intention that it be disposed of within a year. Criteria to be used in assessing whether a property asset is surplus include:

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- It either does not contribute to the delivery of the Council's services or priorities, or the contribution is low in comparison with the whole-life costs of holding the asset;
- It has little or no potential for future service delivery or strategic or regeneration / redevelopment purposes;
- For service property, there is an excess provision within that part of the borough;
- Planning permission has been obtained for an alternative use;
- In the case of investment property, it does not meet the Council's current investment criteria;
- There is no strategic purpose to retain the property.
- The property is management intensive, taking into account (but not limited to) maintenance issues, vulnerability to vandalism; (and for tenanted property) the potential for voids, rent reviews to a low rent, potential for rent arrears, the security of rental income and the likely quality of tenant covenants for the building.

**Best Consideration**

**Policy Statement 10: The Council will, other than in exceptional cases, seek from any disposal the best consideration reasonably obtainable. Decisions in relation to exceptions will be made by Cabinet, other than where Cabinet delegates individual decisions.**

C8.7 The Local Government Act 1972 requires local authorities to obtain the best consideration reasonably obtainable when disposing of freeholds or lease of more than seven years. The General Disposals Consent 2003 enables councils to dispose of such interests for less than best consideration in certain circumstances.

C8.8 The Council will normally seek best consideration whenever it disposes of property. Cabinet (or, where delegated in accordance with C8.11, the relevant officer) will consider making exceptions only where the decision to dispose of an interest at less than best consideration:

- a) Will help the Council to secure the promotion or improvement of the economic, social or environmental well-being of the borough and satisfy the requirements of the General Disposals Consent 2003 (or any later equivalent provisions);
- b) Will secure one of the Council's principal objectives or obligations;
- c) Is either the only way to achieve the Council's objectives, or is the most economic, efficient or effective way to do so;
- d) Is informed by external valuations prepared in accordance with the requirements of the General Disposals Consent 2003 (or any later equivalent provisions) and independent advice clearly setting out the opportunity cost of such a disposal;
- e) Does not involve illegal state aid.

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- C8.9 Decisions as to whether to dispose of property at less than best consideration will be made by Cabinet, although Cabinet may delegate this function to officers in individual cases.

**Policy Statement 11: The Council will treat planning applications in relation to land in which it has an interest neither more nor less favourably than other applications.**

- C8.10 The Council has a statutory duty to obtain best consideration when disposing of assets and a fiduciary duty to local taxpayers to maximise the potential of its assets. It is important, therefore, that the Local Planning Authority (councillors and officers) does not treat planning applications in relation to land in which the Council has an interest any less favourably than other applications. Advice from planning officers should follow this policy.

**C9 PARTNERSHIP**

**Policy Statement 12: We will consider selling or letting surplus property to our public-sector partners without first placing it on the market, subject to Cabinet approval for each transaction and provided that such transactions are on the basis of best consideration or market rent. In any transaction with East Hampshire District Council, we will require a special purchaser payment only to the extent that this is assessed by independent advice to be a part of best consideration. Property acquired jointly between the two councils will be subject to a right of pre-emption, enabling either council to sell its interest at any time and providing an opportunity for the other council to acquire the whole property.**

- C9.1 It is part of the strategy of the two partner councils to realise the potential benefits from integrating the strategic asset management planning of our portfolios. However, future opportunities may also arise to transfer assets between the two councils, to acquire assets on a joint basis or to become mutual partners in asset owning vehicles.
- C9.2 There are statutory and fiduciary reasons for all substantial transactions<sup>14</sup> to be on the basis of market value. It is important that one council should not be seen to subsidise the other. However, where this is consistent with the Council's statutory obligations, transactions between the two councils will be approached on the basis of partnership, trust and mutual benefit.
- C9.3 For all transactions between the two councils, best consideration and market rent will be assessed by independent external valuation advice.

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<sup>14</sup> The transfer of freeholds and the granting of leases of more than seven years must be at best consideration (s.123 Local Government Act, 1972) and leases of less than seven years should generally be at market value to ensure that the local tax payers receive value for money. However, very short leases, or licences, could be offered at low rates, where this is in the mutual interest of both councils.

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This advice will be governed by the statutory requirements relating to acquisitions and disposals.

- C9.4 Acquiring investment property jointly with East Hampshire District Council would enable the Council to acquire larger investments, with a better return or risk profile than would be available based solely on the Council's own funds. The Council will, therefore, consider acquiring property jointly with East Hampshire District Council, where this is in the Council's interest. Where it acquires property on this basis, the two councils will enter into a contract governing rights of each party. This will include a mutual right of pre-emption, whereby either council may require the property to be sold in the market, subject to the other council having an opportunity to purchase its share in the property. The price to be paid if the right of pre-emption is invoked will be based on the current market value of the property and calculated in accordance with the relevant share of the property owned by each council. Any marriage value will be apportioned according to the shares held by each council.
- C9.5 We will consider entering into property-related partnerships with other councils and organisations where there may be financial or other benefits for the Council. Such partnerships will be governed by prudent financial and legal considerations.

**C10 CAPITAL EXPENDITURE**

**Policy Statement 13: Before making any capital expenditure commitments, we will take into account the impact on the Council's realisable asset base and the long-term income potential of the capital.**

- C10.1 In accordance with our strategic aim of preserving and enhancing the Council's realisable asset base (Strategic Property Aim 1), we will fully assess the impact of any capital expenditure. Therefore, we will take into account the long-term income potential of the capital before making any capital expenditure commitments.



## **D - OPEN SPACE POLICY**

### **D1 OPEN SPACE**

D1.1 Historically the Council has acquired open space from a number of sources, including:

- land inherited in 1974 from its predecessor authorities;
- land acquired for Council-housing estates;
- land acquired as open space from private developers;
- land leased from Portsmouth City Council.

#### **Acquisition of Open Space**

**Policy Statement 14: The Council will acquire open space as a result of planning approval for development only if there is a recognised need for that type of open space.**

**Where open space is acquired, developers will be charged for all costs associated with the acquisition, ownership, and future management and maintenance of the land. The Council will not undertake to maintain any fences or walls, which will remain the responsibility of the developer.**

D1.2 The Council can acquire land from developers of residential sites with a commuted sum for future management. The commuted sum is intended to provide for the maintenance of the open space. However, over the years, the sums have been insufficient to provide for the long-term maintenance of the land and do not cover the cost of managing the land, especially the enforcement issues involved in unauthorised use and antisocial behaviour. Over the longer term this places financial pressures on the Council.

D1.3 Therefore, open space land will not be acquired from developers except in very exceptional circumstances. Each such acquisition will be reported for a decision to Cabinet with an explanation as why it was necessary to acquire the land.

D1.4 Where open space is acquired, the costs of owning and maintaining each parcel of land will be assessed by means of an appraisal carried out by an appropriately qualified external consultant at the developer's expense. All costs associated with the acquisition, ownership and future management and maintenance of land will be included in the commuted charge for taking over the land. The Council will not undertake to maintain any fences or walls, which will remain the responsibility of the developer.

#### **Ownership and Maintenance of Open Space**

**Policy Statement 15: The Council will consider requests from bodies**

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**representing local residents or the wider local community, including other public bodies, to take over the ownership, management or maintenance of open space. Such transfers will be considered only where supported by robust business cases and where the transferee has sound long-term management and governance arrangements. Transfers of ownership will be considered only where the land has no future development potential.**

- D1.5 In accordance with the principles of Localism, open space of purely local relevance should, wherever possible, be owned, managed or maintained locally. However, where there is a potential for serving a wider community, or future development potential, the land should continue to be held by the Council.
- D1.6 Where the Council wishes proactively to encourage community interest groups to take over open space land, it is likely that it will need to offer a financial incentive based upon the future maintenance costs of the land.
- D1.7 On some housing estates, the ownership of open space has for historical reasons been split between the Council and Hermitage Housing Association. We will seek opportunities to work with Hermitage to provide financially sustainable solutions to open space maintenance for the benefit of local residents.
- D1.8 In order to encourage biodiversity, help protect endangered species (flora and fauna) and preserve and enhance locally important habitats, we will consider requests from local residents for the creation of wildlife corridors from our existing open space land.

**Disposal or Development of Open Space**

**Policy Statement 16: The Council will grade all open space land it owns or leases according to its amenity value. Open space will be disposed of only:**

- a) To another public-sector body, or local not-for-profit organisation, for the continuing future maintenance of the land as public open space; or**
- b) For development purposes, subject to planning permission; or**
- c) Where other significant realisable or quantifiable benefits will accrue to the Council; or**
- d) Where this is necessary in order to improve the lives of vulnerable groups or individuals, including disabled or older people**

**However, before making a decision to sell open space land, the Council will consult with nearby local residents.**

- D1.9 Government guidance in the National Planning Policy Framework (NPPF) states that existing open space, sports and recreational

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buildings and land, including playing fields should not be built on unless;

- An assessment has been undertaken which has clearly shown the open space, buildings or land to be surplus to requirements; or
- The loss resulting from the proposed development would be replaced by equivalent or better provision in terms of quantity and quality in a suitable location; or
- The development is for alternative sports and recreational provision, the needs of which clearly outweigh the loss.

D1.10 In 2006, an Open Spaces Plan and PPG17 Assessment was produced for the Council by Kit Campbell Associates. This has been reviewed and updated this year. Six different categories across the Borough were identified generating a total of 213 spaces:

Allotments & community gardens	15
Bowling Greens	7
Civic Spaces	5
Equipped Play and Youth Provision	55
Multi-functional Green spaces	106
Pitches and Courts	25

D1.11 Each space was classified into one of four groups, with the following actions:

1. High value, high quality - To be protected
2. High value, low quality - Quality to be enhanced
3. Low value, high quality - Consider change to other form of green space of greater value. If not possible, review need for the space.
4. Low value, low quality - Review need for the facility. If quality and value cannot be increased, there may be development opportunities

D1.12 In disposal terms, the Council will place all public open space land it owns or leases in three categories. Bearing in mind the above, it will assess three categories of open space, as follows:

- Category 1 - Retained (D1.11 Group 1)
- Category 2 - Retained, unless suitable alternative provision or enhancements to retained open space made, following consultation with local residents (Groups 2 and 3)
- Category 3 - Potentially surplus, subject to consultation with local residents (Group 4)

D1.13 Local authorities are required by statute to place notices in a local newspaper before disposing of open space and to consider any objections. However, local residents will not always be aware of such notices. Therefore, in order to take into account whether open space is

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of value to a local community, the Council will, other than for very minor disposals, consult with nearby local residents before deciding whether to dispose of any open space land. In the case of minor disposals, the local ward councillor and portfolio holder will decide whether such consultation should take place. Should the Council consider the disposal of any large parcels of open space<sup>15</sup>, the portfolio holder will be consulted as to whether the consultation should be widened to include other potential stakeholders, including those using the open space but not living immediately adjacent to it. A summary of any comments and objections will be reported to Cabinet, or, for minor disposals, the Portfolio Holder, before a decision is made.

D1.14 Land acquired from developers as open space may be subject to additional restrictions on disposal, including the Crichel Down Rules, restrictive covenants and the Open Spaces Act, 1906.

**D2 ALLOTMENTS**

**Policy Statement 17: The Council will continue to make available to allotment holders its existing allotment sites. It will be willing to respond to requests from local community interest groups to take over sites within their areas, provided that the long-term future of the allotments is secured. Transfers will be considered in accordance with the Council's Community Asset Transfer Policy.**

- D2.1 The Council supports the concept of allotments, which help local people produce their own food in a sustainable way, and which reduce food miles and promote healthy living.
- D2.2 Where opportunities present themselves, and where there is demand from local residents, the Council will consider turning suitable land within its ownership into new allotment sites.
- D2.3 The Council will be willing to respond to requests from community interest groups<sup>16</sup> to take over ownership of allotment sites in accordance with the Council's Community Asset Transfer Policy.

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<sup>15</sup> This will apply only where the land to be disposed of exceeds 1,000 sq. m. (0.1 ha or 0.247 acre).

<sup>16</sup> Community interest groups as defined in the Localism Act, 2011.

## **E - COMMUNITY BUILDINGS**

Corporate Strategy: Public service excellence - We will engage with our communities and customers to explore what alternative options for the future delivery of local public services may arise from the Localism Act, other changes to national policy and our own research and understanding of customer need.

### **E1 Working with charitable organisations occupying Council property**

**Policy Statement 18: We will actively support charitable organisations occupying our buildings where we deem them to be meeting the Council's strategic aims and objectives.**

- E1.1 We will provide active support to registered charities and other not-for-profit organisations occupying our buildings who, in our opinion, meet the Council's strategic aims and objectives.
- E1.2 Our support will include advice, encouragement and, where appropriate and affordable, the provision of grant aid towards the rental or other costs of occupying our buildings. Each letting and each grant application will be considered on a case-by-case basis.
- E1.3 In return, we shall expect organisations that occupy our property assets and receive support to make good use of the property they occupy and to make them accessible to all sections of the community.

### **E2 Community Asset Transfer**

**Policy Statement 19: The Council will consider assets for transfer to community interest groups where this may empower communities. This may involve the transfer of freehold property or long lettings, with or without subsidy. Such a transfer will not be considered unless it is supported by a robust business case, the transferee has sound long-term management and governance arrangements and the proposed use of the property meets the Council's objectives.**

- E2.1 There can be benefits from local community interest groups<sup>17</sup> owning or managing public assets, for example:
- Bringing people together;
  - Enhancing the local environment;
  - Delivering more responsive community services; and
  - Giving residents a bigger stake

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<sup>17</sup> Community interest groups as defined in the Localism Act, 2011.

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- E2.2 *Making Assets Work – The Quirk Review of community management and ownership of public assets* looked at the connection between public assets and community empowerment. Its main conclusions were that:
- any sale or transfer of public assets to community ownership and management needs to realise social or community benefits without risking wider public interest concerns and without community purposes becoming overly burdened by operational considerations;
  - the benefits of community management and ownership of public assets can outweigh the risks and opportunity costs in appropriate circumstances; and
  - there are risks, but they can be minimised and managed
- E2.3 Although the Review took place under the last government, the Coalition Government also supports the principle of Community Asset Transfer (CAT).
- E2.4 Recognising the potential benefits from community ownership or management of assets, the Council will consider applications from community interest groups for the transfer of assets. The following criteria will be used to judge any such applications:
- *Strategic impact benefits*: including which Corporate Strategy objectives are being addressed.
  - *Economic impact benefits*: including jobs created, amount of additional investment levered into an area, local multiplier effect, entrepreneurship.
  - *Social impact benefits*: including number of individuals/groups benefiting from the service, degree of local support and usage.
  - *Environmental impact benefits*: including proposals for Eco rating, BREEAM rating, in relation to the local development framework.
  - *Service impact benefits*: including actual financial savings from ability to reduce services locally, imputed savings from any service preventative or outreach work or service enhancement.
  - *Any financial discount being sought*: that is, the difference between the community group bid and the best price reasonably obtainable in the marketplace<sup>18</sup>. Normally only low asset value, high social value applications will be approved.
  - *Asset considerations*: including any future revenue savings associated with repair, rates and utility costs or capital savings from planned investment and assessment of arrangements for future good stewardship, such as health and safety, and maintenance.
  - *Viability and management*: including nature and skills of volunteers and management committee and staff, track record of managing similar enterprises and/ or buildings, ability to repay funders;
  - *Financial cost to the Council of providing grant aid*: Whether there would be a cost to the Council in charging the market rent and

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<sup>18</sup> This may not be the asset's value in its present use but may be higher, reflecting possible change of use or future development value.

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providing grant aid (e.g. in the case of a property subject to VAT, where the occupier is a registered charity).

- E2.5 The transfer of an asset under this policy may involve a freehold transfer or the provision of a lease at less than market rent.
- E2.6 Under s.19 Local Government (Miscellaneous Provisions) Act 1976, the Council may provide recreational facilities with or without charge. Therefore, CAT applications will be decided on the following basis:
- a) For recreational Property (i.e. any property covered by s.19) where the Planning Manager<sup>19</sup> certifies that there is no reasonable prospect of development for at least ten years, consideration of CAT applications will normally be undertaken by officers having regard to the criteria set out in E2.4;
  - b) Where the Planning Manager indicates that there is a reasonable prospect of development within ten years, and for all properties not covered by s. 19, applications for CAT will be referred to Cabinet, together with external valuations prepared in accordance with the requirements of the General Disposals Consent 2003 (or any later equivalent provisions) and independent advice clearly setting out the opportunity cost of a disposal on the terms proposed for the transfer.
- E2.7 Appropriate legal safeguards will be incorporated into any CAT to provide for the long-term security of transfer for the community and to ensure that subsidised transfers may not result in a future private benefit.

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<sup>19</sup> In this context, this means the manager directly responsible for Development Control.

## **F - LAND NOT IN COUNCIL OWNERSHIP**

**Policy Statement 20: Cabinet will consider its maintenance policy of land it does not own on a case-by-case basis, except for bus shelters, which will be maintained only on the basis of an agreement with Hampshire County Council including a regular financial contribution from the County.**

- F1.1 The Council maintains some parcels of land it does not own for historical reasons. A legitimate public expectation may have arisen that the Council will continue to maintain the land and, therefore, the Council must follow certain legal procedures before considering ceasing the maintenance of the land.
- F1.2 Cabinet will consider each parcel on a case-by-case basis before deciding upon its future maintenance policy for each asset.
- F1.3 Bus shelters are a form of street furniture and are normally located on the public highway. Where the shelters are not located on land in the private ownership of the Council, the bus shelters will be maintained by the Council only on the basis of a maintenance agreement with Hampshire County Council whereby:
  - a) The County Council makes a regular financial contribution towards the maintenance; and
  - b) The agreement may be terminated upon appropriate notice.



## **G - GOOD GOVERNANCE**

### **Avoiding Potential Conflicts Of Interest**

**Policy Statement 21: a) Other than when acting in a statutory capacity, councillors and officers will not prejudice, or be perceived to prejudice, the Council as landowner.**

**b) Officers working across both partner councils will not favour one council over the other.**

**c) Cabinet members will not lead projects, or take part in debate or vote on Cabinet decisions, involving the acquisition, disposal or letting of Council property where there is a perceived or potential conflict of interest.**

**d) Cabinet will delegate to officers, in consultation with the relevant councillors, as necessary and appropriate, any decisions relating to property transactions it does not make itself.**

- G1.1 Other than when acting in a statutory capacity (e.g. as part of the Local Planning Authority), councillors and officers will not act in ways that prejudice, or may be perceived to prejudice, the Council as landowner.
- G1.2 Officers working across both partner councils will not favour one council over the other, other than strictly in accordance with protocols approved by JMT. Where in relation to any particular transaction this is incompatible with their substantive role at their employing authority, other officers will act in place of the relevant officer.
- G1.3 Projects involving the acquisition or disposal or letting of land or property should not be led by Cabinet members where this may result in a perceived or potential conflict of interest, including, but not limited to, their other roles within the Council.
- G1.4 The s.151 Officer or the Solicitor to the Council may refer any issues of concern to Cabinet or Overview & Scrutiny Committee.
- G1.5 Individual decisions by Cabinet or full Council to delegate powers relating to specific property transactions should not be delegated to individual councillors, but should be delegated to officers in consultation with the relevant councillors.

### **Compliance with the Law**

- G1.6 If any conflict should arise between any part of this policy and English law, the law will take precedence over this policy. As soon as reasonably practicable, the relevant part of this policy will be formally amended by the Council to ensure future compliance with the law.

## **H - RESCINDED POLICIES AND PLANS**

1. Property Asset Acquisition Strategy (2010) (including investment criteria)
2. Asset Management Plan (2008-11)

### **REFERENCES AND BACKGROUND PAPERS**

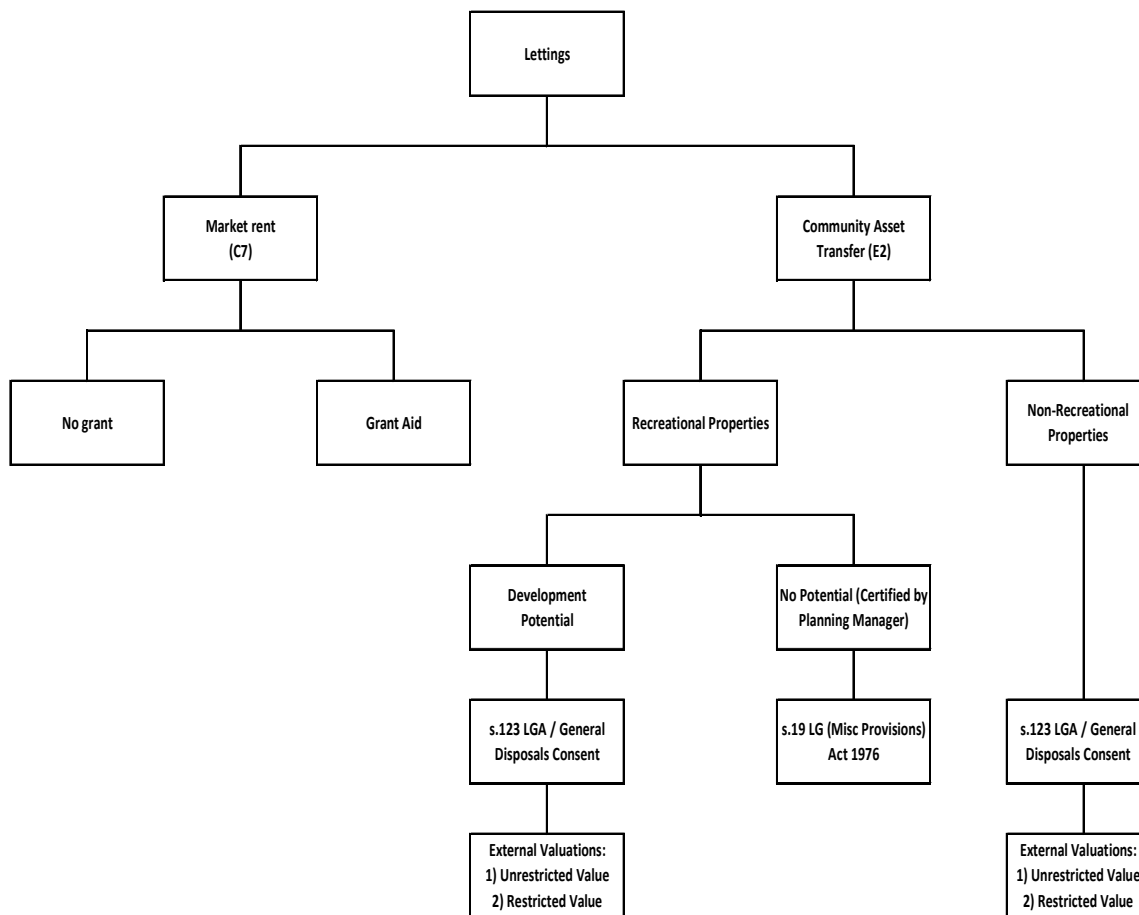
1. Corporate Strategy 2012-17
2. Property Asset Acquisition Strategy
3. Asset Management Plan (2008)
4. BRE Environmental Assessment Method (BREEAM)
5. RICS Public Sector Property Asset Management Guidelines (2008)
6. RICS Local Authority Asset Management Best Practice Guides (2009)
7. Building On Strong Foundations - A Framework for Local Authority Asset Management" published by the Department for Communities & Local Government (2008)
8. Local Government Act, 1972
9. International Financial Reporting Standards
10. Local Government, Planning & Land Act, 1980
11. National Planning Policy Framework (2012)
12. Localism Act, 2011



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**APPENDIX 2**

**Lettings under the Community Asset Transfer**



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**APPENDIX 3**

<b>Developing Property Performance Indicators</b>			
<b>Category of asset</b>	<b>Strategic Aim</b>	<b>Measurement Methodology</b>	<b>Examples</b>
Operational assets	Improve fitness for purpose	User Satisfaction	% satisfied
		Maintenance	Condition rating A-D
		Suitability	
		Subjective quality	H-M-L
	Increase efficiency of use	Space usage and efficiency of use: space per workstation, people per workstation	Space per FTE % occupied
	Value for money	Operating costs	Running cost per sq. m. / FTE
	Improve sustainability	Metrics relating to carbon emissions, waste, & recycling  Accessibility	
Investment assets	Improve performance of investments	Past performance	IRR comparison with indices
		Future performance	Forecast IRR
All properties	Efficiency of management	Management intensity	Maintenance costs / number of contracts
			Management time