APPENDIX 3

INTEGRATED PROPERTY ASSET MANAGEMENT AND FINANCIAL PLANNING FRAMEWORK

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Revised: 02 November 2011
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Distribution Control

The protocol will be available as part of the Council’s Financial Procedures and from Valuation & Asset Management (VAMS) Intranet portal.

Revision Status

VAMS will maintain and update the Framework.

Anytime that reference is made to this Framework it should be on the Intranet.

Do not rely on previously printed versions.

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EXECUTIVE SUMMARY

Significance of Property

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 department or function, they are above all corporate assets that the Council needs to manage on behalf of the Council as a whole. Schools are no exception to the “Framework”, however, there are particular management and funding arrangements which the framework recognises.

Nature of the Property Portfolio

Part of the portfolio is operational and part is commercial: they exist 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 asset portfolio’s contribution towards achieving the Co-operative Council objectives is maximised.

The Framework – Business-Like Approach

The Framework gathers together aspirations, current behaviours and notions of best practice to express a clear set of principles to guide strategy for and management of the Council’s property asset portfolio.

Inevitably it contains 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, challenges posed by the objectives and priorities of the Council. It is a Framework within which:

- Individual strategies and plans are developed, e.g. the Property Asset Management Plan (PAMP), Co-operative Council property asset facilitation, 3rd Sector Investment Strategy and Office Accommodation Strategy;
- Management responsibilities and accountabilities are defined e.g. Officer Scheme of Delegation;
- Individual property asset proposals and actions are evaluated, e.g. Planning - Property Asset Performance Reviews, Acquisitions, Maintenance, Disposals and Investments; and
- Property asset performance and property management performance are assessed.

Property Asset Management Principles & Objectives

The Framework therefore represents joined-up thinking about property assets and commits the Council to a rigorous and business-like approach to its management. There are a number of key implications:

- **A clear rationale for owning properties** - This will be ensured through a regular process of property asset performance reviews and reporting to confirm whether or not individual properties are fit for their intended purpose;
- **A demonstration of performance and return from the investment in property resources** - The Council has set objectives for its property and will monitor performance of the property assets and their management to see that these objectives are being met and are still relevant;
• **Value for Money** - Responsible stewardship of Council property assets implies spending money to manage and maintain them to any appropriate standard. As a minimum the Council ought to be prepared to make investments in its property where that investment is necessary to maintain its strategic performance, to protect the asset base and avoid diminution of asset value or if it generates a positive target return in terms of increasing value;

• **Co-operative Council Ambition** – Provides a clearer link between the Council’s property assets and its wider objectives. A key role for Members in monitoring the performance of the portfolio in both functional and financial terms through AMCAP.

It seeks to ensure that the Council’s property assets best support its business operations and service delivery within available resources, including funding

**The individual components of the Framework represent enduring principles and the Council expects them to be durable. The Framework will be reviewed on a four year cycle to ensure that it continues to provide a relevant framework that can be used to sustain and improve the overall performance of the Council.**

• **Service & Financial Planning** - “The Framework” also provides a new budget process for developing the Council’s Capital Investment Strategy, for which the primary input is the Property Asset Management Plan (details required expenditure – capital and revenue.

• **Property Asset Performance Review** - Under the new process, departments must submit proposed 3 years Service Asset Plans (SAP) including supporting business cases and Gateway Review reports as part of the Council’s SFP process (i.e. at the start of the annual Service and Financial Planning process).

The SAP submissions support departmental formal capital proposals for projects proposed to commence in the upcoming financial year, as well as providing information on potential future investment requirements over the 3 Year capital programme period.

• **Cabinet Member Involvement** - Through the process set out in the “Framework”, typically commencing in June, the Strategic Asset Management Group/Asset Management Cabinet Advisory Panel will consider each departments SAP with particular focus on major and high-risk capital projects (supported by preliminary business cases and Gateway Review reports).

The results of the review will feed into the annual SFP process to provide a medium-term planning and fiscal context for considering final capital funding approvals. Through the Review and subsequent SFP process, the AMCAP will determine indicative three –year capital planning limits to guide the ongoing development of major investments.

• **Joined-up Approach** - The objective of the Framework is to ensure a more systematic, whole-of-Council approach to property asset planning, acquisition, management and maintenance, disposals and capital investments with emphasis on better up-front preparation and prioritisation.
The Framework comes in 5 parts:

Part 1: General Property Asset Management Statement – Mission statement; Property asset management objectives and Principles;

Part 2: Corporate Property Asset and Land Policies;

Part 3: Legislative Framework for Property Asset Management;

Part 4: Organisational Arrangements, Accountability and Responsibilities; and

Part 5: Property Asset Management and Financial Planning Protocol – Protocols regarding:
  - Departmental Service Asset Planning;
  - Acquisition;
  - Operational Management and Maintenance;
  - Office Accommodation;
  - Disposals Planning; and
  - Financial Planning Protocol

The Parts of the Framework are mutually dependent and should be read together and are intended to inform elected members and officers of the Council and external parties with whom the Council may work with in respect of property asset management. These individual components represent enduring principles and the Council expects them to be durable. The Framework will be reviewed on a three yearly cycle to ensure that it continues to provide a relevant framework that can be used to sustain and improve the overall performance of the Council.

The Framework does not apply to the Residential Estate within the purview of Lambeth Housing Partnership (LHP) and which are managed in accordance with the terms of the Arms Length Management Organisation arrangement set out in the agreement between the Council and its partners. Those parts of the housing portfolio that are not within LHP’s management responsibility do however come within its ambit.
The direction and management of the Council’s property portfolio to maximise benefits and minimise costs is both a responsibility and challenge to the whole Council. It is therefore prudent that the Council’s asset management policies, governance arrangements and procedures reflect principles that can help successfully meet this challenge.

The Council is required to maintain a high level of essential services to the community and, at the same time, be responsive to the changing social, political and economic environment.

This changing environment is characterised by increasing:

- **Co-operative Council (Sharing power: a new settlement between citizens and the state)** - The evolution of the Council as it strides towards its Co-operative aspirations. This will have implications for property asset management and the property portfolio;
- **Financial Constraints (the toughest conditions for the last 30 years: Comprehensive Spending Review legacy)** – The Council’s real terms funding reduction over the next 3 years;
- **Sustainability** – The Council’s Carbon Reduction commitment;
- **Regulated** – to ensure the continuity of service, legal compliance, equality of provision and access, the promotion of consistently high standards and the transparency of decision making;
- **Transformation and Efficiencies (Value for Money)** – provided in a way which is both effective and cost efficient so that scarce resources are optimised for the benefit of clients;
- **Prudential Code** – requires local authorities to ensure their financial strategies provide for capital and revenue expenditure which is prudent, affordable and sustainable. In doing so, authorities are required to have regard to the property stewardship for their assets and for which asset management planning provides a structured approach.
- **Flexible** – provided in a way that allows services to ‘flex’ as clients needs change; as revised delivery mechanism are adopted and as volumes of services increase or decrease with changing circumstances; and
- **The Integrated Property Asset Management and Financial Planning Framework** - increasing need for property considerations and decisions to be taken corporately to assist new approaches to service delivery and policy on a cross-departmental basis.

Asset management decisions and practices should be determined by the fact that assets are acquired to support service delivery to residents. The cost of ownership (or control) and the management and use of these property assets influence the total cost – and quality – of service delivery. It follows therefore that the primary objective of strategic asset
management of the Council’s property portfolio is the achievement of service delivery objectives, i.e. the challenge for the Council is to ensure that both co-operative Council aspirations are matched with an efficient use of limited resources – Property Assets. This necessitates the need to integrate corporate plan objectives with the property portfolio.

This Integrated Property Asset Management Framework sets out the policies, procedures, roles including ensuring:

- Structured and accountable corporate planning;
- Demonstrable linkages between service delivery and resource planning;
- Formal capital, maintenance and disposal planning for assets;
- More effective and innovative ways of delivering services – non-asset solutions; and
- Partner agency use of Council assets.

An essential component of this framework entails the alignment of service delivery objectives through the preparation of departmental Service Asset Plans (SAPs). Departments are required through effective property asset planning - SAP to identify the assets required to deliver their service delivery objectives cost effectively; property assets are considered as inputs to service delivery and departments are required to know the full cost of holding assets to determine the true output cost of services being delivered.

Asset management decisions must be based on a proper evaluation of options which take into account all costs and benefits over the life of the asset, and incorporate an explicit analysis and determination of an acceptable level of risk.

The delivery of the framework is principally through the Strategic Asset Management Group (SAMG).

**The Asset Journey – Asset Life – Cycle**

In the past, increasing residents/customer demand for services invariably meant the creation of new infrastructure, with inadequate attention given to asset life and whole-of-life costs. One of the consequences of this is that the existing asset base has now become unsustainable.

Assets should be owned and managed throughout their life within a framework of return and risk. Best practice requires the Council to demonstrate appropriate returns (benefits) from its assets including financial returns by way of vfm, and more importantly the matching of its assets with the service it delivers.

Conversely, risks such as political, financial, operational, building related health and safety and environmental (to name a few) must be managed effectively. A comprehensive understanding of property assets and their life cycle will enable the Council and service beneficiaries to influence directly the quality of service delivery, and to optimise the value, use and returns from the assets under its control.

The emphasis is on control – the Council does not need to own or physically possess an asset to control it. Part 5 of the Framework has been structured on the basis of the key elements of a journey of:

- Planning
- Acquisition
- Operating and maintaining
- Disposal and
- Financial (Investment)
The greatest savings and most enduring efficiencies are achieved in the earliest planning phases of the asset journey, with decreasing opportunities for savings as asset investment projects progress toward completion.

More effective planning and an understanding of the various service delivery options can lead to large savings being made during the asset creation phase. Sometimes asset related costs can be avoided altogether if non-asset solutions are found.

**Strategic Property Asset Management**

Strategic Asset Management can therefore be defined as “the planned alignment of physical assets with service demand”.

It is achieved by the systematic management of all decision-making processes taken throughout the life of the physical asset.
Property Asset Management in the Corporate Planning Environment

**Purpose of this Framework Document**

The Parts of the Framework are mutually dependent and should be read together and are intended to inform elected members and officers of the Council and external parties with whom the Council may work with in respect of property asset management.

The Framework does not apply to the Residential Estate within the purview of Lambeth Housing Partnership (LHP) and which are managed in accordance with the terms of the Arms Length Management Organisation arrangement set out in the agreement between the Council and its partners. Those parts of the housing portfolio that are not within LHP’s management responsibility do however come within its ambit.

It demonstrates that Strategic Property Asset Management arises out of the requirement to support the Corporate Plan and Service Delivery strategies as illustrated below:

![Corporate Plan and Service Delivery Strategy Diagram](image)

**Understanding the Context**

Asset Management is an integral part of the Council’s planning process and as such it is essential that it is considered and integrated with planning for human, financial and information resources. It occurs within a broader dynamic system, structured to facilitate innovative solutions that are able to access a range of resources in the delivery of core business services. This Framework contributes to this overall process by providing a sound basis for operation of the challenge process set out fully later.

Where property assets are required for service delivery, asset management becomes a critical element in the corporate business decision making process. As a consequence, it must:

- Integrate with Service and Financial Planning process, through the alignment of assets and service delivery objectives and the resulting departmental Service Asset Plans informing funding proposals;
- Ensure informed decision making;
• Ensure Vfm, a key corporate principle underpinning property management and all associated Council procurement processes;
• Clarity in the roles and responsibilities between staff in Corporate Finance, Valuation & Asset Management Services, Corporate Facilities Management Services and occupying departments and other specialists within the council;
• Detail individual responsibilities by means of a Service Level Agreement (SLA) or notional lease;
• Provide for proper accountability for the costs of occupation of property; and
• Introduce structured arrangements for dealing with surplus and underperforming assets

Who is the Framework For

This framework has been developed in consultation with the:
• Capital & Asset Management Group (CAMG);
• Strategic Asset Management Group (SAMG);
• Strategic Leadership Board (SLB); and the
• Asset Management Cabinet Advisory Panel (AMCAP).

It captures the property asset management principles, policies, Legislative requirements, organisational arrangements, roles and responsibilities; including alignment with the SFP process by providing an outline for:

• Departmental Chief Officers with overall responsibility for their asset portfolio; and
• Officers and Managers involved with property asset management planning at both portfolio and facility level.

A number of service delivery aspects need to occur prior to the commencement of the planning for property assets. The first is to establish the service need. As part of service planning this might entail establishing the scope and nature of demand and interpreting corporate policy responses to a range of socio-economic indicators.

Corporate Plan and Departmental Service Plans (DSP)

The process of translating service needs into service delivery options requires considerable innovation and the ability to challenge traditional methods of delivery. As part of this process departments should constantly be seeking innovative and value adding solutions that minimise consumption of scarce resources.

Service and Financial Planning (SFP)

The SFP process is designed to ensure the delivery of specific outputs addressing quality, quantity and Vfm. A range of resources, including human, financial, information services and property asset resources is available to support service delivery plans.

The requirement to deliver Vfm demands that these resources are managed by taking a holistic, integrated approach, able to capitalise on potential synergies.

Service delivery options often tend to draw from the following complementary approaches;

• Advances in technological alternatives;
• 3rd Sector commissioning/Private sector;
• Alternative modes of service delivery, e.g. Co – operative Council; and
• Innovative and flexible use of existing resources.
As a consequence, the supporting property asset resources will also be identified. The agreed strategy should demonstrate that broad options have been explored, especially non-property asset-solutions.

**Service Asset Plans**

Where the DSP incorporates property assets as a key part, an analysis of the existing assets need to be carefully evaluated prior to the consideration of any new capital expenditure and the associated commitment to on-going life cycle obligations - revenue.

Strategic property asset management therefore aims to match asset strategies involving the four life cycle stages (planning, acquisition, operation and maintenance and disposal) and associated capital and recurrent costs against service delivery objectives, timeframes and budgets.

The procurement, management of existing property assets and their subsequent disposal requires significant financial commitment and introduce potentially significant risk exposure which needs to be carefully managed and as such one of the main reasons for this protocol.

**Property Asset Performance Assessment**

By assessing the performance of existing assets against service delivery objectives through a structured methodology it is possible to identify ways for modifying property asset strategies with a view to enhanced service delivery. The outcome will be a Service Asset Plan (SAP) that addresses portfolio and facilities management issues including identifying:

- Property Assets to be retained or improved;
- New assets necessary to support service delivery; and
- Assets surplus to requirements and can be disposed.

**Constitutional Status of the Integrated Asset Management Framework**

This Framework forms part of the Council's Constitution and compliments the Financial Regulations.

The Council is empowered to acquire, hold, appropriate and dispose of land for its statutory purposes, by a variety of statutes. An officer who is preparing an acquisition, disposal or appropriation of land must adhere to this Framework including ensuring that the transaction is undertaken using the appropriate powers of the Council for that land and having regard to all legal requirements, including statutory guidance.

Departments are required to work through the Strategic Asset Management Group and Asset Management Cabinet Advisory Panel (SAMG/AMCAP) regarding proposals to acquire, appropriate or dispose of land. Land acquisitions, appropriations and disposals should be identified through the Integrated Property Asset Management and Financial Planning process and be subject to scrutiny by the SAMG/AMCAP. The Capital Strategy should also reflect proposals to dispose of, or acquire land and property.

*For all land, only the Head of Asset Strategy is authorised to take action to acquire, appropriate or dispose of operational and non-operational property.*

Appropriate professional advice from the Valuation and Asset Management Services (VAMS), should be sought at an early stage of any proposed land transaction. Advice should always be sought especially where the transaction forms part of a large or complex project or programme, or where it is proposed to enter into a development agreement. This is to ensure
that all legal, financial, property and other implications of the transaction are identified prior to a report being prepared for decision.

**The Property Asset Management Plan (PAMP) and the Capital Investment Plan (CIP)**

The resulting PAMP and CIP from the integrated asset management and financial planning process will:

- Demonstrate clear links to the Council’s corporate strategy and to its services’ strategies:
- Be prepared every four years and reviewed annually as part of the Council’s Service and Financial Planning process:
- Take a minimum 3 to 5 year perspective;
- Be prepared in the light of relevant national guidance – eg Prudential Code; and
- Be submitted annually to the Cabinet for approval.

This Framework, the CIP and Property Asset Management Plan (PAMP), together with service strategic plans, form the essential context within which the Council’s property is managed;

Where significant variations in property needs or proposals which are not reflected either in the PAMP or CIP arise, such variations or proposals must be approved by Cabinet or as delegated.
PART 1
GENERAL PROPERTY ASSET MANAGEMENT STATEMENT
INTEGRATED PROPERTY AND FINANCIAL PLANNING PROTOCOL 2010 - 2015
Part 1 – General Property Asset Management Statement
Section A: General Property Asset Management Statement

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Our Property Asset Management Mission Statement:

“We optimise the contribution property assets make to the achievement of the Co-operative Plan objectives and the delivery of services to the citizens and residents of the Borough of Lambeth by sustaining defined levels of property asset performance in functional, financial, technical and regeneration terms, throughout the asset life-cycle:

- **Co-operative Council Ambition** – projects and services delivered through the community in partnership;
- **Functional Performance** – fitness for purpose;
- **Financial Performance** – return on investment, occupancy levels, market value, operating and maintenance costs;
- **Technical Performance** – reliability, predictability, and operational and maintenance efficiencies; and
- **Regeneration** – securing the borough’s future as a vibrant place to live and work”.

Introduction

The Council’s property portfolio is valued at £1.97 billion, this scale of investment exposes the Council to a range of considerable risks. A strategic approach to managing this portfolio enables the Council to manage these risks, and obtain value for money in the delivery of services.

This part of the Framework describes the purpose and fundamental asset management principles for effective asset management and provides a strategic framework through which the Council will achieve its benefits. It has been formulated as a policy direction to the Council to meet the service delivery requirements of present and future residents. It provides the foundation of all asset management related activities, such as planning, evaluation, acquisition, management and maintenance, and disposal. The principles support the key 6 strategic property asset management objectives set out below.

These principles govern the Council’s asset management and service & financial planning process including the basis of asset management performance.

What is property asset management about

Property asset management is the process of guiding the planning, acquisition, operation & maintenance and disposal of assets to make the most of their service delivery potential including managing the related risks and costs over their entire life, i.e. a continuous process covering the whole life of the asset.

Objectives

The principal objectives of asset management are to enable the Council to meet its service delivery objectives efficiently, economically and effectively through:

- **Co-operative Council** - Optimising the service potential of property assets to facilitate the delivery of the Council’s ambition balanced against the necessity of reducing the demand for new assets and Value for Money;

- **Maximise value for money and Income Maximisation** - Achieves greater Vfm through economic evaluation of options that reflect “Whole Life costs”, value management techniques and risk transfer including preserving and maximising income stream from the investment property portfolio by pro-active property management to minimise letting voids within the estate;
• **Generation of Capital Receipts** – Generate funds for capital projects, capital receipts from property sales are essential. At the simplest level the sale of a surplus piece of land will result in a capital receipt; but this would also give rise to revenue savings in terms of reduced maintenance, running and management costs. In certain circumstances it will be possible to steer the direction of individual transactions to reflect other aspirations of the Council and also take advantage of market conditions.

• **Contribute to place shaping and economic growth** - Meeting service delivery demands by providing the right assets in the right location and the right amounts, encourage asset improvements that will encourage the competitiveness of the borough;

• **Safe, Legal and Fit for Purpose** - Ensuring that operational properties are safe, Health & Safety compliant, well maintained, fit for purpose and are in the right location to enhance service delivery;

• **Promote balance between development and sustainability** - Minimise the impact to the environment from the construction and operation of property assets;

• **Collaboration** Collaborative working arrangements with other public bodies to share property assets, explore common property objectives and best practice;

• **Citizen-equty** – Promoting a shared sense of ownership and pride in the public realm through the image it projects, the sense of community it engenders and the economic value it has; and

• **Ensuring Clarity of responsibility and accountability** - Focuses attention on results by clearly assigning responsibility, accountability and reporting requirements.

Key Activities include:

• Planning
• Acquisition
• Estate & Maintenance Management; and
• Disposal

**Property Asset Management Principles (PAMP)**

Property Asset Management is governed by the following principles:

**PAMP 1 – Land & Property Ownership** - All land and property, with the exception of the Council housing portfolio which is managed by Lambeth Living and voluntary aided schools, will be treated as a corporate resource.

**PAMP 2 - Service Plans** - Service delivery needs form the basis of all asset management practices and decisions (Service delivery needs address the social, environmental and economic needs of residents of the borough and as such all asset management activities should aim to improve service delivery);

**PAMP 3 - Property Planning and Financial Management** - Property planning and management are to be integrated with the Council’s Service and Financial Planning process (This means that asset planning time frames equates with those of corporate planning including looking beyond stewardship of individual assets, and examining the total asset base during decision making, it also means achieving balance across the corporate estate to optimise investment outcomes);
**PAMP 4 - Capital Spending** - Capital receipts will not be earmarked (Single Capital Pot) and will have regard to priorities in the Council’s investment programme;

**PAMP 5 - Land and property running costs** - will be optimised to ensure expenditure associated with occupation is minimised;

**PAMP 6 - Land and property users** - have an obligation to reduce Land and property occupation costs and property utilisation will be monitored through the PAMP process.

**PAMP 7 – Commercial Property Portfolio** - The Council will keep under review the business case to retain non-operational assets and the estate will be subject to a 3 year review;

**PAMP 8 - Land and property will only be held to support service delivery** – this may include being held to generate income to secure services subject to a business case being demonstrated or, for regeneration purposes as part of a wider regeneration initiative;

**PAMP 9 – Property Asset Maintenance** - the Council will maintain investment into its land and property infrastructure subject to available resources.

**PAMP 10 - Non-asset Solutions** - are to be considered when decisions are made in order to minimise asset related costs;

**PAMP 11 - Informed Decision Making** - Property management decisions are to be based on evaluations of alternatives that take into account full life cycle costs, benefits and risks of assets; this means evaluating operating and maintenance requirements, and the implications of eventual replacement or disposal, during acquisition decision making including evaluation of non-asset solutions;

**PAMP 12 - Custodianship** - Executive Directors are required to account for assets used to deliver services, with SAMG challenging ownership and estate management requirements in a rolling programme of property reviews;

**PAMP 13 - Surplus Assets** - Land and property declared surplus by service departments is referred to SAMG/AMCAP for disposal; the disposals method (in order of progression) will entail:

- SAMG first offers the ‘surplus’ property to other departments who may have a service need for it (including an established need by a partner organisation or regeneration purposes). If a need is established the property may be transferred;
- In the event that there is no further internal need for the property, the property is determined “surplus” to Council requirement. However, consideration should be given to whether there are Community interests in the property, i.e. Community Benefit Asset Transfer (CBAT);
- Should the CBAT be unsuccessful the property asset will then be sold;

**PAMP 14 - Property management in-use activities** - are to be undertaken within an integrated property management and financial planning framework;

**PAMP 15 – Sustainability** - New buildings will be sustainable, based on life cycle costing and not initial capital outlay; all new buildings and those subject to significant refurbishment works will have a Building Research Establishment Environmental Assessment Method (BREEAM) rating of not less than good.
**PAMP 16 - Co-location** - Partner organisations and particularly those in the public sector will be encouraged to adopt a joined up approach to service delivery and to share accommodation to reduce costs;

**PAMP 17 - Corporate Landlord** - The SAMG will act as the landlord’s agent and directorates will be considered as tenants occupying corporate buildings. SAMG will include representation at Executive or Divisional Director level to ensure the Group has a strategic focus. The Valuation & Asset Management Services (VAMS) will operate as property consultants to the Council dealing with valuations, sales, feasibility studies and the management and maintenance of the portfolio..

**PAMP 18 – Residential portfolio** - Any land and property declared surplus by HRE-Housing Division will be referred to the SAMG for disposal.

**Property Planning and Financial Management**

These asset management features are critical for the creation and maintenance of a corporate estate that is responsive to the Council’s changing needs whilst preserving and safeguarding resources for future generations.

Only by a strategic and integrated approach to asset management would the Council deliver quality services efficiently and effectively.

Departmental Service Plans reflect and translate the Corporate Plan and stakeholder needs into broad programme and service strategies and priorities. These service strategies may be non-asset-based or asset-based, e.g. some may require additional capital facilities or increased use of existing facilities, whilst others may involve outsourcing/commissioning or leasing to make them operational. Each department determines the best operating mix for its operating environment, consistent with overall corporate policy.

The SFP process involves the allocation of funds to deliver non-asset and asset strategies. The service plans translates strategies and budget into annual operational plans with output measures and performance indicators.

Finally, these service strategies feed into the SFP process.
Introduction

Property assets is the Council’s most important non-people resource and property costs are the second largest cost after staff. It therefore follows that it is essential that the basis for the operational day to day management of this valuable resource is managed within the context of a transparent policy framework.

This policy gathers together aspirations, current behaviours and notions of best practice to express a clear set of policy principles to guide strategy for the management of the Council’s property assets.

The Property Policy represents joined-up thinking about property assets and commits the Council to a rigorous and business-like approach to its management. There are a number of key implications:

- The need for a clear rationale for owning properties will require a regular process of review and reporting to confirm whether or not individual properties are fit for their intended purpose;
- The need to demonstrate performance and return from its investment in property resources. The Council has set objectives for its property portfolio and monitors performance of the assets and their management to see that these objectives are being met and are still relevant.

Responsible stewardship of Council property assets implies spending money to manage and maintain them to an appropriate standard. As a minimum the Council is prepared to make investments in its property where that investment is necessary to maintain its strategic performance, to protect the asset base and avoid diminution of asset value or if it generates a positive target return in terms of increasing value.

The framework ensures there is a clearer link between the Council’s property and its co-operative plan objectives. The key role for Members is in monitoring the performance of the portfolio in both functional and financial terms.

Whilst individual properties may have been associated for many years with a particular department or function, they are above all corporate assets that the Council needs to manage on behalf of the Council as a whole. The Schools portfolio is not exempt from these policies, however, there are particular management and funding arrangements which these Policies will need to take into account.
Assets are used and deployed in many different ways in order that the Council can meet its objectives. Assets may be held for operational and non-operational reasons. The operational reasons for holding property are divided into 3 categories, for the purposes of defining policies. These five sub-categories are:-

Operational – Direct Service (Including Offices)
Operational – Indirect (Enabling) Service Properties
Non-Operational – Commercial Properties

**Why have a Corporate Property & Land 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.

The Property Policy will act as a framework within which:

- Individual strategies and plans are developed;
- The property assets will be managed;
- Management responsibilities and accountabilities are defined;
- Individual property proposals and actions are evaluated;
- Property performance and property management performance are assessed;

The individual components of this Policy represent enduring principles and the Council expects' them to be durable. They will, however, be reviewed on a 3 year cycle to ensure that they continue to provide a relevant framework that can be used to sustain and improve the overall performance of the Council.
Introduction

The Corporate Property Assets & Land Policies inevitably contains some generic objectives of the sort that will apply to any large owner and occupier of property, these are referred as Headline Policies and are set out below. They reflect wider trends and Council/Government policies. These will evolve and be reflected in reviews of the policies over time. Some of the external influences reflected are as follows:

- **Co-operative Council (Sharing power: a new settlement between citizens and the state)** - The evolution of the Council as it strides towards its Co-operative aspirations. This will have implications for property asset management and the property portfolio;
- **Financial Constraints (the toughest conditions for the last 30 years: Comprehensive Spending Review legacy)** – The Council’s real terms funding reduction of £78.8 million over the next 3 years;
- **Sustainability** – The Council’s Carbon Reduction commitment;
- **Regulated** – to ensure the continuity of service, legal compliance, equality of provision and access, the promotion of consistently high standards and the transparency of decision making;
- **Transformation and Efficiencies (Value for Money)** – provided in a way which is both effective and cost efficient so that scarce resources are optimised for the benefit of clients;
- **Prudential Code** – requires local authorities to ensure their financial strategies provide for capital and revenue expenditure which is prudent, affordable and sustainable. In doing so, authorities are required to have regard to the property stewardship for their assets and for which asset management planning provides a structured approach.
- **Flexible** – provided in a way that allows services to ‘flex’ as clients needs change; as revised delivery mechanism are adopted and as volumes of services increase or decrease with changing circumstances; and
- **The Integrated Property Asset Management and Financial Planning Framework** - increasing need for property considerations and decisions to be taken corporately to assist new approaches to service delivery and policy on a cross-departmental basis.

The following Headline Policies reflect the principles of this framework:

**Headline Policies (HP)**

**HP1 SYMBOLIC IMPORTANCE OF THE COUNCIL’S PROPERTY**

The Council’s property portfolio collectively symbolizes the role and legitimacy of the Council in the life of the local community.

The condition, signage, accessibility, cleanliness and design of all Council operational property will be 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 presence and ‘leadership’ within the community.
The Council is therefore committed to adopt consistent standards in this regard.

HP2 ACCOUNTABILITY TO THE COMMUNITY

The Council through its Service & Financial Planning process has established a process of engagement and consultation with the Community.

Based on the principles of working in partnership, the Council will engage with the community where appropriate to seek integrated service delivery solutions that will make a difference to the community.

HP3 CORPORATE RESOURCE

All property assets and land are to be treated as a corporate resource and should support either directly or indirectly the Council’s corporate objectives.

Where property assets or land are identified which do not support the Council’s corporate objectives the capital resource tied up in those assets will be released and deployed for alternative uses.

HP4 STRATEGIC AND OPERATIONAL RESPONSIBILITY

Responsibility for the overall strategic direction of the Council’s land and property assets is to be overseen by the Asset Management Cabinet Advisory Panel (AMCAP) - A Member/Officer Group Chaired by the Cabinet Member for Finance and Resources and supported in this role by the Strategic Asset Management and the Capital and Asset Management Groups; Valuation & Asset Management Services and Corporate Facilities Management Services.

HP5 CORPORATE PROPERTY OFFICER

The EDFR and EDHRE in their respective roles of Chief Financial Officer and Chief Officer for Total Place will jointly play the role of the CPO and Co-chair the Strategic Asset Management Group with the support of Head of Asset Strategy in the role of Chief Valuer to the Council.

HP6 PROPERTY ASSET MANAGEMENT PLAN AND CAPITAL INVESTMENT PLAN

The Council will produce and maintain a Property Asset Management Plan (PAMP) and Capital Investment Plan (CIP) to be reviewed annually. The PAMP and CIP will be informed by departmental Service Asset Plans (SAP).

HP7 VALUE FOR MONEY IN HOLDING PROPERTY ASSETS

The Council will not hold property for its own sake and will measure its use of property in financial terms just like its other resources.

The Council will occupy the minimum possible amount of property measured in financial terms which it needs to perform its duties and attain its objectives.

It will expend the minimum possible resources on the day-to-day management of its property.

At its most strategic level this means that in making the following decisions, the financial measure which will be used is that which results in the minimum possible amount of the Council’s resources being used, i.e. “opportunity cost”.

Integrated Property Asset Management and Financial Planning Framework
• To retain or dispose of existing property;
• To invest further capital in property it already owns; or
• To transfer or let property to a Community Organisation or partner agency; or
• To retain property for other strategic purposes, e.g. land assembly for regeneration purposes; and
• To acquire new property.
HP8 VALUE FOR MONEY IN PROPERTY ASSET MANAGEMENT PROCUREMENT

The Council will regularly review and develop the process of procurement of property services and of property management activities.

HP9 GOOD FINANCIAL FRAMEWORK

The Council will continue to 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 regarding different options and investment proposals.

HP10 APPROPRIATIONS

Where the control of any land is to transfer from one Chief Officer to another, that land will be formally appropriated in accordance with regulations in force at that time.

The term appropriation is concerned with the statutory purpose for which land is held, and is a separate matter from the control of that land by any Chief Officer.

The statutory purposes which enable the Council to hold land are too widespread and numerous to list in this document. It is not lawful for the Council to hold land for reasons not linked to the powers and duties conferred upon the Council. However the Local Government Act 1972 provides a general power to hold and use land for the benefit of its area.

If any land has been declared surplus to the original statutory purpose for which it was acquired or used and is now to be used for some other purpose, then it must be appropriated to the statutory purpose for which it is now to be held.

It must be remembered that the appropriation of land from one statutory purpose to another is a separate matter from the transfer of the control of that land (although in most cases the two will occur together). The first is a legal requirement and the second is a purely internal management arrangement.

The responsibility for approving both the transfer of Chief Officer control of any land and also the formal appropriation of any land rests with the EDFR.

HP11 DEBT TRANSFER

Where any land is appropriated from one statutory purpose to another, a debt charges equivalent to the current open market value of that land shall simultaneously transfer.

Under current regulations, upon the appropriation of any land the land concerned has to be valued in the open market and, generally, a debt equivalent to that open market value must be transferred within the Council’s accounts, and the appropriate adjustments made to the asset registers. Where the appropriation is between different parts of the General Fund the impact upon budgets is not likely to be significant, but where the appropriation is to or from the Housing Revenue Account (HRA) this can have a major impact on the HRA revenue budget.

The responsibility for certifying the value is that of the Head of Asset Strategy.

HP12 ASSET MANAGEMENT PLANNING
To develop property planning processes, within the Service & Financial Planning process, to ensure property resources are managed in the best interest of the Council.

Well defined and comprehensive Departmental Service Asset Plans will inform the development of the Property Asset Management Plan and Capital Strategy.

Departmental Service Asset Plans will:

- Define the departmental core business service it intends to deliver, examine service delivery methods and determine the most efficient cost effective means of service delivery;
- Broadly define the property asset resource requirements for new assets, maintenance of existing assets and assets surplus to requirements including capital and revenue requirements together with any associated overall office accommodation needs.

These Service Asset Plans will inform the development of a Property Asset Management Plan for the Council’s combined property asset portfolio.

The main aims of the Asset Management Plan are to:

- Provide and maintain a balanced portfolio that supports the vision and priorities of the Council’s Corporate Plan and other relevant policies, and meets the present and future needs of services/users;
- Maximise the Council’s financial return from its commercial portfolio;
- Dispose of surplus assets, following consultation, to generate capital receipts in accordance with the annual target set by the Council;
- Ensure that investment in assets deliver strategic outcomes identified at the point of investment.

The Council will ensure that, where externally required or not, the structure for and disciplines around Asset Management Planning are maintained and refreshed regularly.

**The Property Asset Management Plan (PAMP)** will be informed by, and contribute to, the development of the Council’s Property Policies.

**The Strategic Asset Management Group (SAMG)** will remain a significant part of the Council’s overall Corporate Framework and will be the sponsor of amendments to this Property Policy. It will also be responsible for commissioning the Corporate Property Review programme, Departmental Service Asset Plans and the prioritised capital investment in assets. The Group will report to Cabinet via the Strategic Leadership Board and Asset Management Cabinet Advisory Panel.

**The Education (schools) AMP** is a requirement of the DfES. It is regulated and approved by them. The Council produces a ‘Statement of Priorities’ and a ‘Local Policy Statement’. These form the framework of the AMP. The Council regularly surveys all schools for condition, sufficiency and submits data to the DfES for verification when required. The Education schools AMP has a Consultation Group with wide service and Head Teacher membership. This determines and approves the capital programme for the DfES formulaic allocations.

**The Housing Strategy and Housing Investment Plan** are governed by a separate regime but will however, reflect these policies.
HP13 ACQUISITION

The Council will acquire land normally where this is for a definitive purpose in connection with a specific scheme or where its objectives can be best served by such acquisition.

Land and property interests will only be considered for acquisition if the following circumstances apply:

- The need for the acquisition is demonstrated in the departments Service Asset Plan;
- The acquisition will make a positive contribution to the current delivery of Council services; and
- All other methods for the delivery of this service have been investigated and a 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 Strategy or Council Strategic Aims and priorities;
- No other available 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; and
- There is potential for advantageous shared use.

Financial constraints may mean that it might not always be possible to take opportunities for land acquisition as they arise, but all opportunities will be properly explored. It is not Council policy to acquire land simply to expand the landholding without definitive purpose. Examples where acquisition might be pursued are to meet an operational need or to assemble a site for regeneration or for some other longer term aspiration.

Use of Compulsory Purchase Powers

The Council will make use of compulsory purchase powers in the acquisition of land in circumstances where no alternative means of acquisition are available or where any alternative means of acquisition are not capable of achievement within acceptable timescales.

The Council will always seek to acquire land through negotiated terms, but where this might give rise to delays which prejudice acquisition timescales, or if the land being acquired is either in multiple or unknown ownership then compulsory purchase may be the only achievable route.

HP14 PROPERTY MANAGEMENT IN - USE

The Council’s management arrangements for the property portfolio will consider as part of an annual property performance review, the following key areas:

- **Financial/Budgetary** – Comparison of performance against targets in terms of capital receipts, maximisation of rental income, management costs, maintenance programme delivery, etc;
- **Good Practice** – Is good practice being achieved in terms of risk management, operational structures, 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 life, job creation, regeneration and the needs of the capital programme;

• **Stakeholders** – How does asset management reflect the needs of internal and external stakeholders and partner organisations;

• **Scope of Improvement and Future Targets** – The suggested priorities, feasibility and management initiatives required to improve financial performance, good practice, policy coherence and stakeholder involvement; and

• **Statutory Legislation** – Are there any legislative/statutory compliance issues.

**Value of Property Assets Deployed**

The Council will maintain a record of the value of all land assets deployed by each service or function.

The purpose of maintaining such records is to enable each Chief Officer to have knowledge and awareness of the land assets they utilise in the performance of their respective services and functions.

**Legal Requirements**

It is the Council's policy that all requirements placed upon it by statute so far as such relates to the use, occupation or management of its land, shall at all times be complied with.

As a public body it is important that the Council not only complies with its legal obligations and responsibilities, but is also seen to comply with those obligations and responsibilities. This is particularly sensitive where land is involved as this is an asset, which many third parties rely upon for making use of Council services and also for running their businesses.

**Property Information Management System**

The Council will maintain an accurate and comprehensive database of its land holdings.

In order that the Council's landholding may be managed in a co-ordinated way it is vital that details of all ownerships and interests in land are recorded. The Council's main property database is maintained by VAMS - Corporate Property Services. Other than lettings of local authority housing and sessional lettings, this is where all information about Council ownerships and lettings are held.

**Confidentiality of Property Records**

The Council will treat information held on the property database as confidential and will restrict the availability of information as necessary.

Access to information held on the database will be restricted not only to comply with the Data Protection Act but also to avoid the misuse of that information by third parties. Corporate Property Services will from time to time produce guidelines setting out the circumstances in which information will be made available and the restrictions to be placed on the use of that information.

**Planning Consent**

The Council will ensure that no occupation of land within its control will proceed unless the use proposed either is the lawful use (as defined by Section 191 of the Town & Country Planning Act 1990, as amended) or has the benefit of planning permission granted by the Council.
The Council is the local planning authority and it is seen as inconsistent with its responsibilities to in any way assist breaches of the Town & Country Planning legislation or to not seek or comply with the policies of the Unitary Development Plan.

**Lettings**

Before any lettings or parts of the Council's landholding may take place, appropriate procedures must have been undertaken to ascertain the suitability of the person or body concerned to be tenants of the Council.

The procedures to be adopted will vary according to the circumstances of each individual case but appropriate independent financial assessments and character or trade references will normally be sought. The purpose of these checks is to attempt to reduce the Council's exposure to bad debts and as far as possible to keep ongoing land management expenses to a minimum.

**Rent/Licence Fee Payments**

All rents, licence fees and other charges made by the Council for the use or occupation of Council land shall be payable in advance.

By avoiding payments in arrears the Council reduces its exposure to bad debts. This policy of course applies only to new agreements as and when entered into and does not affect existing agreements already in place.

It is acknowledged that in certain circumstances there may be advantages to the Council in accepting payments in arrears. In such circumstances this must be approved by the Chief Officer which controls the land concerned.

**Late Rent**

In all new agreements relating to the granting of an interest in land the Council will insist that such agreements contain provisions whereby interest on late payment of rent may be charged.

The Council has a duty to ensure that rent is paid on time and it will use the interest provision in agreements to encourage prompt payment. The interest provisions will not only apply to late payment but also to delayed settlement of rent reviews. Where the opportunity exists, the Council will seek to amend existing agreements or renewal agreements, particularly in situations where the tenant concerned has an irregular payment history.

The existence of an interest provision within an agreement does not necessarily mean that interest will automatically be charged, but the facility should be available.

**Rent Levels**

Where new interests in any land is to be created, the Council will ensure that the level of rent or other payments are sufficient to cover the future invoice generation and subsequent management relating to such payments.

**Landlord's Consent**

Where the Council is requested for its consent under the terms of any lease, licence or tenancy, or where the Council’s agreement to a variation of any lease, licence or tenancy is
sought, the Council will seek from the applicant reimbursement of its costs in determining the application, whether or not consent is granted.

**Property Asset Performance Review**

The Council’s landholding will be subjected to regular review and monitoring in order to ensure that each part continues to adequately perform the function and purpose intended.

The control of the Council’s landholding is so spread across the Council that it inevitably falls primarily to the Chief Officer to ensure that the use of the land which they control continues to be properly monitored. The focus of such monitoring will clearly be service orientated, but other issues will have a bearing on any assessments made from time to time.

Where any part of the Council’s landholding no longer adequately performs the purpose for which it is held, the Council will either take measures to improve performance to an acceptable level or will seek to meet performance deficiencies through alternative means.

Every part of the Council’s landholding should be held for one of the 3 “reasons for holding land” set out in the introduction. If any land fails to perform in the way intended the Council must seek ways of resolving the situation. This might involve alterations or improvements to the land. Alternatively this could perhaps involve the use of replacement land to perform the purpose intended resulting in the original land becoming surplus to requirements.

**Insurance**

The Council will ensure that each part of its landholding is at all times insured against the risk of damage, at a level which is appropriate and relevant to the use and characteristics of the particular part of the landholding concerned.

**Opposing Lease/Tenancy Renewal**

Where any tenanted land is required by the Council for the purpose of its own occupation or is required to fulfil other development which cannot be achieved with the tenant in occupation, then the Council will oppose renewal of the lease/tenancy concerned and seek to recover possession.

**Breach of Covenant**

The Council will monitor compliance by tenants of the covenants contained in their lease/tenancy and will take action as appropriate to protect against detriment to the Council’s reversionary interest.

**Property Rates**

The Council will regularly review the rateable values of its land in order to ensure that business rate outgoings are kept as low as possible.

The level of business rates on land can make a considerable impact upon the Council’s budgets and upon the economic viability of a service. Consequently it is important to keep rateable values under review and this re-valuation exercise is normally done on a rolling programme basis.
Certified Valuations

Whenever the acquisition of or the disposal of an interest in any land is proposed then, in each and every case, such acquisition or disposal shall not take place without there first being undertaken a certified valuation.

The Local Government Act 1972 (S. 123) places a general obligation (with some limited exceptions) upon a local authority to obtain the best price reasonably obtainable in respect of any disposal of land for periods of over seven years. It is essential that a certified valuation is undertaken in respect of each disposal in order to ensure compliance with the 1972 Act.

Even where a disposal is covered by the exceptions to the Act, or where the disposal is for a period of less than 7 years, it is important that those giving authority for the disposal (whether this be a Chief Officer or be officers acting within a delegated authority) make that decision in the knowledge of the certified best value.

There are many instances where the Council makes a conscious decision to dispose of land at less than the best consideration obtainable, for very good reasons (Use of Wellbeing Powers). In these cases again the Chief Officer making that decision should ensure that a certified valuation is undertaken so that the decision is made in the knowledge of the potential income being foregone.

Valuations

All valuations undertaken in respect of land interests owned by the Council shall comply with all applicable legislation, shall accord with any relevant professional methods and standards and will be in line with accepted market practice.

It is important that due reliance can be placed upon all valuations undertaken in respect of or in anticipation of land transactions, and that those valuations comply with best practice. It is also important that the limitations of any valuation are fully understood.

HP15 COMMERCIAL PROPERTY PORTFOLIO

The Council will satisfy itself that continued ownership is in the best interest of the Community and will undertake regular (3 yearly) examination of opportunities lost by locking resources in the portfolio, regularly exploiting opportunities for improving the quality of the investment capital appreciation/revenue return and will consider the disposal of poor performing property.

HP16 SUSTAINABILITY

The Council seeks to own and occupy property in an environmental responsible way with a commitment to reduce carbon emissions through its Corporate Carbon Management Plan.

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

New building should aim to achieve a Building Research Establishment Environmental Assessment Method (BREEAM) assessment of at least ‘Good’ and ideally ‘Very Good’, subject to commercial considerations of capital and life cycle cost.

New buildings will seek to achieve upper quartile benchmark performance in energy and water efficiency. Where feasible, adaptations, refurbishment and maintenance of existing buildings will seek to make meaningful contributions to minimizing adverse environmental impacts.
HP17 PROPERTY MAINTENANCE

The Council recognises the need to commit funds to appropriate maintenance to ensure optimum performance and prevent erosion of asset values and will work towards the concept of a fully maintained estate.

With regards to schools, the repairs and maintenance budgets relating to individual schools are largely delegated under the Fair Funding regime as part of the per pupil funding. The Council wishes to partner with schools to ensure prioritised investment takes place to maximize pupil attainment.

Similarly the Council will continue to ensure that all operational properties are covered by appropriate planned preventative maintenance programmes. These will minimize the long term holding costs of Council property whilst maintaining asset values.

The Council will maintain its property assets through a forward planning process (Planned Maintenance Programme) which will prioritise and deliver maintenance and capital works.

HP18 TIED ACCOMMODATION

The Council will provide residential accommodation for staff where this is required for the better performance of those persons duties.

There already exists a number of such arrangements within the Council’s landholding. In order that all such arrangements are treated on an equal footing it is intended to introduce standard terms of occupation. These standard terms will be appended to the Corporate Land Policy as soon as they are developed.

Any tied accommodation which becomes surplus to requirements will be treated in the same way as any other surplus land and will be subject to the other relevant sections of the Corporate Land Policy.

HP19 EFFICIENT AND PRO-ACTIVE MANAGEMENT OF OFFICE ACCOMMODATION

The Council will provide appropriate space for employees and equipment in a technological changing environment to enhance service delivery and the corporate image; help attract and retain employees and reduce operation costs.

The Council recognises that whilst specialised service functions will naturally assume they have unique occupational requirements, the large majority of the core office portfolio is generic office space.

The Council believes in promoting a broadly “open plan” policy. This is partly to promote the open, non-hierarchical and communicative culture associated with open plan working arrangements and partly because this promotes more flexible and efficient use of the accommodation resource.

The design and layout of the working environment will be driven by recognition of the evolving nature of working practices generally – new ways of working.

The Council recognises that a suitable office environment can play a significant part in staff employment, retention, morale, and productivity including the values that the Council expresses internally and externally.
HP20 REGENERATION & AREA BASED INITIATIVES

Property ownership, occupation and investment is inextricably linked to the success and viability of an urban area and the performance of property assets is directly and indirectly influenced by the wider socio-economic, environmental and other dynamic factors at work within housing estates, town centres and neighbourhoods. It follows therefore, that where feasible, the Council will combine physical development with social community development in an integrated programme of socio-economic renewal and improvement with its partners.

The Council will ensure that its land policies are sympathetic and a positive assistance within broader Council policies and objectives and to those being implemented in the various broader regeneration & community renewal, economic development, housing, planning and environmental improvements.

In appropriate circumstances, as part of a broader regeneration policy, the Council will initiate improvements or secure improvements of neighbourhoods through the exercise of its compulsory purchase powers for its benefit or jointly with a partner agency/developer.

This comprehensive social and employment approach distinguishes the process from mere development or redevelopment and will result in greater potential for economic improvement of the borough.

HP21 DISPOSAL OF ASSETS

To maximise the generation of capital receipts from within the estate to meet other Council needs. Service departments in relation to the assessment of their assets will address the following questions:

- Is the property asset required to deliver the service that currently uses the operational building;
- Does the property asset need to be owned by the council.

All decisions on retention or disposal will follow from and demonstrate a response to these questions.

The disposal programme must demonstrate that consideration has been given to the impact the timing of disposals has on returns. However, the ultimate decision should balance the urgency of the funding requirement (set out in the Capital Investment Pipeline) with maximising returns.

**Surplus Land**

Where any land is no longer required for the purpose originally acquired or held then the responsible controlling Chief Officer shall declare it surplus to requirements.

The Council’s landholding is an extremely valuable asset which may be used by the Council in all sorts of ways, including providing direct services, generating income through rents or capital receipts and providing matched funding for schemes partly funded through external sources. Because of this it is vital that where land has ceased to be of use for its original purpose, it is declared surplus so that the most appropriate alternative use may be explored.

**Surplus Land – Advance Notification**

Where there is potential for any land or property to become surplus to requirements then the relevant directorate officers will notify and consult with the relevant officer in the Valuation & Asset Management Services at the earliest possible stage.
The purpose of this policy is to create an environment where the potential availability of any land is made known as early in the process as possible. It is acknowledged that it might not be possible to give a great deal of advance notification in circumstances where there are sensitive issues still to be resolved or consulted upon e.g. industrial relations or revisions to service provision.

**Re-designation of Surplus Land**

Where an Executive Director has declared land surplus to requirements then, after a pre-set period, that land shall be treated as SURPLUS/VACANT LAND, for the purposes of this Policy.

After being declared surplus, land will transfer to the new category of SURPLUS/VACANT LAND, and will become subject to the policies set out in that part of this Policy.

**HP22 SERVICE REVIEWS**

Where any Chief Officer undertakes a review of its service provision arrangements which will give rise to the redeployment of any land under its control for a purpose different to that previously held, the review must address the following:

- Is a property asset required to deliver the service that currently uses the operational building;
- Does the asset need to be owned by the council.

All decisions on retention or disposal will follow from and demonstrate a response to these questions. Furthermore, in advance of implementation, formal notification of such proposals must be given to the Strategic Asset Management Group.

SAMG receives this notification in its general monitoring role in order to ensure compliance with this Policy. Prior to the report being presented to the SAMG it will be usual for the proposals to have been discussed by the Corporate Capital and Asset Working Group.

**HP23 VOLUNTARY & COMMUNITY SECTOR PREMISES**

Within the context of its “Better Support for Voluntary Sector” strategy the Council will continue to ensure that there is property available for rent by voluntary and community sector groups in the borough.

To ensure transparency in all property transactions as a matter of general principle, disposals or lettings to charitable, voluntary or non-profit organisations must be on the basis of market value, with any financial assistance or other gratuitous benefit to be provided by way of a grant rather than reduction in the disposal terms.

In response to the recommendations of the Quirk review the Council developed A transparent ‘Asset Transfer Policy’ which sets out the Council’s approach to requests for Community Benefit Asset Transfers at less than best consideration.

The Council will consider any request for an asset transfer to a community organisation where the organisation can provide an adequate business case and where the transfer would meet the Council’s priorities and objectives.

The Council will seek best consideration for the transfer unless social, environmental or economic benefits are provided – an analysis of Social Return on Investment (SROI)
HP24 PROPERTY PARTNERSHIPS

Property Partnerships are relatively new and unproven contractual relationship in which property 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 and demand for significant changes in accommodation demand or new or refurbished accommodation. Implicit in these models is 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 will regularly review its policy in this area on a three year basis.

HP25 SCHOOLS

The Borough’s schools are split into the following categories:- Voluntary Aided, Voluntary Controlled, Maintained and Foundations. Maintained schools are owned and operated by the Council. Foundation schools are owned and operated by a board of trustees. Voluntary Aided schools are Diocesan schools owned and operated by the Diocese with assistance from the Council. Voluntary controlled schools are Diocesan schools that the Council operates on behalf of the Diocese.

The Local Management of schools regulations detail the division of responsibility for repairs and maintenance between the Council and schools. This is based on the CIPFA definition. The Council has fully delegated repairs and maintenance to schools retaining only minimal structural responsibility. Schools receive Devolved Formula Capital to assist with major repairs. This is in the main held centrally but is identified against each school for their priority repairs. The Council receives capital allocations from the DfES for the improvement of schools. This is administered centrally by the Capital Services section in Learning and Child Care.

For schools, as for other property types, the Council will work towards direct attribution of all expenses and income.

The Council has produced a policy document called ‘Building Schools for the Future Primary and Community Facilities Management Handbook for Lambeth Schools 2009’. This policy has been adopted by the Council to promote good practice in Health and Safety when undertaking building and repair and maintenance works on school sites. Schools are required to notify the Council of any changes to the building.

The Council is committed to the principle of fair funding in schools. The process is open and transparent. All funding formulas are agreed with schools. Schools operate within the Council’s Standing Orders, however the Council cannot insist that they use internal services. Internal services have to operate on a service level agreement with schools. Schools are free to use which ever services they desire as long as they comply with standing orders.

The Head Teacher is the senior manager responsible for each School, however each school has a Board of Governors. The governors are ultimately responsible for the operation and budget of school. The Authority has a duty to monitor all schools and to ensure compliance with core legislation such as health and safety. The Council must use its powers within the Schools Standards and Framework Act to direct schools to comply with matters relating to
Health and Safety. The Authority can in many instances be jointly liable for the actions of schools.
Introduction

The legislative framework governing property management practice in the London Borough of Lambeth consists of:

- Acts of Parliament;
- Regulations made under Acts of Parliament;
- London Borough of Lambeth Constitution;
- Policy Framework issued by Full Council from time to time.

The most significant of these are discussed below. (The Acts contain more information than has been set out here as these are not definitive explanations of their content); *The Local Government Act 1972.*

Main Statute Law Relating to Acquisition

The Local Government Act 1972 section 120 empowers a principal council to acquire by agreement any land inside or outside its area

1. For purposes of:
   
   (a) for the purposes of its functions under any enactment, or  
   (b) for the benefit, improvement or development of its area,

2. A principal council may acquire by agreement any land for any purpose for which they are authorised by this or any other enactment to acquire land. Notwithstanding that the land is not immediately required for that purpose; and, until it is required for the purpose for which it was acquired, any land acquired under this subsection may be used for the purpose of any of the council’s functions.

Local Government Act 2003 section 12 gives local authorities power to invest. It provides that a local authority may invest:

(a) for any purpose relevant to its functions under any enactment, or  
(b) for the purposes of the prudent management of its financial affairs.

*Planning and Compulsory Act 2004*

The new Act has made significant changes to the power of local authorities who acquire land compulsorily for planning purposes.
This power is one of the most potent weapons in the armoury of the local authority intent on sizable regeneration/redevelopment. A local authority through this Act can compulsorily acquire land where it believes that the development, redevelopment or improvement is likely to contribute to the achievement of any one or more of the following objects:

- The promotion or improvement of the economic wellbeing of their area
- The promotion or improvement of the social wellbeing of their area
- The promotion or improvement of the environmental wellbeing of their area

**Main Statute Law Relating to Disposal**

Local authorities are given powers under the 1972 Act to dispose of land in any manner they wish, including sale of their freehold interest, granting a lease or assigning any unexpired term on a lease, and the granting of easements. The only constraint is that a disposal must be for the best consideration reasonably obtainable, except in the case of short tenancies which are granted for seven years or less or the assignment of a term, which has not more than seven years to run, where consent is not required or situations in which the Local Government Act 1972: General Disposal Consent (England) 2003 applies.

**Section 123 Local Government Act 1972**

Subject to the following provisions of this section, a principal council may dispose of land held by them in any manner they wish.

Except with the consent of the Secretary of State, a council shall not dispose of land under this section, otherwise than by way of a short tenancy, for a consideration less than the best that can reasonably be obtained.

2A) A principal council may not dispose under sub-section 1) above of any land consisting or forming part of an open space unless before disposing of the land they cause notice of their intention to do so, specifying the land in question, to be advertised in two consecutive weeks in a newspaper circulating in the area in which the land is situated, and consider any objections to be the proposed disposal which may be made to them.

2B) Where by virtue of sub-section 2A) above a council dispose of land which is held –

- for the purposes of section 164 of the Public Health Act 1875 (pleasure grounds); or
- in accordance with section 10 of the Open Spaces Act 1906 (duty of local authority to maintain open spaces and burial grounds),

the land shall by virtue of the disposal be freed from any trust arising solely by virtue of its being land held in trust for enjoyment by the public in accordance with the said section 164 or, as the case may be, the said section 10.

[3), 4) and 5) repealed*]

- Capital money received in respect of a disposal under this section of land held for charitable purposes shall be applied in accordance with any directions given under the Charities Act 1960.
- For the purposes of this section a disposal of land is a disposal by way of a short tenancy if it consists:
  - of the grant of a term not exceeding seven years, or
  - of the assignment of a term which at the date of the assignment has not more than seven years to run,
and in this section “public trust land” has the meaning assigned to it by section 122(6) above.

**The Local Government Act 1990 and the General Disposal Consent 2003**

The consent removes the requirement for authorities to seek specific consent from the Deputy Prime Minister and First Secretary of State for the disposal of land at an under-value in certain circumstances.

Generally, it is expected that land should be sold for best consideration reasonably obtainable. However, it is recognised that there may be circumstances where an authority considers it appropriate to dispose of land at an under-value. Authorities should clearly not divest themselves of valuable public assets unless they are satisfied that the circumstances warrant such action. Consent has been issued to give local authorities autonomy to carry out their statutory duties and functions, and to fulfill such other objectives as they consider to be necessary or desirable.

However, when disposing of land at an under-value, authorities must remain aware of the need to fulfill their fiduciary duty in a way which is accountable to local people.

**Note**

The terms of this Consent do not extend to proposals to dispose of land in certain circumstances for which consent it still required nor does it apply to the disposal of land held under powers derived from the Housing Act 1985.

All disposals also need to comply with the European Commission’s State Aid Rules.

**European Commission’s State Aid Rules (97/C 209/03)**

When disposing of land at less than best consideration, authorities are providing a subsidy to the owner, developer and/or the occupier of the land and property, depending on the nature of the development. Where this occurs authorities must ensure that the nature and amount of subsidy complies with the State Aid Rules, particularly if there is no element of competition in the sales process. Failure to comply with the rules means that the aid is unlawful, and may result in the benefit being recovered with interest from the recipient.

**Housing Act 1985**

Properties held within the HRA are administered in accordance with the requirement of the 1985 Act. All properties within the HRA can only be “disposed” (including leased) with the consent of the Secretary of State. This includes shops, community premises, garden land etc. In practice the Secretary of State issues a series of general consents which allow disposals on set terms.


The First Secretary of State (“the Secretary of State”), in exercise of his powers under the Housing Act 1985 and the Housing Act 1988 gives to all local authorities the following general consent:

- The general consent for the disposal of Part II dwelling houses;
- The general consent for the disposal of dwelling houses to tenants who have the right-to-buy acquiring with others 2005;
• The general consent for the disposal of Part II dwelling houses on shared ownership terms 2005;
• The general consent for the disposal of non-Part II dwelling houses 2005;

The general consent for the disposal of Part II land 2005 – a local authority may dispose of any land held for purposes of part II for best consideration that can be reasonably obtained, provided that any dwelling house included in the disposal:

- Is vacant
- Will not be used as housing accommodation
- Will be demolished

• The general consent for the disposal of reversionary interests in houses and flats 2005.

The General Consent under Section 25 of the Local Government Act 1988 (Local Authority Assistance for Privately Let Housing) 2005

The First Secretary of State (“Secretary of State”) in exercising his powers under the Local Government Act 1988, gives to all local authorities the following general consent:

The General Consent Under Section 25 of the Local Government Act 1988 –

• For the disposal of dwelling houses to registered social landlords for refurbishment 2005;
• For financial assistance to registered social landlords or to private landlords to relieve or prevent homelessness 2005;
• For the disposal of land to registered social landlords 2005;
• For loans to registered social landlords for the acquisition of improvement of land 2005;
• For assistance for housing accommodation leased from, or managed on behalf of, private landlords 2005;
• For small amounts of assistance 2005;
• For the disposal of residential care homes;
• For the making of specified grants.

General Consent to Dispose of Part II Land 1999

A disposal includes a lease, even a weekly lease. A disposal does not include a licence. But it is legally difficult to create a licence that is not in reality a lease. For a non-residential lease, it is not even necessary for rent to be paid. An occupier will have a lease if it has:

• Exclusive possession (apart from access for the Council to inspect and repair);
• For a fixed period, or weekly, monthly, annually etc.

Therefore community/voluntary organisations which lease HRA premises should pay a market rent.

Department of the Environment Circular 8/95

This was produced by the Department of the Environment to give further guidance to Councils on the keeping of the Housing Revenue Account.

It also states that where an HRA property is let to a group, any grant aid may be charged to the HRA only if:
The services provided by the group are housing welfare services which are connected to the Council’s landlord function; and

It is more cost effective to give grant aid to a group to provide those services than employing Housing staff to do so.

Otherwise, grant aid may only be charged to a General Fund budget, where necessary, and would have to pay the rent element to the HRA.

Department of the Environment Circular 8.95 gives examples of housing, welfare services which it considers have a sufficient connection with the Council’s landlord functions to justify the cost being charged to the HRA. These are as follows:

- Counselling, monitoring and support in connection with tenants' wellbeing, health and personal needs;
- Monitoring and alarm schemes in place to reflect increased personal dependency/frailty of tenants;
- Cleaning tenants’ rooms and windows, and their laundry services, reflecting their reduced ability to do so themselves;
- Organising social/leisure activities and functions;
- Liaising with medical/social services staff/gp’s about tenants’ needs;
- Providing and supervising restaurant/meals and ancillary services;
- Counselling and liaising with relatives;
- Running regular errands because tenants are unable to do so themselves;
- Administering first aid;
- Responding to out of hours calls by tenants.

HRA Premises let to a community/voluntary organisation who do not provide housing welfare services

In the above circumstances where an HRA property is let to a community/voluntary organisation which does not provide housing welfare services, the organisation may either apply for grant aid or the General Fund pays the rent.

Other Asset Management Related Statute

Public Contracts Regulations 2006

The regulations apply to contracts in writing for consideration (which need not be monetary in nature). The contracts can be for works, supplies or services (or a mixture) where the value of the contract is above a minimum “threshold”. Certain types of contracts are excluded, for example the Regulations did not relate to disposals of land. However, where the disposal of land is linked to another contract (most commonly a works contract) it falls within the Regulations.

There are four different procedures available through which to run a procurement process:

- The Open Procedure;
- The Restricted Procedure;
- The Negotiated Procedure; and
- The Negotiated Procedure (where no contract notice is placed in the OJEN)

Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 and part 1, Local Government Act 2003
The Act repealed Part IV Local Government and Housing Act 1989 which dealt with controls on local government expenditure and replaces it with freedom for Councils to borrow (Prudential Code).

- A local authority may borrow:
  - For any purpose relevant to its functions
  - For prudent management of its financial affairs
- Duty to determine and keep under review the amount the local authority can afford to borrow
- Statement of Recommended Practice: Code of Practice on Local Authority Accounting in the UK (SORP)

**The Landlord and Tenant Act 1954 as amended**

The Act (LTA 54), as amended by the Law of Property Act 1969, provides security of tenure for occupants of premises used for business carried on by them, or for business and other purposes.

Substantial changes were made to the Act by the Regulatory Reform (Business Tenancies) (England and Wales) Order 2003.

**Local Government Act 2000**

Under the Local Government Act 2000, local authorities have the power to do anything which they consider is likely to achieve the promotion or improvement of the economic, social and environmental well-being of their area. This power may be exercised in relation to, or for the benefit of, the whole or any part of the authority’s area or all or any persons resident or present in their area.

Pursuant to Section 4 of the Act, every local authority must prepare a community strategy for promoting or improving the economic, social and environmental well-being of their area and contributing to the achievement of sustainable development in the UK. In determining whether, or how, to exercise its powers to promote “well-being”, a local authority must have regard to its community strategy. The guidance issued by the ODPM states that Local Area Agreements “would be outcome based and would enable local authorities and their partners to deliver national outcomes in a way that reflects local priorities, particularly those identified in community strategies”.

**Property Asset Compliance Legislation**

Key legislation applying to building design, construction and management include:

- The Building Act 1984 and Amendments
- The Building (Amendment) Regulations 2008
- Health and Safety at Work etc Act 1974 and Amendments
- The Management of Health and Safety at Work Regulations 1999
- The Workplace (Health, Safety and Welfare) Regulations (1992)
- The Control of Substances Hazardous to Health Regulations 2002 (COSHH)
- The Construction Products (Amendment) Regulations 1994
- Control of Asbestos at Work Regulations 2006
- The Water Supply (Water Fittings) Regulations 1999
- 2001: Approved Code of Practice & guidance - L8 (Revised) - Legionnaires’ disease - The control of legionella bacteria in water systems
- Water Act 2003
- The Water Supply (Water Quality) Regulations 2001 (Amendment) Regulations 2007
• Food Safety Act (1991)
• The Electricity at Work Regulations 1989
• Provision and Use of Work Equipment Regulations 1998
• Gas Safety (Installation and Use) Regulations 1998
• Pressure Equipment Regulations (1999)
• Pressure Systems Safety Regulations (2000),
• Fire Precautions Act 1971
• Fire Precautions (Workplace) Regulations 1997
• Regulatory Reform (Fire Safety) Order 2005
• The Lifting Operations and Lifting Equipment Regulations 1998 (LOLER)
• Provision and Use of Work Equipment Regulations (1998)
• Manual Handling Regulations (1992)
• Environmental Protection Act 1990
• Environmental Protection (Duty of Care) Regulations 1991
• Environmental Protection Regulations 2008
• The Control of Noise at Work Regulations 2005
• The Disability Discrimination Act 1995
• The Construction, Design and Management Regulations 2007; and
• Planning (Listed Buildings and Conservation Areas Act) 1990

**Failure to comply with the requirements of these legislations is serious and could leave the Council open to prosecution under Health and Safety at Work Act 1974 and to a substantial fine and for those in direct line of responsibility even the possibility of a term of imprisonment under the Corporate Manslaughter and Corporate Homicide Act 2007.**

**The Wednesbury Unreasonableness Principle**

Wednesbury unreasonableness is a term used to refer to the principle enunciated in the British case of *Associated Provincial Picture Houses v Wednesbury Corporation*: Courts will not intervene to correct a bad administrative decision on grounds of unreasonableness, unless such decision is, as was articulated in Council of Civil Service Unions v Minister for the Civil Service (the GCHQ Case) AC374, 410 per Lord Diplock “So outrageous in its defiance of logic or accepted moral standards that no sensible person who had applied his mind to the question to be decided could have arrived at it.”

**London Borough of Lambeth Constitution**

London Borough of Lambeth Constitution – Property Asset Related Scheme of Delegation

### PART 4
**ORGANISATIONAL ARRANGEMENTS, ACCOUNTABILITY AND RESPONSIBILITIES**

This part sets out the organisational arrangements and responsibilities required for the support of asset management in the Council.

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Section A

INTRODUCTION

The Framework derives from the central principle that service delivery needs form the basis of its development. It therefore follows that responsibility and accountability for service delivery, and accountability for property asset management go hand in hand. In practice, this translates to Executive Directors being accountable for the assets consumed within their service department. Accountability also extends to the performance of each individual asset.

Notwithstanding this, there remains some scope for a corporate overview and control of property. This overview permits the development of a holistic approach to property acquisition and their subsequent use, provides the opportunity for enforcement of common standards and taking full advantage of economies of scale in the purchase and delivery of property related services, and utilities (energy etc.).

The responsibility to set policy and strategy for the Council’s Land, and to monitor the effective use of that land rests with the Cabinet.

The responsibility for the day to day control of the council’s land excluding Core Council Offices, Schools, Parks, Cemeteries/Crematoria, Day Centres, Libraries and Leisure Centres rests with the Executive Director Housing, Regeneration and Environment (EDHRE). Responsibility for the exceptions will continue to rest with the Executive Directors of Finance & Resources, Children and Young People Services and Adult and Community Services respectively. The EDCYPS and the EDACS have relative freedom in the way they use the land under their control, including the production of internal or operational policies and strategies, so long as this remains within the overall parameters of this Framework and SAMG approval.

The role of the EDHRE/EDFR as joint Chair’s of the Strategic Asset Management Group (SAMG) is to ensure that each Chief Officer’s use of land does not conflict with the corporate best interests as expressed through this Framework.

The powers of each Chief Officer require that they operate within these policies, strategies and guidelines. This Framework is one such policy within which those Chief Officers must operate.

The responsibility for overseeing the implementation of Strategic Asset Management is that of the Strategic Asset Management Group (SAMG).

It is the role of the Head of Asset Strategy to see that the Council’s policies relating to land are applied across the Council, and to bring to the attention of the SAMG any breaches of the policy and any recommendations for additional or amended policies.
Any officer of the Council who has the potential to deal with land issues, and who has concerns about the application of the Integrated Property Asset Management and Financial Planning Framework to their particular situation may find it helpful to contact the Head of Asset Strategy.

*It is the responsibility of the Cabinet to set policy as regards land across the Council. Changes to agreed policies must be determined corporately to ensure the appropriateness of those changes and to avoid conflicts with other existing policies.*

Any changes or amendments to this Framework may only be made by the Cabinet or as otherwise delegated.
Asset Management Process Overview

Asset Management is the process of guiding the planning, acquisition, operation & maintenance and disposal of assets to make the most of their service delivery potential and manage the related risks and costs over their entire life.

The principle objective of the Council’s asset management process is to enable the Council to meet its service delivery objectives by ensuring the appropriateness, effectiveness and efficiency of its property assets and is illustrated in the diagram below:

- **Appropriateness through** –
  - Aligning assets with service and community aspirations.
  - Promoting its sustainable development objectives.
  - Effective allocation of resources available across departments, maximising outcomes and minimising duplication.

- **Effectiveness through** –
  - Minimising the demand for new assets.
  - Considering all associated costs and maximising asset benefits over their life cycle.
  - Effective use and maintenance.
  - Partnering with other public agencies and the private sector.

- **Efficiency through** –
  - Demonstrating to the community and the government that services are being delivered effectively.
  - Achieving improved accountability for use of resources through published performance measures.
  - Providing benchmarks which can be used to evaluate outcomes and plan future investments.

Asset Management Organisational Arrangements

Through this arrangement the Council continues to seek engagement from across the authority, build upon existing consultation arrangements thereby ensuring a balance between corporate and service perspectives of assets.
The decision-making and consultation process for the production and implementation of the PAMP is a collaborative two-way process designed to engage interested groups across the Council while balancing the service and corporate perspectives. The “backbone” of this is illustrated below with “links” established to other corporate and service activities at each stage in the process.

The corporate property asset management organisational arrangement is illustrated in the diagram below:
Strategic Asset Management – Organisational Arrangements

SAMG Relationship
Legend

SAMG Direct Interface

SAMG Reports

Strategic Leadership Board

Strategic Asset Management Group

Capital Asset Management Group

Finance Strategic Board

Housing Capital Working Group

Strategic Procurement Board

Housing Disposals Sub-Group

Primary & Community Steering Group

Local Authority Carbon Management Programme Board

Member Level Asset and capital structure

LDF Cabinet Advisory Panel (Cross Party)

CYPS Estate Management Group

Member led asset related groups

Lambeth internal asset related officer groups

Lambeth First Investment Board

LDF Technical Working Group

Future Lambeth Board

Housing Partnership for Lambeth

Lambeth Housing Action Group LAMHAG

3rd Sector Investment Strategy Board

Social Inclusion Board

Health and Wellbeing Board

Total Place Board

Lambeth First Board

Partnership asset related groups

Asset Management Governance

Integrated Property Asset Management and Financial Planning Framework

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Section C

ACCOUNTABILITY AND RESPONSIBILITIES

Key Property Asset Management Roles and Responsibilities

This section of the Framework deals with property assets related roles and responsibilities.

The management of schools property is more complex, involving community, foundation and voluntary aided classifications and the sharing of responsibilities between those schools and the LEA. Roles and responsibilities in respect of schools are outlined in the Building Schools for the Future Primary & Community Facilities Management Handbook for Lambeth Schools Asset 2009.

Overriding Principles

Issues relating to the asset life cycle must be dealt within a fair, transparent and auditable process that is open and subject to scrutiny so far as it is compatible with protecting commercial confidentiality.

The Council's Functions

- The Council has a number of different statutory interests – as landowner, as promoter of regeneration in furtherance of its statutory functions and as local planning authority responsible for determining planning applications;

- Ultimately, the Council has a responsibility of ensuring that these functions are co-ordinated and operate holistically in the interests of the Borough and its citizens;

- However, the integrity of the different functions must be protected – planning issues need to be determined in accordance with planning law, property issues must be considered in accordance with property law, and one function should not be unduly affected by the other;

- It is a question of balance in all the circumstances and the Framework seeks to ensure that the proper balance is achieved;

- Furthermore, all officers must act in accordance with local government law, the Council’s Standing Orders, Financial Regulations, Codes and Protocols, and their own professional rules.

The Council

As a matter of law, and reflected in the Council’s Constitution, all property, whether freehold or leasehold, is held by the Council, whether it is used corporately or by service departments.
In the language of property, this may be equated to the role of “the Corporate Landlord” or “Owner”.

**Cabinet Responsibility** - The Cabinet has two distinct “strategic” roles:

- Key decisions about the estate’s management fall generally within the remit of the Cabinet provided they lie within the overall strategic framework approved by the Council. This role is equivalent to that of “Corporate Landlord’s Agent”;

- In addition, the Cabinet has the role of ensuring the efficiency, effectiveness and economy of all Council functions. This includes the obligation to keep property assets and its management under review; and

- Asset management matters are reported directly to the Cabinet through the AMCAP and Cabinet Member of Finance & Resources, whose brief includes property matters. Formal reporting is supplemented by regular briefings.

The following matters should be referred to Cabinet for decision:

| The principle of significant acquisitions or disposals except where the proposal forms part of the overall scheme or project that has been approved under delegated powers by a Chief Officer or Cabinet. |
| Freehold or leasehold disposals/acquisitions where the term is more than 20 years and the consideration/rental is greater than £200,000 excepting Leasehold acquisition of office accommodation which is delegated to the Head of Asset Strategy in consultation with the EDFR |
| Disposals not at best consideration (other than leases of 7 years or less) whether or not the disposal falls within the terms of a general or specific consent from the Secretary of State. |
| All cases involving the exercise of Compulsory Powers of Acquisition. |

- In all other cases, officers should decide whether to exercise delegated powers or refer matters to Cabinet for decision in accordance with the Scheme of Delegation & Financial Regulations;

- Decisions to Cabinet may be subject to “call in” under the Scrutiny Committee Procedure Rules;

- All reports to Cabinet relating to the acquisition or disposal of land and other property issues shall include comments from:
  - The Strategic Asset Management Group/Head of Asset Strategy;
  - The Head of Legal Services;
  - Director of Finance & Resources

Unless they have indicated that they do not wish to give advice.

- Alternatively, these officers shall have the right to report separately in their own name;

- In order to ensure compliance with the duty with regard to best consideration:
  - In all cases, the Head of Asset Strategy shall state in such reports whether in his or her professional opinion the Council is or is not receiving or giving best consideration;
- Where the Council is not receiving best consideration, the Head of Legal Services shall indicate whether in his or her opinion it is necessary to obtain the consent of the Secretary of State or whether the circumstances fall within the terms of a general consent; and
- Where the Council is not receiving best consideration, the Director of Finance and Resources shall give advice on any financial consequences for the council.

**Asset Management Cabinet Advisory Panel** - A joint Officer/Member Group that oversees the alignment of asset management and service and financial planning. The Group is Chaired by the Cabinet Member of Finance and supported by the Strategic Asset Management Group.


**Officer Responsibilities**

Officers shall have the following responsibilities in respect of property issues:

**Strategic Leadership Board (SLB)** – The Chief Executive chairs SLB and is supported by the joint CPO’s on asset management matters in this role. Through the CPO’s SLB is responsible for ensuring service engagement in the PAMP process and acting as an arbiter in evaluating changes to the portfolio through the Council’s programme of work.

SLB reports to the Cabinet, the Council’s strategic decision-making body at Member level. Property Asset Management matters are reported directly to the Cabinet through the Cabinet Member for Finance & Resources, whose brief includes both Finance and Property matters. Formal reporting is supplemented by regular briefings.

**Corporate Property Officer** – The EDFR and EDHRE are jointly designated Corporate Property Officer (CPO) for AMP purposes with overall responsibility for developing asset management within the authority and for ensuring timely production of the AMP through the Strategic Asset Management Group. The CPO identifies areas that need to develop or change in the future.

The principle role of the CPO is:-

To be the lead adviser to the Council, its committees, working parties and other groups on all asset management planning matters.

To continually review Council land and property for opportunities to improve service delivery, financial return and to generate capital receipts.

To monitor and contribute to all service asset plans, best value reviews etc. including identifying property implications and to translate these into effective asset management action planning.

To control corporate property records and develop these to deliver effective management information, contribute towards the objectives of the Council’s information and Communication Technology Strategy and implementing Electronic Government Strategy.

To ensure adherence to the Corporate Strategic Property Management Plan.

**Strategic Asset Management Group (SAMG)** – The EDFR and EDHRE in their joint role as the CPO chair SAMG and supported on asset management plan matters by the Head of Asset Strategy. The SAMG has representation at senior level from all departments across the Council. The principal role of SAMG is to ensure:
decisions regarding the acquisition, use, maintenance and disposal of assets are made within integrated service and financial planning framework and in the context of the council’s overall resource allocation policies and priorities;

that the financial implications of asset decisions are reflected in the Service and Financial Planning Process; and the strategic alignment of the council’s asset portfolio and service delivery needs and priorities, including providing corporate direction in respect of the asset portfolio ensuring that assets are used to their maximum effectiveness and are fully exploited.

Capital and Asset Management Group (CAMEG) – advisory group with both corporate and service representation supports the SAMG. The group generally deals with issues such as putting AMP policy into practice through interpretation of guidance, development of Service Asset Plans (SAPs) data collection and more detailed operational matters allowing SAMG and the Cabinet to focus on strategic issues. The Head of Asset Strategy will be responsible for administering this Forum, which will meet no less than four times annually and on other occasions as may be necessary. Attendance at forum meetings will be open to all officers involved in property asset management activities, including nominees of Services chief officers and premises managers.


The decision-making and consultation process for property asset management is a collaborative two-way process designed to engage interested groups across the Council while balancing the service and corporate perspectives. The “backbone” of this is illustrated above with “links” established to other corporate and service activities at each stage in the process.

HRE - Valuation & Asset Management Services – acts as the “Intelligent Client” and focal point for the PAMP process. It has overall responsibility for the delivery of the asset management function (on behalf of the CPO) including the PAMP.

Key work streams for the Division include the following:

- Strategic and corporate property advice to Members and departments;
- Responsibility for the formulation and delivery of the Property Asset Management Plan;
- Disposals of surplus land and buildings;
- Property valuations;
- Rating Appeals;
- Management of the non-operational and indirect operational property portfolio.
- Acquisition of land and buildings; and when requested by Service Departments undertake; and
- Building Maintenance – provide a repairs desk for the receipt and ordering of responsive repairs works on non-housing premises, technical and professional advice to both in house and external non-housing clients on surveying and engineering issues; undertaking project work on Council premises from inception to completion; and technical support to inspections undertaken by the Council’s Licensing Officers.

VAMS Service Intranet Portal

F&R-Corporate Facilities Management Services – is responsible for the Office Accommodation Strategy and day to day operational management of the office estate including “soft FM”. Key work streams provided by the Business Unit include the following:

- Office Accommodation (Core Office Buildings);
- Security;
- Cleaning
- Health and Safety compliance;
- Waste Management;
- Central Mail Services;
- Urgent Responsive Repairs across the corporate estate excluding housing and schools;
- Building services, including reactive and planned repair and maintenance, capital schemes and contract administration of term maintenance contracts for the core office portfolio;
• Procurement and monitoring of building cleaning and civic catering contracts; and
• Meeting Room bookings.

**FM Service Intranet Portal**

**Role of Executive Directors in the Corporate Asset Management Process**

All assets must be controlled by a department. Executive Directors are required to use financial and asset reports to guide them in evaluating and making recommendations regarding the allocation of resources.

- **Control** – A department is deemed to control an asset if it has the capacity to enjoy the service potential of the asset. However, the department that is responsible for the control of an asset may not necessarily “own” the asset, e.g. One O’clock Clubs in Parks are controlled by CYPS but Parks are owned by ACS. Suffice it to say that all assets are really owned by the Council.

The department that ‘controls’ an asset has to account for its proper management. ‘Ownership’ is not the measure by which responsibility is established.

- **Accountability** – This involves mechanisms to ensure that a property asset performs to a certain standard, e.g accountability involves an obligation to demonstrate that a property asset meets all Health & Safety Compliance requirements.

- **Building Asset Compliance** – Legislation, Codes and Standards – A clear understanding of legislative requirements including approval processes is an essential element of property asset management. The mechanism to manage the risks associated with planning, acquisition and property assets as has been highlighted earlier are contained in a range of Acts, Regulations, Standards and Codes. They may be used to modify, reduce or eliminate risk all together – from planning through operation to long-term management.

Key Health & Safety legislation applying are set out in the Building Technical Services **Service Level Agreement** –

Executive Director ‘in control’ of a property asset retains responsibility for associated H & S Compliance.

All service departments have representation on SLB, and SAMG/CAMG through a senior officer (first and second/third tier levels). This enables service needs and priorities to be clearly identified at the strategic level. In addition Service Asset Plans (SAPs) will be developed jointly with departments for all major service areas in parallel with the SFP process and submitted to SAMG in order to inform the PAMP and Capital Strategy. Whilst this is still a developing area, guidance has been published in order to promote a consistent approach to the format and content of SAPs. This is a key forward planning mechanism ensuring that decisions about the property portfolio are consistent with service needs.

The Scheme of Delegation to Officers is summarised in the next Section.

**Service Property Managers** - Executive Directors, whilst continuing to carry the prime responsibilities for the management of property used by their functions, may:

- Delegate the overall co-ordination of those responsibilities within their functions to a nominated officer;
• Preparation of Service Asset Plans (SAPs), ie property condition, sufficiency, suitability and utilisation;
• Reactive repair and planned maintenance;
• Capital investment options appraisal including delivery;
• Health and Safety compliance including Asbestos, Fire Safety, Legionella, Gas safety, Electrical testing and Disability Discrimination;
• Procurement and management of contracts for property related services;
• In the case of CYPS – Schools, Environment and Culture – Highways and Housing Services, responsibility for strategic asset management planning.; OR
• Request that, as appropriate, the Head of Asset Strategy shall so act on their behalf on a fee basis.
Introduction

“The Constitution of the London Borough of Lambeth sets out how the Council operates, how decisions are made and the procedures followed to ensure that these decisions are efficient, transparent and accountable to local people.


Scheme of Delegation Part 3, Section 4 Part A provides information and guidance to Council officers and others on the various levels of delegated authorities that are exercised by the Council in carrying out its statutory functions. They are to be read in conjunction with such other Council wide procedures and related documentation as may be necessary and particular attention should be made to any financial requirements that are mentioned”.

Those that relates to property asset management are as follows:

Paragraphs 31: Revenue Budget Virements - Revenue budget virements are transfers of budgeted expenditure or income in the Oracle financial system that do not increase the council's overall cash limit. Revenue budget virements must be made in accordance with the following scheme of virement:

Revenue virements within a department (always within respective areas of responsibility)

<table>
<thead>
<tr>
<th>Value of budget virement</th>
<th>Authorising Officer / body</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over £500,000</td>
<td>Council</td>
</tr>
<tr>
<td>More than £250,000 up to and including £500,000</td>
<td>Executive Director and Divisional Director of Resources in consultation with Lead Cabinet Member</td>
</tr>
<tr>
<td>Up to and including £250,000</td>
<td>Divisional Directors of affected divisions and Divisional Director of Resources in consultation with Lead Cabinet Member</td>
</tr>
</tbody>
</table>

Revenue virements between departments

<table>
<thead>
<tr>
<th>Value of budget virement</th>
<th>Authorising Officer / body</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over £500,000</td>
<td>Council</td>
</tr>
<tr>
<td>Up to and including £500,000</td>
<td>Executive Directors of affected departments and Executive Director of Finance and Resources in</td>
</tr>
<tr>
<td>Value of budget virement</td>
<td>Authorising Officer / body</td>
</tr>
<tr>
<td>-------------------------</td>
<td>---------------------------</td>
</tr>
<tr>
<td>Over £500,000</td>
<td>Council</td>
</tr>
<tr>
<td>More than £250,000 up to and including £500,000</td>
<td>Executive Director and Executive Director of Finance and Resources in consultation with SAMG, AMAP and Lead Cabinet Member</td>
</tr>
<tr>
<td>Up to and including £250,000</td>
<td>Divisional Directors of affected divisions and Divisional Director of Resources in consultation with SAMG, AMAP and Lead Cabinet Member</td>
</tr>
</tbody>
</table>

**Capital virements within a department (always within respective areas of responsibility)**

**Paragraph 32:** Capital budget virements are transfers of budgeted expenditure and resources from one project to another project within the approved capital programme (as defined in Financial Regulations). They do not increase the council’s overall capital budget. Capital budget virements must be made in accordance with the following scheme of virement:

**Capital virements between departments**

<table>
<thead>
<tr>
<th>Value of budget virement</th>
<th>Authorising Officer / body</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over £500,000</td>
<td>Council</td>
</tr>
<tr>
<td>More than £250,000 up to and including £500,000</td>
<td>Executive Directors of affected departments and Executive Director of Finance and Resources in consultation with SAMG, AMAP and Lead Cabinet Members for affected departments</td>
</tr>
</tbody>
</table>

**Paragraph 35: Property Assets** – Authority to acquire or refurbish property in the core or non-core estate or any land is subject to the following scheme of delegation:

<table>
<thead>
<tr>
<th>Value of Contract, Contract Variation or Extension</th>
<th>Authorising Officers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over £10 million</td>
<td>Executive Director of Finance and Resources</td>
</tr>
<tr>
<td>More than £1 million up to and including £10 million</td>
<td>Executive Director of Finance &amp; Resources and Divisional Director Corporate Finance</td>
</tr>
<tr>
<td>More than £200,000 up to and including £1 million</td>
<td>Head of Asset Strategy and Divisional Director of Corporate Finance</td>
</tr>
<tr>
<td>Up to and including £200,000</td>
<td>Head of Service of Asset Strategy</td>
</tr>
<tr>
<td>Up to and including £50,000</td>
<td>Business Unit Manager or other Manager</td>
</tr>
</tbody>
</table>

The powers to enter into or vary contracts exclude property acquisitions or refurbishments for the core and non-core estates and all land transactions.

Executive Directors are authorised to approve the purchase of land up to £250,000 (including transactions costs) whether purchased using compulsory purchase powers or another power from within the Departments approved revenue and capital resources.]

**Compulsory Acquisition of Land** All recommendations to compulsorily acquire individual plots of land or properties of any value that have not been approved within a scheme of development or regeneration project, and approved budgets are referred to the Cabinet for
approval. Any approval to acquire the same land by agreement should be sought from Cabinet at the same time as the approval to use compulsory powers.

(d) EXECUTIVE DIRECTOR OF FINANCE AND RESOURCES (EDFR)
The following delegated powers are subject to the Executive Director vesting, in addition to those powers delegated by the Council to the officers specified in this Scheme of Delegation, similar delegated authority to other appropriate officers. Any delegation of powers that is made by the Executive Director of Finance and Resources in addition to those specified in this Scheme of Delegation must be made in writing.

5. The authority to move projects from the Capital Investment Pipeline to the Capital Investment Programme as and when additional funding becomes available, in consultation with the Strategic Asset Management Group and the Asset Management Advisory Panel.

6. The authority to increase the Capital Investment Programme by the value of any external resources the council receives in addition to those set out in the budget, in consultation with the Strategic Asset Management Group and the Asset Management Advisory Panel.

(e) EXECUTIVE DIRECTOR OF HOUSING, REGENERATION AND ENVIRONMENT (EDHRE)
The following delegated powers are subject to the Executive Director of Housing, Regeneration and Environment vesting, in addition to those powers delegated by the Council to the officers specified in this Scheme of Delegation, similar delegated authority to other appropriate officers. Any delegation of powers made by the Executive Director of Housing, Regeneration and Environment, in addition to those specified in this Scheme of Delegation, must be made in writing.

5. The following powers are delegated to the Head of Asset Strategy in consultation with the Strategic Asset Management Group:
   (a) Other than properties which are subject to the right to buy, the authority to dispose of land and property, in accordance with the Disposals Programme as agreed annually by the Cabinet.
   (b) In the event that the Head of Asset Strategy proposes to dispose of any land or property which is not included in the Disposal Programme (other than those required by statute), prior approval to the disposals must be obtained from the Executive Director of Finance and Resources and the Executive Director for the department that is responsible for the land or property and the Cabinet Member for Finance and Resources.
   (c) Ward Members must be given 5 working days to comment on all reports that relate to the exercise of these delegated powers (other than reports that are considered by Cabinet).
   (d) A schedule of Decisions taken under these powers should be reported to Cabinet as part of the following year’s disposal report.
   (e) The authority to grant and acquire leases for terms of up to 20 years subject to a rental limit of £200,000 per annum and the cost being contained within existing budgets.
   (f) The authority to dispose of properties to occupant voluntary sector organisations for the best consideration that can reasonably be obtained.
   (g) The authority to grant and acquire wayleaves and easements for lease terms of up to 125 years, i.e. installations by utility companies, where any cost can be contained within existing budgets.

Scheme of Delegation Part 3, Section 4 Part B – Financial Regulations: Section 37 - 43 provides as follows:
Other Financial Accountabilities

Virement

C.37 Revenue budget virements are transfers of budgeted expenditure or income in the Oracle financial system that do not increase the council’s overall cash limit.

C.38 Capital budget virements are transfers of budgeted expenditure and resources from one project to another project within the approved capital programme (as defined in Financial Regulations). They do not increase the council’s overall capital budget.

C.39 The authorisation required for budget virements is set out in the Corporate Scheme of Delegation.

Treatment of year-end balances

C.40 Revenue. Year end overspends and underspends on general fund services will be met from or supplement general reserves in the absence of any specific decision by the Executive Director of Finance and Resources.

C.41 Capital. The Capital Investment Programme is a multi-year budget in which most projects feature for more than one year. However, the legisaltive framework of capital controls required capital expenditure to be financed annually. Accordingly, year-end overspends must always be financed and will be required to be met from either a later year of the same scheme (if appropriate) or from another capital budget within the same department, on the authority of the relevant Divisional Director of Resources. The Executive Director of Finance and Resources may agree exceptions to this where circumstances warrant it.

C.42 Year end underspends (against the re-profiled budget agreed by Council in February of that year) will be re-profiled to a later budget year if the project is continuing, or collected corporately if the project has been completed or is being stopped.

C.43 The effect of capital overspends and underspends will be reflected in a revised Capital Investment Programme agreed by Council as part of the July Finance Review.

Appropriations

Appropriations of land and property between general fund services and the Housing Revenue Account are only delegated to the Executive Directors of the respective departments where the value is nil. Where the value of the appropriation is not nil the agreement of the Executive Director of Finance and Resources must be obtained and the financial effects on the general fund and Housing Revenue Account must be met by compensating budget virements.

Content of Reports

Cabinet/Delegated Authority reports seeking consent to dispose or acquire land should include details of the interest held, appropriate site plans and valuation information provided by the Head of Asset Strategy.

Reports seeking to dispose of land at less than best consideration should in addition, address those matters set out above.

Reports should demonstrate that all relevant legal issues have been considered and addressed and that there is no legal barrier to prevent a decision from being taken.

Where approval is sought for a development scheme or regeneration project, a plan showing the individual properties whose acquisition it is proposed to seek under the scheme or project must be included in the report which seeks approval for the scheme.
**Independent Valuations of Land/Property** - With regard to those transactions for the disposal of property that have not been exposed to the open market the Head of Asset Strategy will provide a valuation in the following instances:

- Transactions involving the Council's Joint Venture Companies.
- Those transactions involving property of a specialist nature.
- Any other transaction, which the Council would consider it prudent to obtain independent advice.
- Disposals at less than best consideration reasonably obtainable.

**Instructions to undertake property transactions** - All property instructions from departments in respect of the Council's property assets must be referred through the Valuation & Asset Management Services (VAMS) and specifically all property acquisitions and disposals will be dealt with by the VAMS. Legal Services will not accept instructions from other departments directly.

**Establishment of Property Asset Management Procedures or Guidance Notes and Variations to this Framework**

The power to establish any corporate procedures or guidance notes that he/she believes to be necessary to enable officers in the Council to undertake and perform the Council's property asset management functions is delegated to the Head of Asset Strategy in consultation with the Executive Directors of Housing Regeneration & Environment and Finance & Resources. Where, in the opinion of the Head of Asset Strategy, the establishment of or variation to this Framework is likely to have significant financial or operational implications the approval of the Cabinet shall be required.
PART 5
INTEGRATED ASSET MANAGEMENT AND FINANCIAL PLANNING PROTOCOL
Introduction

Asset planning is fundamental to the strategic management of the Council’s business, being the phase in the property asset life cycle. Matching the asset requirements of the Council to its corporate plan objectives should result in property assets with the required capacity and performance. Property asset planning also leads to specific actions to acquire new assets that may be needed, to dispose of assets that are surplus and to operate and maintain existing assets effectively.

This section describes a model asset planning protocol within which departments are required to undertake planning and resource bid submissions for asset acquisition, operation & maintenance and disposal. The strategic planning process is illustrated below:
Service Asset Planning Protocol

Property asset management decisions regarding acquisition, use and disposal are to be made within an integrated Service and Financial Planning (SFP) process, and in the context of the Council’s overall resource allocation policies and priorities.

The need for property assets is directly linked to the delivery of services. Asset planning involves the assessment of existing assets and planned acquisitions against service delivery requirements. Proposals for new assets must be justified by a thorough evaluation of all service delivery options, and, as part of the Council’s budgetary process, be the subject of a comprehensive appraisal or investment evaluation.

Purpose of the Property Asset Management Plans

The purpose of the PAMP is to:

- Support the Council’s commitment to managing the performance of its significant investment in the portfolio of property assets across its departments, in order to optimise their contribution to service delivery outcomes;
- Provide the Council with a clear direction in terms of a systematic approach to managing property asset performance;
- Assist the Council in adopting a performance-based approach to the alignment of the supply of property assets with the demand arising from service delivery needs;
- Enhance the accountability of decision-making and governance arrangements pertaining to the management of property assets through the use of robust performance information; and
- Provide a context and guidance on the type of performance data to be used in the SFP process.

Departmental Service Asset Plans (SAP)

To aid the development of the PAMP all property owning departments are required to develop a rolling 3 year Service Asset Plans within the context of their Service Plans. The plans are to be based on a needs analysis and a review of how services are to be delivered. The SAP’s should:

- Define the scope, standard and level of services that are intended;
- Assess the methods of service delivery and the asset resources needed; and
- Considering non-asset solutions by:
  - Redesigning the service to reduce the need for property assets, e.g. new ways of service delivery through the use of technology, etc;
  - Increasing the utilisation of existing assets; and
  - Using partner agencies, e.g. through service commissioning.

On determining the service need and service delivery strategies, those service delivery initiatives that need to be supported by an asset – based solution can be determined, as can the performance requirements of those assets over the life of the SAP.

The evaluation of existing assets determines whether their performance is adequate to support the service plan. This should identify that are under-performing, or costly to own or operate. It is also possible to over-invest in assets. The evaluation should reveal assets that provide more than their required capacity, or are surplus to requirements.

Property assets that have been inadequately maintained may pose potential health & safety risks, disrupt service delivery, or incur unforeseen expenditure for the remediation of defects.
The SAP should be brief, i.e. generally not more than four or six pages, including attachments, and may be even more concise for departments with minimal asset holding. It should address the capital investment, asset retention and maintenance requirements; and surplus assets. A format for presenting the results of asset planning process, in the form of a Service Asset Plan, is provided at Service Asset Plan Template [http://sharepoint.lambeth.gov.uk/sites/lts/assetstrategy/default.aspx](http://sharepoint.lambeth.gov.uk/sites/lts/assetstrategy/default.aspx)

Property Asset Performance Framework (PAPF)

Within the SAP Template all assets utilised by a service department must be evaluated. How effectively these assets support service requirement also has to be determined.

The PAPF provides departments with a systematic to managing the performance of property assets to meet service delivery requirements. It establishes the broad scope and application of property asset performance management, and the key principles and elements necessary for achieving effective management of property assets. Additionally, it focuses on having the necessary capability to assist in aligning the supply of property assets with demand in response to service delivery objectives and corporate priorities.

The PAPF complements the Property Management & Maintenance Protocol.

The Valuation & Asset Management Service will:

Assist Departments to implement the PAPF by providing advice where requested, and facilitating information sharing between departments;

As part of the process, the following aspects need to be assessed:

**Asset Criticality** - Is the property asset required to deliver the service that currently uses the operational building?

**Ownership** - Does the asset need to be owned by the council?
**Appropriateness**
- Capacity; the physical capacity of the property asset to support the level of current and future service activity;
- Functionality; the suitability and flexibility of the property asset for current and future service delivery;
- Location: the physical location of the asset, relative to current and future demand for services. In the context of dynamic demographics and infrastructure planning;
- Condition: the physical condition of the property asset appropriate for current and future;
- Remaining Life: an estimate of the remaining useful or economic life of the property asset in terms of either its future potential to sustain the delivery of services or the cost of ownership and use being unavailable;

**Financial**
- Asset value
- Operating cost
- Maintenance cost
- Deferred maintenance cost
- Net return on asset value

**Statutory Compliance Risk – extent of non-compliance**
- Workplace health & safety
- Fire protection
- Environmental
- Building Regulation
- Electrical
- Other
- Estimated Cost to be Compliant

**Effective Use**
- Utilisation rate

**Compatibility of Use**

**Environmental Impact**
- Asbestos
- Land contamination
- Other
- Estimated Cost of Remediation
- Water consumption
- Energy consumption

**Local Significance**
- Localism Bill.

The weighting of above qualitative and quantitative criteria will be in the ratio of:

- Qualitative data is weighted 40% and the quantitative 60%

This performance analysis complemented with other appropriate qualitative and statistical contextual information relevant to service delivery objectives and operating environments to ensure that valid and reliable conclusions are made will provide a status report or profile summarising the performance of a particular property asset. The information gained will assist in answering the following questions:
• Is a property asset required to deliver the service that currently uses the operational building?
• Does the asset need to be owned by the council?
• Is the building asset relevant to future service delivery needs?
• How well is the property asset performing in respects of assets within the same asset class?
• How well is the property asset performing in support of current service delivery?
• What areas need improvement?
• What are possible options for improving performance?
• What options should be selected?

In turn, further analysis of this information should be used to inform asset management decisions in relation to which assets to retain, refurbish, rationalise or dispose, and also identify the need for new assets.

The SAP should consider various ways of achieving the desired results within the portfolio, and include an evaluation of the costs, benefits and risks associated with each.

The individual plans that constitute the SAP are as follows:

**Acquisition Plan** – should set out assets to be acquired. The plan should define the type and timing of asset requirements, and set out the proposed method of acquisition and financing;

**Operations Plan** – should set out the operating plans for the buildings, e.g. security, cleaning, energy management and similar and the resources required to manage the assets.

Maintenance Plan – defines maintenance standards, the work required to be carried out, and forecasts the necessary maintenance expenditure.

**Disposal Plan** – disposals options may include transfer for alternative use, rental, sale and/or lease-back, and demolition.

**Risk Management Plan** – a risk management plan which describes the risk management strategies and actions to be implemented.


**Reporting Requirements**

Each property asset owning department is required to develop a SAP as a summary of its asset planning process.

The department should:

• Review the SAP annually;
• Seek approval of its DLT;
• Submit the SAP to the Strategic Asset Management Group as part of the annual SFP calendar, usually taking place between September and January of the preceding financial year.
Section B

PROPERTY ASSET ACQUISITION PROTOCOL

Introduction

Capital investment/procurement planning is initiated when the PAMP identifies the need for a new property asset or improve an existing building.

Planning and subsequent management involves:

- Evaluation of capital investment/procurement options and strategies developed during the PAMP development (strategic asset planning) to ensure they provide Vfm and meet service delivery needs;
- Formulation of capital works projects for new property assets and/or improvement to existing properties to achieve an increase in their performance (i.e. capacity, condition, utilisation, operating and maintenance efficiency), or extension of their useful economic life;
- Delivery of capital project and programs.

The systematic review of property asset performance is a key aspect of the capital investment planning process. The Property Asset Performance Framework (PAPF) assists departments to implement effective asset management practices for better alignment of property needs to corporate service delivery requirements by focusing attention on areas that require intervention.

Capital investment/procurement planning involves the following activities:

- Defining capital investment projects;
- Preparing budget documentation;
- Formulating programs.

The Council’s Service & Financial Planning process enables the Council to consider property asset acquisitions and refurbishment options effectively and to establish priorities. Capital funds can then be applied to new projects and investments to satisfy Council objectives, and to obtain best value for money.

Requirements for each Investment Proposal

Prior to acquiring an asset you must:

- Determine that there is a demonstrated need for the asset to support service delivery, as developed in the service asset plan/asset management plan.
- Evaluate the life-cycle costs, impacts and risks of acquisition options.
Soundly based investment proposals demonstrate clearly that their benefits outweigh their costs. They will be based on the PAMP and will detail the links between the proposal and both the service delivery strategy and corporate plan. Advice on the required contents of a capital investment proposal is set out in the Procurement Policy: [http://sharepoint.lambeth.gov.uk/sites/lts/assetstrategy/default.aspx](http://sharepoint.lambeth.gov.uk/sites/lts/assetstrategy/default.aspx)

Proposals must address the evaluation criteria set out in Part 5, Section F of this Framework:

- indicate the preferred funding source;
- set out the full costs, benefits and risks;
- address the ongoing operating and maintenance cost implications; including
- the recurrent funding needed.

**Preparing Funding Bids**

Project bids should include sufficient detail to enable Council decision-makers (e.g CAMG, SAMG, SLB, DLT, AMAP and Cabinet to make an informed decision regarding whether to approve the proposed project.

All proposals to acquire, enhance, or develop property assets must be evaluated in accordance with evaluation guidelines set out by SAMG from time to time and must identify:

- The full costs associated with the proposal;
- All impacts on future budget supported expenditure and receipts;
- The net impacts on service delivery capacity, quality, range and efficiency;
- The arrangements and timetable proposed for implementation; and
- Any other identified risks/impacts associated with the project.

Where service asset plans involve capital expenditure an investment proposal for each individual proposal must be prepared for consideration as part of the SFP process.

**Ranking & Evaluation of Investment Proposals**

In ranking and prioritising investment proposals, departments must take into account the role that the proposed property asset will play in service delivery, and the relative importance of the services themselves.

The department must then submit its bids in ranked order, to the Strategic Asset Management Group/AMP irrespective of the proposed source of funds. (Projects to be supported from dedicated and external fund sources must also be fully evaluated and prioritised according to the particular processes that apply to those funding sources).

**Consideration of Investment Proposals**

The submissions requiring Cabinet approval for capital funding are made to the Asset Review Group (ARG).

However, SAMG will assess Investment proposals prior to subsequent consideration by AMP. SAMG will review the investment proposals lodged by each department and apply ‘across Corporate’ criteria. This will result in the proposals being ranked in a corporate context (e.g. the first three proposals ranked by a department may be deemed to have a higher priority than the proposal ranked first by another department.

The criteria considered by SAMG is set out in Part 5, Section F of this Framework – “Principles and Rules” as set out in the Financial Management Strategy.
SAMG then forwards the proposal, ranked in corporate priority order, to SLB for its consideration and to the AMP for approval.

**Property Asset Acquisition**

Acquisitions decisions must be made within the integrated service and financial planning framework.

The acquisition of assets is a key asset management activity. It is imperative, therefore, that acquisition decisions be taken within an integrated planning framework that takes account of service delivery needs, corporate plan objectives, financial and budgetary constraints, and the Corporate overall resource allocation objectives.

Options for acquiring assets include purpose-design and construction, acquisition or leasing. As part of the acquisition process, the Council needs to consider:

- The nature of the assets to be acquired (i.e. whether they are specialised assets;
- The prevailing market conditions and the implications for the acquisition cost (i.e. whether it is a buyer’s or seller’s market); and
- The industry capacity (i.e. the number of potential contractors or suppliers capable of supplying the asset solution).

Generally, the Council acquires land either by agreement or by compulsory acquisition.:  

- Purchase by agreement can be achieved by negotiation and entering into a common law contract of sale;
- Where necessary, the Council will exercise its powers of compulsory purchase. If agreement on the compensation to be paid can not be reached the matter will be referred to the Lands Tribunal.

**Minimising the Exposure to Risk**

Acquisition decisions require through examination and economic appraisal.

**Acquisition of Service Property**

Where a new approved property need cannot be accommodated within the existing estate, the service will take the lead project management role unless that function is specially commissioned from the, Corporate Property Manager (Estate Management).

The project manager will:

- prepare a brief for the project;
- undertake a search for a suitable property available on suitable terms, consulting with the Manager, Corporate FM Services and the Manager, Information Technology;
- instruct all necessary investigations (e.g. as to condition, necessary building works, etc.) and obtain estimates for any purchase, from the Manager, Corporate Property, and works from a suitable consultant, that will be required and carry out or instruct the carrying out of, as may be necessary, any feasibility studies;
- prepare a report, seeking approval to the preferred acquisition option, all in accordance with the Council’s Constitution including as to budget provisions – where terms do not otherwise lie within delegated powers;
- obtain all necessary consents and approvals (e.g. planning permission, superior landlords consent etc.).

On approval of the acquisition, the, Corporate Property Manager will:
• instruct the Council’s solicitor; and
• upon legal completion, ensure that acquisition details are entered in to the Council’s property database.
Introduction

Service delivery needs are fundamental in guiding property asset management practices and decisions, this section focuses on operation and maintenance; the third key stage in the asset life cycle. Protecting service delivery potential and addressing H&S concerns are priorities when making decisions about asset use and maintenance (property asset review). It is therefore essential to review and evaluate that the asset is performing as should be expected. The outcome of the performance assessment will help identify any measures to that need to be undertaken including complying with relevant statutory requirements.

Departmental Service Properties

This section sets out a scheme of management for property assets in the direct control of service departments and used in the delivery of the Council’s services. It excludes:

Office Accommodation Portfolio; and
LEA Schools.

*Such property will nominally be held against the service in occupation. Where more than one service occupies a property, the service occupying the most space shall take the lead occupier role.*

Services are responsible for identifying changed (ie additional, different or reduced) accommodation requirements. Services must ensure changes in accommodation needs are:

- Identified in their annual Service Asset Plans and incorporated into the annual review of the corporate capital strategy and/or the corporate property asset management plan;
- Determined in accordance with the principles, standards and guidance set out in this Framework and the property asset management plan or other property plan;
- Agreed with the Strategic Asset Management Group; and
- Matched with capital and/or revenue budget provision to levels agreed as part of the service and financial planning process.

Where a new need arises that is not incorporated in to the approved PAMP and/or budgets, then such new need shall be subject to specific approval of the Cabinet or as delegated by the Cabinet.

In general, in order to allow proper time either to meet new needs from adjusting reallocations of space within the existing Council’s estate or to acquire new premises, by lease or freehold purchase, at least 12 months prior notice of such new need should be
given, depending especially upon the extent of works that may be necessary. Ideally all such changes should be captured in the SAP’s.

**Acquisition**

Where a new approved property need cannot be accommodated within the existing estate, the service will take the lead project management role (as defined in Price 2), unless that function is specifically commissioned from the Head of Valuation & Asset Management.

The Service Department will:

- Prepare a brief for the project;
- Undertake a search for a suitable property available on suitable terms, consulting with the VAMS and Information Technology Services;
- Instruct all necessary investigations (e.g. as to condition, necessary building works, etc) and obtain estimates for any purchase, from VAMS, and works from the Building Technical Services the Manager, that will be required and carry out or instruct the carrying out of, as may be necessary, any feasibility studies;
- Prepare a report, seeking approval to the preferred acquisition option, all in accordance with this Framework including as to budget provisions – where terms do not otherwise lie within delegated powers; and
- Obtain all necessary consents and approvals (e.g. planning permission, superior landlords consent, etc);

On approval of the acquisition, VAMS will:

- Instruct the Council’s solicitor; and
- Upon legal completion, ensure that acquisition details are entered in to the Council’s Property Information Management System.

**Management in Use**

The following table summarises the provisions of the policy as they relate on a day to day basis to building occupiers. The table is divided into 2 parts, including responsibilities and accountabilities placed on firstly the building occupiers but also VAMS and Corporate FM.

This can be used as a quick reference guide for the majority of day to day matters and can be regarded as effectively the SLA or notional lease by which any occupation is regularised.

<table>
<thead>
<tr>
<th>Responsibility/Accountability</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Be responsible for buildings on a day to day basis.</td>
<td>Generally building occupiers are responsible for all day to day dealings with the property they occupy.</td>
</tr>
<tr>
<td>2. Comply with all occupier responsibilities and liabilities.</td>
<td>Specifically occupiers are responsible for the range of Health and Safety issues and any other relevant legislation.</td>
</tr>
<tr>
<td>3. Nominate officers as Building managers and arrange for these members of staff to be adequately trained.</td>
<td>DD’s are required to nominate officers as Building managers for each building and for these staff to attend a training course organised by CAMG covering all aspects of the responsibilities. These include repairs, fire precautions, access control, asbestos management, and statutory testing.</td>
</tr>
</tbody>
</table>
4. **Not to buy or sell.** The delegation to buy and sell property is set out in the Council’s Scheme of Delegation to Officers. Any proposal that involves the likelihood of either acquiring or disposing of land will need to be undertaken by the Head of Asset Strategy using this delegation and should be referred to Valuation & Asset Management Services at an early stage.

5. **Not to grant leases.** In a similar vein formal leases can only be granted by VAMS. Any proposal to give up possession of all or part of a site will have legal implications that could have a significant effect on the value of the resource. It is therefore important that no commitment is entered into without the relevant legal advice.

6. **Deal with casual arrangements.** In contrast to the previous item casual arrangements that do not have any long term or legal implications can be discharged by occupiers. Examples of this would be the hiring of a football pitch or periodic booking of a sports hall. If there is any doubt as to the consequence of any proposed course of action then occupiers should refer to VAMS for advice.
### Service Departments as Building Occupiers (Divisional Directors)

<table>
<thead>
<tr>
<th>Responsibility/Accountability</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>7. Construction</td>
<td>Excepting BSF and the Residential portfolios only procure construction in close consultation with VAMS. In limited cases services will have budgetary provision that enables them to deal with construction and maintenance. In such cases close liaison is required to ensure work is undertaken to the correct standard, following necessary approvals and in such a way that ensures records are updated.</td>
</tr>
<tr>
<td>8. Report building defects and maintenance requests.</td>
<td>Repairs and Maintenance is carried out by VAMS. Part of this is planned maintenance and is set as part of the budget process each year. Other work arises as a result of defects and failures, and these must also be commissioned through to VAMS/FM for action. It is important that these latter responsive requests are reported promptly in order to avoid further deterioration. Requests should normally be reported via the Building Manager in accordance with locally agreed arrangements.</td>
</tr>
<tr>
<td>9. Report boundary encroachments and any other irregularities.</td>
<td>VAMS rely on the occupier to be the local eyes and ears. It is important that any irregularity is reported promptly in order that it can be investigated and remedied. Examples of the sort of thing that may have a detrimental effect on the total resource include high profile matters such as illegal occupiers (squatters) but also more mundane matters such as a fence being broken down, trees lopped or some rubbish tipped over a boundary.</td>
</tr>
<tr>
<td>10. Report on any buildings on site that are void.</td>
<td>Any building or part of a site that is physically empty needs to be reported to the Council's insurers and also security needs to be maintained at a certain level.</td>
</tr>
<tr>
<td>11. Not to do anything to frustrate the insurance cover in force.</td>
<td>On a more general level the insurance of the property may be affected by the operations that are carried out within the property. An obvious example of this would be the storage of flammable materials but could also include access by members of the public.</td>
</tr>
<tr>
<td>12. Property Asset Review – give early advice and liaise at an early date regarding any proposals for the site including the possibility of declaring all or part of the site surplus</td>
<td>Property asset management and service delivery requirements must go hand in hand if the Council is to achieve the best use of its resources. Prospective solutions will reflect a combination of these aspirations and in order to achieve this early liaison is essential.</td>
</tr>
</tbody>
</table>
13. Authorise and pay all invoices relating to the property on time.
The main body of Part 4, Section C of this Framework explains some of the responsibilities for outgoings. Where such outgoings fall to be paid by the occupier then these should be dealt with in accordance with the Council’s corporate standards.

14. Participate in condition surveys and interim site visits.
Condition surveys and interim site visits provide the main formal liaison between occupier and VAMS. It is important that occupiers participate in this process so that their views can be accommodated in order that the resource can be managed in the most effective way possible. Occupiers should also allow any other ad hoc inspections by arrangement.

15. On a one off basis agree the extent of the property allocated to the service area.
As indicated in the body of the Framework work is ongoing in populating the Property Information Management System (PIMS). Once a robust base position has been established then the provisions of the Framework and management arrangements within VAMS will ensure that this is kept up to date. It is necessary annually to collate data for asset performance benchmarking purposes each DD will be required to nominate a member of staff for this purpose.

### Valuation & Asset Management Services – Corporate Landlord Role

<table>
<thead>
<tr>
<th>Responsibility/Accountability</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Maintain accurate records of all property and the occupying DD.</td>
<td>Records are held on the property database and also the corporate GIS.</td>
</tr>
<tr>
<td>2. Where there is a requirement to buy, sell or otherwise rearrange property, to take the lead in any process to make the best use of resources.</td>
<td>Such proposals will emerge as part of the management of changing requirements, and as a result of the associated property implications. The best use of resources will be governed by a number of factors including condition and a range of factors surrounding suitability.</td>
</tr>
<tr>
<td>3. Maintain the 5 yearly programmes of Condition Surveys with a view to using this information as part of the overall management of the asset.</td>
<td>The condition surveys are carried out on a rolling 5 year programme and will involve occupiers.</td>
</tr>
<tr>
<td>4. Consult regularly with all occupiers concerning the suitability of property for purpose.</td>
<td>An annual customer survey will identify the suitability of property for purpose in terms of location and other factors and this will form part of the overall assessment of performance.</td>
</tr>
<tr>
<td>5. Prepare and manage an annual programme of Repairs and Maintenance.</td>
<td>Repairs and Maintenance comprises planned and reactive elements.</td>
</tr>
</tbody>
</table>
6. Ensure all property is covered adequately for Insurance purposes.  
Schedules of insurance reinstatement costs are stored on the property database and revalued/indexed annually.

7. Where property is declared surplus by any HOS to implements promptly the Surplus Land Procedure.  
The surplus land procedure governs the process and details how property is reallocated or sold.

8. Assist occupiers with proposals to alter and improve property so as to improve the use of the asset.  
Rationalisation may take the form of relocation however equally internal reorganisation or rearrangement of existing stock may improve utilisation and asset performance.

The occupying services will be responsible for procuring property asset management support, comprising the following services either from the Facilities Management Services, VAMS or IT Services:

<table>
<thead>
<tr>
<th>Facilities Management Services</th>
<th>Valuation and Asset Management Services</th>
<th>Information Technology Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Space management; Reception; Porter and mail services; Meeting room management; Waste management and recycling; Car and cycle parking and changing facilities; Mail management and photocopying services; Security; Building and window cleaning.</td>
<td>Legal requirements eg fire, health &amp; safety, asbestos, DDA etc.; Energy and environmental management (ie heating, lighting &amp; ventilation), taking advantage of the corporate bulk purchasing arrangements, and in the light of the Council’s corporate green agenda priority and the corporate asset management plan.</td>
<td>The Manager, Information Technology will, at the request of the occupying service, provide telephone and IT services.</td>
</tr>
</tbody>
</table>

The occupying service will lead on the provision of the following services to be commissioned through Building Technical Services for:

- External maintenance
- Structural and M & E maintenance
- Internal maintenance

Maintenance shall be undertaken on the basis that:

- The occupying service shall arrange for a condition survey of the service premises to be undertaken no less than five yearly and updated annually by Building Technical Services;
- A programme of works shall be prepared each autumn / winter, for consultation with the Manager, Corporate Property Services and any other relevant service managers and as a basis for preparation of the forward year’s budgets;
- The annual programme of works shall take into account the Council’s condition survey data and the strategy, set out in the PAMP and other relevant strategies, for the reduction of backlog maintenance;
- Works shall be undertaken in consultation with service occupiers, where such works may cause inconvenience;
- All works shall be commissioned through BTS.
Lettings

The Head of Asset Strategy will be responsible for estate management activities including:

- The grant of any (sub-)tenancy, licence, easement or other interest in property and for liaison with any superior (external) landlord and any income shall be credited to the corporate budget;
- Reviews of rateable values so as to endeavour to minimise rates or council tax that may be payable by the service;
- Asset Valuations, required to comply with CIPFA accounting standards; and
- Diarising and undertaking rent reviews, in respect of leased property.

Service occupiers shall:

- Ensure compliance with all lease conditions and any freehold covenant or other restrictions and shall ensure that the Council's rights are protected against encroachment or other loss;
- Be responsible for the provision of their own furniture and furnishings; and
- Be responsible for commissioning, through Information Technology Services, their telephone and IT requirements and any annual charges therefore;
- Nominate a member of their staff based at the property to act as keyholder, for emergency purposes, and to ensure the management responsibilities are properly coordinated and undertaken;
- Where the Council is responsible for insurance, provide information to the Procurement and Risk Management section of Financial Services or, where premises are leased and the external landlord is responsible for insurance, to VAMS for the purposes of liaison with the landlord; and
- Responsibility for all Health & Safety Compliance issues.

All Estates, Facilities management, Property maintenance and IT Services must be commissioned from the Heads of VAMS, FM and IT provided that there shall be cost savings from so doing and subject to the corporate standards being maintained or bettered.

Where the occupying service is in default of its facilities management, maintenance or other responsibilities, the SAMG may assume management responsibility for the property, as if it were part of the core office portfolio, on a fee basis chargeable to the occupying service(s).

Disposal

Wherever possible, occupying services shall give not less than twelve months notice, given before 1st June in any year, of their intention to vacate property;

Through the CAMG the Head of Asset Strategy shall circulate within the Council that such space will be available and invite requests from other services to use that space and, where approved by SAMG, arrange such transfer;

Where vacant space is not required by any other service, the Head of Asset Strategy shall be responsible for its disposal in accordance with the Council's Constitution, Financial Regulations and this Protocol so as to ensure that vacant space is held for the minimum of time necessary;

Pending transfer of the property to another service of the Council or completion of any sale, the vacating occupying service shall continue to be responsible for the management of the property and for all other obligations e.g. as to payment of rent, service charges and other costs until the property is disposed of or transferred to another service of the Council;
Occupying services shall, in addition, be responsible for any costs of dilapidations that may be payable on the surrender or termination of leased property.

**Council Property Occupied by third Parties**

Where a Corporate or Service Director commissions an external contractor to provide services or otherwise enters into a partnership arrangement and, as a condition of that contract or arrangement, either:

- That third party is to occupy space in the Council’s estate;
- That the Council is to occupy space in the control of the third party,

Then such occupation shall also come within the same portfolio as would have applied had the contracted service been provided in-house.

Such cases shall be referred to the SAMG through the Head of Asset Strategy **BEFORE** any commitment is entered into with the proposed contractor or partner so that the contract or arrangement can be reviewed to ensure the Council’s best property interests and responsibilities are protected.

**Property Reviews – Service & Financial Planning**

Annually, the occupying service is required to review its current and future needs, for the purposes of supporting its service delivery objectives by the preparation of a Service Asset Plan (SAP).

Not less than 3 yearly, the Corporate Property Managers (Estates and BTS), jointly with relevant service managers and others, shall review the use and management of service premises and report to the CAMG/SAMG as appropriate or required. Such review may be undertaken, as occasion may demand, corporately or across the whole service area(s), or asset category/class.

The process commences with service departments preparing Service Asset Plans which feeds into the Property Asset Management Plan and Capital Strategy (Investment Strategy).

The Property Assets Performance Framework (PAPF) - is a Council best practice guideline which provides service departments with a systematic approach to managing the performance of property assets to meet service delivery objectives. It establishes the broad scope and application of property asset performance management, and the key principles and elements necessary for achieving effective management of buildings. Additionally, it focuses on having the necessary capability to assist in aligning the supply of property assets with demand in response to service delivery objectives and Council priorities.

The BAPF is applied 3 yearly and provides SAMG with information regarding how each department’s building portfolio is performing, particularly to inform the following asset management processes and decisions:

- Asset strategic planning to meet corporate and departmental requirements;
- Planning decisions prior to procurement and investment, including the development of business cases for funding bids;
- Disposal and rationalization decisions;
- Renewal/refurbishment decisions, and
- Benchmarking and continuous improvement.
The application of the framework is integrated with the Council’s Service & Financial Planning process.

The HRE-VAMS Division co-ordinates the implementation of the PAPF by departments, providing advice where requested, facilitating information sharing and incorporates conclusions drawn from the exercise in the Property Asset Management Plan and Annual Property Performance Reports.

**Service occupiers are required to:**

- Implement a performance-based approach in relation to planning, decision-making and management of building assets in line with this framework;
- To be able to demonstrate the use of performance indicators and measures in monitoring the performance of their building assets; and
- To generate reports on the performance of their building assets to SAMG, when required, to guide strategic decisions and future policy developments.

Property assets are assigned categories that reflect their role in supporting service delivery. Performance information is then considered in the context of the assets operational or non-operational role in order to assist in the prioritization of performance improvements across the portfolio for assets to be retained and the identification of assets to be disposed. Table 1 summarises the categories utilized in the classification of departmental building assets.

**Table 1: Building asset categories**

<table>
<thead>
<tr>
<th>Category</th>
<th>Description of building asset role</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational Asset</td>
<td>Used for the delivery of core departmental services</td>
</tr>
<tr>
<td>Non-operational Asset</td>
<td>Assets retained for income generation including providing affordable premises for Voluntary Organisations</td>
</tr>
<tr>
<td>Surplus or Decommissioned Assets</td>
<td>Assets awaiting disposal or required for other strategic initiative eg Regeneration</td>
</tr>
</tbody>
</table>

Information used in this first part of the process is obtained from the results of the “Asset Performance” analysis based on the principal criteria below:

**Table 2: Framework for assessing property asset performance**

<table>
<thead>
<tr>
<th>Performance Area</th>
<th>Performance Indicator</th>
<th>Performance Measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appropriateness – Qualitative Assessment</td>
<td>Strategic Relevance</td>
<td>Criticality to service delivery</td>
</tr>
<tr>
<td>Location</td>
<td>Accessibility, proximity and environmental issues</td>
<td></td>
</tr>
<tr>
<td>Functionality/Suitability/ Sufficiency</td>
<td>Capacity, layout, image and standard</td>
<td></td>
</tr>
<tr>
<td>Statutory compliance</td>
<td>Extent of non-compliance</td>
<td></td>
</tr>
<tr>
<td>Condition</td>
<td>Appropriateness of physical condition to current and future service delivery</td>
<td></td>
</tr>
<tr>
<td>Financial – Quantitative Assessment</td>
<td>Book Value</td>
<td>Net return as a % of book value</td>
</tr>
<tr>
<td>Backlog Maintenance</td>
<td>Cost per square metre of gross floor area</td>
<td></td>
</tr>
<tr>
<td>Operating Costs</td>
<td>Cost per square metre of gross floor area</td>
<td></td>
</tr>
</tbody>
</table>
The information gathered is then weighted on a ratio of 2:3, i.e. Appropriateness: Financial to arrive at a conclusion for each building asset. This information is complemented with other appropriate qualitative and statistical contextual information relevant to service delivery objectives and operating environments to ensure that valid and reliable conclusions are drawn from the analysis of the performance information. Property asset performance information used in isolation from other contextual information may lead to incorrect or misleading conclusions.

From the PAPF the disposal of an asset may be identified if (one or more of the following conclusions apply:

- It is functionally inadequate and unsustainable for refurbishment (there are economic as well as technical constraints);
- It is financially underperforming and there is little potential for improvement;
- Its physical condition has deteriorated and it is uneconomical to refurbish, and there is negligible demand for it.

At this mid-way stage of the process the disposal of an asset identified as surplus is not a foregone conclusion, as the benefits are not always dictated by monetary returns. In assessing the benefits of disposal, the advantage from the whole corporate perspective is considered.

Properties identified as surplus to core service delivery requirements, may need to be retained due to, for example, required for future wider regeneration initiatives, their Listed status, open space or other social environmental considerations, which the Council may have as secondary service obligations.

Disposal of assets may cause anxiety among local communities that feel service delivery will be compromised or the loss of a valuable resource by such disposal. To minimise this understandable concern, the Council through persuasion and the provision of information will continue to dialogue with affected communities.

Furthermore, the Council will continue to be sensitive to the symbolic importance that major assets play in the community in arriving at decisions whether or not to dispose of an asset.
On the completion of this process surplus assets identified are reported through CAMG/SAMG/SLB to Cabinet for approval.

**Building Maintenance**

The Council is committed to the maintenance and improvement of the it’s property assets that houses its employees and provide essential services to the community.

Under the existing arrangements departments are responsible for the delivery of particular services in line with the Community Strategy agenda and Council priorities.

Accordingly, departmental service plans recognise current and future risks including changes in service demands, delivery strategies and changes in the level of available resources.

As a first step in meeting service needs, departments develop their respective Service Asset Plans (SAPs) through aligning their service objectives with their property portfolio.

Having reviewed their asset base, it is crucial that they set out how they intend managing the risks that their assets pose to service delivery.

Maintenance can be regarded as an insurance premium against the underlying risks to service delivery associated with the operation of the asset as well as ensuring the actual efficient operation of the asset.

The protocol set out below will facilitate the development of the work required to effectively and efficiently address the risks posed by assets on service delivery.

So that all Council assets can function in the manner required to support service delivery, they must be managed and maintained in an appropriate manner. Operational property maintenance is directed toward maximising the asset’s useful life, while containing recurrent costs, and protecting the capital investment.

In April 2010, the Strategic Asset Management Group resolved that responsibility for the integrated management of property should be a strategic function co-ordinated from a single source, Valuations and Asset Management, located within the Housing, Regeneration and Environment Department. Within Valuations and Asset Management, the Building Technical Services Team (BTS) provides a surveying, engineering and repairs and maintenance service.

The core services Building Technical Services deliver will assist the Council in the discharge of its duties regarding the property in its ownership and by protection of the Council’s assets through value for money, professional property maintenance management.

The strategic building maintenance framework which will guide BTS in this role is set out in Table 5 below.

**Planned Maintenance Framework**

The key objectives of the Maintenance Management Framework (MMF) are:
- To specify the minimum Council requirements for the management of maintenance;
- To ensure that building assets are adequately maintained;
- To ensure that the risk to the Council are effectively managed;
- To ensure effective maintenance at departmental level;
• To ensure that the Council has the necessary information for monitoring the maintenance, condition and performance of building assets at a whole-of-Council level; and
• To ensure that there is adequate information at the operational level, for undertaking maintenance including the ability to review policies and strategies, analyse life cycle costs, plan for replacements and upgrades, and improve the efficiency and effectiveness of maintenance.

**Maintenance Management Framework**

### Framework Application

The framework applies to all Council non-residential assets, excluding Schools and highway infrastructures. All officers that control or administer buildings are responsible for ensuring that maintenance is undertaken as part of their overall responsibility for asset management.

The procurement and delivery of maintenance should be in accordance with Council policy regarding the provision of maintenance services. Agreements for the provision of maintenance services should also comply with the requirements of the framework.

The role of the Corporate Facilities Management and Valuation & Asset Management Services in respect of the framework relates to the establishment, implementation and monitoring of the framework. It includes the development and administration of whole-of-Council information systems necessary to provide reports and performance information on maintenance outcomes and assets.

In addition, VAMS has the following roles in maintenance:
• The provision of a range of maintenance services, including condition assessment, planning and programme implementation, to departments on a fee for service;
• A whole-of-Council policy role in the monitoring of maintenance outcomes and asset performance;
• Assisting departments in maintenance and asset management; and
• The co-ordination of whole-of-Council special maintenance programmes and other initiatives through Building Technical Services.

The role of departments in respect of the framework relates to ensuring that maintenance arrangements meet the requirements of the framework in the overall context of the department's responsibilities for management of building assets.

**Framework Elements**

The Maintenance Management Framework is focussed on maintenance as an essential activity to ensure that Council assets retain their quality and value to support service delivery. Maintenance must therefore be considered in the overall management of Council assets to optimise their service potential and achieve the most economical life cycle cost.

The Council’s management of its assets including maintenance should consist of specific processes to suit Council needs at a strategic as well as operational level. The Maintenance Management Framework establishes certain key requirements that must form part of Council processes.

**Maintenance Policy**

The maintenance of Council building assets will be directed towards:

• Meeting departments service delivery needs which are reflected in the standards to which assets are to be maintained;
• Priorities based on the impact of condition on service delivery and risk;
• Minimising the whole of life costs of assets;
• Ensuring the most effective use of maintenance resources; and
• Ensuring appropriate information exists at departmental and whole-of-Council levels.

The key outcomes to be achieved from undertaking maintenance are:
• Functional and operational requirements of the working environment are met;
• The physical condition of assets is kept up to a standard appropriate to their service function and value to the community; and
• All statutory and technical requirements to ensure health, safety, security and reliability are met.

**Maintenance Standards**

The standards to which the Council’s assets are to be maintained in regard to physical condition, functional quality, and operational performance are set out below. These standards and any associated performance indicators shall be part of any arrangements for the implementation of maintenance. Table - 1 below provides property asset standard ratings that should be used to set maintenance requirements.

### Table 1 – Asset Standards

<table>
<thead>
<tr>
<th>Performance Standard</th>
<th>Condition Standard</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highly sensitive functions with critical results (e.g., schools, joint service centres or high profile public building eg Town Hall)</td>
<td>Asset to be in best possible condition. Only minimal deterioration will be tolerated.</td>
<td>S5</td>
</tr>
<tr>
<td>Business operations requiring good public presentation and high quality working environments (e.g., Council offices)</td>
<td>Assets to be in good condition operationally and aesthetically, benchmarked against industry standards for that particular class of asset</td>
<td>S4</td>
</tr>
<tr>
<td>Functionally – focussed asset at utility level (e.g., libraries)</td>
<td>Asset to be in reasonable condition, fully meeting operational requirements</td>
<td>S3</td>
</tr>
<tr>
<td>Functions are ancillary only, with no critical operational role (e.g., storage), or asset has limited life</td>
<td>Condition needs to meet minimum operational requirements only</td>
<td>S2</td>
</tr>
<tr>
<td>Functions have ceased and asset is dormant pending disposal, demolition etc.</td>
<td>Condition can be allowed to deteriorate and marginally maintained to meet minimum statutory requirements only</td>
<td>S1</td>
</tr>
</tbody>
</table>

**Maintenance Strategy**

The Council must have a documented strategy for the maintenance of its building assets and site improvements which consists of an appropriate combination of the following:

- **Preventative Time Based Maintenance** – maintenance undertaken at predetermined time intervals as required by statutory, technical or operational reliability considerations. This should be applied to building structures, fabric, services and site improvements for the maintenance of services;
- **Condition Based Maintenance** – maintenance undertaken as a result of an asset’s condition and driven by a condition assessment or inspection process. This should apply to all building structures, fabric, services and site improvements;
- **Zero-based Maintenance** – apart from statutory requirements, no maintenance action is undertaken until breakdown or the asset quality falls below the minimum standard specified for the asset. Zero-based maintenance may be used for minor non-critical assets and those assets planned for refurbishment, replacement or disposal.

**Strategic Maintenance Planning**
Strategic Maintenance Plan developed with due regard to the Council’s service delivery plans, the age, condition, value, deferred maintenance and functional quality of the assets, as well as new assets and any emerging issues which may impact on their service potential.

As part of the strategy an appraisal of the Council’s property maintenance needs over the immediate and medium term and how they may change as a result of potential changes to the asset base driven by service delivery strategies should be undertaken.

The Strategic Maintenance Plan will form part of the Council’s Investment Strategy and consider, amongst other matters, the maintenance of existing and new assets and how they will be addressed in the longer term.

**Maintenance Implementation**

Condition Assessment and Backlog Maintenance

A measured Condition, DDA and Asbestos Survey of a majority of the Council’s operational assets has been undertaken as part of the maintenance planning process. All Council buildings must be inspected, through the Condition Assessment process, at least once every five years.

The guideline “Condition Assessment of Built Assets” produced by the DFES provided the methodology employed in the assessment of assets. A summary of the Condition Assessment including the minimum outputs are set out in paragraph 4.6 above.

**Maintenance Planning**

Planning for maintenance should be undertaken on an annual basis based on information from Condition Assessments, existing programmes and historical data as well as a review of the Council's Investment Strategy.

Planning horizons should be at least three years ahead with the objective being the identification of activities for each year in the planning period, for the purpose of developing annual maintenance work programmes and budget allocations.

**Maintenance Funding**

The Council has developed budgets and allocated funding for the maintenance of its building assets as part of the annual service and financial planning process.

The allocation of funding for maintenance should be determined by factors such as the Council’s PAMP, the current state and age profile of its building assets, operational requirements and deferred maintenance.

Subject to Council budget constraints, a funding level of 1% of the value of its building portfolio is recommended as a minimum benchmark level.

Lack of or inadequate maintenance can be significant in terms of impact on asset value and service delivery. The associated risks are as follows:

- Building assets being over maintained resulting in poor value for money;
- Building assets being ineffectively maintained resulting in waste of maintenance resourcing;
- Building assets being under-maintained resulting in an increased frequency of failures and the possibility of litigation problems and productivity losses;
• Building assets not supporting service delivery;
• Ineffective and inefficient asset management;
• Future maintenance liability that cannot be met effectively and in a timely manner;
• Deterioration of the building portfolio, loss of functionality and service potential; and
• Maintenance policies and strategies that fail to align with best practice.

The maintenance budget should address:

• Maintenance management staffing costs (maintenance planning and delivery including contract management, computerised maintenance management systems, and call centre operation);
• Rolling programme of condition assessment costs;
• Planned works programme costs (condition based);
• Planned preventative maintenance work programme costs;
• Major plant and equipment replacement costs(except those that are capitalised); and
• Any other maintenance related costs (special projects, consultancies).

Benchmarks need to be established based on selected performance indicators to enable an assessment of the appropriateness of the maintenance budget. These benchmarks may be compared externally (other local authorities with a similar portfolio).

**Maintenance Works Programme**

The development of a Planned Maintenance Programme (PMP) should be part of the Council’s maintenance planning process.

The PMP should reflect the maintenance strategy and consist of an appropriate balance of planned and unplanned maintenance works and will cover the following key 5 areas of property asset maintenance services delivery as follows:

**Responsive Maintenance:** these are works that cannot be planned for, such as boiler breakdowns, leaking roofs and items that have an immediate impact on the operational effectiveness of an establishment, or health and safety to occupants and visitors. Budgets for this work are based on historical trends, but typically rise when planned programmes of work are cut back. The usual provision of a 24/7 helpline and response repair service will form the core contract to be called off and will cover the full five years of the agreement. Continuity for this type of work is vital as the set up costs are very considerable for the contractor. They will wish to dedicate a management and operative team to the Council in order to build effective working relationships, get to thoroughly understand the Council’s requirements, and meet performance targets.

**Service Term Contracts:** are programmed inspections (many of which are statutory) to boiler plant, electrical and fire detection systems, lifts and to prevent Legionella and other hazards to health. All existing contracts will fall to the partners to deliver as and when they expire.

**Planned Maintenance:** is identified from inspections typically arising from the Service Term contracts, and from condition surveys carried out by property surveyors and engineers. Works required are costed and prioritised and the most urgent works programmed against the available budget. The contractor will contribute to the drawing up of the programme and will deliver programmes of work within a pre-agreed budget. This is likely to be delivered by the contractor who is also delivering Response Maintenance. There may however be instances where the Council chooses to deliver works as a single package to gain economies of scale, for instance a borough wide programme of replacing flat roofs.
**Minor Works**: are small improvement works or minor new build works which tend not to be identified within the capital programme but are requested and funded by schools or other premises users. The method of selection employed will be identical to that set out in the construction framework agreement. The work is offered to all partners who have to submit a proposal setting out why they are best placed to carry out the work set against six criteria covering capacity, cost, time to complete, availability of key staff, specialist expertise, and performance scoring.

The minimum duration of a PMP will be 3 years and its development will focus on service delivery obligations, maintenance priorities, allocation of resources and performance management.

**Maintenance Procurement**

The provision of maintenance services is a non-core activity for the Council. Ideally therefore, the Council will enter into appropriate arrangements with a maintenance service provider for the provision of maintenance services in accordance with Council policy.

The procurement of maintenance services would be undertaken in accordance with the Council’s Procurement Policy and with due consideration for the following:

- Opportunities for economy of scale in purchasing;
- Employment opportunities and impact on local employment;
- Efficiency and effectiveness;
- Best practice and innovative use of technology; and
- Value for money.

**Maintenance Information and Systems**

To achieve consistency and to facilitate benchmarking and performance improvement, maintenance expenditure would be captured against the respective maintenance categories listed below. The degree to which such expenditure is recorded against the asset components and subsequently aggregated to the building/facility and portfolio level shall be subject to operational requirements (e.g. demand management and life cycle costing) and the cost benefits of doing so.

**Maintenance Management Services**

These consist of:

- Maintenance planning
- Contract management
- Condition assessment
- Information and support services

**Maintenance Works Services**

These consist of:

- Planned maintenance
- Unplanned maintenance

The maintenance of the Council’s building assets must be adequately supported by an efficient and effective Maintenance Management System to facilitate operational maintenance work scheduling and control, planning, resource allocation, programme management and reporting.

Maintenance information recorded must meet:
• Whole-of-Council reporting requirements;
• Council requirements in order to make strategic asset management decisions; and
• Operational requirements for maintenance implementation through maintenance service providers.

**Maintenance Performance**

Management processes should be established to monitor maintenance performance and a periodic review of maintenance performance should be undertaken quarterly and reported as part of the Annual Property Performance report.

The review should consider aspects relating to:

• Maintenance service delivery performance;
• Maintenance service quality performance;
• Asset performance;
• Maintenance management performance;
• Maintenance cost performance; and
• Tenant/occupier satisfaction.

**Maintenance Reporting**

The Property Information Management System (PIMS) is the primary repository of property information for whole-of-Council purposes.

The maintenance information to be provided for whole-of-Council reporting, risk management and performance monitoring purposes will consist of:

• Condition index by building/facility;
• Future maintenance by building asset/facility;
• Deferred maintenance by building/facility;
• Financial year expenditure on maintenance management services;
• Financial year expenditure on planned maintenance; and
• Financial year expenditure on unplanned maintenance.

**Clarification of Roles and Responsibilities**

In arriving at a process for formulating a planned maintenance programme, it is important to recognise a balance between the needs of occupiers/users and more technical considerations. An arrangement (subject to the provision of available resources) will ensure this balance.

Departments will delegate the scheduling and implementation of maintenance work projects to VAMS - BTS. However, the development of the PMP will be arrived at jointly with Service Departments taking account of the available resources, service delivery and technical needs. Furthermore, it will enable future building issues to be mixed with future service needs and thus ensure that there is no waste of effort or resources.

**Professional Support Services**: A wide range of property skills are required to support the delivery of a property asset management function. Currently the function is provided by in-house staff (VAMS and Corporate Facilities Management) supported by external property professional firms as and when required.

All departments will receive such services and, with the exception of works which must be charged to capital, will be required to contribute to the cost of the Core Services through an
annualised core fee, payable monthly to VAMS – Building Technical Services (BTS). The service will:

- Procure, administer and manage planned repairs and minor projects including managing and administering service contracts for plant and equipment and minor works projects. These works to a greater extent will be managed through external consultants and contractors and delivered through new and existing frameworks and corporate contracts. BTS will also collate condition and break down data from both responsive and servicing works to assist Service Departments in the collation of prioritised bids for funding.

- Provide a service which will provide Departments greater ability to manage their own responsive fabric repairs in the knowledge that the essential health and safety servicing are organised comprehensively on their behalf. The financial management of the Revenue Core Works budget will be expended exclusively on the servicing of fixed plant and equipment in corporate premises.

- Provide a service which actively and continuously looks for more financially efficient ways of working, driving down costs by robust contractor control, embracing volume procurement to reduce maintenance costs, by standardisation on and use of energy smart products, and the prioritisation of essential works over the desirable to reduce wastage and make savings, whilst managing the Council’s exposure to risk of failure to adequately maintain the corporate property portfolio.

A Service Level Agreement sets this revised method of working, details the nature of the services including technical and health and safety management services that is provided as part of the Core Service to all service departments.

**Planned Repairs**

The Core Service will operate as follows:

- Provision of a professional technical and health and safety management service;
- Maintain, manage and administer:
  - a responsive contractor, 24 hours per day, 365 days per year call out service;
  - comprehensive service contracts, to execute essential health and safety servicing for all fixed plant and equipment;
  - a corporate fixed plant and equipment asset register;
  - an asbestos register and organise risk assessments and inspections as required;
  - an energy information database.
  - audit completed works to assure quality;
  - manage responsive and service contractors;
  - audit servicing and ensure the collation and storage of all related statutory and regulatory records.

- Provide an in-house helpdesk service, but will not hold corporate responsive repairs budgets, which will remain in the control of the Service Departments.

**Responsive Repairs**

Departments will be able to:

- Order responsive repairs direct;
- Self determine priority of responsive repairs, and directly manage their budgets;
• Have confidence that orders will be placed with approved contractors against agreed
rates on materials and labour, overheads and profit;
• Rely on BTS to inspect and audit completed works, and to manage the overall
performance of the partner contractors;
• Delivery of funded Service Departments capital programme

Health & Safety Compliance

Roles and responsibilities in respect of health and safety covers a wide area of issues and
which touches and concerns our duties as elected members, managers and staff to
ourselves, guests and invitees and members of the public visiting Council premises.

It is important departments understand and appreciate their legal Health and Safety
responsibilities as failure to comply with the requirements of these legislations is serious and
could leave the Council open to prosecution under Health and Safety at Work Act 1974 and
to a substantial fine and for those in direct line of responsibility even the possibility of a term
of imprisonment under the Corporate Manslaughter and Corporate Homicide Act 2007. The
following list though not exhaustive highlights basic legislation with which building owners are
required to comply:

The Building Act 1984 and Amendments
The Building (Amendment) Regulations 2008
Health and Safety at Work etc Act 1974 and Amendments
The Management of Health and Safety at Work Regulations 1999
The Workplace (Health, Safety and Welfare) Regulations (1992)
The Control of Substances Hazardous to Health Regulations 2002 (COSHH)
The Construction Products (Amendment) Regulations 1994
Control of Asbestos at Work Regulations 2006
The Water Supply (Water Fittings) Regulations 1999
2001: Approved Code of Practice & guidance - L8 (Revised) - Legionnaires' disease - The
control of legionella bacteria in water systems
Water Act 2003
The Water Supply (Water Quality) Regulations 2001 (Amendment) Regulations 2007
Food Safety Act (1991)
The Electricity at Work Regulations 1989
IEE Code of Practice for Service Inspection and Testing of Electrical Equipment (2004
Provision and Use of Work Equipment Regulations 1998
Gas Safety (Installation and Use) Regulations 1998
Pressure Equipment Regulations (1999)
Pressure Systems Safety Regulations (2000),
Fire Precautions Act 1971
Fire Precautions (Workplace) Regulations 1997
Regulatory Reform (Fire Safety) Order 2005
The Lifting Operations and Lifting Equipment Regulations 1998 (LOLER)
Provision and Use of Work Equipment Regulations (1998)
Manual Handling Regulations (1992)
Environmental Protection Act 1990
Environmental Protection (Duty of Care) Regulations 1991
Environmental Protection Regulations 2008
The Control of Noise at Work Regulations 2005
The Disability Discrimination Act 1995
The Construction, Design and Management Regulations 2007
Planning (Listed Buildings and Conservation Areas Act) 1990
For this reason, Departments will delegate responsibility for undertaking all statutory and regulatory health and safety works related to the servicing of fixed plant and equipment required to fulfil these obligations to BTS.

### Building Technical Services

<table>
<thead>
<tr>
<th>1.</th>
<th>Manage the Responsive Repairs Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>i)</td>
<td>BTS will manage Property Asset Maintenance Service Providers (PAMSP) who will provide a direct line, one stop shop for all responsive repairs, at agreed rates.</td>
</tr>
</tbody>
</table>

*Available: 24 hours a day, 7 days a week, 365 days a year*

<table>
<thead>
<tr>
<th>ii)</th>
<th>You can order repairs direct by:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Calling or emailing Building Technical Services on:</td>
</tr>
</tbody>
</table>
|     | **Tel: 020 7926 9229**  
|     | **Email: bts@lambeth.gov.uk** |

The PAMSP will undertake works for all corporate clients against a tendered schedule of rates. A condition of an order being placed through BTS is that all corporate clients quote their approved Cost Code.

* BTS will undertake the management of processing responsive invoices, however, Clients will be billed for repair works directly by Interserve.*

<table>
<thead>
<tr>
<th>iii)</th>
<th>Repairs works which can be ordered directly will include:</th>
</tr>
</thead>
</table>
|      | Bricklaying  
|      | Carpentry  
|      | Plumbing and Heating  
|      | Plastering  
|      | Painting and Decorating  
|      | Basic Electrical works  
|      | Roofing repairs  
|      | Simple Glazing  
|      | Simple Locksmithing  
|      | Handyman services  
|      | Specialist Cleaning  
|      | Scaffolding  
|      | Drain Jetting  
|      | Specialist Locks  
|      | Complex Glazing  

All simple responsive repairs will be charged against the tendered Schedule of Rates up to a value of £25k.

* Response Times:  
  - Emergency (Unsafe Premises): 1 Hour  
  - Urgent: 4 Hours  
  - Routine: 15 Days  
  - Containment time may be extra over to the response time.*

<table>
<thead>
<tr>
<th>iv)</th>
<th>Simple new works, or simple works of non-urgent or improvement nature can also be ordered directly.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Simple works are defined as works where there is no design or specification requirement, where Building Regulation approval and Planning consent or adherence to the Construction, Design and Management Regulations (CDM) do not apply, and the works do not involve the management of asbestos bearing materials.</td>
</tr>
</tbody>
</table>

* Work can be ordered direct against the tendered Schedule of Rates for works of a value of up to £5,000.*
### Building Technical Services

BTS will administer the ordering process, and will reserve the right to review all simple new works to ensure the nature and scope of the order meets these criteria.

<table>
<thead>
<tr>
<th>v)</th>
<th><strong>For new and improvement works in excess of £5,000 up to £25,000, or where the works require design, specification, Building Regulation and/or Planning Approval, or where the CDM Regulations apply, are defined as “minor project works”</strong>.</th>
</tr>
</thead>
<tbody>
<tr>
<td>BTS will provide a professional design and/or project management service for all minor project works and reserve the right to charge fees for this service, detailed on page 15, over and above the core fees chargeable.</td>
<td></td>
</tr>
<tr>
<td>BTS will provide a professional design and/or project management service for minor project works of £5,000 to £25,000.</td>
<td></td>
</tr>
<tr>
<td>BTS will undertake the management of processing responsive invoices, however, Clients will be billed for repair works directly by Interserve.</td>
<td></td>
</tr>
</tbody>
</table>

Requests for Project works over £5,000 can be sent direct to the Building Technical Services Unit via e-mail: bts@lambeth.gov.uk

All project requests will be received centrally and permit the recording and allocation of the request to ensure quality service delivery.

<table>
<thead>
<tr>
<th>2.</th>
<th><strong>Manage Comprehensive Service Contracts and ensure compliance with relevant statutory and regulatory obligations</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>i)</td>
<td>For the Core fee, BTS will set up and manage contract arrangements with PAMSP, and their specialist service contractors to undertake comprehensive servicing for all fixed electrical and mechanical plant and equipment and lifts. Servicing, inspection and testing will be undertaken at statutory, regulatory and recommended frequency to all plant and equipment.</td>
</tr>
</tbody>
</table>
| ii) | **Plant and equipment includes:**
| A. | **Mechanical:**
<p>| Building Management Systems |
| Ventilation Systems (inc kitchen cleaning) |
| Local extractors and ventilators |
| Air conditioning and air handling units, including DX units |
| Mechanical (continued): |
| Chilled water systems |
| Door curtain heaters |
| Fixed fans |
| Gas boilers (domestic and commercial) |
| Gas fires (back boilers serviced) |</p>
<table>
<thead>
<tr>
<th>Building Technical Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gas wall heaters</td>
</tr>
<tr>
<td>Gas kiln</td>
</tr>
<tr>
<td>Gas ovens</td>
</tr>
<tr>
<td>Catering equipment</td>
</tr>
<tr>
<td>Fume cupboards</td>
</tr>
<tr>
<td>Convector heaters</td>
</tr>
<tr>
<td>Oil fired boilers</td>
</tr>
<tr>
<td>Oil supply pipes and tanks</td>
</tr>
<tr>
<td>Pressurisation units</td>
</tr>
<tr>
<td>Trench heating installations</td>
</tr>
<tr>
<td>Low pressure hot water heating systems</td>
</tr>
<tr>
<td>Mixing valves</td>
</tr>
<tr>
<td>Shower, toilet cistern and water feature inspection</td>
</tr>
<tr>
<td>Testing and treatment</td>
</tr>
<tr>
<td>Mains water pumping stations</td>
</tr>
<tr>
<td>Sump and sewerage pumps</td>
</tr>
<tr>
<td>Flood warning systems</td>
</tr>
<tr>
<td>Fire extinguishers and hoses</td>
</tr>
<tr>
<td>Dry risers</td>
</tr>
<tr>
<td>Halon fire suppression systems</td>
</tr>
<tr>
<td>Smoke and fire dampers</td>
</tr>
<tr>
<td>Fire shutters and curtains</td>
</tr>
<tr>
<td>Fire suppression systems including sprinkler systems</td>
</tr>
<tr>
<td>Swimming pool plant</td>
</tr>
<tr>
<td>Motorised shutters</td>
</tr>
<tr>
<td>Motorised gates</td>
</tr>
<tr>
<td>Rising kerbs and car park barriers</td>
</tr>
<tr>
<td>Catering equipment</td>
</tr>
</tbody>
</table>

**B. Electrical:**

- High and low voltage switch gear
- Uninterruptible power central station units
- Small power systems
- Standby generators
- Electrical inspections
- Testing and inspection of all distribution boards and circuits
- Internal and external lighting systems
- Electrical (continued)
- Fire alarms and emergency lighting
- Smoke detection
- Security alarms
- Panic alarm systems
- Access control systems
- CCTV
- Electric panel heaters
- Trace heating installations
- Lightening protection
- Hearing loops
- Motors to electrically operated shutters
- Electric hand driers
- Electric water heaters
- Automatic doors
## Building Technical Services

<table>
<thead>
<tr>
<th>Portable appliance testing</th>
</tr>
</thead>
<tbody>
<tr>
<td>White boards</td>
</tr>
</tbody>
</table>

### C. Lifts:
- Passenger lifts
- Disabled lifts
- Through floor lifts
- Hoists
- Dumb waiters
- Document hoists

### D. Building:
- Sanitary installations
- Playground equipment
- Rainwater goods

#### iii) Significant repairs:
BTS will undertake to report back to you, all faults and repairs arising from the inspection, testing and servicing regime.

BTS will provide estimates to advise of financial commitment required to undertake the repair and to provide you with a report confirming implications for the building and division should these repairs not be undertaken.

The cost of all repairs outside of the service schedules is the direct responsibility of the Corporate Groups and Service Departments.

Costs provided will include quoted fee charges over and above works.

#### iv) Asset Register:
BTS will develop an asset register of all fixed mechanical and electrical plant and equipment, and record age, condition and life expectancy of all items.

We will provide you with this information for future maintenance planning and for capital funding bids.

The service visits will aid the development of the Capital Replacement Programme, which will be set and delivered by BTS on a priority condition and need basis.

#### v) Certificates and Records:
We will record and maintain a comprehensive database of service records and safety certificates where required.

Log books and service schedules will be developed for each building and site.

### 3. Provide Asbestos Advice and Manage a Compliant Asbestos Database

#### i) We will provide advice and guidance to client departments on their responsibilities in respect of current and future legislative requirements.

#### ii) We will manage a contract with accredited and licensed asbestos contractors, who will be able to
### Building Technical Services

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>deliver asbestos encapsulation or removal of asbestos services when required.</strong></td>
<td></td>
</tr>
<tr>
<td><strong>We will supply asbestos data to Service Departments, engineers, contractors and others who require it.</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Provide Energy Efficiency Advice, Manage Supply Contracts and Maintain an Energy Database</strong></td>
<td></td>
</tr>
<tr>
<td><strong>We will provide advice on a range of energy efficiency matters including the setting of energy efficiency programmes and any necessary remedial works.</strong></td>
<td></td>
</tr>
<tr>
<td><strong>We will record meter serial numbers and supply point numbers in a database and update it as needed. We will supply this information such as meter locations and capacities to those that need it.</strong></td>
<td><strong>We will update the database within 14 days of being advised of a new supply or a change being made to an existing meter or supply.</strong></td>
</tr>
<tr>
<td><strong>Where suitable projects for the Energy Conservation and Energy Efficiency Finance Programme are identified, we will provide advice and secure funding through the Energy Investment Programme. We will monitor the performance of the projects and use the feedback to refine future project targeting.</strong></td>
<td><strong>Applications for funding will be decided within 21 days.</strong></td>
</tr>
<tr>
<td><strong>We will manage the energy performance assessments and provide energy certification for each corporate building.</strong></td>
<td><strong>Fees for the assessment and provision of certification are held on Page 15.</strong></td>
</tr>
<tr>
<td><strong>Manage the Quality of Completed Works and Audit Invoices for Reasonableness</strong></td>
<td></td>
</tr>
<tr>
<td><strong>We will undertake a systematic inspection of completed responsiveness repairs, assess quality and cost of work, benchmark standards across the service and report back to the contractor.</strong></td>
<td><strong>Performance of contractors will be measured through a series of Key Performance Indicators (KPI’s).</strong></td>
</tr>
<tr>
<td><strong>We will ensure that the planned maintenance programme is fully audited both on site and through the validation of documentation and certification.</strong></td>
<td></td>
</tr>
<tr>
<td><strong>We will undertake the quality inspection of all funded capital works, and provide project evaluation reports for collation of contractor performance data.</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Collated information of performance will be reported back to groups by the publishing of quarterly reports.</strong></td>
<td><strong>A proportion of contractors’ profit will be linked to performance against the KPI’s.</strong></td>
</tr>
<tr>
<td><strong>We will undertake to raise and maintain standards of</strong></td>
<td><strong>On satisfactory performance</strong></td>
</tr>
</tbody>
</table>

---

**Integrated Property Asset Management and Financial Planning Framework**  
Page 96
Building Technical Services

<table>
<thead>
<tr>
<th>Work by the continuous monitoring and auditing of contractor performance.</th>
<th>This incentivised profit margin will be awarded and invoiced quarterly.</th>
</tr>
</thead>
</table>

**Breakdown of criteria for response times - To provide examples of the response codes that should be applied to works, we have detailed below some suggestions:**

| One Hour Emergencies – 1 hour | Failure of electrical supply  
Unsafe electrical fittings  
Escape of water causing damage to the fabric of the building  
Presence of raw sewage, (blocked or leaking drains, soil stacks or w.c.’s)  
Serious structural damage  
Fire in a property  
Security measures required by the emergency services |
| Containment Time - 2 hours |
| Completion Time - 2 working days |
| Health and Safety and Business critical items only. |

| Other Emergencies – 4 hours | Toilet not flushing (where only one w.c.)  
Blocked sink, bath or basin  
Leak from water heating pipe, tank or cistern  
Unsecure external window, door or lock |
| Containment Time – 8 working hours |
| Completion Time – 5 working days |

| Urgent repairs - next working day | Minor roof leaks  
Repair to banister/handrail, stair treads (not considered dangerous)  
Toilet not flushing (if more than one w.c.)  
Tap that cannot be turned on  
Internal door furniture and replacement locks  
Re-fixing of w.c. seats  
Replacement washers to hot and cold water taps  
Replacement of inaccessible light bulbs and fluorescent tubes.  
Immersion heaters where only means of hot water. |
| Containment Time – 8 working hours |
| Completion Time – 5 working days |

**Commissioning of Capital Works**

**Building Works**

Where works are proposed, the Service Department will:

- Prepare a brief for agreement with the Head of Valuation & Asset Management and the Manager, Information Technology Services;
- Instruct all necessary investigations (e.g. as to condition, necessary building works, etc) and obtain estimates for the works, from Building Technical Services and carry out or instruct the carrying out of, as may be necessary, any feasibility studies;
- Obtain all necessary scheme and estimate approvals;
• Appoint consultants and contractors as the works may require;
• Where works are to be undertaken to a newly acquired property, arrange for the
  works to commence as soon as possible after legal completion;
• Direct the works in progress, working in association and partnership with Building
  Technical Services;
• Ensure all monies properly due are paid in accordance with the Council’s Financial
  Regulations and Standards;
• Liaise with Information Technology Services and relevant service managers as to
  completion of the works and commencement of fitting out and occupation;
• Undertake all capital works in accordance with this protocol in particular;
• Provide “as built” drawings and specifications to the VAMS for the purposes of
  maintaining the Corporate Property Records;
• Within one year of practical completion of major works carry out, in liaison with the
  Building Technical Services, a post project review and, where significant issues are
  identified, report the outcome to the SAMG and, as appropriate, to the SLB.

Requirement to Exercise Proper Levels of Skills

All personnel undertaking property management responsibilities shall exercise the proper
level of skill required for the particular task.

Requirement to Use the Council’s Approved Consultants

Professional service shall be commissioned where:

• Personnel do not have the required skill(s);
• Works contract price exceeds £25,000; or
• Work may reasonably be expected to affect the structure, electrical or mechanical
  fabric of the property or, in a significant way, the external fabric of the property or
  where there may be Health & Safety risks e.g. Asbestos.

The Council’s Consultants

All Professional services must be commissioned from VAMS – Building Technical Services
on a fee basis. The exception to this is in respect of Regeneration initiatives.

VAMS – BTS maintains several framework contracts to provide services to the Council on a
“call down” basis after formal tendering and selection processes and are contracted to
provide their services to specified minimum standards. There shall be a general presumption
that the Council’s select consultants will be used

Requirement to Monitor and Manage Consultants’ Performance

Where however a corporate and service director wishes for particular reasons, to appoint a
consultant not listed in the framework that shall be subject to prior agreement with VAMS -
BTS.

Commissioning Property Works

Introduction

The Table below summarises the RIBA Outline Plan of Work which may generally be taken
as a basis for working with consultants and contractors in undertaking works in one of three
following categories:
Time spent at the start of a project to ensure a good brief will be time well spent. Three benefits in particular are likely to accrue:

- The consultant / contractor is more likely better understand the client’s requirements from the outset and therefore to perform better;
- It helps to avoid changes to the brief at later stages. The later in the project’s life that changes to the brief (or to the proposed works) are made, the more costly such changes can be; and
- Consequently, it is more likely that project costs will be contained within budget estimates.

Most projects, little or large, will go through some level of feasibility assessment (RIBA Stages A & B). This may range from a simple discussion with a consultant / contractor, to a more complicated process of sketch proposals to explore options and undertake associated research into meeting the client’s needs.

Whatever the level of feasibility required, it provides an opportunity to explore the client’s requirements with the consultant / contractor and which will help develop the brief. In any event, before RIBA Stage E Final Proposals, the client should confirm in writing the final brief as a sound basis upon which to progress to detail.

**Requirements as to Estimates for Property Works**

It is vital that there is at all times clarity about:

What items of expenditure estimates include and which may extend to:

- Works
- Fees
- ICT
- Relocation / removal / temporary storage
- Furniture and furnishings, etc

In respect of property, as a MINIMUM all estimates must include works and fees and will be assumed to extend to those items ONLY unless it is otherwise made clear that additional items are to be taken to be included in the estimate;

The level of accuracy of the estimate and which will improve as the project progresses through its stages to final completion. In general, the following terms should be used to indicate the likely level of accuracy:

- Provisional – an estimate of the cost of proposed works, prior to commissioning consultants / contractors and therefore prior to undertaking any form of feasibility study;
- Preliminary – an estimate based on consultants / contractors completed feasibility work and other work prior to the completion of RIBA Stage G Tender Documentation;
- Final Pre-Tender Estimate – an estimate based on completion of RIBA Stage G Tender Documentation;

Once RIBA Stage H Tender Action has been completed (and any process of adjustment to the proposed works and tender price), the project will have a greater level of predictability of...
the final outcome and estimates at that stage can be based on the project tender price. Variations to that price may still arise, under the terms of the relevant JCT contract or if the brief is varied in any way during the life of the contract;

The time currency of the estimate especially when there are significant trends in construction prices (largely a combination of labour rates, and materials), it is essential:

- To ensure that estimates for forward years are adjusted for inflation and forecast shifts in construction prices in the meantime; and
- Given that predictions of future shifts in construction prices may be unreliable, the more so that they are projected into future years, ll estimates should be reviewed no less than 6 monthly;
- All estimates, and especially for the Council’s budgeting processes, are to be agreed for specific purposes by either, or as appropriate:
  - The consultant/ contractor commissioned in respect of the particular project; or
  - The Corporate Property Manager - Building Technical Services, where works are being undertaken through that office.

**Construction Design and Management (CDM) Regulations 1994**

The Construction Design and Management Regulations 1994 require responsible officers acting for the Council to:

- Make timely appointments of competent and adequately resourced planning supervisors and principal contractor;
- Provide relevant H&S information about existing structures and the site;
- Allow sufficient time for design and construction work to be carried out properly;
- Ensure that a suitable and sufficient H&S plan has been prepared before they allow works to proceed;
- Receive and take care of the project H&S file on completion.

Officers must not specify materials or methods of work as this may make them liable as designers, rather advice should be sought on whether particular materials or methods of work can be safely incorporated into the brief.

Whilst the CDM regulations will not normally apply to works that are the subject of a works order rather than a contract the Council standards require officers to adopt the principles of CDM to ensure safety. This means that all orders for alterations and repairs will require as a minimum:

- A written brief and/or quotation with sufficient detail;
- A selection process to satisfy the competency requirement – H&S Advisors can assist with this;
- A method statement from the contractor that identifies risks and how persons, particularly Council employees clients and visitors will be protected from them AND/OR a risk assessment by the responsible officer which concludes that a method statement is not necessary due to absence of significant risks associated with the work; and
- An instruction to the contractor to proceed including instructions as to whom they must report to on arrival and on completion to be given access and safety instructions.

**Recording Property Asset Expenditure**

Capital improvement occurs when the expenditure on an existing asset:
• Increases the asset’s service potential (through improvements to operating capacity, functionality or capability), or
• Increases its useful life. Expenditure of this type includes enhancements such as extensions or modifications to improve functionality.

Normal maintenance and repairs maintain the service potential and value of the asset over its planned useful life. Hence both planned and responsive maintenance should be recorded as an expense. Similarly, consumables and expenditure on replacement parts do not increase the original service potential and should be treated as an expense.

Refurbishment is carried out to restore an asset to an acceptable condition, to achieve the asset’s required useful life. In these cases, refurbishment should be recorded as an expense. If the refurbishment results in an extension to the useful life, service potential or value of the asset, the costs must be apportioned between capital and recurrent expenditure with only that portion of the costs that result in the extension being capitalised.

Examples of the distinctions between capital improvements and repairs are shown in Table 4:

<table>
<thead>
<tr>
<th>Capital Improvement</th>
<th>Repair (recurrent expenditure)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extension to the building</td>
<td>Routine painting</td>
</tr>
<tr>
<td>Installation of a lift</td>
<td>Lift maintenance</td>
</tr>
<tr>
<td>Landscaping</td>
<td>Lawn mowing or gardening</td>
</tr>
<tr>
<td>Office upgrade</td>
<td>Repair fire damage</td>
</tr>
<tr>
<td>Installation of a new security door</td>
<td>Replace existing door</td>
</tr>
<tr>
<td>Installation of air-conditioning</td>
<td>Maintenance contract including servicing General maintenance including cleaning</td>
</tr>
</tbody>
</table>

Obtaining Planning Consents and Approvals

Consents and Approval covered in this section

The following consents and approvals may be required in connection with property activities and should generally be the responsibility of departments but with the support of VAMS:

• **Planning Permission** – in respect of either building works or change of use (and including the felling of any tree(s) subject to a Tree Preservation Order);
• **Building Regulations Approval** – in respect of either building works or change of use;
• **Consents under the Party Walls Act 1996** – where works are proposed which affect party walls or comprise excavations close to party walls;
• **Listed Building Consent** – where works are proposed in respect of a building listed as being of architectural or historic interest under the Planning (Listed Buildings and Conservation Areas) Act 1990;
• **Fire Certificate under the Fire Precautions Act 1971** – depending on the use of premises;
• **Environment Agency consents** eg discharge, waste storage, etc.

Sustainability

Compliance with the Council’s Policies

All property management activities must take into account the Council’s Environmental Policy (see Intranet).
Introduction

The Council is committed to ensuring a safe, secure and productive work place for all staff. This section of the protocol provides policy direction and guidance with regards to the allocation and management of space and office accommodation.

The Council recognises that it is important to provide staff with an environment where they are engaged, feel valued and supported to meet the demands of delivering services to residents and stakeholders. A key contributor to a productive work place is the physical environment and amenity of facilities. This protocol applies equally to all Council offices.

It provides a balanced approach based on the Council’s FRESH values and asset management operating principles and sets out guiding principles, design considerations and overarching standards for the allocation of space and the design of office accommodation.

New or refurbished office accommodation is to be provided in accordance with this policy.

For reference to non-health facility accommodation guidelines please refer to the ‘Office Accommodation Workspace and Fitout Standards’ developed by VAMS.

In order to deliver quality services the Council must attract and retain appropriately skilled staff. The provision of suitable and appropriate space and office facilities is important to attract and retain such staff. Historically, there have been a range of purposes and perspectives on office accommodation strategies. These have included the allocation of space and facilities based on status/position and permanency through to reconciling individual personal needs with the organisational need for efficient use of an important resource.

However, ongoing financial pressures and workforce constraints require the Council to continually improve and evolve models of service delivery. This will in turn require functional and flexible work spaces and facilities.

This Framework provides the guiding principles and standards for the planning, design, allocation and management of space and office accommodation. It recognises that the workplace is a social setting and that the physical environment provides the context in which people undertake their work activities. Therefore, office space and how it is used is an important common concern of both the Council and its employees.

Purpose
The purpose of this Framework is to ensure:
• A consistent approach is used for the planning, design, allocation and management of staff workplace and office accommodation;
• Space and facilities are provided to support the delivery of health services based on Queensland Health’s values and operating principles;
• Suitable and flexible provision of work place and office accommodation for all staff; and
• The optimal use of space and facilities.

**Accommodation and facilities:**
Provided reflect the changing patterns of work and support flexible working and service delivery. This includes:

• Increased collaboration between employees, focus on multidisciplinary team work and the sharing of knowledge; and
• Part-time, job share and telecommuting practices as well as;
• support all staff in the delivery of services.

**Scope of this Policy**

This policy applies to:

• All new and refurbished office accommodation; and
• All Council employees, contractors and consultants.

**Functionality and Flexibility**

Space will be allocated and used on the basis of functional need. This will reflect service needs expressed through appropriate models of service delivery. In turn this is supported through flexible approaches to the use and management of people, information and communication technology.

Changes to service needs may require changes to the use and management of office space and facilities. The Council is continually evaluating its services and its requirements and will manage its space and office accommodation accordingly.

**Standardisation**

Standardisation is an important and effective means of improving efficiencies and the effective use of space and accommodation facilities, where possible standardisation of design and use is a preferred option.

Standardisation of design, dimensions and materials enables improved efficiencies in purchasing and supply. Standardisation of space utilisation, layout and furnishings within and between facilities increases productivity and reduces training and other requirements.

**Accommodation for Dual / Multiple staff roles**

A person shall be provided with no more than one office regardless of the number of roles or positions held within the Council.

**Sustainability**

Office and facility design and construction will consider Ecologically Sustainable Development Principles (ESD) including adherence to:

• The Council’s H & S Policy; and
• The Council’s Energy & Water Policies.
Occupation Health and Safety

Office and facility design and construction will consider and comply with:
- Workplace Health, Safety and Welfare Regulations (1992);

Access and Mobility

Office and facility design and construction will comply with all appropriate legislation.

Learning and Education

Workplaces and office accommodation should be designed to encourage and support professional learning and development in accordance with these guidelines.

Office Communication, Messaging, Photocopying and Printing Facilities

Photocopier, facsimile, printing and administrative facilities will be located within easy access to shared offices. Workplace practice and design strategies should also consider information management issues such as security, confidentiality and privacy.

Office supplies and services including photocopying, printing, intranet/email and fax facilities are to be housed in appropriate reception / administrative areas. These facilities are to be available and accessible based on service need.

Signage

Workplaces and office accommodation should be designed and constructed with clear signage.

Catering

Office and facility design and construction is to consider appropriate access to catering during and after ordinary working hours. Access to food and beverages should support employee health “A Better Choice, Healthy Food and Drink Supply Strategy”.

Design Concepts and Considerations

The following issues should be considered during the planning and design of office accommodation.
- Support for Flexible Work Arrangements;
- Office accommodation should include support for flexible work arrangements through;
- Open and multi-purpose spaces;
- Facilities such as offices and shared work bases that can be used by appointment (i.e. booked); and
- Access points to communication networks.

Open/shared office spaces and open plan offices

A key consideration in the design of offices is the incorporation of open flexible spaces that best facilitate flexible work patterns, communication and teamwork with the efficient use of space.
Office Moves

To bring a degree of corporate control over office moves and the acquisition of external leases, all office moves and the acquisition of new accommodation must be supported and approved by the SAMG.

Moves will only be authorised if there is a sound business case. Specifically the Council will be endeavouring to reduce the amount of leasehold accommodation currently held to provide services.

To ensure a corporate approach to the delivery of the target to reduce the amount of office space held by the Council by 25% over a 5-year period, all planned moves and relocations will be subject to review and approval of SAMG.
## Office and Room Guidelines

The following data is to be used as a guide only. Variation on this data may be required based on a review of the individual facility requirements. This table provides additional guidance for the planning and design of office accommodation. It links accommodation categories to functional need as a core principle for the use and allocation of office accommodation. Comments are provided as guidance only.

<table>
<thead>
<tr>
<th>Category</th>
<th>Functional Description</th>
<th>Work Space m²</th>
<th>Comments</th>
</tr>
</thead>
</table>
| Office Type A | • High level/volume of confidential information  
• High volume of “meeting with people” as part of the role.  
• Role definition requires large amount of time at desk (80%). | 18 m² | Allocation for Executive Director’s. A meeting area is to be included within this office space (6 m²)  
Typically these executives may have multiple roles, but only one dedicated office should be assigned. |
| Office Type B | • High level/volume of confidential information  
• High volume of “meeting with people” as part of the role.  
• Role definition dictates large amount of time at desk (80%). | 15 m² | Allocation for a DD/Director. A meeting area is to be included within this office space (3 m²)  
Typically these DD’s may have multiple roles, but only one dedicated office space should be assigned. |
| Office Type C | • Significant level of confidential information  
• High volume of “meeting with people” but mainly one on one as part of role.  
• Role definition requires large amount of time at desk (80%). | 12 m² | Allocation for service heads. These staff may have multiple roles but only one dedicated office space should be assigned. |
| Office Type D | • Some level of confidential information  
• High volume of “meeting with people” but mainly one on one as part of role.  
• Role definition requires large amount of time at desk (50%). | 9 m² | Business Unit Managers/Operational Managers with significant staff supervisory responsibilities and the position is higher (0.8 FTE or higher). |
<p>| Shared Office Type A | | 12 m² | Shared office areas for 2 persons with two workstations. |
| Shared Office Type B | | 15 m² | Shared office areas for 3 persons with three work stations |
| Shared Office Type C | | 20 m² | Shared office areas for 4 persons with four work stations |</p>
<table>
<thead>
<tr>
<th>Category</th>
<th>Functional Description</th>
<th>Work Space m²</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open plan office accommodation</td>
<td>Open plan office for all staff functionally located into one administration cluster. The area will have the use of shared interview type rooms, where private discussions/phone calls etc can be accommodated. In this environment there are no four walled offices allocated to a role.</td>
<td>Workstations with provision of 2.6sqm unencumbered floor area for each worker. Size of desk will be dependant of functional requirement with a basic 'Double Wave Desk' of 1.4m</td>
<td>Distinction of roles and functions may occur at a layout/design level. Modern acoustic and portioning will be incorporated to promote this model. who are accommodated in Office Type C and D, and Shared Office Types A, B and C as above and Workstations as below.</td>
</tr>
<tr>
<td>Workstation A</td>
<td>High volume of material is managed – security is mandatory requirement. Meeting with people can be managed by access to shared/&quot;bookable&quot; meeting spaces.</td>
<td>Desk typically includes 2100 x 1800 or 1800 x 1800mm desks. Includes facilities of desk/return, filing, shelving (that can be locked).</td>
<td>Allocation for Service Heads: senior role – low/moderate time spent at desk. General Administration: Non senior/non manager role - moderate/high time spent at desk.</td>
</tr>
<tr>
<td>Workstation B</td>
<td>Material security can be provided at workstation or nearby.</td>
<td>Desk typically includes 1800 x1600 or 1600 x 1600 desks. Includes facilities of desk/return, filing, shelving (that can be locked). PC allocation based on functional requirement.</td>
<td>Allocation for Business Unit Heads: low/moderate time spent at desk. General Administration: moderate/high time spent at desk.</td>
</tr>
<tr>
<td>Shared workbase (Hot Desk)</td>
<td>Role requires high level of &quot;transient activity&quot;– work in multiple/areas functions. Material security (information/records) provided in &quot;shared storage&quot;. Core or main files and patient records accessed and stored via main/central storage facilities.</td>
<td>Includes basic continuous shelf above, access to phone, power, data, connections at desk; mobile drawer unit storage.</td>
<td>Allocation for casual role with low contact hours requiring access to a desk space and office facilities for some functions. For the purposes of this policy a &quot;hot desk&quot; may also include the &quot;casual&quot; and or temporary use of workstation (A or B) above.</td>
</tr>
<tr>
<td>Waiting Areas</td>
<td></td>
<td></td>
<td>Allocates 1.2 m² per person and 1.5 m² for people with</td>
</tr>
<tr>
<td>Meeting Room A</td>
<td>9 m²</td>
<td></td>
<td>Meeting room for interview purposes for 2-3 people.</td>
</tr>
<tr>
<td>Meeting Room B</td>
<td>12 m²</td>
<td></td>
<td>An area suitable for 4-6 people. For staff, patients, and</td>
</tr>
<tr>
<td>Meeting Room C</td>
<td>20 m²</td>
<td></td>
<td>An area suitable for 8-12 people to conduct meetings. This room is a shared facility to</td>
</tr>
<tr>
<td>Meeting Room D</td>
<td>30 m²</td>
<td></td>
<td>Allows for up to 14-20 people to attend meetings or can be used as a small group room for community health. Where two</td>
</tr>
</tbody>
</table>
The office portfolio comprises:

### Table 1 – Core Office Accommodation

<table>
<thead>
<tr>
<th>Property Name</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phoenix House</td>
<td>Town Hall Parade</td>
</tr>
<tr>
<td>Gracefield Gardens</td>
<td>Acre House</td>
</tr>
<tr>
<td>Olive Morris House</td>
<td>Ivor House</td>
</tr>
<tr>
<td>International House</td>
<td>Stockwell Road</td>
</tr>
<tr>
<td>Town Hall</td>
<td>Brixton Road</td>
</tr>
<tr>
<td>Blue Star House</td>
<td>Wanless Road</td>
</tr>
<tr>
<td>Hambrook House</td>
<td></td>
</tr>
<tr>
<td>Hopton House</td>
<td></td>
</tr>
</tbody>
</table>

These properties are held to accommodate the corporate and democratic functions and the principal offices of the Council’s services. In general, the offices are occupied by more than one service and are managed so as to facilitate flexibility in their use and allocation over time, as the needs of the Council change and evolve.

In the case of the Core Offices, a higher level of management responsibility falls upon the EDFR – Facilities Management Services and there is a consequential lessening of duties placed upon service occupiers.

**Service Need**

Departments are responsible for identifying changed (i.e. additional, different or reduced) office accommodation requirements. Services must ensure changes in accommodation needs are:

- Identified in their annual Service Asset Plans and incorporated into the annual review of the corporate property asset management plan;
- Determined in accordance with the principles, standards and guidance set out in the corporate asset management plan and the Office Accommodation strategy standards;
- Agreed with the Head of Facilities Management (HFM);
- Matched with capital and/or revenue budget provision to levels agreed with the HFM, and the Executive Director of Finance & Resources.

Where a new need arises that is not incorporated into the approved PAMP and/or budgets, then such new need shall be subject to specific approval of SAMG.

In general, in order to allow proper time either to meet new needs from adjusting reallocations of space within the existing Core Office portfolio or to acquire new premises, by lease or freehold purchase, at least 6 months prior notice of such new need **MUST** be given.

**Acquisition**

Where a new approved property need cannot be accommodated within the existing Office Portfolio, Corporate Facilities Management Services, will:

Prepare and agree a brief with relevant services and other parties as required or appropriate;

- Instruct the Corporate Property Manager (Estate Management) to undertake a search for suitable property available on suitable terms;
• Instruct all necessary investigations (eg as to condition, necessary building works etc.) and prepare or obtain estimates for works that will be required and carry out or instruct the carrying out, as may be necessary, of any feasibility studies;
• Prepare a report, seeking approval to the preferred acquisition option, all in accordance with the Council’s Financial Regulations including as to budget provisions – where terms do not otherwise lie within powers delegated to him;
• Obtain all necessary consents and approvals (eg planning permission, superior landlords consent, etc.);
• Instruct the Corporate Property Manager to complete the necessary acquisition; and
• Upon legal completion, the Corporate Property Manager will ensure that acquisition details are entered in to the Council’s property database.

**Building Works to Office Accommodation**

Where works are proposed, the Corporate Facilities Management Services will:

• Prepare a brief for agreement with relevant service managers, Building Technical Services and I T Services;
• Obtain all necessary scheme and estimate approvals;
• Commission BTS to procure and manage the works;
• Where works are to be undertaken to a newly acquired property; BTS will arrange for the works to commence as soon as possible after legal completion;
• BTS will oversee the works in progress, working jointly with any consultants and contractors;
• BTS will ensure all monies properly due are paid in accordance with the Council’s Financial Regulations and Standards;
• BTS will liaise with the Corporate Facilities Services (instructing client), Information Technology and relevant service managers as to completion of the works and commencement of fitting out and occupation.

Wherever possible, where occupying services, require alterations of partitions, internal decorations and the like, such works will be included in the above programme of works. Where, however, such proposed works are not advised or notified in time to include in drafting the programme, then:

• The occupying services will be required to fund them, subject to any necessary approvals; and
• The Corporate Facilities Management Services will arrange for their undertaking, otherwise as above.

**Management in Use of Office Accommodation**

Corporate Facilities Management Services will provide “Soft Facilities Management, comprising the following services, all as in accordance with the Facilities Management Service Level Agreement (SLA):

• Space management
• Reception
• Porter and mail services
• Meeting room management
• Waste management and recycling
• Car and cycle parking and changing facilities
• Mail management and photocopying services
• Security and
• Building and window cleaning
• Legal requirements e.g. fire, health & safety, asbestos, DDA, etc. (except as to occupying services’ responsibilities as tenants – e.g. furniture, fittings, loose cables, floor coverings, fire escape routes, etc within occupied areas);
• Energy and environmental management (ie heating, lighting and ventilation), taking advantage of the corporate bulk purchasing arrangements and in the light of the Council’s corporate green agenda priority and the corporate asset management plan.

IT Services will, at the request of the relevant occupying service, provide telephony and IT services.

VAMS - BTS will lead on the provision of the following services, commissioning consultants and contractors as may be necessary for:

• Service Term Contracts
• Planned Maintenance
• Minor Works
• Professional Support Services
• Arrange for a condition survey of the office premises to be undertaken no less than five yearly and be updated annually;
• A programme of works shall be prepared each spring/early summer, for consultation with service managers and as a basis for preparation of the forward year’s budgets;
• The annual programme of works shall take into account the condition surveys and the office accommodation strategy as set out in the PAMP for the reduction of backlog maintenance;
• All works shall be undertaken in consultation with service occupiers, where such works may cause inconvenience.

The Manager, Corporate Property Manager (Building Services) and the Head of Corporate FM Services shall establish and administer a Corporate Office Management Liaison Group (COMLG) as a basis for consulting and working jointly with core occupiers.

The Manager, Corporate Property Manager (Estate Management) will be responsible for the grant of any (sub-) tenancy, licence, easement or other interest in property and for liaison with any superior (external) landlord.

Service occupiers shall

• Be responsible for commissioning, the IT Services regarding their telephone and IT requirements and any annual charges therefore;
• Annually, no later than 1 June, advise the Corporate Property Manager, the number of staff in occupation and the service of the Council they serve.

In exceptional cases, and subject to the agreement of the Executive Director of Finance & Resources, facilities management and the maintenance responsibilities above may be delegated back to the occupying service.

Office Accommodation Review

• Annually as part the departmental SAP, each occupying service shall review its current and future needs, for the purposes of supporting its responsibilities as set out at above;
• Not less than five yearly, the Manager, Corporate FM Services, jointly with relevant service managers and others, shall review the use and management of the office portfolio and report to the Strategic Asset Management Group as appropriate or
required. Such review may be undertaken, as occasion may demand, across the whole office portfolio or in phases.

Conclusions from the above shall be incorporated into updates of the Council Office Accommodation Strategy.

**Surplus Office Accommodation Disposal**

- Occupying services shall give not less than nine months notice, given before 1 June in any year, of their intention to vacate core office space;

- Corporate FM Services shall circulate within the Council that such space will be available and invite requests from other services to use that space and, where approved arrange such transfer;

- Where vacant space is not required by any other service, the Head of Asset Strategy, shall be responsible for its disposal in accordance with the Corporate Property Strategy and Asset Management Plan so as to ensure that vacant space is held for the minimum of time necessary;

- Occupying services shall be responsible for any rents, service charges and other costs of vacated space actually payable until disposal is effected;

- Where occupying services are vacating space in those parts of the Office Portfolio held freehold, they shall be responsible for internal rent and facilities management costs until such time as another service has taken over that space or the expiry of the notice, referred to at paragraph 1 above, whichever shall be sooner.
Introduction

The Council’s core business is the delivery of particular services in line with its Co-operative Council. The Council determines the best way to achieve these priorities. The Corporate Plan recognises current and future risks including changes in service demands and delivery methods, and changes in the level of available resources.

Assets are one major resource available to the Council. These are only of value if they continue to cost effectively support the delivery of services, as reflected in its corporate planning plan.

The PAMP is the Council’s asset response to its service delivery needs. Where the analysis undertaken in the departmental SAP’s shows that an asset no longer plays a viable role in supporting service delivery, its worth lies only in the benefits to be gained from its disposal.

Asset disposal is the final stage in the asset life cycle. This protocol sets out the Council’s strategic processes in planning disposal of its surplus assets.

While the process is generic in nature, it recognises that properties generally have high values and their disposal often involves more complex planning and financial issues. The protocol includes appendices, which provide more detailed guidance on the application of the generic process to the disposal of property.

The disposal planning process

This process allows the Council to cull redundant assets that might otherwise reduce efficient and effective service delivery.

The process involves two separate and distinct elements: the detailed assessment of properties identified as surplus in the PAMP followed by an analysis of the physical disposal of the assets.

Surplus asset is identified when it:-

- Is not required for the delivery of services, either currently, or over the longer planning time frame; or
- Becomes uneconomical to maintain and/or operate; or
- Is not suitable for service delivery;
- It has no potential for future strategic or regeneration/redevelopment purposes;
• An alternative site has been identified which would achieve a more cost effective service delivery:

**An asset is deemed to be under-used if:**

The income being generated from the asset is below that which could be achieved from:

- An alternative use;
- Disposing of the site and investing the income;
- Intensifying the existing use
- Part of the asset is vacant and is likely to remain vacant for the foreseeable future; and
- The asset is under-utilised

For example, changes in service delivery methods either due to advances in technology or social expectations can cause assets to become surplus.

**Disposal** of the physical asset once an asset is identified as surplus will depend on one or more of the following:-

- Whether there are net disposal benefits, either in financial or other terms;
- Whether there are secondary service obligations associated with the property which dictate its retention; and/or
- Whether a disposal can be carried out without adverse impacts on the physical environment.

*The disposal of an asset identified as surplus is not a foregone conclusion, as the benefits are not always dictated by monetary returns. In assessing the benefits of disposal, the advantage from the whole of the Council perspective is considered.*

Properties identified as surplus to core service delivery requirements, may need to be retained due to, for example, required for future wider regeneration initiatives, their Listed status, open space or other social environmental considerations, which the Council may have as secondary service obligations.

**Surplus asset identification:** Assets for possible disposal may be identified in the following ways:

- Through the Unitary Development Plan (UDP) designation;
- Through the annual property review work undertaken by Corporate Property Services;
- Through Departmental Service Asset Plans declaring specific sites as being surplus to requirements*; and
- Through identifying previously unidentified surplus land from the Land Terrier Via Land Registry searches.

(* where an under-used asset is generating income, a Cost/Benefit analysis would be undertaken to establish whether it is in the Council’s best interest to dispose of the site)

**Land Use Issues:** unless a site is already designated for a specific use in the UDP, consultations with Planning will be undertaken to determine the most acceptable use in Planning terms. This will be either:

- Housing – Social
- Housing – Private
• Industrial/Commercial
• Leisure/Community, or
• A mixed variety involving all or some of the above.

Benefits of disposal planning

A strategic approach to the management of Council assets and the disposal of those no longer required impacts on:

• Whole of Council (financial)
• Community (Asset Transfer)
• Sustainability

Whole of Council

The process will assure the Council that its asset investments are effective and that the assets are currently relevant to the service it provides, maximising the return on investment.

Constant review of asset relevance offers the Council economies and benefits that flow from new cross agency sharing opportunities that can replace existing assets.

Disposal planning offers the Council means of disposal of unnecessary or non-performing assets timed to minimise disruption to its business and maximise returns by selecting appropriate times in their market cycle to dispose.

Within this process the Council is aware of broader local community concerns other than those related to service delivery, particularly when disposal involves re-use or redevelopment of property assets. Such concerns where possible are accommodated thereby avoiding protracted community confrontation and consequent delays in the disposal of the asset.

Community – Asset Transfer

The community will benefit from increased efficiency in overall service delivery resulting from disposal of ineffective assets.

Disposal of assets may cause anxiety among local communities that feel service delivery will be compromised or the loss of a valuable resource by such disposal. To minimise this understandable concern, the Council through persuasion and the provision of information will continue to dialogue with the community.

Furthermore, the Council will continue to be sensitive to the symbolic importance that major assets play in the community in arriving at decisions whether or not to dispose of an asset. This will include consideration entailing the transfer of an asset to a community based organisation.

Sustainability

The production, maintenance and disposal of assets can each have environmental impacts. There are significant environmental advantages in minimising the number of assets used and the density of that usage.

The Council will continue to use its best endeavours in promoting sustainability and encouraging the development of sustainable communities.
Properties, particularly in urban areas generally have much higher value than other asset types and usually appreciate in value. Their disposal can involve unique and complex planning, environmental and social issues.

The following sections raise some common issues under each of the six stages of the property disposal process that may require consideration when property is to be sold.

**STAGE 1 – ASSETS SURPLUS TO SERVICE DELIVERY**

**Property ownership and status**

Council property is generally held freehold.

However, in some instances whilst a property may have been available for use by the Council, its legal ownership may be vested in another body, whose authority must be obtained prior to disposal.

The legal status of the property and presence of any encumbrances (eg covenants, easements, leases, etc) needs to be determined through title searches.

**Listed properties**

The absence of a Listed status does not automatically indicate that the property has no historical or community significance. Properties identified as surplus may require assessment of their heritage significance such as any buildings, works, vegetation or relics located on the land.

A special investigation may be required where the heritage significance is unknown. For properties with possible local significance, this investigation may involve further detailed assessment.

**STAGE 2 – BENEFITS OF DISPOSAL VS RETENTION**

**Transfer to a partner agency/voluntary organisation/regeneration**

Surplus properties may well suit the needs of another partner organisation.

Negotiations for transfer of surplus property can occur directly between the parties. The Council satisfies itself that such a sale complies with its statutory powers, eg compliance with Section 123 of the Local Government Act 1972.
Open space potential

A preliminary assessment of the open space potential of any land currently in Council ownership that is declared surplus must be assessed.

A possible recommendation may be that part or all of a surplus site should be used for open space purposes, in accordance with the Council’s Open Space Strategy.

The open space potential of a site would be assessed according to its significance both in the local area and in the borough. The site may have potential for contributing wholly or in part to the borough’s Open Space Strategy.

Regeneration potential

Property ownership, occupation and investment is inextricably linked to the success and vitality of the borough and the performance of property assets is directly and indirectly influenced by the wider socio-economic, environmental and other dynamic factors at work within housing estates, town centres and neighbourhoods.

An assessment of the potential of the asset to facilitate Council wider regeneration initiatives is assessed.

STAGE 3 – VALUE MAXIMISATION

Possible uses

To maximise the disposal value, an assessment is made of the likely uses of the property after disposal. The proposed use generally is the “highest and best” use and the assessment includes examination of options for development of the property.

Assessment of potential uses includes investigation of the constraints on the site. Depending on the property, this may include issues such as:-

- Land use controls as defined in planning instruments applying to the land;
- Services provision;
- Natural areas to be conserved;
- Site contamination;
- Traffic, noise, etc;
- Heritage considerations;
- Industrial hazards;
- Geology and soils; and
- Community concerns.

In-depth investigations of these issues are pursued if they form impediments to disposal.

Services upgrade

An assessment of whether development of new or upgraded services is required for proposed use. Followed by an assessment whether it is economical to upgrade services to permit the proposed use, compared to disposing of the property in its existing state.

In order to permit the proposed use and to maximise returns, it may be necessary to complete the following prior to disposal:-

- Applying for planning permission or other related consents
• Remediation if contaminated; and
• Protection of heritage items.

**Relocation of existing facilities and vacant possession**

An assessment on whether relocation of existing facilities and vacant possession will maximise the sale price. Planning for relocation of facilities runs parallel with planning for disposal to avoid undue delay.

Relocation may require construction of new facilities. The Finance Department is consulted where this involves commitment of capital works funds as part of the Council’s Capital Bidding Process prior to the proceeds from disposal being available.

**Valuation**

A valuation of the property based on market value is obtained assuming the proposed uses.

**STAGE 4 – DISPOSAL MECHANISM**

Identification of any constitutional requirements peculiar to the property e.g. whether HRA or GF which may affect the disposal procedure so the disposal program is not delayed.

Strategic Asset Management Group, Strategic Leadership Board, relevant Cabinet Member Group and Cabinet authority is generally obtained prior to the disposal of property.

The disposal of properties occur on a commercial basis. Current market value is realised, including when transfer is to partner agencies. The exception being in instances where the Council decides to utilise its “Wellbeing” powers.

Determination whether the property will be disposed of as leasehold or freehold. Disposal as leasehold may be considered where:-

- It is desirable to impose detailed conditions of use under a lease.
- It is desirable for the property to remain in Council ownership (e.g. a site where location is unique or important for some other reason, where there is potential for site consolidation in the future or where only part of the building is to be disposed.
- The site may be required for public purposes e.g. schools or other service requirements in future development areas, particularly those likely to experience increased growth as a result of urban consolidation or changes in approach to service delivery.

Market rents will normally be sought although lesser amounts may be acceptable (e.g. where the lessee has entered into a maintenance or refurbishment contract or the letting is within the Council’s Voluntary Sector and Community Premises Strategy). The total value of such arrangements are reflected in determining the current market value.

Disposal as freehold is usually preferred.

**Auctions** are used for smaller and less complex sales. An auction is generally preferred to tender because it is usually more straightforward and the process is open to public scrutiny. In some cases an auction environment may generate a higher price.

**Disposal by tender** is employed where some control over the future use of the property is required or where the credentials of the buyer need to be assessed in detail.
Disposal by Private Treaty requires special consideration and applies where disposal is to a partner agency or community organisations for public use and in certain special circumstances where there is likely to be only one purchaser – set out later in this section.

In the event of a lease to a community group or other organisation that is unable to pay market rent, an explicit subsidy is applied subject to obtaining the required authority.

STAGE 5 – DISPOSAL PLAN AND IMPLEMENTATION

With most disposals and where possible, the property should be unencumbered prior to disposal if possible. The actual disposal of property or the transfer of property to a partner agency is monitored to ensure that performance targets are achieved.

The proceeds of disposal are held in the Single Capital Pot and allocated according to the Cabinet’s Directions as part of the Service & Financial Planning process.

STAGE 6 – IMPLEMENTATION AND MONITORING

Implementation of the disposals programme is effected by VAMS and monitoring is undertaken by the SAMG/Asset Management Cabinet Advisory Panel.

Additional aspects to consider for the disposal of property at each stage of the process are as follows:

Service Departments

Wherever possible occupying services shall give not less than twelve months notice, given before 1 June in any year, of their intention to vacate property;

The Head of Asset Strategy shall circulate within the Council that such space will be available and invite requests from other services to use that space and, where approved, arrange such transfer;

Where vacant space is not required by any other service, the Head of Asset Strategy shall be responsible for its disposal in accordance with the Council’s Constitution, Financial Regulations and Financial Standards so as to ensure that vacant space is held for the minimum of time necessary;

Pending transfer of the property to another service of the Council or completion of any sale, the vacating occupying service shall continue to be responsible for the management of the property and for all other obligations e.g. as to payment of rent, service charges and other costs until the property is disposed of or transferred to another service of the Council;

Occupying services shall, in addition, be responsible for any costs of dilapidations that may be payable on the surrender or termination of leased property.

Probity

To avoid allegations of impropriety it is essential that the procedures adopted for disposals (including the method of sale) are directed to obtaining the best terms available allowing all interested parties an equal opportunity to purchase and avoid partiality or bias.

Best Consideration

Each property sale is a unique activity governed by the particular circumstances attached to it. As such, this protocol does not purport to be exhaustive for each situation but rather it should be regarded as a point of reference and suitably tailored to meet the needs of the
particular circumstances of each sale. In all situations the requirements of obtaining best consideration (compliance with Section 123 of the Local Government Act 1972), fair dealings, open and effective competition and accountability are paramount considerations in order to ensure that public confidence in the process is preserved.

It is a general legal requirement that local authorities must obtain the best consideration reasonably obtainable when disposing of land, unless the consent of the relevant secretary of state is obtained. A disposal includes a lease of more than 7 years or an assignment of a lease, which has more than 7 years to run.

It is a principle of this protocol that all disposals of Council land will seek to secure the best consideration that can be reasonably obtained.

Normally this will require open market sales of land and property, advertised appropriately and leases of land at market value. Any proposed sale that is not based on an open market disposal must be the subject of a Cabinet report to justify an alternative disposal route.

In certain circumstances, the law provides that authorities may dispose of land at less than best consideration. This requires the consent of the relevant secretary of state, unless a General Disposal Consent (issued by the relevant secretary of state from time to time) may be relied on. Any decision to dispose of land at less than best consideration may only be made subject to seeking the consent of the relevant secretary of state where required.

In considering the disposal of land at less than best consideration, advice must be sought at an early stage about the possibility that the proposed transaction may result in the giving of unlawful State Aid (European Union Treaty article 87(1)), in order to consider what action is appropriate to avoid this.

**Disposals of land at less than Best Consideration**

The Local Government Act 1972 Section 123 provides that the Council may dispose of land in any manner it sees fit subject to the constraint that except in the case of leases for less than seven years, a disposal must be for the best consideration reasonably obtainable. Generally, best consideration will be achieved by offering the land for sale subject to open competition. Section 123 applies to land held for most of the Council’s statutory functions subject to certain exceptions such as disposal of land held for housing purposes, which are governed by the Housing Acts and for planning purposes which are governed by planning legislation.

It is expected that land will be sold for the best consideration reasonably obtainable. However, it is to be recognised that there will be circumstances where a local authority will consider it appropriate to dispose of land at less than best consideration. Any proposed sale that is not based on an open market disposal must be the subject of a Cabinet report.

When considering disposing of land at an undervalue, members and officers must remain aware of the Council’s fiduciary duty to Council Tax payers.

The General Disposal Consent (England) 2003 provides a general consent removing the requirement for the Council to seek specific approval from the Secretary of State for a wide range of disposals at less than best consideration. The Council have been granted consent in circumstances where the under value does not exceed £2million and where the Council considers that the disposal is likely to contribute to the achievement of the promotion or improvement of the economic, social or environmental wellbeing of the whole or any part of the area (the general power of well being).
It must be considered in each case whether a specific proposal to dispose of land at less than best consideration meets these criteria or continues to require specific consent under Section 123 of the Local Government Act 1972, or other legislation.

In determining whether or not to dispose of land for less than best consideration, the Council should obtain the views of the Head of Asset Strategy to determine the likely amount of the undervalue. Legal advice should also be obtained on the question of whether the disposal is capable of falling within the terms of the specific consent. In certain cases, it may be prudent to consult the District Auditor in relation to any action that is proposed.

In considering the application of the well being criteria under the General Disposal Consent, the Council must have regard to the Co-operative plan and reasonably consider the extent, if any, to which the proposed disposal supports the aims and objectives in the Plan.

The Cabinet must demonstrate that it has acted reasonably in approving undervalue transactions in order to be in a position to respond to any potential challenge. Regard must therefore be had to the Council’s Land and Property Protocols and the Council’s fiduciary duty.

In considering the financial considerations of any disposal at any undervalue, there must be evidence that the outcome will be equally beneficial as compared to a disposal at market value – application of the Social Return on Investment (SROI) analysis.

As a general principle, disposal of land at less than best consideration, should take place on an exceptional basis and should not be regarded as the rule.

Local authorities are state aided authorities for the purposes of the European Commission’s State Aid Rules. Disposal of land at less than best consideration effectively involves subsidising the purchaser, developer and/or occupier of the land. The Council must therefore ensure that the nature and amount of any subsidy complies with the State Aid Rules and failure to do so would render the provision of any aid unlawful.

Any proposal to dispose of land at less than best consideration should in the first instance be referred to the Strategic Asset Management Group and AMCAP for consideration of a business case and options appraisal:

When any proposed sale is for less than best consideration, the matter must be referred to Cabinet for a decision and in reporting to Cabinet, it is advisable that the following requirements are fulfilled:-

- Confirmation that the disposal will contribute positively to the Council’s priorities.
- A statement that the benefits that the Council will derive from the proposed disposal cannot be achieved unless the sale takes place at undervalue and confirming that no reasonable alternative means of funding are available to the purchaser - SROI.
- Details of the proposed terms of the transaction which will ensure that the disposal will contribute to the achievement or improvement of the social, economic and environmental well being of the area.

Proposals to dispose of land at less than best consideration should be referred with a business case and options appraisal in Gateways One, Two and Three summarised below. For full details on the Gateways:
Gateway One

Expression of Interest, an initial business case recommendation for consideration by the Strategic Asset Management Group (SAMG).

Gateway Two

The business case and options appraisal further developed including a Social Return on Investment analysis, for consideration by SAMG to make recommendations to the Asset Review Group, followed by referrals to Legal and Valuers, and to the Strategic Leadership Board.

Gateway Three

The sponsoring service department takes the transfer proposal to AMCAP/Cabinet for consideration and determination.

Disposal of land with imposed conditions or restrictions

Restrictions imposed by the Council as local planning authority will be reflected in the market value of the land and should not lead to a disposal at less than best consideration.

However, if the Council as landowner imposes requirements which go beyond what could be required through the planning regime (or the Building Regulations regime) and those requirements will entail a cost to a purchaser of the land, then they will likely result in a purchaser offering less than best consideration. Examples of such requirements are:

- Higher requirements than the planning regime stipulates (e.g. higher environmental sustainability standards or a larger proportion of affordable housing); or
- Insisting that the land is used for some form of community use (which is less profitable than a purely commercial development of the site).

Any disposal of this nature (fetters open market value) must be referred to the Cabinet.

Leases

All lettings must be arranged through VAMS.

Certain leases and assignments are defined in law as disposals. This means that the general requirement to dispose at the best consideration reasonably obtainable will apply to them. Any proposal to dispose at less than best consideration should be dealt with as indicated above.

Under this protocol, all such lettings will be based on market rents and typically this means the rent that a private sector organisation would be likely to charge for a similar facility, e.g. a private nursery operating from school premises. Concessionary lettings will not be allowed and departments will be required to ‘sponsor’ concessionary arrangements by grant funding to secure full market value rents – [http://sharepoint.lambeth.gov.uk/sites/lts/assetstrategy/default.aspx](http://sharepoint.lambeth.gov.uk/sites/lts/assetstrategy/default.aspx)

Application of the EU Public Procurement Regime

Certain disposals of land may fall within the definition of “works” contained in the Public Contracts Regulations 2006, which give effect to European law on public procurement. This will need to be considered, for example, where the Council is providing land within a
development scheme or is imposing obligations on a developer in order to meet its regeneration objectives, whether through the use of a Section 106 agreement or development agreement. This is a developing area of law (at the end of 2007) and legal advice should be sought at an early stage to determine whether any proposed disposal to a developer should be advertised under the Public Contracts Regulations.

Decision Making

Acquisition, appropriation and disposal of land is an executive function. Decisions may therefore be made by the Cabinet, or as delegated. This protocol sets out who can make decisions on property transactions.

Transactions which require the approval of Cabinet

- All recommendations to dispose of land of any value for less than the best consideration reasonably obtainable;
- All recommendations to compulsorily acquire individual plots of land or properties of any value that have not been approved within a scheme of development or regeneration project;
- All recommendations to promote a scheme of development or to undertake a major regeneration project that include proposals to acquire land by agreement and/or using compulsory purchase powers.

Transactions which may be approved by the relevant Executive Director

The Executive Director of Housing, Regeneration and Environment (HRE) has the following delegated authority within the Scheme of Delegation and Financial Regulations (SoD) Part 3 - Section 4 for disposals:

- Other than properties which are subject to the right to buy, the authority to dispose of land and property, in accordance with the Disposals Programme as agreed annually by the Cabinet, is delegated to the Head of Asset Strategy.
- Ward Members must be given 5 working days to comment on all reports that relate to the exercise of these delegated powers (other than reports that are considered by Cabinet).
- A schedule of Decisions taken under these powers should be reported to Cabinet as part of the following year's disposal report.
- The authority to dispose of properties to occupant voluntary sector organisations for the best consideration that can reasonably be obtained.

Key elements of the SoD are cited in this document, however officers must consult the SoD for a complete understanding of the relevant authorities and responsibilities.

Content of Reports

Cabinet/Delegated Authority reports seeking consent to dispose or acquire land should include details of the interest held, appropriate site plans and valuation information provided by the Head of Asset Strategy.

Reports seeking to dispose of land at less than best consideration should in addition, address those matters set out above.
Reports should demonstrate that all relevant legal issues have been considered and addressed and that there is no legal barrier to prevent a decision from being taken.

Where approval is sought for a development scheme or regeneration project, a plan showing the individual properties whose acquisition it is proposed to seek under the scheme or project must be included in the report which seeks approval for the scheme.

**Independent Valuations of Land/Property**

With regard to those transactions for the disposal of property that have not been exposed to the open market an independent valuation will be obtained in the following instances:

- Transactions involving the Council's Joint Venture Companies.
- Those transactions involving property of a specialist nature.
- Any other transaction, which the Council would consider it prudent to obtain independent advice.
- Disposals at less than best consideration reasonably obtainable.

**Instructions to undertake property transactions**

All property instructions from departments in respect of the Council's property assets must be referred through VAMS and specifically all property acquisitions and disposals will be dealt with by the VAMS. Legal Services will not accept instructions from other departments directly.

A diagram of the Disposals Process is set out below:
**Property Disposals Process Chart**

1. **Service Department prepares Service Asset Plans** – incorporating needs analysis of property component.
2. **Service Department & Valuation & Asset Management Services (VAMS) jointly assesses property as:**
   - (a) needing assessment to resolve service delivery issues; and/or
   - (b) NOT required for service delivery; and
   - (c) NOT required for strategic or non-strategic
3. **VAMS identifies properties surplus to requirements**
4. **VAMS prepares property disposal program and submits to Capital & Asset Management Group (CAMG)**
5. **CAMG submits Property Disposal Programme to SAMG (SAMG)**
6. **PDP’s assessed and consolidated report submitted to SAMG for consideration**
7. **SAMG submits recommendations to SLB/AMCAP**
8. **Cabinet determines Disposal Program**
9. **VAMS effects disposals**
10. **SAMG monitors disposal performance against PDP and Property Asset Management Plan**
11. **Property sold and surplus property database updated**

**Feedback to CAMG**

If disposal strategy changes, then project referred to SAMG & ARG for review.
Disposal by Private Treaty

Introduction

Disposal by private treaty is a formal agreement between two parties concerning the exchange of an asset at a price and on terms privately agreed between them.

Disposal by private treaty is occasionally utilised by the Council as a legitimate alternate method of disposal to the more common process of auction or tender.

*Disposal by private treaty is the exception rather than the rule, when this vehicle is applied the following guides the process:*

- Ensure that the necessary legal statutory and constitutional powers to do so exist.
- Ensure that the person or statutory or constitutional body with these powers has approved of its disposal by way of private treaty.
- Where the approval to a sale is required, ensure that the relevant report seeking authority for the disposal specifies that the sale is to be by private treaty.

The following provides where disposal by private treaty is generally applied and the procedures followed:-

**Disposal to other public or partner organisations**

The disposal of Council property to other public organisations is generally by private treaty.

**Disposal at less than market value**

It is Council policy that market values be realised on the sale or lease of Council property unless specific approval has been granted to the contrary. (Refer to the Legislative Framework Governing Asset Management).

Factors considered in such sales include the likelihood of alternative purchasers, the nature of the property including its value, the purpose to which it will be put, if the organisation is profit making and the nature of services it provides to the community and whether any.

**Disposal to the private sector**

Disposal by private treaty to the private sector only occurs when:

- Public competition by auction or tender has failed to attract a purchaser; or
- It can be clearly shown that no other purchasers exist.

There may be exceptional circumstances where a sale by private treaty is appropriate provided these are adequately assessed and documented.

**Following public competition**

When sale by public competition has failed and offers received have been unacceptable and it can be established that further efforts to dispose of the asset by public competition are unlikely to succeed, a private treaty disposal may be negotiated within a reasonable time of the competitive process (up to 12 months). When this process is followed it is supported by documentation.
Lack of other possible purchasers

Direct negotiation may occur with interested parties without public competition where it can be clearly shown that there are no other possible purchasers. This may be the case where due to location, size or other factors, there is clearly only one purchaser (special purchaser).

This situation often occurs for minor parcels of surplus land for garden extensions, where the adjoining owner is the only likely purchaser, but other cases may also arise. In all cases, the current market value for the asset is assessed and the sale proceeds only on this basis.

Disposal to former owners

Former owners of land acquired by the Council through the exercise of its CPO powers have legal claim for preferred treatment if that land is subsequently to be disposed of by the Council (Critchel Down Rules). However, such sales must also be at open market value.

Disposal to lessees

Current lessees may be offered an option to acquire a property where the circumstances outlined above have been met.
Introduction

In order to ensure Best Value and deliver the key aims and objectives of the Council it is essential that the Council’s Property Asset Management Plan (PAMP) is effectively integrated with the rest of its policy making and corporate/service planning activities and fully complement, and be complemented by, the Council’s Service & Financial Planning (SFP) process –

The Corporate Plan outlines the Council's service delivery objectives –

Departments determine the best way to achieve Council requirements. Their plans recognise current and future risks including changes in service demands, delivery methods, and available resource levels.

Each department Service Plan provides the basis for formulating a property asset response to its service delivery needs. Each department is required to find a suitable balance between its service delivery objectives, the property assets to support them and the resources available – Service Asset Plan (SAP).

This process requires the SAP to determine whether investment may be required to refurbish or acquire new assets, maintenance of existing assets to sustain appropriate service delivery levels including assets to may be surplus to service requirements and as such disposed. Investment needs and proposed procurement identified from each SAP is then detailed in the Capital Investment Plan (CIP).

Key inputs in developing the CIP are defining asset ‘gaps’ that require capital investment and understanding the risks of these to service delivery. Developing the CIP relies on a robust PAMP.

This way property asset management investment decisions can be traced back to the strategies and service plans of the Council, thereby clearly demonstrating the practical application of the PAMP in service delivery.
Financial Strategy Overview

Financial Management Strategy
The Financial Management Strategy was recommended to Council for adoption as part of the council’s budgetary and policy framework on 7 February 2011. It captures the priorities for capital investment that were adopted by Cabinet on recommendation of the Strategic Leadership Board:

- Protect today (with the highest priority being to ensure that essential operational infrastructure is fit for purpose), and
- Prepare for the future (with the highest priority being investment in additional pupil places)

The Capital Investment Hierarchy prioritises investment that manages the basic infrastructure that is integral to the council’s business. Transformational investment is the next highest priority, with service aspirations forming the tip of the investment pyramid.

The capital investment hierarchy is supported by a set of rules that reflect the underlying principle that investment decisions need to be prudent, affordable and sustainable. The Capital Investment Hierarchy, principles and related rules are set out at Appendix 2.

Service and Financial Planning
The council’s key financial planning tool is the 3 year Medium Term Financial Strategy (MTFS). It is used to identify any gap between resource needs and available funding and underpins decisions on changes in local taxation levels needed.

The annual Service and Financial Planning (SFP) cycle integrates asset management planning with financial planning in a joined up decision-making process. The financial implications of asset management decisions are reflected in the MTFS model and a balanced budget (planned revenue expenditure matched with available resources) that is formally approved by Council each February.

The Asset Life Cycle and Financial Planning
The Protocol identifies five stages in the asset life cycle that are integrated into the council’s financial management framework as follows:

- **Plan** – asset management planning should reflect the council’s strategic direction, as illustrated by:
  - The Corporate Plan
  - Departmental Service Plans
  - Departmental Service Asset Plans (SAPs)
  - SFP proposals

- Planning asset management as part of the SFP process will mean that financial resources are allocated to **create or acquire** assets in the Capital Investment Programme.

- Similarly, the SFP process will be used to allocate financial resources to **operate and maintain** assets in the MTFS model that is used to determine the cash limits for departmental revenue budgets.

- Decisions to **refurbish or enhance** assets are also made as part of the SFP process and are reflected in the Capital Investment Programme and revenue budgets.
Decisions to dispose of assets are integrated through the Disposals Programme that is approved by Cabinet as part of the budget report. This approach fully integrates revenue, capital and asset decisions in the SFP cycle. It reflects a comprehensive and structured approach to the long term management of assets as tools for the efficient and effective delivery of services.

Integrating asset management with financial planning in this manner helps the authority to determine the level of asset ownership and investment that can be sustained by the available resources.

Service and Financial Planning process for Capital

Business cases must be submitted to CAMG for approval. For proposals with a value of £100k (implications of new Proc Gateway levels?) or more they should follow the format set out at Appendix Y. This will meet the requirements of Procurement Gateway 1 for projects that are valued at less than £100k (implications of new Proc Gateway levels?).

Business cases must include:

- Alignment with corporate and departmental strategies
- Clear statements of their purpose, key objectives and deliverables
- Options
- Risk analysis
- Cost analysis articulated as:
  - revenue costs/income
  - capital expenditure
  - asset disposals (capital receipts)
- the cost analysis must be supported by Life Cycle Cost (LCC) analysis for projects greater than £500k

CAMG will recommend projects for inclusion in the Capital Investment Pipeline based on the above analysis.

SAMG will consider the available resources, the existing projects in the Capital Investment Pipeline and the Business Case analysis when consulting with the Asset Review Group on which projects should be added to the Capital Investment Pipeline.

SAMG’s recommendations will be formally presented to Cabinet and Council through one of the three budget reports in each financial year (the February Budget Report, the July Finance Review and the November Budget Update).

Once projects have been formally added to the Capital Investment Pipeline (as set out in 3.5) they can proceed beyond Gateway 1 up to Gateway X (2 or 3 under new system?).

SAMG will balance the available resources, against the existing projects in the Capital Investment Pipeline when consulting with the Asset Review Group on which projects should be moved from the Capital Investment Pipeline to the Capital Investment Programme.

Once projects have been formally added to the Capital Investment Programme (and thereby received budgetary approval as set out in 3.5) they can pass Gateway 3. Projects cannot pass Gateway 3 without budgetary approval under any circumstances.
Capital Funding

Capital expenditure is funded through one of the following types of resource:

- Capital receipts (from asset sales)
- Capital grants or third party contributions
- Borrowing (supported by government grants, or unsupported)
- Revenue contributions

Capital receipts, borrowing and revenue contributions are corporate resources allocated through the SFP process, other than where there are statutory restrictions (e.g. HRA funds such as the Major Repairs Allowance can only be applied within the HRA), or specific Lambeth policies (e.g. Cabinet resolved that £17.151m of capital receipts from the sale of housing voids would be reinvested in housing stock).

Capital grants and third party contributions must usually be used for a specific purpose. Nevertheless, the use of such funding must still comply with corporate governance procedures in three critical respects:

- **Strategic fit** – even though an asset investment may be externally funded, it is critical that it is aligned with council policy and objectives.
- **Asset management** – asset investments in which the council will have an ongoing interest must be aligned with the council’s asset management strategy, policies and practices however they may be funded.
- **Finance** – the council is going through a period where it must radically reduce costs, meaning that service provision is likely to contract rather than expand. The council must have the financial and human resources to operate a service that is aligned with its priorities, however, the asset acquisition/enhancement may be funded.

Further more detailed information on the council's financial framework, policies and regulations can be found in Part 3 (section 4) of the Constitution and the Financial Management Strategy.

**Appendix 1** - SFP Capital Business Case template

**Appendix 2** – Financial Management Strategy: Capital Investment Hierarchy, principles and rules
Appendix 1

Asset Investment Business Case
For Asset Investments / Capital Expenditure Valued at £100,000 or Greater

This template and guidance notes are designed to help you construct or update your Business Case and decide the content and level of detail necessary. The template can be used when developing a new business case, updating it during the project or when assessing benefits realisation; the guidance under each heading provides general advice on how to complete the template. Where you have completed a business case or a service review for another reason to do with this project, it may be submitted in place of this document; however, all the issues referred to in this document must be covered. This note and all the guidance should be deleted and/or replaced in the final document. To check the boxes on the form, double click on the box you want to select; a dialogue box will open. Under “default value” click on the “checked” radio button to check the box. Overtype or delete this and the guidance following, before submitting your final draft.

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1 Background
Briefly describe the background of the project. Describe the potential change, idea, and problem. Why it should be done now? What are the implications of not doing it?

2 Department or Section Strategy
How does this project fit with the Lambeth’s strategic and policy framework (e.g. the Asset Management Plan, the Corporate Plan, your department’s Service Plan)? What objective delivery plans are supported?

3 Scope
This section is a summary of the detail that follows. (Tip: write the rest of the document first.) In this section you need to describe:

- The scope or size of the project
- The key objectives
- The deliverables
- The purpose

What business benefits will accrue? Are there any events, work or other projects that are either dependent on the outcome of this project or that the project will depend on?
4 Objectives
Describe what you want the project to achieve when it has been completed. You may start, “Completion of this project will result in….” Your objectives should be SMART:

- Specific
- Measurable
- Achievable
- Realistic
- Timely

Avoid words like improve, optimise, clarify, help etc. These are vague words that mean you cannot measure your result. Objectives should be linked to your department’s Service Plan or Lambeth’s business objectives and asset management objectives.

5 Options
In this section you need to describe and evaluate the different options, including the “do nothing” option and give reasons why the preferred option was chosen. What criteria were used to decide that this was the best value option? You should directly address the following questions in this section:

- Is the service outcome uniquely delivered to Lambeth residents by your Department?
  - If no, has the possibility of delivery with, or through, a partner been explored with another organisation?
- Is an asset solution required to deliver the service?
  - If yes, must the asset be owned by the council?
  - If yes, are there existing assets that could be used

Any options should be valued in cost terms wherever possible. Even if it is not possible to value all the benefits or non-financial costs of an option, it is still important to consider valuing the differences between the options. The Procurement Guide provides additional advice and for more detailed advice, the government’s Green Book is a resource, particularly on how to evaluate non-financial costs and benefits. See [http://www.hm-treasury.gov.uk/economic_data_and_tools/greenbook/data_greenbook_index.cfm](http://www.hm-treasury.gov.uk/economic_data_and_tools/greenbook/data_greenbook_index.cfm).

6 Proposed Solution
Identify the selected course of action for the procurement project and how you propose to implement it. This should cover any feasibility issues not covered elsewhere and the rest of the business case should be based on the identified solution.

7 Benefits
Summarise the main benefits, who is responsible for them and how will they be realised. Wherever possible try and give them a value so that they can be properly quantified - this will make it easier to measure whether they have been realised. The purpose of valuing benefits is to consider whether an option’s benefits are worth its costs, and to allow alternative options to be systematically compared. Even if it is not feasible to value a benefit, it is still important to consider valuing the differences between the options. Where there are significant elements that cannot be valued in money terms e.g. they are social rather than financial, these still need to be brought out in your assessment. You should take into account, if possible all the tangible and intangible benefits that you believe will accrue and not just those benefiting your department or Lambeth.

In this section you should also outline:
• The benefits realisation plan
• The method of evaluation
• Timing of the benefits coming on stream
• The scope of coverage and who will be responsible for delivery

Some examples of benefits include:

• Compliance with an EU directive
• Compliance with a Council commitment or policy
• Improvements in market competitiveness
• Protection of consumers, merchants, the public, end users, stakeholders, etc.
• Equality and diversity objectives
• Community safety objectives
• Cost savings and avoided costs
• Efficiency improvements
• Staff motivation with consequent reductions in sickness and improved recruitment and retention
• Elimination of waste
• Rationalisation of staff costs
• Ease of use for customer
• Increased exposure for Lambeth and for its services

8 Risks
Identify the main potential risks associated with the project and the subsequent delivery of the service. Think about what measures and mitigating steps you have taken should the project not be delivered as agreed. List here each risk, its likelihood (high, medium, low) and the mitigating steps to be taken, focussing on continuity planning in the event of supplier and/or contract failure. State if the project is included on the Corporate Risk Register; if so include the number here. See the Risk Management pages on the internet: http://intranet.lambeth.gov.uk/StaffServices/CorporatePolicyPerformanceProgrammes/RiskManagement/.

9 Dependencies
Are there any events or work that are either dependent on the outcome of this project or that the project will depend on?

10 Resourcing (Non-financial)
What resources will be required? Consider the staff resources required and where these resources will come from. No project should go forward without adequate understanding of all resourcing requirements. Those responsible for providing resources must indicate they have approved the project. Resource requirements may include people for project groups, communications specialists, IT specialists, etc. Also consider any IT equipment required, or time on specialist software or systems. Also address the resources required for the management of the contract when let.

11 Responsible Procurement
Set out here how the council’s corporate responsibility policies will be addressed in this project. The sub-headings below describe the subject areas to be considered. Examples are provided of the types of considerations falling under the headings. The council’s policies are set out at http://www.lambeth.gov.uk/Services/Business/TendersContracts/CouncilPolicies.htm.
a. Social Sustainability

- Employment conditions – levels of pay, including minimum acceptable levels of pay, working hours, freedom of association, use of bonded labour or child labour, protection of harassment, written contracts of employment. TUPE only. All suppliers should comply with their local law in respect of employment and this should be a contractual requirement, however section 17 of the Local Government Act 1988 is still in force and we could not exclude a supplier from a list or reject a tender for reasons of levels of pay, outside of the Minimum Pay Act which would exclude any of the other reasons set out above.

- Health and Safety – use of standards and policies affecting health and safety in the work environment, safety at work, the training and protection of employees, the health and well being of customers or other stakeholders.

- Discrimination – equality, absence of bias in terms of age, religious belief, sex, sexual orientation, gender, race or disability, Hate Crime Act 1998. The Local Government Act 1988 excludes all but the six defined questions (as set out in the Business Questionnaire) in relation to race relations despite local authorities having a duty to ensure the absence of discrimination in relation to age and belief. However, there is nothing to stop us from using this requirement in the provision of the services.

- Skills and Training – the skills agenda – literacy, language and numeracy.

- Local community policies around worklessness. We should not discriminate against another member state nor the free movement of goods or services. There are a limited number of circumstances under which we can assist the local community.

b. Environmental Sustainability

All of the below should be aimed at the protection of the environment and prudent use of natural resources:

- Environmental impact – CO$_2$, other emissions (including noise and light) waste products, energy use, the impact of DNA modified species on the natural environment, loss of natural habitat or eco-systems

- Use of scarce natural resources, including fossil fuels and water

- Use or production of dangerous or hazardous substances

- Depletion of resources e.g. chemicals derived from oil, resources that are used faster than the natural process of replenishment (e.g. fish stocks in the North Sea, or tropical deforestation)

- Diversity – bio-diversity, the depletion of species either directly or through loss of habitat

- Animal Welfare – treatment, transportation and use of animals, DNA modification, animal testing.

c. Economic Sustainability

- Value for Money considerations and whole life cost models which should be a combination of whole life costs and fitness for purpose.

- Ethical practices – personal conduct, conflict of interests, disclosure of sensitive or commercial confidential information, misrepresentation, payment of incentives or inducements, giving or receipt of gifts or hospitality. Whether there has been a conviction of a criminal offence concerning professional conduct or been guilty of grave professional misconduct proven by any means we can reasonably demonstrate. We must be proportionate and should give an opportunity to describe any steps taken to prevent re-occurrence

- Legal compliance – the law, fulfilling contractual obligations. Firms should be given opportunity to describe steps taken to prevent re-occurrence.

- Abuse of power – dominance of relationships, potential distortion of the market or competition. This should be described in compliance with anti-competition laws.
The EU procurement rules should be used to mitigate over-dependence which should be identified as a risk at the start of the procurement process. Should also check to see if firms are over-stretched.

- Competitiveness – collusion, cartels and monopolies, diminution of free / fair competition, free access to markets. Firms should comply with the anti-collusion requirements in the ITT.
- Economic development – benefits of local spending and wealth generation, equality of opportunity – allowing local markets to do business with government authorities. However, we should not discriminate against other member states or with the free movement of goods and services.
- Supplier Diversity – actions affecting diversity in the market, explicit of implicit bias against particular types or size of enterprise – for example Social Enterprises, Small-to-Medium-sized Enterprises (SMEs) or Minority-Owned Businesses. However, we should not discriminate against other member states or with the free movement of goods and services.
- Fair dealing – responsible behaviour, meeting obligations e.g. payment terms. Firms should be given an opportunity to describe steps taken to prevent re-occurrence.

### 12 Cost Analysis

Administration, Capital and Programme expenditure should be shown separately for each financial year of the project. Administration costs should include the costs of managing the project, which should be shown separately. Any costs that have already been incurred should be ignored; what matters are costs about which decisions can still be made.

<table>
<thead>
<tr>
<th>Costs</th>
<th>2011-12 £m</th>
<th>2012-13 £m</th>
<th>2013-14 £m</th>
<th>Later years £m</th>
<th>Total £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Design</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Build</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

If it is helpful show separately a sheet identifying the costs vs. the benefits gained in each financial year. This can be discounted to show the “present value” of the entire project.

### 13 Funding Source

Set out from where the funding for this contract will be found; whether there is a designated budget, or a capital bid will be made, etc.

<table>
<thead>
<tr>
<th>Funding</th>
<th>Status</th>
<th>2011-12 £m</th>
<th>2012-13 £m</th>
<th>2013-14 £m</th>
<th>Later years £m</th>
<th>Total £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lambeth Capital</td>
<td>Eg Bid</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lambeth Revenue</td>
<td>Eg Existing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grant</td>
<td>Allocated</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>S106</td>
<td>Received</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
14 Stakeholder / End User Engagement & Consultation
Who are your key stakeholders and how will you engage with them throughout the project? How will you keep them informed and ensure their “buy-in” to the project at key stages?

15 Change Control Procedures
Explain how a change of personnel, scope or objectives will be handled. Consider succession planning, e.g. if the project leader leaves their post. Who will then be responsible for the project?

16 Critical Success Factors
Use this section to outline the things that must go right to ensure the success of the project by delivering the objectives and benefits. Does the project need to deliver ALL objectives and benefits to be successful?

17 Additional Information
Other details you may need to include will depend on the size and type of project. See the OGC website for additional business case guidance http://www.ogc.gov.uk/introduction_to_procurement_business_case.asp.

18 Legal Comments
This section may not always be necessary at this stage; you should only take legal advice if required to do so. Any legal implications involved with the pre-tendering phase of the procurement should be addressed here, along with any associated legal advice. Include here specific legal information and advice provided by the Director of Legal and Democratic Services, if it has been sought.

Approvals
The manager responsible for the funding budget and with the relevant delegated authority must indicate approval by signing this document here. The hard copy signed report should arrive prior to agenda deadline date, or the delegated authority may forward the report by email to the PB administrator.

I Approve the Above Report:

Signature ____________________________________ Date ________________

Insert the Name of the responsible manager here

________________________________________

Insert the manager’s title here

________________________________________
<table>
<thead>
<tr>
<th>Board Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CAMG Date approved:</strong></td>
</tr>
<tr>
<td><strong>Chair of CAMG signature:</strong></td>
</tr>
</tbody>
</table>
The Service and Financial Planning cycle captures the whole of life costs associated with asset management and allocates resources in the MTFS and the Capital Investment Programme:

- Planning: Service and Financial Planning cycle
- Acquisition / enhancement: Capital Investment Programme (CIP)
- Operation and maintenance: Medium Term Financial Strategy (MTFS)
- Disposal: informs allocation of resources in CIP and MTFS

This approach fully integrates revenue, capital and asset decisions in the SFP cycle. It reflects a comprehensive and structured approach to the long term management of assets as tools for the efficient and effective delivery of services.

Integrating asset management with financial planning in this manner helps the authority to determine the level of asset ownership and investment that can be sustained by the available resources.

The delivery of the capital investment programme is reported through the Finance Monitor. Asset investments are rarely static and some re-scheduling and re-programming will occur over the course of each year. In addition, progress with the disposals programme will inform the level of funding available for capital investment and debt management. The capital investment programme is set in the Budget Report in February and updated in the July Finance Review and the Budget Update in November to capture these movements.

Capital investment proposals are prioritised by considering whether the investment will enhance or acquire assets that increase the council’s ability to:

- Protect today (with the highest priority being to ensure that essential operational infrastructure is fit for purpose), and
- Prepare for the future (with the highest priority being investment in additional pupil places)

The asset base can be sustained by the revenue streams available to the council, being:

- Council tax
- Housing rents
- Fees and charges
- Grants

The evaluation and prioritisation of investment is filtered through the Capital Investment Hierarchy, capital investment principles and associated rules.

The Capital Investment Hierarchy recognises that a minimum level of investment is required in order to maintain the performance and safety of assets. Without this investment the property assets that are used to deliver the services that protect today would be at risk of closure on health and safety grounds and the failure of ICT infrastructure that enables services would inhibit the operational capability of the organisation.
Transformational investment *improves* service efficiency and effectiveness by enhancing existing assets or acquiring new ones. The increase in efficiency should be financially quantifiable and so have a monetary payback.

Aspirational investment *increases* service capability and capacity by enhancing existing assets or acquiring new ones. External funding is already targeted to deliver service aspirations and should be supplemented by any remaining corporate capital. This is illustrated in Figure 1 below.

**Figure 1: Capital Investment Hierarchy**
Principles and rules

The capital investment hierarchy is supported by a set of rules that reflect the underlying principle that investment decisions need to be prudent, affordable and sustainable. The principles and related rules are set out below.

<table>
<thead>
<tr>
<th>Principle</th>
<th>Associated rules</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset investment</td>
<td>Schemes within the Capital Investment Programme enhance existing council assets or acquire new council assets to deliver services</td>
</tr>
<tr>
<td>Cash is king</td>
<td>Cash resources are used to fund the programme</td>
</tr>
<tr>
<td></td>
<td>Cash balances are used to finance investment instead of new external debt</td>
</tr>
<tr>
<td>Commercial basis</td>
<td>Commercial contracts recover the full cost of services, enabling surplus revenue to be reinvested in the assets used to deliver services</td>
</tr>
<tr>
<td>Flexibility</td>
<td>Operational buildings can easily be adapted to deliver different services</td>
</tr>
<tr>
<td>Fully funded</td>
<td>Expenditure plans within the Capital Investment Programme must be fully funded</td>
</tr>
<tr>
<td>Gateways</td>
<td>Funding for all projects of £0.5 million or more is split into two tranches:</td>
</tr>
<tr>
<td></td>
<td>• outline business case</td>
</tr>
<tr>
<td></td>
<td>• implementation</td>
</tr>
<tr>
<td></td>
<td>Each tranche is approved separately to re-validate assumptions about relative priority and cost</td>
</tr>
<tr>
<td>Pipeline</td>
<td>Projects to which the council has a policy commitment but does not have sufficient funding are included in the project pipeline</td>
</tr>
<tr>
<td>Revenue</td>
<td>Revenue contributions to capital investment create a sustainable source of funding for continued investment</td>
</tr>
<tr>
<td>Sustainability</td>
<td>Whole of life costs are incorporated in revenue and capital budgets through the Service and Financial Planning process</td>
</tr>
</tbody>
</table>