

Strategic Property

Acquisitions Policy (Property & Land)

**Bolton
Council**

☞ We will promote a high quality physical environment and refreshed identity to Bolton centres

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1.

Introduction

This policy provides a framework for the Council when considering the acquisition of an interest in land or property.

☞ In this context property includes any building or structure, land, or an interest in land itself. This includes the acquisition of all interests in property such as freeholds, leaseholds, easements, options, and restrictive covenants.

The Council's Directorate of Place priorities are summarised as:

Delivering key regeneration projects across the borough

Lead new prioritisation approaches to asset management across the Council

Lead on the development of a cleaner and greener borough

The Council regards property as a commercial resource and as such it is afforded the same attention as other council resources in that it is acquired and held in pursuit of helping the council deliver its corporate priorities.

The Council's Strategic Asset Management Plan (SAMP) specifically details the Council's objectives and approaches to holding and using its land and property holdings and this policy provides an appendices to the framework, stating the principles and guidance when acquiring land or property.

This policy sets out the core principles to be applied when considering land or property for acquisition. Whilst the primary focus of this document is to provide key policy guidance for officers, elected members, businesses and the general public, it is important to note that each individual case will be assessed on its own merits and nothing in this document binds the Council into any particular course of action when dealing with the portfolio.

2.

Purpose

The acquisitions policy will form an appendix to the SAMP (strategic asset management plan) and will provide principles and a consistent approach to any land or property transaction, ensuring that any transaction deliver value for money and meets the councils strategic objectives.

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

- The acquisition will make a positive contribution to the current or future delivery of council services
- The acquisition has economic benefits in reducing occupational costs (revenue and capital)
- An option appraisal has been undertaken which highlights acquisition as the most economic and efficient means of service delivery, for council and wider public services
- The acquisition of the interest has potential for future strategic regeneration and or redevelopment or contributes to wider corporate objectives and appropriate funding has been identified

☞ The policy applies to all stakeholders and partners across the council, but is driven and delivered by the Council Corporate Landlord Model sitting within the Directorate of Place, but adopted and endorsed by all Directorates



3.

Definitions

This policy provides an appendix to the councils SAMP – Strategic Asset Management Framework

“ The adoption of RICS & CIPFA Public Sector Asset Management principles have been incorporated within this policy, to provide an objective reference

The SAMP provides a 5-year framework of the overall approach to property and land towards a set of 5 objectives (Corporate Landlord, Estates optimisation, Economic regeneration, partnerships and Housing delivery)

RICS Red Book Global Valuation Professional Standards 2020 (effective 31st Jan 2020) is the current professional guidance the council/nominated partners are required to use in determining objective land & property values.



4.

Policy Approach and Process

“ These are set out under each principle, in no particular order or priority and although some may appear to be in conflict, the key challenge for the council is ensuring that we maintain a balanced approach between all of these fundamentals as decisions around land and buildings are made.

4.1 Legal Context and Council Constitution

The Council's principal powers to acquire land and property derive from the Local Government Act 1972. This confers powers to the council to acquire land and property for any of its functions or for the benefit, improvement or development of the borough.

The subsequent Local Government Act 2000 introduced 'wellbeing powers' which enables the council to do anything which it considers is likely to achieve the promotion or improvement of the economic, social or environmental wellbeing of the Borough.

This includes the power to incur expenditure, plus land and property acquisition. The legislation includes provisions that enable the Council to support property acquisitions for specific projects or capital programmes. This may for example include acquisitions under the Education or Highway Acts.

The Council also possesses compulsory purchase powers and may also make compulsory purchase

orders which if approved permit the Council to acquire land and property by compulsion where acquisition through agreement is not possible. The Council will only pursue this route after all options have been exhausted. Section 7.0 of this policy references this in a little more detail.

All council acquisitions will be authorised under the auspices of the Council's Strategic Asset Management Plan (SAMP) and be approved by the Council's Executive Cabinet. Suitably experienced or qualified council officers or its authorised advisors can enter negotiations to acquire land & property on behalf of the Council but authority from Cabinet or Director of Place will be required to conclude a transaction.

In addition, any acquisition approval shall be subject to sufficient budgetary funding being in place for the cost of the acquisition plus also the future financial commitments associated with holding/owning the asset.

The Council will ensure acquisition decisions are made in accordance with its constitution and other scheme of delegations, updated copies of which can be found on the Council's website.



4.2 Acquisition Principles

The council has developed several principles that support the optimisation and strategic asset management of its land and property assets. These principles will assist the council rationalise its estates holdings, reduce maintenance backlogs and provide buildings which are fit for purpose and enable effective service delivery. These principles will be considered as part of any acquisition decision making process.

- i) **Improve or Replace**
Through investment to ensure retained buildings are sustainable and fit for purpose. This will involve ensuring full and proper option appraisal and that each acquisition meets corporate objectives and service requirements.
- ii) **Release**
By identifying poorly performing assets or buildings that are functionally obsolete and to disengage from these to rationalise estate holdings to create efficiency savings and potentially realise new development opportunities.

- iii) **Reduce**
By investigating and implementing measures to reduce the Council's carbon footprint. As part of any pre-acquisition due diligence, newly acquired assets will undergo an energy evaluation appraisal to ensure the council is investing in energy efficient buildings and so improving its energy performance credentials and reducing carbon footprint.
- iv) **Collaboration**
Through working with partners and communities and investigating joint services opportunities, and where appropriate employing the Governments One Public Estate principles to improve economies from property holdings. This will also include adopting a "Place Neutral Approach" and exploring co-location opportunities between council service departments and if possible, between other external like-minded partner organisations.

4.3 Acquisition Justification

In advance of investing time and resource in an acquisition process the Council must satisfy itself and include such evidence in its business case that it does not hold suitable underutilised assets elsewhere in its portfolio that could satisfy an internal service requirement.

The Council's SAMP is clear that acquisition propositions will only be considered if,

- i) The acquisition makes a positive contribution to the current or future delivery of council services.
- ii) The acquisition has economic benefits in reducing both revenue & capital occupational costs.
- iii) An optional appraisal has been undertaken and which concludes acquisition as most economic and efficient means of ensuring service delivery for the Council & wider public services.

iv) The proposed acquisition of the interest has potential for future strategic regeneration and or /redevelopment or contributes to wider corporate objectives and appropriate funding has been identified.

4.4 Option Appraisal

If the need for alternative accommodation is identified, then the Council's corporate property team will determine whether there are suitable assets within the council holdings and if not then consult with other partner organisations. If this proves unsuccessful then the council will investigate the Open Market for alternative opportunities.

Once suitable options have been shortlisted these will be evaluated with recommendations being made to undertake further due diligence on the asset with the purpose of establishing any risks or constraints that might affect the performance of the asset and so its delivery service use. In some instances, it may be appropriate to undertake some planning enquiries or as appropriate seek necessary consents in advance of acquisition.

4.5 Valuation /Appraisal and Funding

Valuation, due diligence, negotiations and other acquisitions advice will either be undertaken by the Council's internal property team or its appointed advisors and once commercial terms have been provisionally agreed these will then be validated by a qualified property agent (RICS Valuation – Global standards)

The Councils internal finance and legal teams including the Councils Section 151 officer will be consulted over the budgetary implications especially of the acquisition so issues such as VAT and other accounting treatment of amortisation can be considered.

Once an acquisition has been identified and shortlisted for recommendation a business case including financial appraisal will be prepared to determine the immediate budgetary consequences and longer-term financial implications of holding the property. This will be considered and approved by the Council's Executive Cabinet.



This approval will cover the Strategic, Commercial, Economic and Financial Management considerations as part of the Council's corporate plan policy and will demonstrate

- The investment in the acquisition and therefore spending proposal represents value to the public purse and can demonstrate both cash and non-cash benefits and other positive outcomes.
- How the investment aligns with and satisfies the Council's corporate strategies and adds further value to the Council's business and its public services
- The capital and revenue requirement for the spending proposal over the anticipated lifetime of the asset or service.
- The consultation and communications process undertaken

4.6 Statutory Powers of Acquisition

In respect of authority to acquire land & property assets then the Council can only exercise functions which are authorised by statute.

Accordingly, legislation exists to enable the Council to acquire land that is required in the exercise of its statutory functions. In this respect the Council can use Compulsory Purchase Orders (CPO) to acquire land within the borough.

A Compulsory Purchase Order is a legal function in the UK that permits certain bodies including councils to obtain Land & Property without the consent of the owner. If the Council were to exercise such powers, then compensation is payable to the landowner in accordance with the Land Compensation Act 1961.

The Town Country Planning Act 1990 permits the Council to compulsorily purchase land & property to 'facilitate the carrying out of development, redevelopment or improvement for the areas economic, social or environmental wellbeing'.

Such an action would require confirmation by Secretary of State.

Currently most orders are made as subordinate legislation under powers conferred to the Council in existing legislation. For example, an order for roadworks is likely to be made under the Highways Act 1980.

The Council prefers however where at all possible to consult with landowners & acquire land & property by agreement and this is its first option of choice.

4.7 Commissioning

The Council may, from time to time, commission external consultants in connection with the disposal and acquisition of land and property. The Council will procure consultants in accordance with its CSF (Clear Sustainable Futures) contract and wherever possible will use locally based consultants in addition to utilising national and regional frameworks.

All commissions will be instructed to provide recommendations only back into the Council officers to consider and take forward via formal channels and in line with constitution and approvals governance.

5.

Implementation and review

All council Acquisition appraisals, recommendations and decisions will be done following the Acquisition policy criteria and principles

The policy will be circulated to all officers and partners managing the estate and will be available on the council's intranet and corporate landlord web page



Recommendations under delegated Authority, executive cabinet member or cabinet approval, will show adoption of policy principles for more consistent approach and professional rigour in substantiating recommendations and decisions

Feedback and learnings from the policy will be considered by the Corporate Landlord forums, Quarterly Asset Management committee and operational feedback from officers, Councillors and public

The policy will be reviewed in line with SAMP (2020- 2025)