



AGENDA

CABINET MEETING

Date: Wednesday, 15 March 2017

Time: 7.00 pm

Venue: Council Chamber, Swale House, East Street, Sittingbourne, Kent, ME10 3HT

Membership:

Councillors Bowles (Chairman), Mike Cosgrove, Duncan Dewar-Whalley, Alan Horton, Gerry Lewin (Vice-Chairman), Ken Pugh and David Simmons

Quorum = 3

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Pages

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2. Apologies for Absence

3. Minutes

To approve the Minutes of the Cabinet Meeting held on 1 February 2017 (Minute Nos. 1158-1173) and the Co-Located Cabinet Meeting held on 22 February 2017 (Minute Nos. 1211 - 1213) as a correct record.

4. Declarations of Interest

Councillors should not act or take decisions in order to gain financial or other material benefits for themselves or their spouse, civil partner or person with whom they are living with as a spouse or civil partner. They must declare and resolve any interests and relationships.

The Chairman will ask Members if they have any interests to declare in respect of items on this agenda, under the following headings:

(a) Disclosable Pecuniary Interests (DPI) under the Localism Act 2011. The nature as well as the existence of any such interest must be declared. After declaring a DPI, the Member must leave the meeting and not take part in the discussion or vote. This applies even if there is provision for public speaking.

(b) Disclosable Non Pecuniary (DNPI) under the Code of Conduct adopted by the Council in May 2012. The nature as well as the existence of any such interest must be declared. After declaring a DNPI interest, the Member may stay, speak and vote on the matter.

(c) Where it is possible that a fair-minded and informed observer, having considered the facts would conclude that there was a real possibility that the Member might be predetermined or biased the Member should declare their predetermination or bias and then leave the room while that item is considered.

Advice to Members: If any Councillor has any doubt about the existence or nature of any DPI or DNPI which he/she may have in any item on this agenda, he/she should seek advice from the Monitoring

Officer, the Head of Legal or from other Solicitors in Legal Services as early as possible, and in advance of the Meeting.

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Issued on Monday, 6 March 2017

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**Chief Executive, Swale Borough Council,
Swale House, East Street, Sittingbourne, Kent, ME10 3HT**

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Cabinet Meeting	Agenda Item: 5
Meeting Date	15 March 2017
Report Title	Property Asset Strategy 2017 – 2020
Cabinet Member	CIlr Duncan Dewar-Whalley, Cabinet Member for Finance and Performance
SMT Lead	Nick Vickers, Chief Financial Officer
Head of Service	Anne Adams, Head of Property Services
Lead Officer	Anne Adams, Head of Property Services
Key Decision	No
Classification	Open
Forward Plan	Reference number:
Recommendations	<p>Cabinet is recommended to:</p> <ol style="list-style-type: none"> 1. Consider the recommendations of the Policy Development and Review Committee (PDRC) as set out in section 5.2 of this report, 2. Approve the Property Asset Strategy together with any amendments resulting from the PDRC recommendations and comments from other consultees, and 3. Give delegated authority to the Head of Property Services in consultation with the Cabinet Member for Finance and Performance to make the agreed amendments and publish a final version on the Council’s website.

1 Purpose of Report and Executive Summary

- 1.1 This purpose of this report is to present the Property Asset Strategy 2017 – 2020 to Cabinet for approval.

2 Background

- 2.1 The Property Asset Strategy 2012 – 2015 was presented to Cabinet in March 2012. A revised and updated version was then presented to Cabinet in April 2013. Progress reports were presented in October 2014 and October 2015 which reported the outcome of the annual Property Performance Indicators and progress made against the Action Plan. The key progress reported in October 2015 included:

- Progress with the review of surplus landholdings,
 - Progress against the action plans for operational and non-operational properties,
 - Updates on Community Asset Transfers, and
 - Property Performance Indicator results for 2014/15.
- 2.2 It was also reported that a fully revised and updated Property Asset Strategy 2016 – 2019 would be drafted and circulated for consultation within the next four months.
- 2.3 Also during 2014/15 the Community Asset Transfer Policy was reviewed and updated and the revised version was presented to PDRC for consultation on 3 September 2014 and approved by Cabinet on 5 November 2014. The key changes were in connection with (1) clarification as to when the policy should be applied, (2) links with other policy documents, (3) forms of tenure for asset disposals, (4) rent and rent reviews, (5) arrangements for heritage assets, (6) valuations, and (7) the decision making process. The revised version is now incorporated as an appendix in the updated Property Asset Strategy and will be due for a further review in November 2017.

3 Proposal

- 3.1 The document in Appendix I is a re-write and update of the Property Asset Strategy 2012-2015.
- 3.2 The key changes between this document and the previous version are:
- Updates to the property portfolio,
 - Changes to the categorisation of assets to reflect the new International Financial Reporting Standards 2013 (IFRS13)
 - Acknowledgement of progress made which has altered the focus from strategic property review to the next phase of action planning,
 - Changes to the structure and functions of the Property Services unit,
 - Updated terms of reference for the Asset Management Group,
 - A revised version of the Community Asset Transfer Policy and update on completed transfers,
 - A new section on working with partners to improve property outcomes,
 - A revised Corporate Plan setting out a new set of corporate priorities,
 - Changes to the Council's Investment Strategy, placing a greater emphasis on the need to generate additional revenue income through the acquisition and/or different management of assets,
 - The incorporation of a new Acquisitions Policy as an appendix to the document,
 - Decisions taken in relation to the regeneration of Sittingbourne Town Centre.
- 3.3 The document also sets out the organisational framework for property management, the process of review and performance management and the way in which property will contribute towards to the Council's corporate priorities for the next three years.

3.4 Once the consultation is complete and the document has been finalised it will be presented to Cabinet on 15 March 2017.

4 Alternative Options

4.1 There is no realistic alternative option to having a Property Asset Strategy and CIPFA guidance states that it is good practice to manage assets at a strategic level.

5 Consultation Undertaken or Proposed

5.1 The Property Asset Strategy has been developed in consultation with the Asset Management Group, the Cabinet member and key Heads of Service and officers within the authority.

5.2 The draft document was presented to the Policy Development and Review Committee (PDRC) on 22 February and they have made the following recommendations:

Recommendation	Cabinet response
<p>1. That the strategy included the integration of new acquisitions and disposals and this should be reflected in the property strategy for town centre regeneration, and broadened to include town centres and any other sizeable acquisitions, and there should be a continuing process of management and communication between Property Services and the Regeneration Team.</p>	<p>Agreed. Recommendation is now reflected in the final version of the Strategy.</p>
<p>2. That when the review of the Community Asset Transfer Policy was made in October 2017 the following points should be considered (and borne in mind for any proposals for transfers in the meanwhile) as follows:</p> <ul style="list-style-type: none"> • Discourage transfers to Community Interest Companies. • Encourage transfers to registered charities that give the members of the public who are the beneficiaries the opportunity to become members of the organisation and to control it (such as companies limited by guarantee and Charitable Incorporated Organisations with a wider membership) • Highlight in the Policy the role of Swale Borough Council to assist organisations to be ready to have assets transferred to them by providing training, and this should be expressly set out in the policy • Encourage a revised procedure for Asset Transfers that are being funded by a Section 106 agreement, to ensure 	<p>Agreed that these points will be considered when the Community Asset Transfer policy is reviewed in October 2017.</p>

that whenever possible the Section 106 monies facilitate additional grants being obtained.	
3. That all Members be given details of the Asset Register and Annual Report.	Members will be signposted to the documents on the Council's website.

- 5.3 As well as the consultation with the PDRC the document has also been circulated to key stakeholders such as public, private and voluntary sector partners who have an interest in the Council's property portfolio. This includes KCC, Faversham and Queenborough town councils, Amicus Horizon, Swale Community Leisure Ltd and PSP Facilitating Ltd. Their comments will be tabled at the meeting.
- 5.4 Wider consultation with the community and the users and occupiers of the Council's property portfolio forms part of the property review process that is set out in the strategy document.

6 Implications

Issue	Implications
Corporate Plan	The strategy document demonstrates clear links with all three of the new corporate priorities.
Financial, Resource and Property	All financial, resource and property implications are set out in detail within the strategy document.
Legal and Statutory	None identified at this stage.
Crime and Disorder	None identified at this stage.
Sustainability	Sustainability issues are addressed within the strategy document.
Health and Wellbeing	None identified at this stage.
Risk Management and Health and Safety	All relevant risk assessments are carried out as part of the review process set out in the strategy document.
Equality and Diversity	A Community Impact Assessment was completed and forwarded to the CIA Group for approval when the Property Strategy was prepared.

7 Appendices

The following documents are to be published with this report and form part of the report

- Appendix I: *Property Asset Strategy 2017-20*

8 Background Papers

None.

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Property Asset Strategy 2017-2020



March 2017

Property Asset Strategy 2017-2020

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Property Asset Strategy

1.0 Overarching Strategy

1.1 Swale Borough Council Assets Subject to the Strategy

- 1.1.1 This Property Asset Strategy addresses the strategic management of property assets across Swale Borough Council's property portfolio. The assets are diverse and range from offices to grazing land. It is important to note that the property assets referred to are 'fixed' property assets of a building construction and/or land nature. Assets such as play equipment components, located in parks, are not classed as property assets covered by this Strategy. Property assets include physical assets, e.g. sports halls, depots, and intangible assets such as leases and ground rents.
- 1.1.2 The Council's property assets are currently valued at £54,451,000 (excluding equipment and intangibles) in the 2015/16 Statement of Accounts. This is the 'book' value of the assets, assuming continued use by the Authority. The figure does not represent the value that may be secured from the disposal of the assets on the open market.
- 1.1.3 Open market value aside, the book value is considerable and demonstrates the importance of property assets to the Council. It is also obvious why it is important to manage the property resource effectively and to ensure that the assets are both needed and are value for money.
- 1.1.4 The gross income generated from rents and licence fees in 2016/17 is approximately £530,000. This income is generated from around 50 properties and various access licences.
- 1.1.5 Property assets contribute significantly to the delivery of efficient and effective services to the community. However, ownership, occupation and operation of property assets are not an end in itself and each asset should have a clear rationale and purpose. It is clear that:
- Property assets held for non-investment purposes should be cost effective and make a positive contribution either to direct service delivery or to other socio-economic objectives of Swale Borough Council, over and above the costs of ownership; and
 - Property assets held for investment purposes should provide the optimum balance between revenue income and capital appreciation

1.2 Asset Categories

- 1.2.1 Property assets are categorised in accordance with the CIPFA accounting code of practice. The categorisation of assets has been reviewed following the adoption of the International Financial Reporting Standard (IFRS) 13 for the 2015/16 accounts.
- 1.2.2 An analysis of the Council's property holdings reveals that, by number, approximately 92.1% of the Authority's property is categorised as **Operational**, 7.9% is categorised as **Non-Operational**. Community Assets form part of the Operational property portfolio.
- 1.2.3 A summary of the Council's Property Estate is attached at **Appendix A**.

1.3 Aims & Objectives

- 1.3.1 To establish the aims and objectives for the Council's property portfolio and how the portfolio should perform, the objectives need to be linked to the Authority's high level

corporate priority themes and medium-term strategic objectives as set out in the *Corporate Plan 2015 – 18*. The following objectives are of particular relevance:

- Priority theme 1: A borough to be proud of
 - Objective 1.1: Deliver major regeneration projects.
 - Objective 1.2: Enhance the borough's economic and tourism offer
 - Objective 1.4: Protect and improve the natural and built environments
- Priority theme 2: A community to be proud of
 - Objective 2.2: Encourage active communities and support the voluntary sector
 - Objective 2.3: Reduce crime and disorder
- Priority theme 3: A council to be proud of
 - Objective 3.4: Strengthen our financial and political resilience

1.3.2 Taking the medium-term strategic objectives as a foundation, the Council has developed the aims and objectives for its property portfolio that can be expressed as follows:

The property assets of Swale Borough Council should be:

- ***Maintained in an appropriate state of repair (given any financial constraints);***
- ***Fit for purpose (including accessibility, suitability, statutory compliance, space utilisation);***
- ***Efficient and Environmentally sustainable (including running costs and CO₂ emissions);***
- ***Economically sustainable (Investment Assets only); and***
- ***Positive in their contribution to Swale's corporate priorities, in particular a greater financial resilience achieved through new and enhanced opportunities for income generation.***

1.3.3 These objectives have been developed by Swale Borough Council's Asset Management Group in consultation with the Cabinet Member for Finance and other Council officers from across a range of Service functions.

1.3.4 The different elements of these property objectives are important as far as determining how the Council expects its property assets to perform and how progress in meeting the objectives can be measured.

1.4 Policy Framework

1.4.1 This document fits within the context of a wide range of policies, strategies and plans covering key service areas and overarching activities. All of these policies and strategies are complementary.

1.4.2 Incorporated within the overarching document are the Disposals Policy, the Acquisitions Policy and the Community Asset Transfer Policy. These are all contained within the appendices.

1.4.3 In addition, there are further complementary documents including the Corporate Plan, the

Medium Term Financial Strategy, the Open Spaces and Play Strategy, the Playing Pitch Strategy, the Sports and Physical Activity Strategy and the Climate Local Kent and Climate Local Swale.

1.5 Community Asset Transfer Policy and the Localism Act

- 1.5.1 Members adopted a Community Asset Transfer Policy in 2012 and this was reviewed and updated in November 2014. This sets out the objectives of asset transfer and the principles to be applied. The most recent version of this policy is attached as Appendix E. It is subject to three yearly reviews.
- 1.5.2 Since the policy was adopted, a total of 15 community assets have been transferred to community groups or Parish Councils on long leases. This includes five community halls (Thistle Hill Community Centre, Kemsley Hall, The Meads Community Centre, Iwade Barn and Borough Hall), three museums (Milton Regis Court Hall, Minster Abbey Gatehouse, Rose Street Cottage of Curiosities), one sports pitch (Seager Road), the Faversham Community Gym and Activity Centre, Queenborough Harbour (Town Quay), Queenborough Bowling Club, 7 Allotment sites (4 in Faversham and 3 in Queenborough) and a community car park in Teynham.
- 1.5.3 In addition, prior to the adoption of the policy, the freehold of the Alexander Centre was transferred to the Alexander Centre Trust.
- 1.5.4 A further 4 assets are in the stages of community asset transfer and expected to be completed early in 2017/18. These are 3 sports pitches (New Road, Leysdown, Thistle Hill) and East Hall Farm Community Centre (currently under construction)
- 1.5.5 In the event that an asset transfer was to fail, due for example to an irretrievable breakdown of the trust, financial difficulties or other unforeseen factors, there are provisions in the leases for the asset to transfer back to the Council to safeguard the delivery of the community activities that are being delivered. In that event, Cabinet would be consulted over the short and long term arrangements to be put in place.
- 1.5.6 There is also a requirement within the Localism Act (the Community Right to Bid legislation) for local authorities to accept nominations from community groups and produce lists relating to:
 - Assets of Community Value; and
 - Assets which are the subject of unsuccessful nominations.
- 1.5.7 Governance arrangements in respect of the Community Right to Bid legislation are now in place and nominations can be made via the Council's website. As at January 2017, there have been 18 successful nominations and 5 unsuccessful nominations. Both lists can be found on the Council's website.

1.6 Repair and Maintenance Strategy

- 1.6.1 As financial resources are currently constrained, it is important that the Council has a robust repair and maintenance strategy. This will allow repair and maintenance activities to be prioritised appropriately. The Authority has developed a strategy that applies to all property assets where there is a responsibility for repairs and maintenance.
- 1.6.2 A set of criteria has been developed that is given priority levels and a risk score. These criteria, each with an allocated priority and risk score are tabled below.

Table 1: Criteria for repairs and maintenance		
Criteria	Risk score	Priority score
A. Compliance with legislation (e.g. health & safety, legionella, asbestos, fire risk, DDA)	3	5
B. Contractual or legal obligations set out in management agreements or leases	3	4
C. Preserving asset life, replacing life-expired assets or protecting heritage assets	2	3
E. Corporate and/or service objectives	2	2
F. Business/service continuity	2	1

1.6.3 Required repair and maintenance work will be scored according to which and how many criteria are met and the risk and priority score for each criteria multiplied to give a final score. Each repair will be assessed against the criteria in Table 1 and a cumulative score built up according to how many of the criteria will be met if the repair in question is carried out.

1.6.4 A further factor to be considered is the impact on any income/efficiency generation and/or reduction in revenue costs that may be achieved as a result of carrying out the work.

1.6.5 If the decision is taken to carry out the work, the repair will be budgeted for, either through the annual maintenance budget or the Building Maintenance reserve.

1.7 Asset Collaboration

1.7.1 Working with partner organisations is an important part of the Council's asset strategy. It provides greater opportunities for utilising assets to their maximum potential, improving service delivery through closer working with public and voluntary sector partners and ensuring sustainable provision of operational assets in the medium to long term.

1.7.2 Current initiatives include:

- *The One Public Estate Programme* – led by KCC Property Services, this has the objectives of (1) creating and supporting economic growth, and (2) generating capital receipts, reducing running costs and delivering more integrated and customer focused services. It aims to do this by mapping all public sector assets and creating a property delivery board/forum to drive delivery of the programme. KCC has recently been awarded £308,000 under phase 4 of the scheme to deliver projects that meet the OPE criteria. Subject to the timing of future decisions, there may be an opportunity for some of this funding to be used to carry out a feasibility study looking at the development of the public sector estate in Sittingbourne town centre.
- *NHS Local Estates Forum* – this initiative is primarily about optimising the NHS estate

to improve patient and staff experience and address the inequality of health outcomes. The various health organisations such as NHS Property Services, Community Health Partnerships, NHS England and GP federations will be working in partnership with other public sector organisations including Kent County Council and Swale Borough Council to develop a Local Estates Strategy.

- *Town Centre Regeneration* – phase 2 of the Spirit of Sittingbourne Development Agreement includes for the construction of a new civic building to replace Swale House and enable the site upon which Swale House is located to be redeveloped. In order to maximise the opportunities presented by this, discussions are taking place with public sector partners to establish what collaboration might be achievable and beneficial to deliver the best possible outcomes for Sittingbourne. This could include the construction of a combined health centre/civic centre, a shared customer service centre and library/Gateway and/or space for voluntary sector groups.
- *PSP Facilitating Ltd* – a limited liability partnership (LLP) has been created between the Council and PSP Facilitating Limited (PSPF). The LLP between SBC and PSPF will provide the Council with an additional option over and above those currently available to it with regard to the disposal, sale, or development or other use of its assets in order to maximise income and opportunity. The relationship brings funding opportunities for the Council which are not traditionally available, and the LLP will be required to demonstrate its value to the Council before projects are agreed for delivery.

1.8 Capital Investment Strategy

1.8.1 Over a long period the Council has had a very limited capital programme focussed upon specific grant funded items, primarily Disabled Facilities Grant, and use of reserve funds to support specific projects such as the Sittingbourne Skatepark of building improvements at Faversham Swimming Pool. The Council has also been debt free.

1.8.2 In March 2016 Council agreed that a borrowing facility of up to £30m could be put in place to fund capital projects. This reflected a fundamental change in the Council's stance linked to the income generation agenda. It recognised that some capital investment could be required to create some of the income generation opportunities. In the third quarter of 2016 councils invested £800m in to Commercial Property representing 10% of the total investment in Commercial property and that was more than in the previous 10 years combined.

1.8.3 In considering investing in assets there are two overriding principles to be applied:

- Minimising the cost to the revenue budget - given the continued reductions in local government financing there is no scope within the revenue budget to meet debt charge costs. If the Council incurred debt charge costs then, unless the investment generated sufficient income to cover these costs, the Council effectively would have to reduce services to fund the costs. In the case of the Sittingbourne Town Centre investment all the capital financing costs will be wholly funded from rental income; and
- Strategic impact - if the Council is going to invest in property it needs to support wider Council objectives around regeneration of the borough and creating new employment. This means there needs to be additionality in-terms of the wider economic benefits eg higher business rates.

1.8.4 The timing of new investment opportunities cannot be predicted in advance so Cabinet has agreed that a facility is created which would enable the Council to borrow an additional £30m on top of the £30m previously agreed. This borrowing would need to satisfy the principles set out in paragraph 3.15 and any project would be subject to a business case report to Cabinet.

1.9 Housing Development

1.9.1 Many councils have created a wholly owned housing company to hold, deliver and manage properties that are either sold on the open market or offered for rent in the private rented sector. SBC is currently investigating this and other options which would allow it to potentially develop housing on its own land and/or acquire existing houses. Further details will be presented to members once a recommended delivery mechanism has been established.

1.9.2 The key drivers for managing a portfolio of residential properties are:

- The ability to influence the local housing market and potentially improve the quality of the private rented sector estate,
- The ability to contribute towards regeneration objectives in areas where the private sector alone is struggling to deliver the desired outcomes,
- The opportunity to generate additional income for the Council to reduce its reliance on grants, and
- The ability to contribute towards reducing the shortage of affordable housing and/or temporary accommodation.

2.0 Property Organisational Framework

2.1 Overview of the Organisation's Approach to Asset Management Planning

- 2.1.1 Irrespective of how specific assets are used and which service occupies which asset/s, the Council's property is owned corporately. This ensures that there is appropriate challenge to the occupation and utilisation of all property assets by the Authority. In addition, corporate ownership ensures that all property assets are occupied, utilised and maintained to achieve corporate goals.
- 2.1.2 It is the role of each service unit to identify the potential implications for property assets when undertaking service reviews. Potential property implications and requirements will be articulated in Service Action Plans and solutions to the issues raised will be agreed between the individual Service units and the Property unit. Individual Service units will also input into the Council's Property Review Process.
- 2.1.3 Any identified asset management initiatives or plans will be taken to the Asset Management Group for discussion and approval.

2.2 Strategic Fit with Corporate Business Planning

- 2.2.1 Swale Borough Council adopts a business and budget planning cycle, whereby each Service unit is required to complete an annual Service Plan plus annual business action plans.
- 2.2.2 Each Plan identifies priority actions, initiatives and services for the current business cycle, linked to the Council's Corporate Priorities. Whilst there is generally no specific part of the Service Plan template that requires each service to separately identify asset related issues, those services that are most asset dependent do set out a number of asset related initiatives. Draft Service Plans are shared with the Head of Property Services to ensure that all asset implications are addressed within the Property Services Action Plan.
- 2.2.3 Capital Strategy - The Council's priorities for the use of available capital funds will be:
- projects which support the Council's corporate priorities;
 - earmarked receipts related to specific projects e.g. Section 106 monies;
 - minimum fulfilment of legal duties;
 - essential life and death maintenance work e.g. health & safety; and
 - essential remedial expenditure on the Council's IT systems.
- 2.2.4 The Capital Strategy and property related annual funding allocations are recommended by Finance in consultation with the Head of Property, approved by the Strategic Management Team (SMT), on the basis of need and funding availability. To allow comment, the Capital Strategy is circulated to the Asset Management Group. Final approval is obtained from Cabinet as part of the annual budget setting process.
- 2.2.5 In addition to the annual revenue budget for maintenance there is also a Building Maintenance Reserve. The balance on this reserve as at 1 April 2016 was £919,676 (after rollovers). It is a revenue reserve but it can also be used to fund authorised capital expenditure.
- 2.2.6 If there is an under or over-spend on the revenue budget in any financial year, this is generally ring-fenced to the Building Maintenance Reserve to ensure that (1) the maintenance budget is available for spending on future maintenance of assets, and (2) any over-spend does not impact on the Council's total outturn position.

2.3 Key Roles & Responsibilities

- 2.3.1 The Property team is headed by the Head of Property Services and sits within the Corporate Services Directorate. It is pivotal in supporting the Council's strategic asset management of its property holdings. Current in-house functions include estates management, buildings management, facilities management, print room, building maintenance, health & safety and business support. An organogram illustrating the structure and roles within the current property team is attached as Appendix C.
- 2.3.2 The Head of Property Services has been identified as the Council's Corporate Property Officer (CPO). This role involves taking responsibility for strategic property planning and development.

2.4 Asset Management Organisational Arrangements

- 2.4.1 An Asset Management Group (AMG) has been established by the Authority to make recommendations that ensure best use is being made of the Council's property assets. The Terms of Reference for the AMG can be referred to at Appendix B. Responsibility for chairing the AMG is with the Head of Property Services and there is Council-wide representation within the Group.
- 2.4.2 The AMG is responsible for reviewing operational property assets, through the Council's "challenge" process (property review model), to ensure that the assets meet Service units' current and future requirements. Additionally, non-operational assets are challenged to ensure that they are effective in generating income and/or supporting economic or social development. The AMG ensures that clear objectives are developed and makes recommendations for disposals or acquisitions as appropriate.

2.5 Corporate Landlord

- 2.5.1 Swale Borough Council's corporate landlord function is to ensure that the Authority's property assets deliver a safe, secure and suitable working environment that supports Council service delivery within agreed resource constraints. Building support activities, including reactive repairs, maintenance and legislative testing are managed using the resources available.
- 2.5.2 The role also involves challenging the current use of property assets through the programme of property reviews, working with Service units to assess the Authority's properties in respect of being fit for purpose. New and innovative ways of working will be explored to ensure that asset potential is being maximised. The corporate landlord function will allow asset provision to be matched to Service needs.
- 2.5.3 Building maintenance is managed by the Property Service on behalf of Service units. The revenue budget for building maintenance is generally ring-fenced to the *Building Maintenance Reserve* which enables any under-spend from the previous year's Building Maintenance Revenue Budget to be paid into the reserve. Likewise, the reserve will fund any over-spend on the maintenance budget.

2.6 Consultation and Engagement

- 2.6.1 As part of the Authority's property review process (see below), views of property occupiers and users will be captured through Property engaging with individual service units and members. Questions built into the property review models will focus on service delivery requirements, customer satisfaction, asset suitability and the localism agenda. Information

needed to answer the questions developed will be acquired through a consultation process combining interview and survey techniques.

2.7 Property Review Process

2.7.1 A formal property asset review process has now been carried out which is used to determine which assets are to be retained/improved in the medium to long term and which assets will no longer be needed by the Authority. It is informed by the Council's corporate priorities, its Service Plans and asset data/information.

2.7.2 There are four asset holding options for operational assets following a review. These are **Continued Management**, **Improved Usage**, **Asset Enhancement** and **Surplus**. The four property holding options for non-operational property will be **Continued Investment**, **Improved Investment Strategy**, **Improved Asset Management** and **Surplus**.

2.7.3 Having completed the property reviews, the next step is to complete project options appraisals using business case methodology to determine programmes of work or disposal actions.

2.7.4 The programmes will contain schedules of work required to change the asset base. Such programmes may include:

- Acquisitions and new build provision,
- Refurbishments and maintenance of stock retained,
- Asset alteration works to accommodate legislative requirements, changes in technology and changes in service provision,
- Disposals of surplus or unfit for purpose assets, and
- Innovative procurement.

2.7.5 The basis of the Council's Property Review Process is scrutiny of the operational and non-operational property assets, as part of an individual asset review procedure. A number of criteria were considered within each property review model as follows:

Criteria for Operational Assets	Criteria for Non-Operational Assets
Condition, Suitability, Sufficiency, Location, Tenure, Planning policy, Financial considerations (running costs, income potential, capital value) Utilisation, Environmental considerations, Corporate priorities	Economic regeneration, Financial return, Value, Location, Condition, Ownership, Economic environment, Planning policy, Utilisation Environmental considerations, Corporate priorities

2.7.6 There are four potential property holding options for each **Operational** asset. These are:

Option	Description
Continued Management	This could include responsive, planned backlog and future maintenance <i>[dependent on funding availability]</i> . The option may also include small extensions, minor improvements, small scale DDA equivalent work, fire risk assessment work and asbestos removal works in addition to repair and replacement works [appropriate outcome for an asset that is considered to be fit for purpose].

Improved Usage / Community Asset Transfer	Exploration of options for change of use, shared use, community asset transfer, partnering, flexible use (including 'hot desking') and the undertaking of all necessary works required to implement the change [assets that are considered to be 'good' but opportunities to co-locate other services, share assets or transfer ownership of assets would benefit overall service delivery].
Asset Enhancement	New build, major extensions/refurbishments, major replacement [<i>longer term</i>] (may include large scale DDA equivalent work, fire risk assessment work, asbestos removal works and entire elemental/component replacement work), acquisitions and demolition [similar to Improved Usage, but recognises the need for greater capital investment to exploit the asset and fully support service delivery].
Surplus	Assets identified as under-performing with no or little prospect or potential to improve and should be sold to produce a capital receipt. Land assembly opportunities will be considered prior to any disposal.

2.7.7 The four potential property holding options for ***Non-Operational*** assets are as follows:

Option	Description
Continued Investment	Continue to manage, maintain and monitor investment performance
Improved Investment Strategy	Asset is not performing to its highest potential, but performance can be improved through appropriate increased investment.
Improved Asset Management	Asset is not performing to its highest potential, but performance can be improved through more intensive management.
Surplus	Property identified as under-performing with no prospect or potential to improve and is to be sold. Land assembly opportunities will be considered prior to any disposal.

2.7.8 The Action Plans for the Operational and Non-Operational Properties are updated and reported to the Asset Management Group quarterly. Actions are also included in relevant Service Plans and monitored using Covalent.

2.7.9 Whilst developing the detailed phase of the action planning particular emphasis is being or will be placed on potential opportunities to increase income generation. This could be achieved through a number of the property holding options identified in the strategic review and will be a key part of the next phase of the process.

2.7.10 In 2014/15 the Property Services unit commissioned a planning consultant to carry out a review of all surplus land holdings. This is ongoing and is being delivered on a phased basis. The initial phase comprised an overview of the potential of each site and recommendations regarding next steps. The second phase involves a more detailed appraisal of certain sites that are considered to have development potential. The outcome of the second phase will lead to a set of recommendations which are likely to include:

- The development of sites for the purpose of creating properties to be transferred to the Housing company,
- The sale of sites at auction, either with or without planning permission for development,
- The sale of sites with no development potential to adjoining landowners to reduce the Council's maintenance liabilities.

2.8 Disposals and Acquisitions

2.8.1 The Council's Disposals Policy is attached as Appendix D to this document. This document sets out the Council's approach to asset disposal to ensure consistency and transparency. It was noted by the Audit Commission in the 2011-12 Annual Governance Report that a policy was required that would complement the Community Asset Transfer Policy and sit within the overarching strategy that is set out in this document.

2.8.2 The Council's Acquisitions Policy is attached as Appendix F.

3.0 Property Performance Framework

3.1 Outline of Property Performance Management Framework

3.1.1 The Property Performance Framework details how the performance of property assets within the Council is being measured and the general direction and areas of performance that need to be addressed going forward if the Property Asset Strategy is to be delivered.

3.1.2 This Property Performance Framework is concerned with two aspects of performance, namely:

- The range of performance indicators that the Council has adopted to measure the performance of the property portfolio and thus how well its property assets are assisting the Authority in delivering the Property Objectives; and
- Progress with key activities and projects involving property assets.

3.2 Property Performance Management Framework

3.2.1 Table 2 below sets out an outline of the Council’s Property Performance Management Framework, based upon delivering the Property Objectives. The Framework is flexible, to be adapted for each property asset group that the Authority owns and operates.

Table 2: Property Performance Indicators

	Objective	Performance Measures	Description	Baseline date
1	Maintained in an appropriate state of repair (given any financial constraints)	Condition rating	This measures the percentage of gross internal floor space in condition categories A – D for those properties which the Council has an obligation to keep in repair.	April 2011
2	Fit for purpose (including accessibility, suitability, statutory compliance, space utilisation)	(a) Building Accessibility	This will measure the percentage of properties open to the public which are fully accessible to disabled people as defined in the Equalities Act 2010.	April 2013
		(b) Suitability	This will measure the suitability of the Council’s assets in terms of overall fitness for purpose based on an agreed set of criteria and scoring matrix.	April 2013
		(c) Statutory compliance	This measures the percentage of properties that are fully compliant in terms of statutory compliance checks and testing.	April 2012
		(d) Space utilisation (operational offices only)	This is intended to measure the percentage of office space utilised in accordance with agreed space standards. Due to Swale House being occupied on a short term basis it is proposed to postpone measuring this PI until the new civic building is ready to be occupied.	TBD

	Objective	Performance Measures	Description	Baseline date
3	Efficient and environmentally sustainable (including running costs and CO ₂ emissions)	(a) Running costs	This measures the gross property costs per square metre of gross internal floor area. Included elements are: repairs and maintenance, energy, water and sewerage, grounds maintenance, rent, rates, cleaning, premises insurance, caretaking.	April 2012
		(b) CO ₂ emissions	This measures the CO ₂ emissions from the Council's properties.	April 2011
4	Economically sustainable (Investment Assets only)	(a) Income yield / return	This measures the financial performance of investment properties.	April 2012
		(b) Void Rate	This measures the percentage of tenanted properties that are currently vacant.	April 2012
		(c) Rent Arrears	This measures the total amount of debt as a percentage of gross rental income.	April 2012
5	Positive in their contribution to Swale's Corporate Priorities	Council objective contribution	This measures the percentage of property assets that are positively contributing to Swale's Corporate Priorities. The Corporate priorities changed in 2015/16 therefore it was necessary to commence with a new baseline in April 2016.	April 2013 revised to April 2016

3.2.2 The performance indicators are collected annually in June and the data is used to:

- Undertake performance benchmarking (internal and external),
- Monitor and manage performance improvement, and
- Inform the strategic property review process.

3.3 Monitoring, Reporting & Review Arrangements

3.3.1 The ongoing performance of the Council's property portfolio will be challenged through the Property Review Process and reported to the AMG.

3.3.2 The newly collected, collated and analysed data will inform each phase of the Property Review Process, assist the Authority in understanding performance relative to other similar organisations through benchmarking and support the Council's aim of achieving the overall Property Objectives.

3.3.3 Progress reports will continue to be prepared annually which provide a summary of all actions and decisions that have taken place in the previous financial year. These will be presented to SMT and relevant Cabinet Members and, if considered appropriate, to formal Cabinet.

4.0 Executive Summary

4.1 The Property Asset Strategy 2017 – 2020 fully updates the previous versions of the document, taking into account the following changes:

- A revised Corporate Plan setting out a new set of corporate priorities,
- Changes to the Council's Investment Strategy, placing a greater emphasis on the need to generate additional revenue income through the acquisition and/or different management of assets,
- Decisions taken in relation to the regeneration of Swale,
- The significant number of assets that have been transferred to voluntary and community sector organisations through the Community Asset Transfer policy,

4.2 The document sets out the organisational framework for property management, the process of review and performance management and the way in which property will contribute towards to the Council's corporate priorities for the next three years.

4.3 Sitting alongside this document is the annual Property Services Service Plan which contains the Property Services Action Plan. This sets out the key property objectives for the year and progress is monitored through Covalent, the Council's corporate monitoring tool. There are 20 actions set out in the Service Plan, the most significant being:

- Establishing a process for the effective management of the new commercial properties to be acquired as part of the Sittingbourne regeneration project,
- Continuing to improve the energy performance of the Council's properties,
- Refurbishment of the Swale House lifts to improve their reliability and reduce periods of break down,
- Completion of the ongoing review of landholdings,
- Completion of the ongoing review of assets occupied by voluntary and community sector organisations,
- A compliance review to ensure that all statutory duties are being met in relation to the safety of Council buildings (eg. control of legionella, fire safety, control of asbestos, electrical and gas safety).

Appendix A: Swale Borough Council Summary of Property Estate

Property Category	Operational		Non-operational			
	PPE Land & Buildings	Community Assets	PPE Surplus	Assets Under Construction	Investment	Assets Held For Sale
Car Parks (Pay & Display)	27					
Car Parks (Other)	20					
Sports Halls/Pools	5					
Community Halls	1			1		
Public Conveniences	10					
Sports Pavilions	3					
Museums/Heritage	1	5				
Country Parks (Buildings)	2					
Tenanted Community/Leisure	24					
Vacant/Surplus (Land)	10		5		1	
Vacant/Surplus (Buildings)			3			
Shops	6				2	
Depots	1					
Administrative Offices	3					
Gypsy Site	1					
Housing	3					
Markets	3					
Cemetery Chapels/Stores	4					
Offices	4					
Miscellaneous	17					
Surplus - Held for Development	6					
Investment					14	
Agricultural/Grazing Land	4					
Cemeteries (Land)		5				
Country Parks		5				
Allotments		10				
Harbours/Quays		1				
Formal Recreation Grounds/Parks/Open Spaces		106				
Seafront	4	6				
Public Monuments & Memorials		5				
Total Number	159	143	8	1	17	0

* Community Assets (as per CIPFA definition)

Appendix B: Asset Management Group Terms of Reference – February 2017

Aims of the Group

1. To ensure that best use is made of the Council's assets by:
 - treating property as a strategic resource and funding its maintenance from a corporate repairs and renewals reserve;
 - reviewing operational property assets to ensure that they meet Services' current and future requirements and helping them maximise their performance in delivering Service Plans;
 - challenging the effectiveness of non-operational land and property assets to generate income and/or support economic or social development, developing clear objectives and recommending disposals or acquisitions as appropriate;
 - ensuring that all relevant reports to the Cabinet have fully addressed the property implications of any proposal;
 - in the case of s106 agreements that will potentially impact on the Council's budget due to the adoption of community facilities, acting as a consultee to the LPA, enabling the Council in a more corporate capacity to consider the full implications of the s106 agreement and identify the cost implications and management issues at a very early stage in the process; and
 - working to ensure that sufficient funds are made available so that assets can perform to their maximum potential and are maintained in the most cost effective manner.
2. To consider bids for capital expenditure and make recommendations to SMT and members, based upon the approved methodology on which bids should be supported and the level of capital contribution that should be invested.
3. To oversee the work of the Asset Transfer Group in driving forward the transfer of assets to the voluntary and community sectors where there is a sustainable business case and benefits to the local community.
4. To oversee the repairs and maintenance strategy which prioritises expenditure out of the corporate repairs and renewals reserve, based upon approved criteria and to receive reports advising of high value essential repairs and maintenance.
5. To prepare and periodically update the Property Asset Strategy that sets out the Council's aims and objectives for its operational and non-operational property, demonstrates the links to the Council's corporate priorities and Service Plans and describes how the aims and objectives will be achieved through management strategies and processes.
6. In consultation with the Cabinet Member for Finance and Performance, to decide on nominations under the Community Right to Bid for assets to listed as an "asset of community value".

Standing Agenda Items

Annually in September – to monitor the spending of s106 money that has already been paid to the Council by developers to ensure that it is spent within the required timescale and in a way that meets the requirements of the agreement.

Quarterly – to monitor progress against the approved planned maintenance programme.

Quarterly – to monitor the progress of the Action Plans relating to operational and non-operational property.

Composition of the Group

Anne Adams	Head of Property Services (Chair)
Nick Vickers	Chief Financial Officer
Caroline Frampton	Principal Accountant
Kent Parker	Estates Surveyor
Andy Jeffers	Development Manager
Martyn Cassell	Leisure and Technical Services Manager
Charlotte Hudson	Acting Head of Economy and Community Services

The Group will meet bi-monthly or at other periods determined by the Chair. However, the Group will meet at least twice in any six-month period. In the event that a Group member is unable to attend a meeting they should be represented by a substitute.

Key Outcomes

- Greater Member and officer awareness of the property implications of all decisions;
- Better use and management of property assets;
- Realisation of capital receipts through the disposal of surplus and/or underused assets;
- Enhanced corporate and strategic working;
- Opportunities for increasing income and/or reducing expenditure in the management of non-operational property are maximised;
- Clearer links between the aims and objectives of the property portfolio and the Council's key Corporate Priorities; and
- The transfer of assets to the voluntary and community sectors.

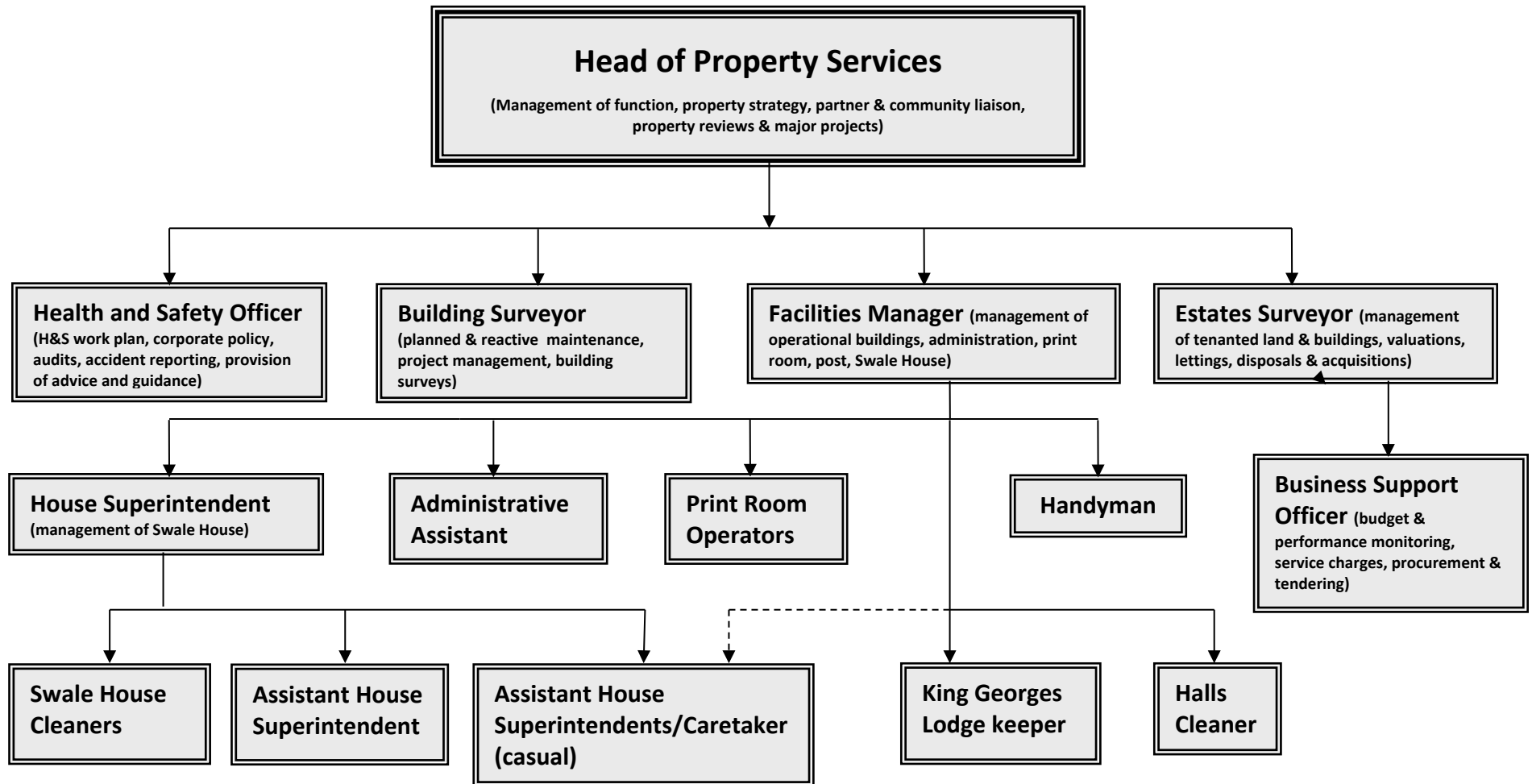
Officer and Member Reporting Arrangements

Minutes of the meetings, with action items, will be circulated *within 10 working days* to all group members, SMT and the Cabinet Member for Finance. The Group will report to SMT and Cabinet periodically as required.

Review Arrangements

Reviews will be carried out annually.

Appendix C: Property Services structure and roles





Disposals Policy – updated January 2017

1. Introduction

Purpose of policy

- 1.1 This policy sets out the relevant strategic framework and related policies concerned with the retention and disposal of Council property assets. It also provides guidance on the procedures to be followed in the disposal of Council owned property.

Definition of Disposal

- 1.2 This policy applies either where the disposal falls within the Community Asset Transfer Policy or where the disposal is the subject of a freehold transfer or a lease of no less than 99 years. All other property transactions are regarded as lettings.
- 1.3 The Community Asset Transfer Policy defines a community asset as one where community activities are the primary purpose of the asset.

Strategic context and Corporate Plan priorities

- 1.4 The disposal of assets links to some extent with all three of the Corporate Plan priority themes.
- 1.5 The 'Community To Be Proud Of' priority theme refers to the Council continuing to transfer responsibility for the management of community assets to groups of local volunteers to make the best use of them for the benefit of their communities. One of the high level objectives of this priority theme is to 'Encourage active communities and support the voluntary sector and, whilst there is a separate Community Asset Transfer Policy that covers this in greater detail, it is important that any community asset transfer also complies with the principles set out in this Disposals policy.
- 1.6 Under 'A Borough To Be Proud Of' priority theme the disposal of Council assets can also act as a facilitator to the regeneration of the town centres and elsewhere in the Borough, enhance the Borough's economic and tourism offer and protect and improve the natural and built environments.

Audit Commission statement/recommendation

- 1.7 This policy was prepared partly in response to the recommendation in the 2011/12 Annual Governance Report by the Audit Commission.
- 1.8 The report states that "The Community Asset Transfer Policy and the Council's Property Asset Strategy 2012 – 15 should be aligned to inform the Council's integrated Asset Disposal Policy." In order to respond fully to this recommendation the Community Asset

Transfer Policy was revised, the Property Asset Strategy was reviewed and updated and this Disposals Policy was added as an appendix to the Property Asset Strategy.

Localism Act

- 1.9 Part 5 of the Localism Act 2011 contains the Community Empowerment provisions. The two chapters relevant to Council owned assets are Chapter 2 (Community Right to Challenge) and Chapter 3 (Assets of Community Value).
- 1.10 The Community Right to Challenge provisions entitle relevant bodies to submit an expression of interest to deliver Council services. The disposal of a Council asset could be triggered in the event that a relevant body submits an expression of interest to deliver a Council service where the asset is an integral part of the delivery of the service.
- 1.11 The Assets of Community Value provisions entitle community groups to nominate assets in their locality to be placed on the List of Assets of Community Value. The governance arrangements in respect of this legislation have been agreed by the strategic management team and are now in place. In the event of a nomination of a Council owned asset, this could impact on the potential disposal of the asset.

Summary of relevant statutory powers and duties

- 1.12 Under the Local Government Act 1972 Section 123, local authorities may dispose of land held by them in any manner they wish subject to the provisions of that section. Under Section 123(2) a Council cannot dispose of land, unless by way of a tenancy for a term not exceeding seven years, for less than the best consideration that can reasonably be obtained except with the consent of the Secretary of State. Section 233(3) of the Town and Country Planning Act 1990 makes similar provision for local authority land held for planning purposes (to which s.123 of the 1972 Act does not apply).
- 1.13 Where the disposal is to be for less than best consideration and the 'undervalue' does not exceed £2 million, the Department for Communities and Local Government's 'Local Government Act 1972: General Disposal Consent 2003 (Circular 6/03)' removes the requirement for Secretary of State consent to be sought by local authorities where the transaction will help it to secure the promotion or improvement of the economic, social or environmental wellbeing of its area. Circular 6/03 states that local authorities should seek professional advice on the likely amount of undervalue resulting from the transaction. This will demonstrate that the Council has acted reasonably and with due regard to its fiduciary duty.
- 1.14 Sections 123(2A) of the Local Government Act 1972 and section 233(4) of the Town and Country Planning Act 1990 require a local authority wishing to dispose of 'open space' under those powers to advertise their intentions in a local newspaper for two consecutive weeks and to consider objections.
- 1.15 Where the disposal of land would involve a local authority in giving financial assistance to a privately let housing scheme (including housing association accommodation), consent is required under Section 25 of the Local Government Act 1988. Under The General Consent for the disposal of land to registered providers of social housing 2010 (as amended) local authorities may dispose of land to registered providers at less than market value for the development of housing, other than housing for outright sale.

- 1.16 Councils are recommended to have regard to what are commonly known as the 'Crichel Down' rules when disposing of surplus land under which land which was acquired by, or under threat of, a compulsory purchase order should be offered back to former owners, their successors in title or to sitting tenants. This revised non-statutory guidance is set out in Part 2 of the Memorandum to ODPM Circular 06/2004 *Compulsory Purchase and The Crichel Down Rules*.
- 1.17 All disposals need to comply with the European Commission's State aid rules. The Commission's Communication on State aid elements in sales of land and buildings by public authorities (97/C 209/03) provides general guidance on this issue. When disposing of land at less than best consideration authorities are providing a subsidy to the owner, developer and or 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 sale 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.

Officer delegations

- 1.18 Cabinet approval is required for disposals except where the authority has been delegated to the Head of Property as follows:
- (i) To deal with applications for the sale of sub-station sites;
 - (ii) To deal with applications for the sale and purchase of small areas of land where the proposed consideration does not exceed £10,000 or where the land is to be sold or purchased on behalf of Kent County Council;
 - (iii) To grant leases for less than seven years or to grant leases where the annual rent is less than £3,000.

2. Whether to dispose

Property Review Process

- 2.1 The Property Review Process is set out in section 2.7 of the Property Asset Strategy. This process is used to determine which property assets should be retained or improved in the medium to long term and which assets will no longer be needed by the Authority. The process can also be used to determine which assets should be considered for community asset transfer.
- 2.2 The strategic property review was completed in April 2014 and action plans for both operational and non-operational properties prepared. This has led to the commissioning of planning consultants to carry out a more detailed Landholdings Review focussing on those vacant and surplus assets identified for potential disposal. Following completion of this review it is anticipated that a number of sites will be released for disposal.
- 2.3 In the event that an asset unexpectedly comes forward for potential disposal and the review has not yet been carried out, this will be brought forward in the review programme to ensure that all necessary factors have been taken into consideration when making a recommendation to members regarding a possible asset disposal.

- 2.4 A key consideration in deciding whether to dispose of an asset is whether that asset has the potential to generate additional revenue income for the Council, either through development by the Council or in partnership with another organisation. This issue is discussed in greater detail within the Property Asset Strategy.

Responding to bids under Community Rights legislation

- 2.5 As stated in 1.9 above, an asset disposal could be triggered under the Community Right to Challenge legislation. In this event, the Community Asset Transfer Policy would apply and the terms of the asset disposal would need to reflect the terms of the transfer of the service.

Responding to bids from special purchasers

- 2.6 A 'special purchaser' is defined in the RICS Valuation – Professional Standards, 8th Edition as “a particular buyer for whom a certain asset has special value because of advantages arising from its ownership that would not be available to general buyers in the market.” For example a sitting tenant or an owner of adjoining land.
- 2.7 Where the Council is approached by a special purchaser who wishes to purchase Council property the Head of Property will carry out internal consultation with the relevant Heads of Service to identify any objections to disposal.
- 2.8 Where the property is held for investment (i.e. for income generation) the views of the Head of Finance will be sought on the cost-benefit analysis of the likely capital receipt or the retention of the rental income.
- 2.9 A disposal will only be recommended/agreed if it is considered by the Head of Property that the price offered by the special purchaser is above the market value (i.e. disregarding the bid of the special purchaser) and where appropriate the Head of Finance has recommended that a capital receipt will be in the Council's best interest.

Consultation process

- 2.10 Where an asset disposal will potentially impact on the local community then a community consultation will be carried out in accordance with the corporate consultation process.
- 2.11 Internal consultation will include the Head of Finance, the Head of Legal Services and the Head of Service that is occupying or receiving income from the asset.

3 When to dispose

Drivers that determine the timing of a disposal

- 3.1 Once an asset has been declared surplus to the Council's operational requirements or the review has identified it as being suitable for disposal it will be placed on the List of Assets for Disposal.
- 3.2 A programme of asset disposals will be prepared based on a number of different factors. These factors include:

- Financial considerations (the need for a capital receipt or a reduction in revenue costs)
- Property market conditions (for example, will fluctuating market conditions impact on the open market value of the asset?)
- Corporate Plan priority themes (for example, regeneration, economic and tourism development, Localism)
- Programme for Community Asset Transfer

Property market conditions

- 3.3 Property market conditions will influence whether it is an appropriate time to dispose of an asset. Minor sales of low value property will not be influenced as greatly but higher value properties should be retained until market conditions are favourable in order to maximise the income to the Council. Retention of the property must, however, be weighed against the cost of holding the property i.e. empty rates, security, insurance etc. Possible temporary alternative uses should be considered in order to reduce these costs.

Regeneration objectives

- 3.4 The contribution that the property may make towards the Council's regeneration objectives will influence whether it is an appropriate time to dispose of an asset. Following consultation with the Director of Regeneration and the Cabinet Member for Regeneration the priority for disposal will be determined based on the contribution to regeneration objectives.
- 3.5 Where it is agreed that land should be retained for its future regeneration potential the timing of disposal will be determined by other factors and should be kept under review.

4 How to dispose

Community Assets

- 4.1 There is an important distinction between the disposal of a community asset and the disposal of other Council owned assets. Where an asset is defined as a community asset (as per paragraph 1.3 above) the Community Asset Transfer Policy will apply to its disposal.
- 4.2 In the case of community assets, the disposals process involves the seeking of expressions of interest from groups interested in continuing to deliver the community activities from the asset.
- 4.3 It is also possible for a vacant building for which there is no current commercial interest (either for short term letting or disposal) to be treated as a community asset in order to achieve occupation. In this case an expression of interest process may be appropriate to identify any voluntary sector organisations that may be prepared to take a short term letting of the asset. Lettings of this nature should generally not exceed 7 years and should provide for regular rent reviews to reflect changes in circumstances.

Identification of constraints and opportunities

- 4.4 If a property has been declared 'surplus', investigations will be carried out to identify any constraints or opportunities. Some of these may have already been identified during the Asset Review Process but if necessary further consultations will be carried out with relevant

service units. These could include Legal Services, Planning, Open Spaces, Regeneration, Housing, Environmental Services.

- 4.5 The development potential or alternative uses should be considered including the benefit in obtaining planning permission prior to disposal.
- 4.6 If appropriate statutory undertakers may be consulted to determine the existence of underground services.
- 4.7 An Energy Performance Certificate will be required on the disposal or letting of commercial buildings unless an exemption applies. If the property is to be marketed then this is required prior to marketing.

Valuation

- 4.8 Advice from a suitably qualified surveyor/valuer (eg. RICS) should be obtained before the terms are finalised. This may be provided by an internal surveyor/valuer or an external valuer. An independent valuation will be obtained in the case of a complex/specialised site or where required by statute.
- 4.9 Where the disposal is for less than best consideration an independent valuation will be obtained to establish the likely level of undervalue.

Methods of disposal

- 4.10 Depending on the individual circumstances, it may be appropriate to use any of the following disposal methods:
 - Negotiation with a special purchaser (see 2.5 above)
 - Private treaty (via marketing agent)
 - Sealed bids/tender (via marketing agent or advert)
 - Expressions of interest (community assets)
 - Auction sale

Restrictive covenants/lease conditions

- 4.11 Where there is a likelihood that the asset could increase in value following its disposal as a result of a successful planning application, consideration will be given to including a restrictive covenant or claw-back provision (in the case of a freehold transfer) or a lease condition (in the case of a leasehold transfer) to enable the Council to benefit from the uplift in value. It should be noted that conditions imposed under a lease are considerably more enforceable than those imposed under a freehold disposal.

Approvals and consultation process

- 4.12 All potential disposals, unless covered by the delegated authority set out in 1.17 above, will be discussed either by the Asset Transfer Group (in the case of a community asset transfer) or by the Asset Management Group (in the case of all other asset disposals). The Group will make a recommendation which will be incorporated in a report to Strategic Management Team.

- 4.13 Discussions will also take place with the local ward member(s) and the relevant Cabinet member(s) to ensure that any local views are understood and taken into account. If appropriate, a full consultation exercise will be carried out.
- 4.14 Once approved by SMT the report will be presented to Cabinet for approval.
- 4.15 In the event that the disposal is for less than best consideration the Cabinet report will set out the level of undervalue as determined by the independent valuation described in 4.9 above. The report will also set out the criteria that members should use in order to properly appraise the proposal in a way that compares the social benefits against the financial consideration.



Community Asset Transfer Policy

Updated November 2014

1 Purpose of the policy

- 1.1 The purpose of this policy is to provide a clear framework on Community Asset Transfer (CAT). The Community Asset Transfer Policy will be reviewed every three years.

2. Definition and context of Community Asset Transfer

- 2.1. The term 'Community Asset Transfer' is defined as 'where the Council transfers land or buildings into the ownership or management of a Voluntary and Community Sector (VCS) organisation or statutory body'.
- 2.2 For the purposes of this policy, those bodies included are set out in clause 5.3 and consist of statutory parish and town councils together with properly constituted voluntary groups, charities and trusts.
- 2.3 The Policy applies to Council assets where community activities are the primary purpose of the asset, eg. community halls and allotments.
- 2.4 This policy will also apply where community assets are being managed by a VCS group under a short term lease or management agreement and a request has been received from the group for a long lease transfer. In that case, the exception set out in clause 5.11 would apply and no expression of interest stage would be required.

3. National and local policy context

- 3.1 The 2006 Local Government White Paper, Strong and Prosperous Communities, confirmed the then Government's intention to increase opportunities for community asset ownership and management.
- 3.2 The later Quirk Review, Making Assets Work, published in May 2007, found that a careful increase in the community's stake in an asset can bring a wide range of additional benefits for the community, the organisation receiving the asset, and the local authority facilitating the transfer.

- 3.3 The Government's response to this was its Empowerment Action Plan published in 2007, which included actions relating to the transfer of assets and to a programme of support for community anchors.
- 3.4 The Localism Act 2011 aims to shift power from central government back into the hands of individuals, communities and councils. It stated that: 'We want to pass significant new rights direct to communities and individuals, making it easier for them to get things done and achieve their ambitions for the place where they live'.
- 3.5 The Localism Act introduces a Community Right to Bid (Assets of Community Value) which aims to ensure that buildings and amenities can be kept in public use and remain an integral part of community life. Under the Localism legislation, voluntary and community organisations and parish councils can nominate an asset to be included in a 'list of assets of community value'.
- 3.6 Revised Best Value Guidance sets out some reasonable expectations of the way best value authorities should work with voluntary and community groups when facing difficult funding decisions.
- 3.7 The following local policy documents include reference to asset management and transfer to Voluntary and community sector organisations/partners.

Realising our Ambitions for Swale: this is the Borough's Sustainable Community Strategy which sets out our vision for the kind of place that we would like Swale to be in the future. It describes our priorities over the next twenty years, and sets out shorter term targets to focus us in the right direction.

The Corporate Plan: Localism is a priority within the Corporate Plan with a key action to '*continue to transfer responsibility for assets..... to parish/town councils and voluntary/community groups*'.

The Swale Property Asset Strategy 2012 – 2015: This document provides the overarching framework for the management of the Council's assets and incorporates the Disposals Policy and this Community Asset Transfer Policy which together address the procedures to be followed for the disposal of all Council assets, whether defined as community or non-community assets.

Volunteering Strategy: This sets out the Council's approach to supporting volunteering and the organisations, including ourselves who encourage and promote volunteering in the borough. We will work in partnership to support volunteers to make sure that they can continue to deliver vital local services, whilst also seeking to increase the variety of opportunities on offer for residents to participate in volunteering.

The Kent Partners Compact: is an agreement which brings together representatives from the public and voluntary and community sectors to encourage closer working and co-operation.

Local First Policy: This sets out our commitment to embed 'local' and 'think local first' when commissioning and procuring by integrating social value into the Council's Commissioning Framework and Procurement Strategy. The aim is to maximise the proportion of our spend that is retained locally; deliver social value in the Swale BC area; and support and enable local businesses, Town and Parish Councils and the Voluntary and Community Sector to bid for contracts and services.

3.8 This policy also reflects the recommendations set out in the 2011/12 Annual Governance Report in which it was stated that leasehold transfer should be preferred over freehold transfer.

4. Aims of Community Asset Transfer policy

4.1 The aims of the policy are to:

- (i) sustain viability and improve service provision;
- (ii) deliver sustainable solutions that are accepted, agreed, 'owned' and driven by the local community;
- (iii) increase the number of local people helping to run or own local services or assets;
- (iv) realise wider community benefits such as increased levels of volunteering, social capital and civic participation; and
- (v) improve the leverage of external funding into the local area through increased funding opportunities, encouraging economic development, and social enterprise activity.

5. Swale Borough Council Statement on Community Asset Transfer

5.1 The Council views its policy on community asset disposal positively as part of its long-term support to / engagement and partnership with the voluntary and community sector. The Council will therefore seek to implement the policy through targeted awareness raising, outreach and support to encourage town and parish councils or Voluntary and Community Sector (VCS) organisations to take on appropriate assets, linked to its wider ongoing programmes of support to the VCS.

5.2 As a result, the following principles will be applied to community asset transfer unless there are circumstances **specific to the asset** which suggests an alternative approach. Assets disposed of on the open market are dealt with in accordance with the Council's Disposals Policy.

5.3 Transfers will only take place to a statutory body (such as a town or parish council) or properly constituted group (for example, but not limited to, a Trust, Charity, Community Interest Company or Charitable Incorporated Organisation) that can demonstrate that it has a fully worked up a credible Business Plan for the asset in question. A community asset transfer will not proceed if the organisation cannot satisfy all requirements that are detailed in the Community Asset Transfer Assessment.

5.4 Transfers will normally be in the form of a lease of up to 125 years in order to manage the risk of the few asset transfers that will fail. There is no evidence to suggest that an organisation will be at any disadvantage (eg. reduced access to funding opportunities) with a leasehold transfer. This ensures that:

- the council retains the ability to have influence over the future use of the asset in the event that it is no longer needed for community use; and
- there is a straightforward and low cost 'exit strategy' in the event that the body taking over the asset fails as the asset will automatically revert to the council.

5.5 While being clear that assets will normally be transferred on a 125-year leasehold basis as described in paragraph 5.4 above, the Council does not wholly exclude the possibility of longer or shorter leases or different forms of tenure, in exceptional circumstances. It is not possible to determine in advance what could constitute an exceptional circumstance, and the onus will be clearly on the applicant to make the case. This will generally be expected to be by reference to the specific attributes of the asset in question, and it will be necessary for the applicant to **demonstrate** the additional community benefits and any additional financial and non-financial considerations which would result from deviating from the standard 125-year leasehold transfer.

5.6 Where an application for a non-standard transfer is made (that is, one for a term of other than 125 years), the Council will consider the application on its merits, balancing the applicant's case and proposal with the interests of the wider community the Council represents. The Council reserves the right unilaterally to reject any application for a non-standard transfer on the grounds that in its view the wider community interest would not be well served. In the exceptional event that a form of tenure other than leasehold is entered into, a 'clawback' or 'asset lock' provision will be placed as a legal condition on the transfer. (An asset lock provision applies to community interest companies and prevents an asset from being used for private gain rather than the stated aims of the organisation.)

5.7 The Council will seek to ensure that any asset transfer is sustainable in the long term by ensuring that the terms and conditions imposed upon the organisation are not unduly onerous, but are reasonable and affordable within the resources available.

5.8 Financial support provided to the organisation will be decided on a case-by-case basis but will consider the following principles:

- it will be based on existing budgets for the asset;
- any additional funding will be determined through the Council's normal budget process and prioritised against other growth bids;
- funding to support the organisation will decrease year on year;
- except in very exceptional circumstances, no community asset transfer will be made if the cost after transfer exceeds the cost of retaining the service in-house.
- any warranty provided will be fixed in relation to the term and amount.
- any rent charged under the lease will be determined on a case-by-case basis and may range from nominal (£1 per annum if demanded) up to a full market rent. The assessment of rent will take account of both financial and community benefit

considerations and will be clearly set out in the report to Cabinet or the Cabinet Member seeking approval to the transfer.

- The lease will normally contain a rent review clause that allows the Council to review the rent after the first three years of the term and thereafter at five yearly intervals in the event that a commercially viable and profitable operation is taking place from the asset. Finance will be consulted on the VAT implications of all rent reviews prior to final agreement.

5.9 Where the Council directly employees staff to work at the asset, then both the Council and the organisation will adhere to the Transfer of Undertaking (Protection of Employment) Regulations (TUPE).

5.10 All issues related to financial support and support in kind, arrangements related to staffing, and service expectations (where relevant) will be captured in a Partnership Agreement, to be concluded prior to transfer taking place. This will also include any appropriate monitoring arrangements.

5.11 All proposed Community Asset Transfers will be advertised on the Swale Borough Council website requesting Expressions of Interest. However, the Council may choose not to carry out an Expression of Interest process where:

- The asset is already occupied by a VCS organisation who has occupied the asset for three or more years and has fully complied with the terms of the tenancy/lease; and either
- The organisation has invested a capital sum in the asset that has had a significant impact on the quality of the asset or service being delivered; or
- A constituted group has been set up through a community engagement exercise with the express purpose of managing the asset.

5.12 The Council will comply with the principles of the Kent Partners COMPACT.

5.13 The Council will at all times respect the independence of the organisation.

5.14 The Council will seek to ensure that any asset transfer is sustainable and will work with the organisation to develop its capacity and provide support and guidance.

6. Heritage Assets

6.1 For the purposes of this policy the definition of “heritage asset” used by English Heritage is deemed to apply, as follows:

“A building, monument, site, place, area or landscape identified as having a degree of significance meriting consideration in planning decisions, because of its heritage interest. Heritage asset includes designated heritage assets and assets identified by the local planning authority (including local listing).”

6.2 In the case of heritage assets, the Council will not grant a 125 year lease unless it is satisfied that the group will be able to comply with its statutory duty to keep the asset in repair for the duration of the lease term.

6.3 If the Council has any concerns about this, it will grant a lease of no more than 25 years and may retain responsibility for the external and structural repair of the asset.

7. The Community Asset Transfer Process

7.1 In order to assess and deliver a Community Asset Transfer a process has been developed to assist both the VCS organisation wishing to take on a Community Asset and the Council officers currently managing that asset.

7.2 In assessing proposals for asset transfer, the Council will attempt to measure the relative benefits and risks of the available options in order to inform its decision-making. It will also relate these benefits to wider Council priorities.

7.3 Asset transfer decisions are essentially a choice between:

- the Council continues to manage the asset; or
- Community Asset Transfer to a statutory group or VCS organisation; or
- commercial tender of the asset; or
- commercial disposal of the asset and alternative service provision made or the service ceases.

7.4 The stages of asset transfer should provide a clear reference and test of a proposed asset transfer against the principles and processes outlined in this policy. It should be integral to the stages involved in an asset transfer project and provide the basis for decision-making on a proposed transfer. The stages will generally include:

- The organisation must be a statutory body or properly constituted group,
- A sustainable business case has been demonstrated which includes any impact on SBC's budget,
- The organisation has the skills and experience to run the asset and/or the level of support required has been assessed,
- The organisation has appropriate policies in place,
- A valuation of the asset has been carried out (see section 9 below),
- Draft Heads of Terms have been negotiated,
- There is an appropriate decision making process (see section 8 below),
- Lease / Grant agreement is agreed.

7.5 The council will endeavour to work to an agreed and appropriate timescale for asset transfer completions.

8. Approvals and consultation process

- 8.1 All community asset transfers will be discussed by the Asset Transfer Group who will make a recommendation to the Cabinet Member for Finance and Performance following consultation with the Asset Management Group, SMT, local ward members, the relevant Cabinet members and heads of service and the section 151 officer.
- 8.2 Unless it is a key decision or crosses two portfolios and if considered appropriate, the decision may be taken under the delegated authority of the Cabinet Member for Finance and Performance. However, using their discretion, the Cabinet Member may choose to take a report to Full Cabinet. In most cases it is anticipated that the decision will cross two portfolios and will therefore be taken by Cabinet.

9. Valuations

- 9.1 In normal circumstances a valuation of the asset will be carried out. In the case of certain assets that may have an alternative non-community use (resulting in a potentially higher land value) an independent valuation will be obtained that sets out the “under-value” – that is the difference between the **restricted** market value (of the asset in community use and subject to the proposed terms of transfer) and the **unrestricted** market value (of the asset in some alternative use without any restrictions imposed by way of proposed transfer terms).
- 9.2 Where the asset has no alternative use, an internal valuation will be carried out. In this case the market value will be based on its existing community use only which in most circumstances will be low.
- 9.3 In certain circumstances there may be no need for a valuation if it does not involve the transfer of any benefits or liabilities to the Council - for example, where the asset transfers in a back-to-back transaction from a developer to a community group via the Council. This is to be agreed by the s151 officer.



Acquisitions Policy

1. Introduction

Purpose of policy

- 1.1 This policy sets out the relevant strategic framework and related policies concerned with the acquisition of property assets either freehold or leasehold. It also provides guidance on the procedures to be followed in the acquisition of property assets.

Strategic context and Corporate Plan priorities

- 1.2 There are three main drivers that will determine whether an asset should be acquired:

- Its contribution towards the provision of the Council's services and/or delivery of corporate aims
- Strategic acquisition for regeneration, development or redevelopment purposes
- Revenue income generation

- 1.3 Other reasons for acquisition may be:

- For economic development purposes
- To provide homeless accommodation
- To consolidate land ownership e.g. Minster Cliffs Open Space
- To improve performance of any investment portfolio
- Other exceptional circumstances.

Investment Strategy

- 1.4 In accordance with the Council's Capital Strategy in considering investing in assets there are two overriding principles to be applied:

- Minimising the cost to the revenue budget - given the continued reductions in local government financing there is no scope within the revenue budget to meet debt charge costs; and
- Strategic impact - if the Council is going to invest in property it needs to support wider Council objectives around regeneration of the borough and creating new employment. This means there needs to be additionality in-terms of the wider economic benefits eg higher business rates.

Summary of relevant statutory powers and duties

- 1.5 Section 120 of the Local Government Act 1972 provides the power for acquisition of land by agreement (whether inside or outside their area) for the purpose of:
- Any of their functions under this or any other enactment, or
 - The benefit, improvement or development of their area.
- Acquisition can take place notwithstanding that the land is not immediately required for that purpose.
- 1.6 Section 12 of the Local Government Act 2003 provides a general power to invest (a) for any purpose relevant to its functions and (b) for the process of the prudent management of its financial affairs.
- 1.7 Section 1 of the Localism Act 2011 introduced a new General Power of Competence. Under the provision a local authority has power to do anything that individuals generally of full legal capacity may do. The Act is drawn very widely and includes reference to commercial activities and does not have to be in benefit of the local authority's area.
- 1.8 Compulsory Purchase powers may be used as a means of acquiring land for a specific purpose, if the land owner is not willing to sell by agreement. It is commonly used where the Council has need of land or site for major Schemes which have an impact on the Community. Any CPO would require the approval of full Council following a recommendation by Cabinet.

Officer delegations

- 1.9 The Head of Property Services has the following delegated powers in regard to property acquisitions:
- To finalise negotiations in the case of confirmed Compulsory Purchase Orders.
 - To deal with applications for the sale and purchase of small areas of land where the proposed consideration does not exceed £10,000 or where the land is to be sold or purchased on behalf of Kent County Council.
 - To retain agents to advise upon terms for sales, leases, purchases, easements, compensation claims and similar matters or otherwise in connection therewith.
 - To carry out site investigation where he/she considers it necessary whether upon commencement of negotiations or acquisition or otherwise.
- 1.10 With regards to bullet point 2 above, at the next scheduled review of officer delegations it is proposed to recommend that the figure be increased to £30,000 and that the delegation be amended to cover all assets and not just small areas of land.

2. Whether to acquire an asset

Market Research

- 2.1 Once a need to acquire property has been identified, or an opportunity arises in accordance with the overriding principles at 1.4, market research will be carried out by the Head of Property Services, in consultation with the Chief Financial Officer and the Asset

Management Group, to establish whether suitable land or property is available on the market to fulfil this need.

2.2 Criteria against which any decisions are made in respect of an acquisition will include, where appropriate:

- Price
- Condition of property / land
- Planning policy
- Development constraints
- Availability (in terms of timing)
- Nature of tenure being offered (freehold or leasehold)
- Occupational tenancies/vacant possession
- Locational advantages (where a strategic acquisition is under consideration)
- Return on investment (where a revenue generating asset is being considered)
- Restrictive covenants / easements
- Costs in-use for premises for Operational purposes
- Cost to build, adapt or improve any premises and other costs relevant to the purpose
- Meeting the Council's strategic priorities as outlined in the Local Plan, Property Strategy and/or other Strategies
- Conditions around the spending of any commuted sums (in lieu of a s106 agreement) for acquisitions
- The powers under which the Council is acquiring the asset which will influence future uses, and where the asset sits within the Council.

2.3 Where a number of potentially suitable properties exist in the marketplace, robust comparisons will be made to establish which is the most suitable for the Council's needs using the criteria set out in paragraph 2.4 et seq.

Financial considerations

2.4 When a suitable property or site has been identified, a financial/feasibility appraisal will be carried out to establish the financial/budgetary implications of acquiring the asset at the quoted asking price. The advice of Finance will be sought regarding the financing of the acquisition and current rates of interest on capital invested, to enable the opportunity cost of the acquisition to be fully assessed. The Chief Financial Officer will undertake a financial appraisal, taking into account the following matters, where appropriate:

- The capital cost of acquisition and relevant expenditure
- The opportunity cost of acquisition
- Any revenue, or potential revenue, generated from the asset, both short and long term
- Availability of external funding sources
- Internal resourcing required
- Development procurement options including joint ventures
- Risk assessment
- The cost, in asset management terms, of owning the property or site, including:
 - Immediate maintenance/refurbishment requirements
 - Demolition costs, if appropriate
 - Adaptation requirements
 - Ongoing maintenance/life cycle costs

- National non-domestic rates including empty rates liability
- Insurance
- Council Tax
- The overall effect of the expenditure on the Council's budgetary position.

2.5 Appropriate external support will be sought where necessary.

Consultation process

- 2.6 The draft proposal, setting out the reasons for the acquisition, together with the business case and any other pertinent details (including valuation), should be presented to the Asset Management Group for endorsement to proceed with negotiations.
- 2.7 Any formal offer to acquire an asset must be approved by SMT, the Chief Financial Officer and the Cabinet Member for Finance and Performance. Any capital expenditure should also be included in the Council's Capital Programme prior to any commitment being made.

Property market conditions

- 2.8 Consideration should also be given to the current property market conditions and whether this should influence the decision to purchase. For example, it may be considered that certain property acquisitions should not take place during a downturn in the market (either locally or nationally) or period of recession.

3. Acquisitions process

Community Assets

- 3.1 Certain community assets may be acquired under planning agreements rather than acquisition by agreement or compulsory purchase. These acquisitions are not within the scope of this policy.

Identification of constraints and opportunities

- 3.2 Prior to purchasing, appropriate investigations will be undertaken into matters relating to:
- The legal title of the property
 - Planning and Building Regulation compliance for the existing use and proposed purpose, including the potential designated use in the Local Plan.
 - Other relevant statutory consents
 - Contamination and other environmental factors
 - Existing construction and Mechanical and Electrical plant

Valuation

- 3.3 Valuation advice will be provided by the District Valuer or other suitably qualified surveyor (RICS). Appropriate informal advice shall be obtained prior to that to assist with assessing options and recommendations.
- 3.4 Where an acquisition is in respect of a major or complex site, additional independent valuation advice may also be sought. Independent advice is to provide a safeguard for the propriety of the Council's transaction. The advice may include assistance with negotiations with the vendor.
- 3.5 Where independent advice suggests that the true Open Market Value of the property is below, or equivalent to, the asking price and / or there are overriding factors which justify the purchase, a report shall be prepared for Cabinet by the Head of Property Services, in consultation with the Chief Financial Officer, seeking approval to continue with the proposed acquisition.
- 3.6 Where the acquisition is to be by way of a long lease, Finance will be specifically consulted to assess the implications regarding VAT, Capital Controls and Treasury Management.

Negotiations

- 3.7 Negotiations will be commenced with the vendor by a suitably qualified surveyor (RICS) acting under the instruction of the Head of Property Services.
- 3.8 Where the sale is by auction or tender, bids will be formulated as appropriate.
NB. Any recommendations by the third party carrying out either the valuations and/or the negotiations must be included in any reports that are presented to the Asset Management Group, Cabinet, Council and/or the Chief Financial Officer.

Approvals process

- 3.9 Unless covered by officer delegated powers, Cabinet approval for acquisitions will be required. For acquisitions below £100,000, provided that a budget has been identified, a formal offer will be made and purchase agreed subject to Cabinet approval.
- 3.10 Following preliminary investigations and where the possibility of an acquisition has been established at a capital value of £100,000 or more, or a periodic payment of £20,000 or more per annum, the Head of Property Services and the Chief Financial Officer will prepare a report for Cabinet to obtain agreement in principle to proceed, identifying a budget for the acquisition, prior to a formal offer being made.
- 3.11 Any offer to the vendor, subject to the financial limits described in 3.10, will be made "*subject to contract, Cabinet approval and, where appropriate, survey*" and a report will be prepared for the next Cabinet by the Head of Property Services and the Chief Financial Officer recommending acceptance of the acquisition.

Exceptions

- 3.12 In exceptional circumstances, where time is of the essence, the Chief Executive, acting on the advice of the Chief Financial Officer, and in consultation with the Leader of the Council, may make offers to acquire land and property of a value in excess of £100,000 in

accordance with, and to give effect to, the Council's strategies and corporate aims (subject to a report being prepared for the next Cabinet by the Chief Executive). In this situation, the emergency provisions within the Constitution would be invoked.

Compulsory Purchase

- 3.13 The Council may consider, where appropriate the acquisition of land through its compulsory purchase powers. The Chief Financial Officer will be notified at the earliest opportunity and prior to any action, when consideration is being given to acquisition in this way.

Cabinet		Agenda Item: 6
Meeting Date	15 March 2017	
Report Title	Financial Management Report – April – December 2016	
Cabinet Member	Cllr Duncan Dewar-Whalley, Cabinet Member for Finance & Performance	
SMT Lead	Nick Vickers, Chief Financial Officer	
Head of Service	Nick Vickers, Chief Financial Officer	
Lead Officer	Phil Wilson, Financial Services Manager	
Key Decision	Yes	
Classification	Open	
Forward Plan	Reference number:	
Recommendations	<ol style="list-style-type: none"> 1. To note the net revenue underspend on services of £716,590 (including £785,000 additional income), a proposed rollover of specific grants of £67,620 leaving a projected net underspend of £648,970 for 2016/17. 2. To note the capital expenditure of £1,581,600 to end of December 2016. 3. To note the projected capital underspend of £502,000. 4. To earmark capital receipts of £100,000 for Minster Churchyard wall as detailed in paragraph 3.13. 5. To approve the funding for three capital schemes as detailed in paragraph 3.13. 	

1. Purpose of Report and Executive Summary

1.1 This report shows the revenue and capital projected outturn activity for 2016/17 as at the end of December 2016. The report is based on service activity up to the end of December 2016 and is collated from monitoring returns from budget managers.

1.2 The headline figures are:

- Total forecast revenue underspend of £716,590;
- £67,620 rollover of specific grants;
- Capital expenditure of £1,581,600;

- Projected capital expenditure variance £502,000 as a result of deferred projects.

2. Background

- 2.1 The Council operates a monthly budget monitoring process at Head of Service level, which reports each month to the Strategic Management Team.
- 2.2 Financial monitoring reports are presented to Cabinet on a quarterly basis, as well as to Scrutiny Committee.

3. Proposals

Revenue Outturn

- 3.1 As at the end of December 2016 the total forecast revenue underspend is £716,590. The last reported variance to Cabinet in December 2016 (to end of period 6 - September) was an underspend of £617,700. This represents a movement of £98,890.
- 3.2 There are a number of service movements within the projected revenue outturn, and the most significant of these are summarised below in Table 1.

Table 1: Service Movements

Service/Contract	Reason for Variance	Working Budget £'000	Projected Variance (period 6) £'000	Projected Variance (period 9) £'000
Additional Income – Fees & Charges set by SBC:				
Parking	Additional income from parking fees and season tickets	(1,675)	(257)	(257)
	Offset by net overpayments (reduced income)	(60)	-	41
	Parking Permits	(97)	(20)	(20)
Recycling & Waste Management & Street Cleansing	Additional income from garden waste collections (brown bins)	(368)	(20)	(33)
	Bulky Waste Collection	(57)	-	(20)
Cemeteries	Additional income	(115)	-	(4)
Sea Front	Memorials	(1)	(5)	(5)
Sea Front	Beach huts	(8)	(6)	(14)

Service/Contract	Reason for Variance	Working Budget £'000	Projected Variance (period 6) £'000	Projected Variance (period 9) £'000
Highways	Street Naming & Numbering additional income	(15)	(37)	(27)
Legal	Additional income from S106 fees	(29)	(28)	(65)
Other		(67)	(3)	(11)
Other Income:				
Corporate Items	Additional external investment interest income	(93)	(134)	(104)
Parking	PCN's	(251)	(20)	(20)
Planning	Fees – Additional planning income	(672)	(105)	(254)
Community Safety	Community Budgets – Complex Needs – Grant	-	-	(36)
Environment	Fixed Penalty Notices – net	(3)	-	(20)
Policy	Sustainable Sheppey – additional grant	-	-	(16)
Recycling & Waste Management & Street Cleansing	Special collections and sale of litter bins	(25)	(10)	(15)
Loss Income - Fees & Charges set by SBC:				
Planning	Pre-application advice	(60)	25	30
Land Charges	Loss of income	(221)	-	30
Recycling & Waste Management & Street Cleansing	Sale of residential wheeled bins	(21)	-	5
Planning	S106 Monitoring Fees	(65)	25	30
Total Net Income			(595)	(785)
Procurement/Shared Service Savings:				
Refuse Collection/Street Cleansing	Street Cleansing Contract	884	(53)	(46)
	Refuse & Recycling Contract	2,401	(50)	(58)
Leisure & Sport	Net contract savings	226	(9)	(9)
Parking	Debt recovery service	-	-	-
Planning/land charges MKS	Reduced MKS costs	251	(22)	(30)

Service/Contract	Reason for Variance	Working Budget £'000	Projected Variance (period 6) £'000	Projected Variance (period 9) £'000
Legal	Additional costs to SBC – MKLS	(1,040)	28	65
HR Shared Service	Secondment income	254	-	(20)
Audit Shared Service	Additional shared service costs	157	1	1
Benefits	Fraud Prevention savings	93	(50)	(50)
Public Conveniences	Net contract savings	250	(7)	(4)
Other		-	-	(8)
Total Procurement/Shared Service Savings			(162)	(159)
Additional Costs:				
Homelessness	Net Bed and Breakfast budget	111	176	173
Parking	Grounds maintenance	12	30	38
	Road Lining	2	-	15
	Park & Ride	-	-	15
Property	Rates	-	-	26
Commissioning & Contracts	Purchase of wheeled bins	62	40	40
	Clean Kent overspend Highways	5	10	10
Corporate	Sittingbourne Master Plan – Legal Costs	-	10	30
HR	Lump Sum Regular User	-	-	12
Planning	Court Costs	-	82	82
	Consultants Costs re defending appeals	-	-	35
Legal	External Legal Fees	35	36	66
Total Additional Costs			384	542
Underspends:				
Salaries	Net Employee Costs (variance represents 1.1% of budget)	12,830	(144)	(108)
Markets	Savings on rates	25	-	(17)
Learning & Skills	Adjustment to business support contract and KCC grant roll forward	79	-	(37)

Service/Contract	Reason for Variance	Working Budget £'000	Projected Variance (period 6) £'000	Projected Variance (period 9) £'000
Parking	Resurfacing	10	-	(10)
Highways	General Improvement Areas	(16)	-	(14)
Council Tax Collection	Court Costs	24	(9)	(9)
Homelessness	Homelessness Prevention Service	74	(30)	(40)
Homelessness	Homeless Hostel	-	(35)	(35)
Corporate Items	Bad Debts Provision	-	(30)	(30)
Total Underspends			(248)	(300)
Other Net Overspends/Underspends			3	(15)
Total Variance			(618)	(717)
Movement				(99)

3.3 Table 2 below shows the outturn position by service. The line-by-line variations are explained in Table 3.

Table 2: Underspend by Service

	Service Manager	Working Budget £	Projected Outturn 2016/17 £	Projected Variance £
Chief Executive	M. Radford	265,810	243,100	(22,710)
Policy	D. Clifford	213,860	189,610	(24,250)
Economy & Communities	C. Hudson	2,104,880	1,939,640	(165,240)
Communications	S. Toal	274,170	261,170	(13,000)
Resident Services	A. Christou	1,643,600	1,591,150	(52,450)
Planning	J. Freeman	1,056,940	1,115,980	59,040
Commissioning & Customer Contact	D. Thomas	5,725,260	5,285,510	(439,750)
Director of Corporate Services & Director of Regeneration	E. Wiggins	400,240	405,570	5,330
Information Technology	C. Woodward	1,090,540	1,082,940	(7,600)
Audit	R. Clarke	156,990	157,840	850
Environmental Health	T. Beattie	515,790	513,770	(2,020)
Finance	N. Vickers	1,405,140	1,400,580	(4,560)
Human Resources	D. Smart	371,150	363,080	(8,070)
Legal	E. Culligan	395,640	462,030	66,390
Democratic Services	K. Bescoby	931,640	923,880	(7,760)
Property	A. Adams	801,000	788,920	(12,080)
Variances to be met from underspend		0	30,000	30,000
Corporate Items		1,188,350	1,069,640	(118,710)
SERVICE EXPENDITURE		18,541,000	17,824,410	(716,590)
Rollover Specific Grants (Appendix A)		0	67,620	67,620
NET REVENUE SERVICE EXPENDITURE		18,541,000	17,892,030	(648,970)
Financed by:				
Revenue Support Grant		(2,086,000)	(2,086,000)	0
Business Rates		(5,682,000)	(5,682,000)	0
New Homes Bonus		(3,482,000)	(3,482,000)	0
Collection Fund Surplus		(261,000)	(261,000)	0
Council Tax Requirement		(7,030,000)	(7,030,000)	0
CONTRIBUTION TO GENERAL FUND - PERIOD 9		0	(648,970)	(648,970)
CONTRIBUTION TO GENERAL FUND - PERIOD 6		0	(617,700)	(617,700)

Table 3: Main Variations by Service

Projected Net (Under)/Overspend / Income Shortfall as at end of December 2016		
Service – Cabinet Member (Head of Service)	£'000	Explanation
CHIEF EXECUTIVE – Cllr A. Bowles (Mark Radford)		
Chief Executive & Corporate Costs	(23)	£3k underspend on corporate costs. £20k salary savings.
Policy	(24)	£8k net staff costs savings. £16k Sustainable Sheppey additional grant received.
TOTAL	(47)	
ECONOMY AND COMMUNITIES – Cllrs A. Horton, D. Simmons, M. Cosgrove, A. Bowles, D. Dewar-Whalley and K. Pugh (Charlotte Hudson)		
Environmental	(20)	The new Environmental Initiatives were expected to be cost neutral as they are funded directly from ring-fenced Fixed Penalty Notice payments however may return excess income of £20k. (Will request to roll into 2017/18.)
Closed Circuit Television	5	£3k Loss of income on third party CCTV contracts. £2k loss of partner contribution. (Note: use of Reserves will fund £15k other expenditure in year.)
Community Halls and Centres	(3)	£10k saving on Alexander Centre, additional funding not required. £4k overspend - funding required for additional spend on The Meads Community Centre. £3k overspend on utilities and rates re continued use of Quinton Hall.
Local Engagement Forum Grants	–	Note: use of Reserves will fund £1k expenditure in year.
Community Safety	(56)	£15k Net salary costs savings (officer acting up) (will request to roll £4k into 2017/18 for Community Cohesion projects.) £36k Complex Needs ring-fenced grant underspend. (Will request to roll into 2017/18 – to support local delivery of the Troubled Families grant through the Behaviour Support Contract and work to reduce those Not in Education, Employment or Training (NEET). £5k Community Safety Partnership ring-fenced grant underspend. (Will request to roll into 2017/18.)

Projected Net (Under)/Overspend / Income Shortfall as at end of December 2016		
Service – Cabinet Member (Head of Service)	£'000	Explanation
Community Services	–	Note: use of Reserves will fund £3k expenditure in year.
Economy & Community Services	(10)	Salary costs savings (officer acting up).
Youth	(4)	Expenditure not incurred on projects. (Will request to roll into 2017/18.)
Learning, Business & Skills	(36)	<p>£20k savings from reduced take-up of business support service, change in future provision of business support service and more cautious approach to marketing apprenticeships. The promotion of apprenticeships has, this year, been primarily through direct discussion and engagement with employers and schools, with more limited media marketing. This is a consequence of uncertainty about the national approach to apprenticeship funding, which changes in April 2017, which will have significant impacts for employers. The most recent guidance was released on the 23 January. These details will inform how the marketing of apprenticeships to employers in particular should be framed to encourage take-up.</p> <p>£7k KCC ring-fenced grant underspend. (Will request to roll into 2017/18.)</p> <p>£3k 'Pop Up Shop' ring-fenced grant underspend. (Will request to roll into 2017/18.)</p> <p>£6k additional income as contribution for apprentices.</p>
Regeneration	(8)	<p>£4k underspend Coastal Communities Fund ring-fenced grant.</p> <p>£4k underspend High Street Innovation Fund ring-fenced grant. (Will request to roll both into 2017/18.)</p>
Arts Events & Activities	(9)	<p>£5k underspend on WWI remembrance and commemoration.</p> <p>£4k underspend on WWI projects (anticipate more activity in 2017 and 2018). (Will request to roll into 2017/18.)</p>
Markets	(17)	<p>Savings on rates (currently being reviewed by Ratings Officer).</p> <p>Anticipated additional specialist markets on Saturday may generate additional income.</p>

Projected Net (Under)/Overspend / Income Shortfall as at end of December 2016		
Service – Cabinet Member (Head of Service)	£'000	Explanation
Sports Development	(7)	Underspend. (Will request to roll into 2017/18 for Satellite Club funding.)
TOTAL	(165)	(£59,050 will be requested to roll over into 2017/18 of unspent ring-fenced grants – refer to Appendix II).
COMMUNICATIONS, PRINTING, ADVERTISING & PROMOTION – Cllr A. Bowles (Sara Toal)		
Communications	(13)	Savings arising primarily from long-term sick leave and staff vacancy.
TOTAL	(13)	
RESIDENT SERVICES – Cllr K. Pugh and Cllr D. Dewar-Whalley (Amber Christou)		
Housing Development and Strategy	4	£4k net staff costs underspend.
Private Sector Housing	(6)	£3k fines additional income. £1k mileage underspend. £2k net other savings and income.
Housing Options	119	£173k costs over budget on the Bed & Breakfast budget due to increased demand. £40k reduced expenditure on Homelessness Prevention services due to lack of available rented housing. £35k underspend for homeless hostel budget. £2k reduced income government homelessness grant. £5k net overspend miscellaneous costs and income. (Note: use of Reserves will fund £22k other expenditure in year.)

Projected Net (Under)/Overspend / Income Shortfall as at end of December 2016		
Service – Cabinet Member (Head of Service)	£'000	Explanation
Housing Benefit and Council Tax Collection	(143)	<p>£90k projected staff costs net saving/additional income (including £32k re maternity leave, £33k officer acting up and £20k vacant hours). (At the end of year it will be requested that of these savings £88k are rolled into the Council Tax / Housing Benefits Reserve.)</p> <p>£50k projected underspend on the Fraud Partnership shared service.</p> <p>£28k additional fees & services costs.</p> <p>£15k additional income DWP Universal Credit. (At the end of year it will be requested that this is rolled into the Council Tax / Housing Benefits Reserve 0475/.)</p> <p>£9k court costs savings.</p> <p>£6k net underspend re travel costs.</p> <p>£2k overspend for grants.</p> <p>£3k net other additional savings.</p> <p>(Note: use of Reserves will fund £6k other expenditure in year.)</p>
Council Tax Benefit	(12)	£12k recovery of Council Tax Benefit overpaid.
Stay Put Scheme	(14)	<p>Net savings and additional income including £20k Disabled Facilities Grant fee income.</p> <p>(Note: use of Reserves will fund £5k other expenditure in year.)</p>
TOTAL	(52)	
PLANNING – Cllr G. Lewin (James Freeman)		
Building Control	(3)	Saving on Building Control shared service.
Development Control	(61)	<p>£257k additional planning fee income</p> <p>£77k additional expenditure on court costs as a result of planning appeals</p> <p>£50k additional expenditure on consultancy, advice and assessment costs related to appeals</p> <p>£6k overspend for enforcement salaries</p> <p>£3k additional miscellaneous expenditure</p> <p>£30k loss of income – pre-application planning advice</p> <p>£30k loss of income – S106 developers fees</p>

Projected Net (Under)/Overspend / Income Shortfall as at end of December 2016		
Service – Cabinet Member (Head of Service)	£'000	Explanation
Development Services	110	£20k additional spend on Development salaries. £90k additional spend on agency and contract staff as a result of high level of planning applications etc.
Local Land Charges	30	£30k loss of local land charges income due to changes in Government regulations.
Local Planning & Conservation	7	£7k additional consultancy costs to handle increased workload.
Mid Kent Planning Service (MKPS)	(24)	£24k underspend on MKPS.
TOTAL	59	
COMMISSIONING & CUSTOMER CONTACT – Cllr D. Simmons and Cllr A. Horton (Dave Thomas)		
Commissioning & Customer Contact, Client & Amenity Services and Customer Service Centre	(59)	£53k net staff costs savings (including £28k officer acting up elsewhere and £18k staff absence/vacant post). £3k mileage costs savings. £3k net savings miscellaneous other costs.
Cemeteries and Closed Churchyards	(4)	£4k additional net internment income. (Note: use of Reserves will fund £18k other expenditure in year.)
Parking Management	(196)	£250k additional net pay & display fees, offset by £38k additional grounds maintenance costs being carried out to maintain public safety. £20k additional income Penalty Charge Notices. £20k additional income parking permits. £15k associated costs re 'park & ride' schemes. £10k season tickets additional income. £40k reduced income from parking overpayments due to changes in parking fees. £11k additional miscellaneous overspends

Projected Net (Under)/Overspend / Income Shortfall as at end of December 2016		
Service – Cabinet Member (Head of Service)	£'000	Explanation
Seafront and Harbour & Quays	(13)	£14k additional beach huts income. £4k additional memorials (benches etc.) income. £3k reduced casual mooring fees income. £5k additional income property rent. £3k overspend non-contract grounds maintenance. £4k net overspend other miscellaneous costs.
Leisure, Sports, Open Spaces, Parks, Countryside and Allotments	(9)	£11k recharged energy costs additional income re Central House. £2k Serco credit sale agreement saving (repayments lower than budgeted). £2k net reduced income for fees, charges and rent. £2k net other miscellaneous costs. (Note: use of rollover from 15/16 will fund additional expenditure on Consultancy advice, non-contract Grounds Maintenance, play equipment maintenance and equipment purchase.)
Cleansing	(2)	Net staff costs savings.
Recycling & Waste Minimisation	(34)	Net Garden Waste bins and recycled scrap metal additional income.
Refuse Collection / Street Cleansing/ Public Conveniences	(83)	£107k net estimated contract costs and contract variation savings due to lower indexation increases than forecast. £40k extra expenditure on provision of wheeled bins. £5k wheeled bins lower sales income. £24k net special collections, litter bins and bulky waste additional income. £10k spend on Kent Resource Partnership project budget contribution. £4k Public Conveniences rates savings. £3k miscellaneous other net savings.
Highways SBC	(41)	£27k street naming and numbering additional income. £14k underspend, including £9k ring-fenced grant, re Leysdown Rose Tinted scheme, spending not achievable. (Will request to roll into 2017/18.)

Projected Net (Under)/Overspend / Income Shortfall as at end of December 2016		
Service – Cabinet Member (Head of Service)	£'000	Explanation
Grounds Maintenance	1	Reduced recovery of costs.
TOTAL	(440)	(£8,570 will be requested to roll over into 2017/18 of unspent ring-fenced grants – refer to Appendix II).
DIRECTOR OF CORPORATE SERVICES – Cllr D. Dewar-Whalley (Mark Radford)		
Corporate Costs	0	Nil variance.
Licensing	0	Nil variance.
TOTAL	0	
EMERGENCY PLANNING – Cllr A. Bowles (Della Fackrell)		
Emergency Planning	3	Minor variance.
TOTAL	3	
DIRECTOR OF REGENERATION – Cllr M. Cosgrove (Emma Wiggins)		
Strategic Director	2	Minor variance.
TOTAL	2	
IT SERVICES – Cllr D. Dewar-Whalley (Chris Woodward)		
IT MKS	(12)	Variance on the GIS service
IT Client side	4	Minor overspend
TOTAL	(8)	
ENVIRONMENTAL HEALTH – Cllr. D. Simmons (Tracey Beattie)		
Environmental Health MKS	(2)	£3k Additional income expected from food safety training and increase in tattooing registrations. £7k Additional cost due to increased cost from Port of London for sampling and monitoring and additional mileage expenses. £6k other net savings.
TOTAL	(2)	
INTERNAL AUDIT – Cllr D. Dewar-Whalley (Rich Clarke)		
Audit Services	1	Small increase in the recharge for the MKS Audit service due to new pay scales at Maidstone Borough Council.
TOTAL	1	
FINANCE – Cllr D. Dewar-Whalley (Nick Vickers)		
Financial Services	(4)	Minor variances.
TOTAL	(4)	

Projected Net (Under)/Overspend / Income Shortfall as at end of December 2016		
Service – Cabinet Member (Head of Service)	£'000	Explanation
HUMAN RESOURCES – Cllr D. Dewar-Whalley (Dena Smart)		
Human Resources	(8)	£11k under achievement of 16/17 savings resulting from the policy shift on Essential Car User allowance. £19k reimbursement of secondment has resulted in lower shared service costs.
Organisational Development	-	Nil variance.
TOTAL	(8)	
LEGAL – Cllr D. Dewar-Whalley (Estelle Culligan)		
Legal MKLS	65	As a result of increased usage of MKLS services by Swale BC.
External legal fees	66	There are complex planning inquiry/appeal costs relating to Seager Road, Pond Farm and New Rides Farm. Higher numbers of non-payment of littering fixed penalty notices going to court results in higher levels of barrister costs. It is expected that the majority of such costs will be recovered after due process.
S106 Income	(65)	Additional income from S106 income and other fees.
TOTAL	66	
DEMOCRATIC SERVICES – Cllr A. Bowles (Katherine Bescoby)		
Democratic Process	(7)	Saving re staff costs and members training.
Other Democratic Costs	(1)	£5k saving re registration canvassing fees £3k savings re Poll Clerks/Counter Clerks/Presiding Officer fees £2k savings on postage £8k additional electoral registration costs £4k overspend on agency costs £3k saving on other miscellaneous costs
TOTAL	(8)	
PROPERTY SERVICES – Cllr D. Dewar-Whalley (Anne Adams)		
Property Services	(5)	Miscellaneous underspends
Administrative Buildings	(10)	£2k additional expenditure for pool car £12k underspend on miscellaneous

Projected Net (Under)/Overspend / Income Shortfall as at end of December 2016		
Service – Cabinet Member (Head of Service)	£'000	Explanation
Property Management	13	£18k additional rental income £26k net overspend on rates mainly due to empty rates charges for delayed demolition of depot £5k overspend on miscellaneous
Health & Safety	(10)	£8k underspend on fees & services £2k underspend on miscellaneous
TOTAL	(12)	
VARIANCES TO BE MET FROM UNDERSPEND		
Sittingbourne Town Centre Development	30	Additional Legal Fees re Sittingbourne Town Centre Project. As in previous years, it is requested that this be funded from the anticipated final total underspend.
TOTAL	30	
NON-SERVICE BUDGETS		
Corporate Items	(119)	£104k external interest additional income. £7k additional costs re: Lower Medway Internal Drainage Board. £20k corporate provision for bad debts – net underspend due to additional income from the recovery of overpaid Housing Benefit, partially offset by an increase in the provision for bad debt. £2k net additional savings.
	(717)	TOTAL BEFORE ROLLOVER REQUESTS
	68	Ring-Fenced Grant Rollover Requests (to be approved by Cabinet as part of the 2016/17 Statement of Accounts) – refer to Appendix I.
	(649)	NET EXPENDITURE (Projected Variance) AFTER PROPOSED ROLLOVER OF GRANTS

Business Rates

3.4 The headline figures for total Business Rates income are:

- 2015/16 NNDR3 (outturn) £45,081,000
- 2016/17 Budget £46,422,000
- 2016/17 NNDR1 (January 2016 forecast) £47,542,000
- 2016/17 Forecast £49,222,000
- 2017/18 NNDR1 (January 2017 forecast) £48,064,000 (Rateable values have increased whilst the multiplier applied to these rates has reduced,

but this has resulted in a lower tariff that the Council has to pay the Government which compensates for the lower income shown here).

- 3.5 All business rates are paid into the Collection Fund and the Council retains about 10% of total business rates and 40% of any growth over the 1 April 2013 base position. The Council has agreed that any surplus goes into the Business Rates Volatility Reserve. The reserve currently stands at £2.6m and any surplus business rates for 2016/17 will be put to this reserve in order to be able to address any future volatility of income. In 2015/16 there was an increase in the provision for business rate appeals which resulted in a deficit on the Collection Fund of which the Council's share is £1.3m. This is being paid in 2016/17 from the Business Rates Volatility Reserve and therefore does not impact on this budget.
- 3.6 The Council has set aside £8.1m for business rate appeals. This indicates how business rate income can vary greatly as a result of a decision made on business rate appeals.
- 3.7 There will be a revaluation of business rates as at 1 April 2017.
- 3.8 Swale is a member of a business rate pool for 2016/17 consisting of KCC and ten district / borough councils (Sevenoaks and Dover have decided not to join).

Improvement and Regeneration Funds

- 3.9 Table 5 below details the outturn position on a number of reserve funds.

Table 5: Improvement and Regeneration Funds (actual spend)

Funds:	Balance as at 1 April 2016 £	Transfers from reserve (Expenditure) in year £	Transfers to reserve (Income) in year £	Balance as at 31 March 2017 £	Balance unallocated as at 31 March 2017 £
Performance	536,417	(210,734)	300,000	625,683	460,530
Pension & Redundancy	212,142	0	33,000	245,142	245,142
Regeneration	362,649	(118,431)	522,000	766,218	355,302
Communities	71,913	(2,275)	50,000	119,638	85,820
Local Loan Fund	250,000	(50,000)	0	200,000	200,000
TOTAL	1,433,121	(381,440)	905,000	1,956,681	1,346,794

- 3.10 Appendix II details the allocations from the above funds during 2016/17.

Capital Expenditure

- 1.11 This section of the report details actual capital expenditure and highlights any variations between the revised 2016/17 capital budget and the projected outturn.
- 1.12 Requests are made to fund the following capital projects:

- Minster Churchyard Wall - £100,000 – maintenance of the wall is a Council responsibility. We are pursuing with our insurers, Zurich Municipal, whether there is a valid insurance claim. To ensure that the work can proceed in the event of the claim not being successful up to £100,000 of capital receipts should be earmarked for the project.
- Kemsley Community Facilities - £7,000 – funded from S106 receipts;
- Borden Playstool Playground Equipment - £13,100 – funded from S106 receipts.
- Bridge deck replacement at Barton’s Point Coastal Park – additional sum of £6,700 required on top of original £14,000 allocation due to emergency structural issue being identified as part of replacement works - to be funded from the General Reserve.

1.13 Actual expenditure to end of December 2016 is £1,581,608. This represents 33.8% of the revised budget. Further details are set out in Appendix III.

1.14 The 2016/17 capital programme expenditure of £1,581,608 is funded as set out in Table 6.

Table 6: Capital Programme Funding

	2016/17 Revised Budget £	2016/17 Actual to end of December 2016 £
Partnership funding (including S106 Grants)	3,467,685	1,269,973
Earmarked Reserves	505,125	125,499
Long Term Debtors / Third Party Loans	0	36,136
Capital Receipts	705,730	150,000
Total Funded	4,678,540	1,581,608

1.15 Projected capital variance is £501,985. Details of the significant variations are set out in table 7 below.

Table 7: Capital programme – Main Projected Variances

Variance	Specific Issues
Managed Underspends	<p>Disabled Facilities Grants £100k: Budget expected to be fully committed but once approved applicants have 12 months to complete work.</p> <p>Replacement of Air Quality Stations £20k – budget unlikely to be fully spent in 2016/17 due to rationalising the continuous monitoring equipment and £20k will be rolled over to 2017/18.</p>
Deferred Projects	<p>The Mill Project, Sittingbourne Skate Park £200k – Cabinet in February approved the appointment of a contractor for the project. The Council is not anticipating spending any of the capital funds in this financial year.</p> <p>Faversham Creek Bridge Project £200k - the conditions set by Cabinet in order to release these funds have currently not been met. The budget will therefore not be spent in this financial year.</p>

Payment of Creditors

1.16 The payment of creditors to end of December 2016 is 99% paid in 30 days against the target of 97%.

Debtors

1.17 Tables 8, 9 and 10 below analyse the sundry debt outstanding.

1.18 Of the £3m debt raised in 2016/17 to date, 83.1% has been collected.

Table 8: Debt outstanding by due date (not including Rent Deposit Scheme)

	December 2016 (Period 9) £'000	December 2015 (Period 9) £'000	September 2016 (Period 6) £'000
Not Due	273	447	141
1-2 Months	150	165	63
2-6 Months	42	38	45
6-12 Months	28	32	16
1-2 Years	19	9	17
2-3 Years	5	4	6
3-4 Years	3	8	4
4-5 Years	8	18	8
5-6 Tears	8	17	14
6+ Years	30	16	24
Total	566	754	338
Total Due	293	307	197
% Total Due	52%	41%	58%

Table 9: Debt outstanding by due date (including Rent Deposit Scheme)

	December 2016 (Period 9) £'000	December 2015 (Period 9) £'000	September 2016 (Period 6) £'000
Not Due	274	448	141
1 – 2 Months	150	165	69
2 – 6 Months	50	50	51
6 – 12 Months	38	43	22
1 – 2 Years	40	29	39
2 – 3 Years	23	27	27
3 – 4 Years	24	13	23
4 – 5 Years	8	31	12
5 – 6 Years	15	169	30
6 + Years	63	16	84
Total	685	991	498
Total Due	411	543	357
% Total Due	60%	55%	72%

Table 10: Debt outstanding (including Rent Deposit Scheme) by Head of Service

	December 2016 (Period 9) £'000	December 2015 (Period 9) £'000	September 2016 (Period 6) £'000
Rent Deposit Scheme	119	237	160
Commissioning & Customer Contact	22	43	48
Property	186	168	191
Residents Services	62	59	46
Legal MKLS	3	333	1
Economy & Communities	15	12	12
Planning	7	1	14
Communications	1	3	0
Environmental Health	1	1	1
Policy	0	2	11
Finance	105	0	0
Other	164	132	14
Total	685	991	498

1.19 The debt over six years old relates to charges on property, i.e. where the debt cannot be collected until the property concerned is sold.

2 Alternative Options

2.1 None identified – this report is largely for information.

3 Consultation Undertaken or Proposed

3.1 Heads of Service and Strategic Management Team have been consulted in preparing this report.

4 Implications

Issue	Implications
Corporate Plan	Good financial management is key to achieving our Corporate Plan priority of being “A council to be proud of”
Financial, Resource and Property	As detailed in the report
Legal and Statutory	None identified at this stage
Crime and Disorder	None identified at this stage
Sustainability	None identified at this stage
Health & Wellbeing	None identified at this stage
Risk Management and Health and Safety	None identified at this stage
Equality and Diversity	None identified at this stage

5 Appendices

5.1 The following documents are published with this report and form part of the report:

- Appendix I: Revenue Rollovers – Specific Grants;
- Appendix II: Improvement & Regeneration Fund allocations as at the end of December 2016;
- Appendix III: Capital Programme – Projected outturn as at end of December 2016.

6 Background Papers

6.1 The Budget 2016/17 and Medium Term Financial Strategy 2016/17 to 2018/19

[Link to Budget Report](#)

Revenue Rollovers – Specific Grants

The following grants were received during 2016/17 or before and are ring-fenced but are likely to remain unspent as at the end of 2016/17. A request for a rollover will be submitted at year-end.

Head of Service	Description	Projected Rollover Request £
Charlotte Hudson	Pop-Up Shop – Amicus Grant	3,000
Charlotte Hudson	High Street Innovation – Grant	4,000
Charlotte Hudson	Business & Skills – KCC Grant	7,400
Charlotte Hudson	Coastal Communities Fund Grant	3,830
Charlotte Hudson	Community Safety Partnership Grant	4,500
Charlotte Hudson	Troubled Families – Grant	36,320
Total Economy & Communities		59,050
Dave Thomas	Leysdown Rose Tinted Scheme – signage and lighting ongoing maintenance – originally Arts Council grant received in 2013/14	8,570
Total Commissioning & Customer Contact		8,570
TOTAL		67,620

Improvement & Regeneration Fund allocations as at the end of December 2016 (committed)

	Amount £
Performance Fund	
Community Safety Operational Pot	5,000
Transformation Project	120,000
Data Quality Project	25,000
Transitional Review into Future Delivery of Disabled Facility Grants	4,000
Consultancy support for renegotiation of Grounds Maintenance contract	20,000
Smarter Digital Services	20,000
Additional hours to support Cabinet and Deputy Cabinet Members	1,600
Website Development	5,000
Digital Service Development - GovDelivery implementation	3,320
Website re-design	49,000
Pilot project for website self service	10,260
Local Area Perception Survey	12,000
Leisure Centre Conditions Surveys, Swallows Leisure Centre & Faversham Pools	9,192
CCTV Recording System Upgrade	24,895
Additional Hours to Support Cabinet and Deputy Cabinet Members	3,326
Joint Kent Chiefs Digital Project	10,000
Total Approved as at December 2016	322,593
Regeneration Fund	
Sheerness Strategic Regeneration Framework	15,000
Faversham Place review and workshop	5,000
Compulsory purchase order, legal Advice	10,000
Conservation and design support service	85,000
Queenborough Harbour Trust Stage II	15,000
Sheerness Dockyard Preservation Trust	70,000
Economic Development Support Officer	42,157
Regeneration officer (Town Centres)	50,492
Total Approved as at December 2016	292,649
Communities Fund	
Communities fund for the 2017 Swale Awards	4,400
The Salt Giveaway 2016/17	1,350
Murston Old Church Heritage Lottery Fund	3,000
Total Approved as at December 2016	8,750

Capital Programme 2016/17

	Funding SBC / Partnership SBC/ P	2016/17 Original Budget £	Other Adjustments £	2016/17 Working Budget £	2016/17 Actual to End of December 2016 £	2016/17 Projected Variance £
SUMMARY						
<u>PARTNERSHIP FUNDING SCHEMES</u>						
Economy & Communities	P	964,000	6,795	970,795	162,125	4,866
Commissioning & Customer Contact	P	0	645,820	645,820	13,149	13,149
Resident Services	P	1,140,000	711,070	1,851,070	1,094,699	(100,000)
TOTAL PARTNERSHIP FUNDING SCHEMES	P	2,104,000	1,363,685	3,467,685	1,269,973	(81,985)
<u>SWALE BOROUGH COUNCIL FUNDING SCHEMES</u>						
Commissioning & Customer Contact	SBC	15,000	377,230	392,230	114,339	0
Corporate Services	SBC	0	17,000	17,000	8,500	0
Environmental Health	SBC	55,000	0	55,000	0	(20,000)
Economy & Communities	SBC	415,000	11,065	426,065	2,660	(400,000)
Resident Services	SBC	0	92,060	92,060	36,136	0
Finance	SBC	0	2,500	2,500	0	0
Property Services	SBC	150,000	76,000	226,000	150,000	0
TOTAL SBC FUNDING SCHEMES	SBC	635,000	575,855	1,210,855	311,635	(420,000)
TOTAL CAPITAL PROGRAMME		2,739,000	1,939,540	4,678,540	1,581,608	(501,985)

Capital Programme 2016/17

	Funding SBC / Partnership SBC/ P	2016/17 Original Budget £	Other Adjustments £	2016/17 Working Budget £	2016/17 Actual to End of December 2016 £	2016/17 Projected Variance £
<u>ECONOMY & COMMUNITIES - E.WIGGINS</u>						
CCTV - Repairs & Renewals Reserve	SBC	15,000	0	15,000	0	0
<i>Easthall Farm Community Centre - S106</i>	<i>P</i>	<i>964,000</i>	<i>0</i>	<i>964,000</i>	<i>150,464</i>	<i>0</i>
The Mill Project, Sittingbourne Skate Park - Capital Receipts	SBC	200,000	0	200,000	0	(200,000)
Faversham Creek Basin Regeneration Project (swing bridge) - Capital Receipts	SBC	200,000	0	200,000	0	(200,000)
<i>Kemsley Community Facilities (S106)</i>	<i>P</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>4,866</i>	<i>4,866</i>
<i>The Meads Community Centre- S106</i>	<i>P</i>	<i>0</i>	<i>6,795</i>	<i>6,795</i>	<i>6,795</i>	<i>0</i>
The Meads Community Centre- Regeneration Fund	SBC	0	11,065	11,065	2,660	0
TOTAL ECONOMY & COMMUNITIES		1,379,000	17,860	1,396,860	164,785	(395,134)
<u>COMMISSIONING & CUSTOMER CONTACT - D.THOMAS</u>						
Cemeteries - future burial provision in the borough - Capital Receipts	SBC	0	22,040	22,040	0	0
<i>Thistle Hill Community Woodland - Trim Trail - S106</i>	<i>P</i>	<i>0</i>	<i>35,000</i>	<i>35,000</i>	<i>0</i>	<i>0</i>
<i>New Play Area - Iwade Schemes - S106</i>	<i>P</i>	<i>0</i>	<i>92,200</i>	<i>92,200</i>	<i>0</i>	<i>0</i>
Milton Creek Footpath & Viewing platform - Capital Receipts	SBC	0	16,190	16,190	0	0
<i>Borden Playstool Playground Equipment (S106)</i>	<i>P</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>13,149</i>	<i>13,149</i>
<i>Oare Gunpowder Works - S106</i>	<i>P</i>	<i>0</i>	<i>9,000</i>	<i>9,000</i>	<i>0</i>	<i>0</i>
Newington Car Park Wall	SBC	0	125,000	125,000	114,339	0
Car Park Machines - Reserves	SBC	15,000	30,000	45,000	0	0
Car Park Information Boards	SBC	0	40,000	40,000	0	0
<i>Resurfacing Promenade, The Leas</i>	<i>P</i>	<i>0</i>	<i>306,000</i>	<i>306,000</i>	<i>0</i>	<i>0</i>
Beach Huts, Leysdown – Capital Receipts	SBC	0	60,000	60,000	0	0
Modular Toilet Kiosks	SBC	0	30,000	30,000	0	0

Capital Programme 2016/17

	Funding SBC / Partnership SBC/ P	2016/17 Original Budget £	Other Adjustments £	2016/17 Working Budget £	2016/17 Actual to End of December 2016 £	2016/17 Projected Variance £
Milton Creek Country Park Access Road	SBC	0	40,000	40,000	0	0
Bridge Deck Replacement at Barton's Point Coastal Park	SBC	0	14,000	14,000	0	0
<i>New Play Area – Thistle Hill – S106</i>	<i>P</i>	<i>0</i>	<i>203,620</i>	<i>203,620</i>	<i>0</i>	<i>0</i>
TOTAL COMMISSIONING & CUSTOMER CONTACT		15,000	1,023,050	1,038,050	127,488	13,149
<u>CORPORATE SERVICES – M. RADFORD</u>						
Uniform Licencing Implementation	SBC	0	17,000	17,000	8,500	0
TOTAL CORPORATE SERVICES		0	17,000	17,000	8,500	0
<u>ENVIRONMENTAL HEALTH - T. BEATTIE</u>						
Replacement of Air Quality Stations - Capital Receipts	SBC	55,000	0	55,000	0	(20,000)
TOTAL ENVIRONMENTAL HEALTH		55,000	0	55,000	0	(20,000)
<u>RESIDENT SERVICES - A. CHRISTOU</u>						
<i>DFG Mandatory Grants (CLG)</i>	<i>P</i>	<i>1,140,000</i>	<i>711,070</i>	<i>1,851,070</i>	<i>1,084,375</i>	<i>(100,000)</i>
DFG Mandatory Grants (CLG)	SBC	0	92,060	92,060	0	0
<i>HRG - Housing Repair Grants Over 60</i>	<i>P</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>10,324</i>	<i>0</i>
RHB2 - Decent Home Loans Owner Occupier	SBC	0	0	0	36,136	0
TOTAL RESIDENT SERVICES		1,140,000	803,130	1,943,130	1,130,835	(100,000)
<u>FINANCE - N. VICKERS</u>						
Cash Receipting System - Replacement - Capital Receipts	SBC	0	2,500	2,500	0	0
TOTAL FINANCE AND PERFORMANCE PORTFOLIO		0	2,500	2,500	0	0

Capital Programme 2016/17

	Funding SBC / Partnership SBC/ P	2016/17 Original Budget £	Other Adjustments £	2016/17 Working Budget £	2016/17 Actual to End of December 2016 £	2016/17 Projected Variance £
PROPERTY SERVICES – A. ADAMS						
Faversham Pools Refurbishment - Capital Receipts	SBC	150,000	0	150,000	150,000	0
Strengthening of Exercise Studio Floor, Sheppey Leisure Centre	SBC	0	35,000	35,000	0	0
Bell Road Cemetery Bell Tower Rebuild	SBC	0	41,000	41,000	0	0
TOTAL PROPERTY SERVICES		150,000	76,000	226,000	150,000	0

Cabinet Meeting		Agenda Item: 7
Meeting Date	15 March 2017	
Report Title	Extension of the Bailiff Services Contract	
Cabinet Member	Cllr Dewar-Whalley, Cabinet Member for Finance and Performance	
SMT Lead	Dave Thomas, Head of Commissioning & Customer Contact	
Head of Service	Dave Thomas, Head of Commissioning & Customer Contact	
Lead Officer	Jeff Kitson, Parking Services Manager	
Key Decision	Yes	
Classification	Open	
Forward Plan	Reference number:	
Recommendations	1. That the Cabinet agrees to an extension to the external bailiff services contracts relating to the recovery of unpaid Penalty Charge Notices and the collection of unpaid Council Tax and Non-Domestic Rates for a further two years to 14 May 2019.	

1. Purpose of Report and Executive Summary

- 1.1 To consider the proposal to extend the bailiff services contracts relating to the recovery of unpaid Penalty Charge Notices and the collection of unpaid Council Tax and Non-Domestic Rates for a further two years to 14 May 2019.
- 1.2 The contracts were originally procured through a framework and the three partner authorities have a separate contract with the provider. The terms of the contract state that a two year extension to the original three year term is permitted if the Council is satisfied with the contractor performance. Both Maidstone BC and Tunbridge Wells BC have confirmed their intention to invoke the extension.

2. Background

- 2.1 The external bailiff services are managed in partnership between Swale Borough Council, Maidstone Borough Council and Tunbridge Wells Borough Council. The contracts are due to expire on 14 May 2017.
- 2.2 The three year contracts with each service provider allow for an extension under section 2 of the agreements by written consent of the Parties involved for a further period of two years.
- 2.3 The contracts provide access to a pool of approved bailiffs under a framework agreement. The services provided since the start of the framework agreement have been to a good standard and are considered to continue to be value for money for each of the Councils partnered under the agreement.

- 2.4 Further to the initial letting of these contracts, an internal bailiff service was introduced in June 2016. However the services provided through the external bailiff contracts will continue to be necessary over the next two years whilst the in-house team builds its capacity and expertise. In two years' time, a view can be taken as to whether or not the in-house team is in a position to provide all bailiff services in future.
- 2.5 The use of external bailiff agents under the framework agreement varies between services. Unpaid Council Tax and Non-Domestic Rates projected income recovered through external bailiffs is estimated to be £900,000 in 2016/17, with £50,000 being recovered through the Mid Kent Services (MKS) in-house bailiff team. Parking Services relies mainly on the MKS in-house bailiff team recovering an estimated £30,000 in 2016/17 with only around £7,000 being recovered though the external bailiff framework.
- 2.6 Bailiff agents recover their costs through statutory charges with no operational costs being passed to the Council.

3. Proposal

- 3.1 That the Cabinet agrees to an extension to the external bailiff services contracts relating to the recovery of unpaid Penalty Charge Notices and the collection of unpaid Council Tax and Non-Domestic Rates under the current terms and conditions as provided under section 2 of the agreements for a further two years to 14 May 2019.

4. Alternative action and why not recommended

- 4.1 To allow the bailiff services framework agreements to expire on 14 May 2017 will impact on the recovery rates of unpaid Penalty Charge Notices and the collection of unpaid Council Tax and Non-Domestic Rates as the in-house recovery services are not yet in a position to deal with all warrants for recovery.

5. Consultation Undertaken or Proposed

- 5.1 Consultation with each service area has taken place to ensure that service levels are maintained.

6. Implications

Issue	Implications
Corporate Plan	Debt recovery supports the achievement of corporate priorities, including "A council to be proud of" and supports our values of fairness and integrity.
Financial, Resource and Property	There are no financial implications. The contracts provide for an extension under section 2 of the agreements.
Legal and Statutory	A two year extension to the contract arrangements with each service provider will require legal support to draft the agreements.

	Services under this agreement support the Council in its statutory obligations.
Crime and Disorder	No implications.
Sustainability	This contract considers sustainability implications as part of contract conditions.
Health and Wellbeing	No specific health and wellbeing implications.
Risk Management and Health and Safety	Risk levels remain unchanged.
Equality and Diversity	This contract will comply with the Equalities Act as part of contract conditions.
Social Value	As this contract was originally tendered and awarded before Swale's Social Value requirements were part of our procurement processes, these were not reflected at the time.
Commissioning and Procurement	Consultation has taken place with the Commissioning and Procurement Team to ensure that Swale's formal procedures have been followed in respect of proposing a contract extension.

7. Appendices

7.1 None.

8. Background Papers

8.1 None.

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Cabinet Meeting		Agenda Item: 8
Meeting Date	Wednesday 15 th March 2017	
Report Title	CCTV Partnership Agreement Extension	
Cabinet Member	Cllr Alan Horton, Cabinet Member for Safer Families and Communities	
SMT Lead	Emma Wiggins	
Head of Service	Charlotte Hudson	
Lead Officer	Stephanie Curtis	
Recommendations	1. That Cabinet approves the extension to the existing Memorandum of Agreement for the CCTV Partnership by 1 year to the 31 March 2018, with the option to extend by a further 1 year.	

1 Purpose of Report and Executive Summary

- 1.1 This report discusses the findings of the CCTV Services Review that was completed in October 2016 and the proposal to extend the existing CCTV Partnership Agreement to the 31 March 2018.

2 Background

- 2.1 Swale's Public Space CCTV Service is currently delivered through a Memorandum of Agreement for the CCTV Partnership with Medway Council, along with Maidstone Borough Council and Gravesham Borough Council, with the service delivered by Medway Commercial Group (MCG). The term of this Agreement was from 12 November 2012 to 31 March 2017.
- 2.2 A review of the current Public Space CCTV service was undertaken during 2016 to determine options for service delivery following the end of the current Agreement term in March 2017. This review looked at legislative requirements, equipment overview, benchmarking against other authorities and a market analysis. It also reviewed performance of the current Partnership agreement, including feedback from stakeholders. This also included detailed discussions with the other Councils within the Partnership regarding their intentions and requirements for their CCTV services.
- 2.3 Options for service delivery from April 2017 were also considered as part of this review. It also highlighted a need for further work to better understand any impact of possible future service changes (such as reduction in monitoring hours); benefits that could be brought from upgrading equipment; or working with the other Authorities within the existing Partnership for procurement of joint costs such as fibre lines; or developing our own monitoring centre.

- 2.4 The review also assessed the current level of service provided, which is felt to be good and meeting the service specification. The monitoring of the CCTV Partnership Contract was audited in August 2016 and a 'Sound' level of assurance was given.

3 Proposal

- 3.1 That Cabinet approves the extension to the existing Memorandum of Agreement for the CCTV Partnership by 1 year to the 31 March 2018, with the option to extend by a further 1 year.

- 3.1 Further review work will be undertaken within the next six months to understand the impact of any changes to the public space CCTV service. This will in turn allow for the determination of service requirements and delivery options beyond this proposed extension period. This would include options for wider collaboration with the authorities within the existing partnership, along with possible 'in-house' delivery. The wider review work will also include collation of further performance information to be able to assess wider impact of the service.

4 Alternative Options

- 4.1 To cease operating a public space CCTV service. This option is not recommended. Stakeholders and the public value the role of CCTV, although further work does need to be undertaken to fully demonstrate its outcomes. This can be undertaken in conjunction with the other authorities within the current Partnership.

- 4.2 Undertake a procurement exercise for the service. This option is also not recommended at this time. Although alternative providers exist, research has shown that these are not felt to be mature enough to compete with the existing provider at this current time or necessarily provide better value for money.

- 4.3 To bring the service back 'in house' with own monitoring centre. This option is not recommended currently, but could be explored further. It could increase control over the service and provide income to the Council, but would require a capital investment to establish. Further work is needed to explore this option for the future.

- 4.4 Create a Joint Venture Local Authority Trading Company (Teckal) Company for delivery of Partnership CCTV services. This option is also not currently recommended. The formation of a Teckal company was put forward in February 2016 by Medway Council as part of the formation of MCG. However through conversations with Legal Services and the other Councils within the Partnership, concerns exist regarding this proposal and a better understanding of its Business Plan.

5 Consultation Undertaken

- 5.1 Both Gravesham Council and Maidstone Council have also advised of their intention to extend the existing Partnership by one year whilst they undertake their own internal reviews of CCTV requirements, due to financial pressures. Both are also

keen to work in collaboration to achieve wider costs savings and improvements to service.

6 Implications

Issue	Implications
Corporate Plan	The proposals in this report delivers against the Corporate Priority ‘A Community to be proud of’
Financial, Resource and Property	<p>The recommended proposal would see a continuation of the existing annual CCTV Partnership Service costs of £221,967.</p> <p>The budgeted cost of the CCTV Partnership Service for 2016/17 was £221,967 and will remain at this for 2017/18.</p> <p>However, there is the opportunity to work more closely with Medway Council, Gravesham Borough Council and Maidstone Borough Council to identify collaborative opportunities such as reduced fibre line costs.</p> <p>Additionally, ongoing work to assess options for delivery for April 2018 will assess opportunities for cost saving and income generation.</p>
Legal and Statutory	Clause 3.18.2 within the current Partnership Agreement provides provision for its extension, subject to agreement by all parties.
Crime and Disorder	The main objective of the CCTV service is to prevent and detect crime and Anti-Social Behaviour (ASB).
Sustainability	<p>There is a Repair and Renewals fund within the existing CCTV Partnership Agreement budget that allows for upgrades of field equipment on a priority basis. This would continue during this extension period. The recording system for the service is also imminently due to be upgraded.</p> <p>The review has also considered the age of all equipment, with approx. a third of field cameras nearing the end of their life. Due to this and the increasing capabilities of newer equipment, the benefits of a wider upgrade process will also be considered as part of ongoing CCTV review work during 2017/18.</p>
Health and Wellbeing	No health and wellbeing implications have been identified at this stage.
Risk Management and Health and Safety	The existing Partnership Agreement has been in place for over 4 years. It is well established and meets the service specification. There is also a strategic risk assessment in place that is regularly reviewed. Therefore there would be limited risk to CCTV service provision in continuing this arrangement.
Equality and Diversity	No equality and diversity implications have been identified at this stage.

7 Appendices

7.1 None

8 Background Papers

8.1 None

Cabinet Meeting		Agenda Item: 9
Meeting Date	15 March 2017	
Report Title	Lakeview Village Hall Asset Transfer	
Cabinet Member	Cllr Duncan Dewar-Whalley, Cabinet Member for Finance and Performance	
SMT Lead	Emma Wiggins, Interim Director of Regeneration	
Head of Service	Charlotte Hudson, Interim Head of Economy and Community Services	
Lead Officer	Sophia Ramm, Community Services Officer	
Key Decision	No	
Classification	Open	
Forward Plan	Reference number:	
Recommendations	<ol style="list-style-type: none"> 1. To transfer Lakeview Village Hall to The Lakeview Village Hall Trust on a 125 year lease. 2. To delegate authority to the Head of Economy and Community Services and the Head of Property Services to negotiate the final terms of the lease, in consultation with the Cabinet Member for Finance and Performance. 3. To delegate authority to the Head of Mid Kent Legal Services to complete the documentation required for the lease on the terms as agreed by the Head of Economy and Community Services and the Head of Property Services, in consultation with the Cabinet Member for Finance and Performance. 4. To provide a grant of £40,000 to cover the Trust's initial forecast shortfall from the S.106 budget. 	

1 Purpose of Report and Executive Summary

This report provides Cabinet with an update on progress of the Lakeview Village Hall Trust (LVHT) and recommendation for a community asset transfer of Lakeview Village Hall to LVHT.

2 Background

- 2.1 Great Easthall is a new build development within Sittingbourne; the development was subject to a S.106 agreement that provided £1.2 million and land for the

construction of a community centre. The S.106 was varied in 2014 to allow for the funding to be provided up front at a reduced amount of £1.02 million.

- 2.2 A project has been developed to design and build the village hall and the planning application was considered by the planning committee on 10 March 2016. At Cabinet in February 2016, BMR Construction Ltd were appointed as the construction managers and commenced works on site in September 2016. The building is due for completion in May 2017.
- 2.3 Upon completion of the build it is proposed to transfer the hall to LVHT under the terms of the Asset Transfer Policy. SBC have been working with a residents group since January 2015 to ensure resident's views were included within the project and develop as a Trust to manage the Village Hall upon completion. LVHT comprises of 8 Trustees all who reside at Great Easthall and are currently registering as a Charitable Incorporated Organisation (CIO) with the Charities Commission. LVHT has also produced and adopted a business plan and are compiling all the relevant policies including health and safety, equalities and safeguarding.
- 2.4 LVHT has requested a 125-year leasehold agreement based upon a nominal rent. The Heads of Terms are in accordance with the Asset Transfer Policy and from their business plan LVHT have requested a grant of £40,000 to cover 3 years of running costs.
- 2.5 To enable the Trust to develop the hall and increase usage it is proposed that a grant of a maximum £40,000 to cover the projected shortfall within their business plan is provided to the Trust. As the village hall is a new asset there is no existing base budget and funding has been utilised from the S.106 budget.
- 2.6 As the land and building have been acquired through S.106 agreements there are no benefits or liabilities to the Council and therefore no financial implications relating to the community asset transfer. For this reason, and in accordance with the Community Asset Transfer policy, it has been unnecessary to obtain a valuation of the asset.

3 Proposals

- 3.1 To transfer Lakeview Village Hall to the Lakeview Village Hall Trust on a 125 year lease.
- 3.2 To delegate authority to the Head of Economy and Community Services and the Head of Property Services to negotiate the final terms of the lease, in consultation with the Cabinet Member for Finance and Performance.
- 3.3 To delegate authority to the Head of Mid Kent Legal Services to complete the documentation required for the lease on the terms as agreed by the Head of

Economy and Community Services and the Head of Property Services, in consultation with the Cabinet Member for Finance and Performance.

- 3.4 To provide a grant of £40,000 to cover the Trust’s initial forecast shortfall from the S.106 budget.

4 Alternative Options

The Village Hall is managed by SBC, this is not recommended as the officer resource used to manage and run halls has been re-deployed and does not align with the proposals set out in the Asset Transfer Policy.

5 Consultation Undertaken or Proposed

- 5.1 Consultation has been carried out with Great Easthall residents to inform the design process and requirements for the centre.
- 5.2 Consultation has taken place with the Asset Transfer Group, including representatives from Legal Services, Property Services and Finance.

6 Implications

Issue	Implications
Corporate Plan	The asset transfer of Lakeview Village Hall assist with delivering ‘The Community to be Proud of’ priority within the Corporate Plan.
Financial, Resource and Property	<p>A grant of £40,000 to cover the Trust’s initial forecast shortfall funded from the S.106 budget.</p> <p>Officer time will be required from Legal services to draw up the lease and grant agreement based upon decisions within this report.</p> <p>As the land and building have been acquired through s106 agreements there are no benefits or liabilities to the Council and therefore no financial implications relating to the community asset transfer. For this reason, and in accordance with the Community Asset Transfer policy, it has been unnecessary to obtain a valuation of the asset.</p> <p>All insurances have been budgeted for within the Trust’s business plan.</p>
Legal and	A lease and grant agreement will need to be prepared for the

Statutory	transfer and this will cover all statutory and legal obligations.
Crime and Disorder	Design of the building has taken into consideration designing out crime and planning committee input also required additional security measures. Good management of the building will reduce the likelihood of damage to the property.
Sustainability	Design of the building has taken into consideration within the constraints of the budget environmental and sustainability issues. Future grants will also be sought by LVHT to enhance the buildings energy efficiency.
Health and Wellbeing	The village hall will offer hireable space for a range of activities a number of which will enhance the health and wellbeing of residents in the borough.
Risk Management and Health and Safety	A CDM-Co-ordinator is in place for the project to oversee Health and Safety documentation and the contractor will be responsible for the site until handover of the health and safety manuals to SBC and LVHT. Health and Safety risks will be the responsibility of LVHT going forward and policy will be in place at handover. The main risks to the asset transfer are that LVHT fail, the Trustees have a range of business experience and will also seek training opportunities to further their knowledge. The grant agreement will provide an on-going dialogue with LVHT to monitor their progress and allow for mitigations to be put in place.
Equality and Diversity	The Asset Transfer Policy has been subjected to a Community Impact Assessment, no issues were identified. LVHT is developing an equalities policy and design of the building ensures the building is compliant with the Disability and Discrimination Act.

7 Appendices

None

8 Background Papers

None

Cabinet Meeting		Agenda Item: 10
Meeting Date	15 March 2017	
Report Title	Sheerness Paddling Pool - Options	
Cabinet Member	Cllr David Simmons, Cabinet Member for Environment and Rural Affairs	
SMT Lead	Dave Thomas, Head of Commissioning and Customer Contact	
Head of Service	Dave Thomas, Head of Commissioning and Customer Contact	
Lead Officer	Martyn Cassell, Leisure and Technical Services Manager	
Key Decision	No	
Classification	Open	
Forward Plan	Reference number:	
Recommendations	<ol style="list-style-type: none"> 1. To approve funding of up to £22,500 for upgrading the plant, water features and surfacing as detailed in section 2.7 (required works) and keep the facility open for residents and visitors. 	

1 Purpose of Report and Executive Summary

- 1.1 This report identifies current issues at Sheerness Paddling Pool following the commission of a condition survey and looks at the options to resolve them.

2 Background

- 2.1 The Paddling Pool is located on Swale Borough Council land at Beachfields Park, in between the back of the Sheppey Healthy Living Centre and the sea wall. It was largely refurbished in 2002 at a cost of approximately £100k. Sure Start provided the majority of the funding for the refurbishment on the condition that on-going maintenance responsibility fell to the Council.
- 2.2 The site is very popular with residents given it is free to use and is extremely busy throughout the peak season.
- 2.3 In 2011, agreement was made under an annual memorandum of understanding (MOU) that the site would be 'managed' by Swale Community Leisure (SCL) and their operators Serco Leisure and would run until the end of the leisure centre contract period in 2019.

- 2.4 The MOU covers the main season from Easter bank holiday weekend until 30th September each year. It set out the responsibilities of SCL/Serco which included; start of season preparation and end of season closedown plus day to day maintenance, safety checks, testing and litter clearance. There was no responsibility to permanently supervise the site with a fixed member of staff but to undertake periodic inspections. The MOU was refreshed in 2015 to clear up on-going maintenance responsibilities. Serco would pay the first £500 of any works and anything above this figure would be discussed by both parties.
- 2.5 SCL/Serco have invested in the facility over that period especially in the condition of the pool plant. A large amount of staff time was needed to keep the pool running for the 2016 season, with technical staff needing to visit the plant room multiple times a day in order to keep the chemical dosing at the correct levels and ensure public safety. As a result they have stated it is no longer viable in the current condition for them to continue with the MOU.
- 2.6 A full condition survey of the site (see Appendix I for photos of the site) was commissioned. The report summarises the current condition and possible improvements along with costings. The main points can be seen below;
- Technology has moved on dramatically since its original installation in 2002. The system would not be compliant with today's standards but is not required to be removed at the current time.
 - The heavy usage at peak times puts a strain on the existing equipment. The landscaping of the site, whilst visually appealing, contributes to further issues with the pool filtration system. Grass and mud from the landscaping and the break-up of the flooring all contribute to blocking the chemical filters and putting water quality at risk.
 - The play equipment and street furniture (bins/benches) are old and require repair/replacement.
 - The safety surfacing around the pool is tired and some areas need urgent repairs.
 - The pool lining and suction grills are damaged and pose a risk to children landing on them.
- 2.7 A discussion with Serco maintenance operatives has prioritised the works that would need to be undertaken as a minimum if they were to continue with the operation of the facility and can be seen in table 1 below;

Table 1 – Suggested Works to Paddling Pool

Rectification	Estimated Cost	Priority
Remove natural grass on mounding and cover with suitable surface	£7000-10,000	Required

Add additional filters to the plant equipment	£2000	Required
Repairs to the damaged/unsafe safety surfacing (EDPM)	£2000	Required
Repair suction gratings	£1000	Required
Pool liner repairs	£4000	Required
Repairs to playground equipment	£2000	Required
Replace two pumps in plant room	£1500	Required
	£22,500	
Review ventilation in plant room	TBC – SCL/Serco to investigate	Optional
Removal of inoperable water features	£5000	Optional
Resurface the worst quarter of safety surfacing (EDPM)	£20,000	Optional
Full replacement of pool plant system	£25,000	Optional

- 2.8 Assuming the ‘required’ works were done, SCL/Serco have suggested they would continue with the service. The MOU with SCL and Serco would need renegotiation on an annual basis up until the end of the leisure contract in September 2019.

3 Proposals

- 3.1 To approve funding of up to £22,500 for upgrading the plant, water features and surfacing as detailed in section 2.7 (required works) and keep the facility open for the benefit of residents and visitors.

4 Alternative Options

- 4.1 That the paddling pool is decommissioned immediately. Considerations would need to be made on how to make the area safe and it is estimated this will incur similar costs to the required repairs. This is not recommended at the current time as it is likely to impact on the Council’s reputation, being unpopular with residents given its regular usage as a free to use community facility.
- 4.2 To leave the facility as it currently is and the Council re-assume operational responsibility. This is not feasible as it may endanger members of the public and there is no obvious staffing structure to draw on to deliver this.

5 Consultation Undertaken or Proposed

- 5.1 No consultation with the public has been held.
- 5.2 The Cabinet Member for Environment and Rural Affairs, Cabinet Member for Housing and Well-Being and ward members of the area have been informed of the current situation.

6 Implications

Issue	Implications
Corporate Plan	<p>A borough to be proud of – protect and improve the natural and built environments</p> <p>A community to be proud of – encourage active communities and improve health.</p> <p>A Council to be proud of – improve residents’ perceptions.</p>
Financial, Resource and Property	<p>The site does not incur regular costs for the Council under the arrangement with SCL/Serco.</p> <p>There is currently no budget allocated for replacement or repairs and maintenance relating to the pool. Funding would need to be taken from reserves. The playground equipment could be repaired via the existing playground maintenance budget.</p> <p>Some expenditure will be required to decommission the site and make safe. This is estimated to be in region of £15,000</p>
Legal and Statutory	<p>Provision of leisure facilities is a discretionary service.</p> <p>All swimming/paddling pools need to comply with the standards set out in the HSE document Managing Health and Safety in Swimming Pools, 2003.</p>
Crime and Disorder	<p>As well as the operational/technical issues, SBC receives regular reports of anti-social behaviour exacerbated by the fact the paddling pool is hidden behind the leisure centre building and is unsupervised. This comes from general litter, vandalism of the equipment, shouting and swearing, the drinking of alcohol within the fenced area during the daytime and the misuse of the site after dark. If agreed, regular inspections by SCL/Serco as part of the continued MOU will mitigate some of this.</p>
Sustainability	<p>Old pool plant systems use more energy and are less efficient than current ones. Repair or replacement of the system would improve sustainability.</p>

Health and Wellbeing	The facility is used by local residents and tourists. It contributes to the health and well-being of users by providing children a chance to swim and exercise. It is a community facility which encourages social interaction.
Risk Management and Health and Safety	The site is fenced off but at a low level and therefore some risk is associated. The current water treatment system is hard to use and unreliable. The surfacing, play equipment and street furniture is old and therefore is higher risk. An accident was recorded at the site in 2016 with a child falling through a bench slat and hurting an ankle and so repairs/replacement will reduce the likelihood of re-occurrence.
Equality and Diversity	The facility is a free to use service which caters for all residents. Access is suitable for all abilities. Removal of the facility will impact on this.

7 Appendices

7.1 Appendix I – Pictures of current condition of the site

8 Background Papers

8.1 None

Appendix I – Photos of current site condition



Cabinet Meeting		Agenda Item: 11
Meeting Date	15 March 2017	
Report Title	Award of Contract - Beach Lifeguard Service in Swale	
Cabinet Member	Cllr David Simmons, Cabinet Member for Environmental and Rural Affairs	
SMT Lead	Dave Thomas, Head of Commissioning and Customer Contact	
Head of Service	Dave Thomas, Head of Commissioning and Customer Contact	
Lead Officer	Martyn Cassell, Leisure and Technical Services Manager	
Key Decision	Yes	
Classification	Open	
Forward Plan	Reference number:	
Recommendations	<p>1. To note the procurement process undertaken and approve the award of the beach lifeguard service to the RNLI for a period of 5 years (and option of 2 year extension).</p> <p>2. To delegate authority to the Head of Commissioning and Customer Contact and Head of Legal, in consultation with the Cabinet Member for Environmental and Rural Affairs, to negotiate the terms and conditions and complete the contract award.</p>	

1 Purpose of Report and Executive Summary

- 1.1 This report explains the history of the Beach Lifeguard service in Swale and details the recent procurement process that has been undertaken.
- 1.2 The report makes recommendations for the award of a new 5 year contract.

2 Background

- 2.1 The Council's Beach Lifeguard Service has been delivered by the Royal National Lifeboat Institution (RNLI) for the last four years. The service includes the provision of water safety services at Leysdown, Minster Leas and Sheerness, to minimise the risk of death or injury for residents and visitors alike, using a combination of appropriate signage and formal lifeguard patrols/viewing stations.

- 2.2 Whilst this is a discretionary service, it has a number of benefits. For example, the service is a requirement for the Blue Flag and Quality Coast Awards which are currently held in Minster, Leysdown and Sheerness. The service also brings benefits to local tourism and safety of the community. This is all the more important given the terrible incidents of beach drownings last summer.
- 2.3 The four year contract ending March 2017 was awarded to the RNLI via a waiver as they were the only organisation to respond to the tender process back in October/November 2012. They demonstrated the ability to deliver the core specification summarised in section 2.4 and also provided added value by only charging for the cost of the staffing structure, with the provision of their stations and equipment funded via their charitable activities.
- 2.4 The contract specification includes;
- Recruitment of trained lifeguards, provision of equipment and up to 3 operational bases from the first weekend of May to first weekend of September. The cover will be for weekends during term time and 7 days a week during school holidays and including bank holidays.
 - On-going commitment to training for all operational staff and managers.
 - Provision, delivery and monitoring of lifeguarding services at the designated locations.
 - Conducting beach risk assessments and supporting the content and placement of water safety signage associated with the service and the Council's Quality Assurance Awards.
- 2.5 Continuous monitoring of the contract and feedback from beach users has highlighted the high quality performance of the RNLI. However as per the Council's Contract Standing Orders, we are required to re-tender the service.
- 2.6 The RNLI hold multiple beach lifeguard contracts across the whole of the Country and continue to provide the other main service in Kent on Thanet's beaches.
- 2.7 Research of possible other contractors was undertaken in late 2016. Canterbury City Council continues to deliver their service in-house. An informal approach was made to see if they would be interested in tendering. They are able to deliver the service efficiently relying on consistent and experienced staff as the service is small. They felt they were unable to manage another service without increasing resources and declined to tender. Swale Community Leisure who provide swimming pool lifeguards at our leisure centres were also approached. They felt they could not provide a competitive proposal at this time. Finally web research only highlighted smaller companies offering pool lifeguard services for parties or events.
- 2.8 Legal and procurement advice was sought and the option of issuing a Voluntary ex ante transparency notice (VEAT) was agreed. This notice is published in the OJEU detailing all of the key contract information (value, dates, specification)

stating an intention to award the contract to the RNLI without a full tender process. It offers other organisations the chance to challenge the decision of a direct award. If challenges are received then a formal tender is required. The VEAT was advertised on OJEU for the required period submitted on 19th January 2017 and closed on 7th February 2017. No challenges were received.

- 2.9 The intention in the notice was to offer a 5 year contract with an option of a further 2 years subject to satisfactory performance. The RNLI use a standard contract for all of their contracts with local authorities in the country. The leisure team would work with legal to agree the terms of the contract and ensure that Swale's standard contract clauses are inserted or replicated.

3 Proposals

- 3.1 To note the procurement process undertaken and approve the award of the beach lifeguard service to the RNLI for a period of 5 years (and option of 2 year extension).
- 3.2 To delegate authority to the Head of Commissioning and Customer Contact and Head of Legal, in consultation with the Cabinet Member for Environmental and Rural Affairs, to negotiate the terms and conditions and complete the contract award.

4 Alternative Options

- 4.1 **Option 1:** Return to delivery of the service in-house. If this option is taken forward, the Council would miss out on the opportunity for the added value that the RNLI provide. There is no longer the capacity in the leisure team to manage the service and we would likely to encounter the risk of not being able to recruit suitably qualified staff in order to provide an adequate service.
- 4.2 **Option 2:** Decommission the service. Although the Beach Lifeguard Service is non-statutory, is it a requirement for the Blue Flag/Quality Coast Awards. Decommissioning the service would also remove the positive benefit to residents and visitors that the water safety services provide.

5 Consultation Undertaken or Proposed

- 5.1 Consultation was undertaken with key departments, Cabinet members and with other known providers in the area.

6 Implications

Issue	Implications
Corporate Plan	<p>A Borough To be Proud of - Enhance the Borough's economic and tourism offer</p> <p>A Community to be Proud of - Encourage active communities and support the voluntary sector</p> <p>A Council to be Proud of - Improve residents' perceptions and customers' experiences</p>
Financial, Resource and Property	<p>The cost of the contract will be covered by the existing budget held in Seafronts cost centre. 16-17 budget was £39,200 and the expected value of the new contract will be £39,632 plus VAT for 17/18. The RNLI contract includes a set inflationary rise per year at 2% or RPI index whichever is the greatest.</p> <p>Leisure and legal staff time is required to complete the contract. Leisure staff time is required for continuous monitoring of the contract conditions.</p>
Legal and Statutory	<p>The Procurement Regulations stipulate what is required to comply with EU procurement legislation. The VEAT was used as a mechanism to award the contract on the basis of no other suitable contractors being identified.</p>
Crime and Disorder	<p>The RNLI lifeguards are predominately there for water safety however part of their work is to discourage anti-social behaviour relating to the water e.g. inappropriate use of powered crafts etc. They also provide a visible presence on the seafronts during peak use and can report/provide evidence for incidents of crime or ASB on the beaches.</p>
Sustainability	<p>No sustainability issues have been identified.</p>
Health and Wellbeing	<p>The service provides safety measures to protect residents from harm.</p>
Risk Management and Health and Safety	<p>The service forms part of the Council's risk assessment of the beaches it owns/operates and as a result reduces the risks of harm.</p> <p>The contractor provides experience, advice and inspection of the sites they cover and provides beach management procedures, protocols and risk assessments as part of the contract.</p>
Equality and Diversity	<p>No equality issues are identified as a result of implementing this service. The location/positioning of the lifeguard stations makes them visible for all to access help/support and do not create obstructions. Employment via the service is open to all residents.</p>
Social Value	<p>RNLI as an organisation provide voluntary opportunities and local</p>

	employment as part of the contract. They provide locally run training sessions and support local swimming and lifeguard sports clubs. Their lifeguards are registered first responders with the ambulance service meaning they can get to incidents on or around the seafront quicker often than the emergency services.
Commissioning and Procurement	The Commissioning and Procurement team advised and undertook the administration of issuing the VEAT. They will also assist the final clause wording for the contract.

7 Appendices

7.1 There are no appendices to this report.

8 Background Papers

8.1 Cabinet report for the award of the initial contract to RNLI on 6 February 2013.

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Cabinet Meeting		Agenda Item: 12
Meeting Date	15 March 2017	
Report Title	Asset Transfer of facilities at Iwade Recreation Ground	
Cabinet Member	Cllr Duncan Dewar-Whalley, Cabinet Member for Finance and Performance	
SMT Lead	Dave Thomas, Head of Commissioning and Customer Contact	
Head of Service	Dave Thomas, Head of Commissioning and Customer Contact	
Lead Officer	Martyn Cassell, Leisure and Technical Services Manager	
Key Decision	No	
Classification	Open	
Forward Plan	Reference number:	
Recommendations	<ol style="list-style-type: none"> 1. To transfer Iwade Recreation Ground, car park and the changing pavilion to Iwade Herons Football Club on a 125 year lease at nominal rent. 2. To agree the principle of transferring the children's playground to Iwade Parish Council on a 125 year lease at nominal rent. 3. To delegate authority to the Head of Commissioning and Customer Contact and the Head of Property Services, in consultation with the Cabinet Member for Finance and Performance to negotiate the final terms of the leases. 4. To delegate authority to the Head of Mid Kent Legal Services to complete the documentation required for the leases on the terms as agreed by the Head of Commissioning and Customer Contact and the Head of Property Services, in consultation with the Cabinet Member for Finance and Performance 	

1 Purpose of Report and Executive Summary

- 1.1 The report provides Cabinet with an update of the Iwade Recreation Ground development and recommends transferring the site to Iwade Herons Football Club.

2 Background

- 2.1 Iwade Recreation Ground was previously managed and maintained by Iwade Parish Council via a lease arrangement with a local farmer.
- 2.2 As part of the Iwade housing developments, the site was secured and the developers requested that the transfer was made to Swale Borough Council. Provision was agreed through a Section 106 Agreement to construct sport and leisure facilities including a children's playground, hard surface car park and sports changing pavilion with social area. The whole grassed area was also redeveloped including fencing surrounds and now provides space for formal playing pitches.
- 2.3 Persimmon Homes has undertaken the development and is now looking for Swale Borough Council to take possession of the site. An indicative plan is shown at Appendix I, but the final area of land to be transferred will be subject to the final details of the transfer agreement received from Persimmon Homes.
- 2.4 A Cabinet decision was previously made on 7 September 2016 to transfer the whole site to Iwade Parish Council for 125 years. However subsequent legal advice received by Iwade Parish Council has led to them declining to progress the asset transfer. It was the intention of the Parish Council to sub-let the site to Iwade Herons Football Club, who had been based at the site prior to the building works and it was felt a direct transfer to the club would be more suitable.
- 2.5 Following an initial discussion with members of the Football Club Committee, a formal expression of interest was received from the club including a minute of the decision at their committee meeting of 11 January 2017.
- 2.6 Slightly amended Heads of Terms have been drawn up that capture these discussions in accordance with the Asset Transfer Policy. The draft Heads of Terms can be found at Appendix II.
- 2.7 Whilst the site is brand new, the benefit of the transfer is that Swale Borough Council will save longer term running costs with no grounds maintenance and inspections, no building maintenance or insurance liabilities, no administration of bookings and no requirement for the Council to allocate renewal funds for replacement at the end of the facility life. The Football Club will be able to apply for funding to help meet the terms of the lease and to develop the offer they provide. Furthermore the Parish Council have suggested they will support the club through the provision of funding/resources.
- 2.8 The proposed transfer is in line with the recommendations of the Swale Playing Pitch Strategy (PPS) and the lease will state the need to keep the site as a recreational facility and to make it available for junior football usage to help meet the identified deficit in the PPS.

- 2.9 Under the terms of the Community Asset Transfer Policy (CAT), it is normal for opportunities like this to be advertised for expressions of interest. However the policy also allows for this to be waived in part 5.11, where a voluntary or community sector organisation has already been in occupation for 3 or more years and has/will invest capital into the scheme. Iwade Herons FC meets both of these criteria.
- 2.10 Similarly, following the terms of the CAT, it has been determined that an external valuation under Section 123 of the Local Government Act 1972 is not required as there is no alternative non-community use. The proposed disposal would only be at an 'undervalue' if it was realistic to think that the Council could sell or lease the land/premises for a capital receipt or a higher rent. Given that the Section 106 Agreement includes the need to protect it as public open space and it is assumed the Transfer Agreement will also require this, the above options are not possible.
- 2.11 Furthermore an internal valuation is not proposed on the basis that the transfer will be undertaken on a back to back or very short interim period and therefore permission of the Section 151 officer is the only requirement.
- 2.12 The children's playground (shown in blue on plan in appendix I) was part of the original transfer to the Parish Council. This asset is not relevant to the Football Club's operation. Subject to a set of agreed rectifications being made by the playground installer, the Parish Council have agreed to consider taking it as an asset transfer. This would be undertaken on the same principles held in the terms in Appendix II.

3 Proposals

- 3.1 To transfer Iwade Recreation Ground, car park and the changing pavilion to Iwade Herons Football Club on a 125 year lease.
- 3.2 To agree the principle of transferring the children's playground to Iwade Parish Council on a 125 year lease.
- 3.3 It is proposed the leases are at a nominal rent to allow for sustainable operation in the future.
- 3.4 To delegate authority to the Head of Commissioning and Customer Contact and the Head of Property Services, in consultation with the Cabinet Member for Finance and Performance to negotiate the final terms of the leases.
- 3.5 To delegate authority to the Head of Mid Kent Legal Services to complete the documentation required for the leases on the terms as agreed by the Head of Commissioning and Customer Contact and the Head of Property Services, in consultation with the Cabinet Member for Finance and Performance

4 Alternative Options

- 4.1 The site could be retained and managed by the Council. This is not recommended as it will increase on-going costs for the management of open spaces and sports facilities.
- 4.2 A shorter lease period could be proposed. This was not recommended as there are other precedents of community facilities being transferred to community and voluntary organisations for 125 years and this is the preferred term in the Community Asset Transfer Policy. The heads of terms also include clauses to forfeit the lease subject to the Football Club not meeting the terms or dissolving to counteract any concerns.

5 Consultation Undertaken or Proposed

- 5.1 The item has been raised at Asset Transfer Group and Asset Management Group.
- 5.2 An initial meeting has taken place with Iwade Parish Council and Iwade Herons Football Club. Cabinet members have been briefed.
- 5.3 There will be a requirement to advertise this transfer in the local newspapers as a disposal of public open space under s123(2A) of the Local Government Act 1972.

6 Implications

Issue	Implications
Corporate Plan	<p>A Borough to be Proud of – Protect and improve the natural and built environment</p> <p>A Community to be Proud of – encourage active communities and support the voluntary sector, work in partnership to improve health and mental health</p>
Financial, Resource and Property	<p>There are small cost implications if the acceptance of the site from the developer is prior to the agreed transfer date to the Football Club. The figures are low and can be absorbed into the existing open spaces and grounds maintenance budgets.</p> <p>It is proposed that the lease is at a nominal rent to allow for sustainable operation in the future by the Football Club/Parish Council. A business plan is being progressed and will be a requirement to be agreed prior to completion of the lease. A rent review option has been included in the Draft Heads of Terms with a trigger at 5 years and/or a clause based on implementation of a commercial venture.</p> <p>Retaining the site would increase the costs of the grounds maintenance contract and increase workload for existing resources</p>

	<p>in Customer Services, Environmental Response Team and Parks team.</p> <p>A low rental is proposed at £1 per annum for both transfers.</p>
Legal and Statutory	<p>The lease will be completed by Mid Kent Legal Services.</p> <p>There will be a requirement to advertise this as a disposal of public open space under s123 (2A) of the Local Government Act 1972. The costs of this will be borne by the Open Spaces budget.</p> <p>The transfer to the Football Club/Parish Council will be bound by the terms of the Section 106 Agreement and Transfer Agreement from the developer.</p>
Crime and Disorder	<p>The design of the building and site fencing has been considered with crime and disorder in mind. Good management of the site will ensure any issues are reduced. Leisure activities are evidenced to provide diversionary activity for young people to reduce ASB.</p>
Sustainability	<p>Modern standard changing pavilion designs take into consideration energy efficiency. The Football club will be able to use income derived from increased community usage and through application for grants to help maintain the building.</p>
Health and Wellbeing	<p>The recreational facilities promote healthy activity. The site will provide a base for local sports clubs and to use as a community facility.</p>
Risk Management and Health and Safety	<p>There is limited or no risk in the project as the facilities have been constructed by the developer. Prior to acceptance the buildings and site will be inspected by our in-house building surveyor. On-going risk will be passed onto the Football club/Parish Council under the terms of a full management and repairing lease.</p>
Equality and Diversity	<p>The children's playground was designed with disabled users in mind. The building complies with building regulations relating to access.</p>

7 Appendices

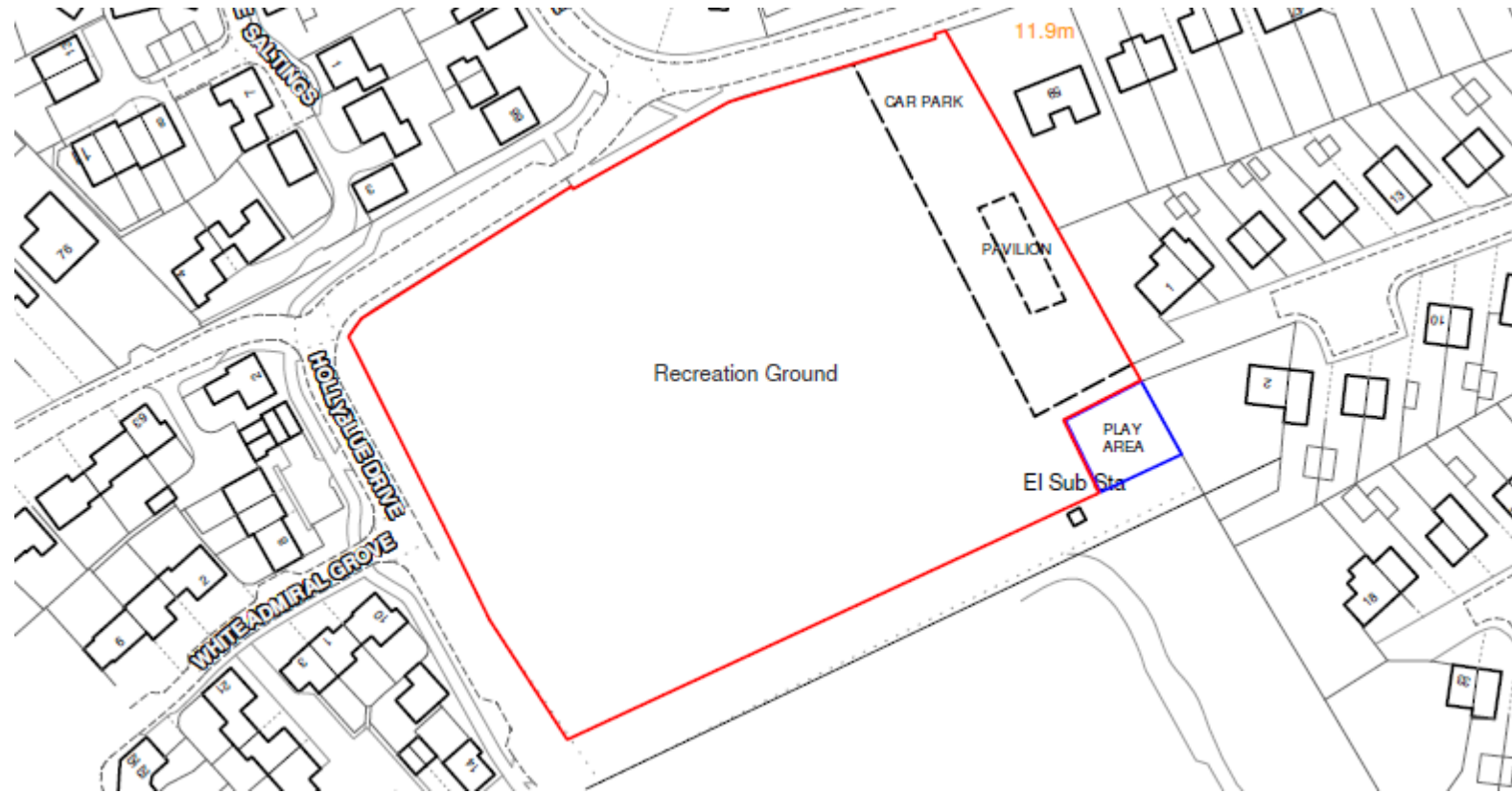
The following documents are to be published with this report and form part of the report:

- Appendix I: Indicative Site Plan
- Appendix II: Draft Heads of Terms for Iwade Recreation Ground Transfer

8 Background Papers

- Cabinet Report for transfer to Parish council 7 September 2016
<http://services.swale.gov.uk/meetings/documents/s5950/ITEM%207%20Cabinet%20Report%20-%20Iwade%20Rec%20asset%20transfer%20-%20Aug%202016%20CABINET%20FINAL.pdf>

Appendix I – Indicative Site Plan



Appendix II – Draft Heads of Terms for Transfer

Lease of Iwade Recreation Ground, School Lane, Iwade, Sittingbourne

HEADS OF TERMS

1.0 Initial information	
1.0 Property Address	The Iwade Recreation Ground, School Lane, Iwade, Sittingbourne, Kent. As shown edged red on the attached plan.
1.1 Title No.	
1.2 Landlord	Swale Borough Council, Swale House, East Street, Sittingbourne, Kent. ME10 3HT
1.3 Tenant	Iwade Herons Football Club
1.4 Rent	Sum to be mutually agreed.
1.5 Type of lease	Head lease
2.0 Lease length and breaks	
2.1 Lease start date and length	A 125 year lease from <i>[date to be agreed]</i>
2.2 Break clauses or renewal dates	Given Football Club are not a statutory organisation we are suggesting a forfeiture clause that can be triggered if the club dissolves or can no longer meet the terms of the lease e.g. repairs, misuse of site etc.
2.3 1954 Act protection	N/A
2.4 Rights	Rights are to be reserved for access and repair and maintenance of underground apparatus in favour of the relevant statutory undertakers.
3.0 Rent Reviews	After 5 years Commercial Venture trigger
4.0 Assignment and subletting	There shall be no assignment, sub-letting or parting of possession of the whole of the demised premises. Subletting of parts will be permitted with the Council's prior approval providing they are compatible with the primary aim of being a community facility. The hiring out to organisations approved by the Tenant for periods of less than 24 hours will be permitted.
5.0 Services and service charges	All services and service charges are the responsibility of the Lessee
6.0 Repairing obligations	The Tenant shall be responsible for keeping all buildings, grounds and

	structures and all fixtures and additions erected or to be erected on the demised premises in a good and substantial state of repair and condition throughout the term and for the maintenance of all boundary and site security fencing.
7.0 Alterations	The Tenant shall not carry out any structural or external alterations or new building works without the prior written consent of the Landlord. Non-structural internal alterations will not require prior consent.
8.0 Permitted use	The site shall be used for the provision of a <i>[recreation ground including the marking and use of formal sports pitches, car park and sports changing pavilion providing a social space to support service provision to meet the needs of the local community]</i> . No other use is permitted without the express consent of the Council.
9.0 Insurance	The Tenant shall insure the demised premises and any buildings erected thereon and indemnify the Council against any claims for damages, losses or injuries and any other claims whatsoever arising out of the use of the demised premises by the tenant.
10.0 Dilapidations	The Tenant shall be responsible for all costs charges and expenses including solicitors costs and surveyors fees incurred by the Council in respect of the preparation and service of a notice under sections 146 and 147 of the Law of Property Act 1925
11.0 Other issues	
11.1 Nuisance	The Tenant shall covenant not to cause or permit to be caused anything which may become a nuisance to the Council or adjoining property owners
11.2 Rates and Utilities	The Tenant shall be responsible for the payment of all future rates taxes assessments and all outgoings payable by law in respect of the demised premises by either the owner or occupier thereof.
11.3 Statutory Obligations	The Tenant shall conform at his own expense to all statutory and other regulations pertaining to the demised premises including all health and safety legislation and obtaining any necessary planning consent required and to

	indemnify the Council against any claims arising from any breach of such regulations.
11.4 Legal costs	Each party to pay own costs
11.5 Conditions	The proposed Heads of Terms are subject to Member approval.
11.6 General	An Energy Performance Certificate is to be provided by the building contractors.
11.7 No contract	These Heads of Terms are subject to contract.
11.8 Landlords solicitors	Mid Kent Legal Partnership, Swale Borough Council, East Street, Sittingbourne, Kent. ME10 3HT
11.9 Tenants solicitors	To be advised

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Agenda Item 13

Agenda Item: 13

Recommendations for Approval

Swale Joint Transportation Board – 6 March 2017

To follow

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