



2018/2019 Revision

Corporate Asset Management Plan

2015 – 2019



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1 Introduction

The effective use of assets is a key factor in delivering the objectives and priorities of the Council. This Plan sets the agenda for us to achieve that by adopting the following guiding aim:

“To ensure that the opportunity cost of financial resources tied up in land and buildings is minimised, and that capital and revenue expenditure on the portfolio is directed efficiently and effectively to provide value for money.”

The Council is fully committed to the principle of the most efficient use of assets and this document establishes the objectives, processes and actions that the Council will follow to achieve that aim.

The Corporate Asset Management Plan covers the four year period commencing April 2015 to 2019 and is reviewed annually. Torbay Council has commissioned the Torbay Economic Development Company (TEDC) trading as Torbay Development Agency (TDA) to deliver the Corporate Asset Management Plan (CAMP). The Executive Head of Business Services will act as the lead Client Officer and will serve as the point of contact for the TDA to request/receive instructions on property/asset matters.

Torbay Council has a considerable number of assets, which are not only essential to service delivery but underpin much of the Bay’s economy. Unfortunately many of these assets are in poor condition and not fit for purpose. This Plan sets out strategies to rationalise the number of assets, replace them where appropriate and improve the condition of those remaining.

This will be the last annual review of the current Plan and work will commence in the coming year on a revised Corporate Asset Management Plan to cover the four year period from 2019/2020. It is envisaged that the revised Plan will take a different approach through recognising both the work that has been undertaken in delivering the current Plan and the different categories of assets which the Council holds.

2 Context

Torbay Council's ambition is for "A Prosperous and Healthy Torbay"

The Council's vision for the built environment has been developed in consultation with the community and is defined within the Council's key strategic documents:

- Torbay Council's Corporate Plan 2015-2019
- Torbay Economic Strategy 2017-2022
- Torbay Local Plan 2012-2030
- Torbay Heritage Strategy
- Torbay's Housing Strategy 2015-2020
- Tor Bay Harbour – Port Masterplan
- Geopark Management Plan
- Torbay Biodiversity and Geodiversity Action Plan

A relatively small number of major assets are in very poor condition but there is little prospect of funding the repair or renewal without accompanying enabling redevelopment. This plan outlines a generic approach to tackle the repair of these assets through engagement with the private sector.

The effective use of Council owned assets can also help stimulate the economy and act as the catalyst for regeneration and house building. This Plan will encourage and facilitate partnerships between private developers and Torbay Council to help regenerate and develop key assets owned by the Local Authority.

All actions recommended within the Corporate Asset Management Plan strive to promote the use of assets in a way that positively assists the Council to deliver the current Corporate Plan. The following principles from the Corporate Plan guide this:

- Use reducing resources to best effect
- Reduce demand through prevention and innovation
- Integrated and joined up approach

3 Asset Management Practice, Objectives and Principles

3.1 Best Practice in Asset Management

The Government has sponsored various reports regarding best practise in asset management. It has developed a Public Sector Operation Efficiency Programme (OEP) which has work strands on Property and Asset Management and Sales.

This was developed by the Audit Commission in their “Room for Improvement” document reviewing Asset Management practice in Local Government.

The culmination of this work is the publication by the RICS on behalf of CLG of Public Sector Asset Management Guidelines and Best Practice Guides for Local Government Asset Management.

This Asset Management Plan reflects many of the key steps advised in those documents - although there is always room to strive for continuous improvement.

3.2 Regeneration Objectives

The Economic Strategy has been developed as a response to the challenging economic conditions within Torbay and looks to create the environment for investment from businesses and others to take the Bay forward. A number of physical regeneration opportunities are projects which sit on Council land. In light of the significantly changed funding regimes which have restricted investment into opening up employment sites Torbay is therefore well placed to combine the economic prosperity ambitions of the Bay with its own corporate service property objectives. The Torbay Economic Development Company is well placed to deliver this Commission.

Any disposal of assets required to facilitate the Towns Centres Regeneration Programme will be a Council function.¹

Where the Council proposes to dispose of land of any value to the Housing Rental Company these shall be decisions for Full Council to take as part of the approval of each Business Case.²

3.3 Heritage

The Council's Heritage Strategy (2011) has been put in place to protect and enhance the heritage assets of Torbay for future generations, both those of local and national significance. Also, it aspires to ensure that Torbay's heritage assets are used as a key driver for the regeneration of the Bay and to focus resources on our most valued heritage assets. The Council has a number of Heritage Buildings within its portfolio and therefore there is appropriate regard to and priority given in planning asset management to those Council properties within the Built Heritage Action Plan. The Heritage Strategy is not a statutory document.

3.4 Asset Management Principles

To achieve these objectives, it is proposed that the Council manage the use of assets in a manner that adheres to the following guiding principles:

To manage assets strategically:

- To provide effective property solutions for service delivery using assets in a way that promotes not constrains service delivery
- Establish Service Asset Management Plans, where appropriate, which address the property needs of the service

¹ Added following the decision of the Council on 6 April 2017 (Minute 180)

² Added following the decision of the Council on 20 July 2017 (Minute 67)

- Where possible utilise surplus land for Housing purposes, whereby a higher than planning policy level of affordable housing could be delivered in a range of formats to preserve as far as is possible the land value
- Provide a clear Corporate process for the Council to prioritise and endorse specific plans and initiatives
- Ensure appropriate technical resources are available to support the development and implementation of Council endorsed initiatives
- Ensure buildings are suitable, accessible and fit for the purpose they are used
- Be guided by the Port Masterplan as it acts as a framework document to set the scene for the future of the port and to ensure sustainable development

To continuously maintain and improve assets:

- Maintain accurate records of elements in need of repair
- To consider the optimum utilisation of all assets whether operational or non operational
- Establish clear responsibilities for rectifying items of disrepair
- Establish clear responsibilities for addressing major replacement items
- Ensure appropriate technical resources are available to manage repair works
- Ensure major repair projects are procured to provide best value for money and in a manner that complies with Government regulations
- Ensure statutory obligations such as DDA, Asbestos and Water Hygiene are complied with

To release value and minimise cost:

- Due to the financial challenges facing the Authority and the possible future reductions in Revenue Support Grants (RSG), unless there is specific approval at Full Council to the contrary, the Council will:
 - Always seek to maximise the full market receipt for their assets whether by way of freehold disposal or leasehold interest *See definition of 'Full Market Rent' under Key Terms in Appendix 4
 - Seek to maximise revenue streams either through development or retention of the asset base
 - Ensure that receipts obtained from disposals will be used to deliver the Capital Strategy which will have an emphasis on investing in revenue generating opportunities
 - Not restrict or reduce the current or future value of its assets through the use of contractual restrictions, covenants, peppercorn rents
 - Ensure any grant from the Council to assist with a tenant's rent will be reviewed annually or as otherwise stated when the grant was approved
- Undertake a strategic review of all assets to identify performance and yield and challenge the manner of use of all assets for the potential to generate additional revenue. Where assets are underperforming we shall seek future investment creating alternative uses or look to dispose of assets and reinvest capital receipts in the capital programme or other investment opportunities.
- Through the Investment Committee and in line with the Council's Investment Strategy, to monitor the market for investment opportunities, principally in Torbay but not exclusively and look to acquire new assets where the yield offers a better return on investment
- Ensure the Council's disposal list is effectively implemented
- Continue to ensure that non-operational investment properties are performing
- Monitor running costs to target potential savings and implement more cost alternative solution
- Provide effective facilities management to assets, including energy efficiency and carbon reduction programmes

To provide accurate data for informed decision-making

- Develop improved information databases
- Ensure data is actively managed to remain accurate
- Establish protocols for the responsibility of updating data
- Ensure appropriate technical resources are available to carry out surveys to update data

3.5 Consultation with the Community

The Corporate Asset Management Plan is set specifically in the context of the Corporate Plan to ensure that all of the extensive consultation carried out by Torbay Council with the community of Torbay is reflected within it.

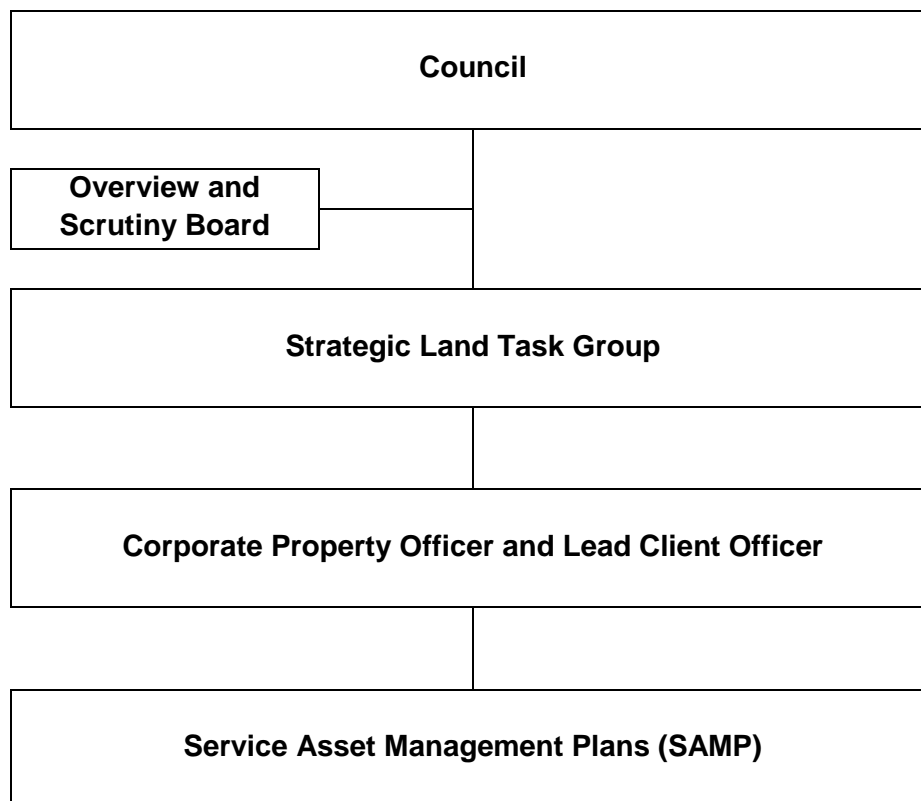
3.6 Consultation with Stakeholders and Services

Effective consultation with Stakeholders and Services is ensured via an approved email circulation group.

In conjunction with the Lead Client Officer, the CPO consults when appropriate with major Stakeholders on asset issues, potential disposals and specific project delivery. This includes consultation with the relevant Community Partnership and Ward Councillors. Community Partnerships provide an opportunity for people who live or work in the different parts of Torbay to discuss issues of common concern, influence the way in which services are provided and improve their local area.

4 Organisation

Torbay Council has adopted the following processes and procedures for the delivery of Corporate Asset Management Planning.



4.1 Service Asset Management Plans (SAMP)

Formal SAMPs for all services for a five-year period have been developed and were updated by services in 2013. A key action point for the Strategic Action Plan will be to use the outcomes to drive the current Corporate Asset Management Plan. This will provide a fully integrated line of asset management planning and consultation from front line service delivery to corporate planning.

4.2 Corporate Property Officer (CPO) and Lead Client Officer

The TEDC is commissioned by the Council to provide asset management services and to manage the Council's overall asset management process. Within the TEDC, the Head of Asset Management and Housing is responsible for advising the Strategic Land Task Group (SLTG) and is supported by professionally trained property officers within the Company's Asset Management Team. The Lead Client Officer will provide formal recommendations to the Mayor/Council in relation to asset decisions, supported by recommendations from the SLTG, and will issue instructions to the TEDC as required, within the Scheme of Delegation.

4.3 Strategic Land Task Group (SLTG)

This group was established to maximise the return from Council assets that have been identified for disposal and/or development. The group identifies reviews and then approves the preferred option for a site / property and any associated budget within the approved budget set by Council. Proposals are assessed and prioritised while having regard to deliverability and return on investment. Work programmes are approved and co-ordinated to bring sites forward in a timely manner.

4.4 Capital Strategy and Plan

The Council's Capital Strategy is a separate Policy Framework document. However, as the Capital Strategy and Corporate Asset Management Plan have such strong fundamental links both are dealt with together to ensure a common approach.

The Corporate Capital Strategy is the Policy Framework document that sets out the principles to be used as guidance in the allocation of capital investment across all the Council's services utilising a capital projects scoring matrix which informs decisions on capital spending priorities within the Council's Four Year Capital Plan.

The Capital Strategy should be referred to for further detail.

5 Performance Monitoring

5.1 Corporate Asset Management Monitoring

The overall progress and performance of the Corporate Asset Management Plan aims and objectives are reviewed annually in order to determine whether amendments to the Corporate Asset Management Plan should be recommended to the Council.

5.2 Key Asset Management Performance Indicators

The following performance indicators have been adopted by the Council for use in asset management performance monitoring. These indicators have been developed by the property industry and approved by Government as follows:

PI1	Condition and Maintenance Indicators
PI2	Energy, Water Consumption and CO2 emissions
PI3	Suitability
PI4	Building Accessibility

The PI out-turns are considered as part of the yearly review of the Corporate Asset Management Plan.

6 Challenges and Opportunities

The asset portfolio is large, diverse in nature, includes large numbers of very low value assets and includes 50 listed buildings with restrictions on use.

An opportunity exists to work with public sector partners to maximise the benefits of “One Public Estate”.

There are a number of specific challenges listed below for Torbay Council’s assets that arise from a combination of the Council’s history, Corporate Plan objectives, proposed changes to service delivery and the nature and condition of the asset portfolio.

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| 8.1 | Regeneration and Housing |
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| 8.4 | Economic Development of Council Assets |
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| 8.10 | Community and Shared Use, including Sports Clubs |
| 8.11 | Tenanted Non Residential Properties |

6.1 Regeneration and Housing

Where we are now

Torbay Council and the Torbay Economic Development Company are working together reviewing the most appropriate delivery methods for Torbay’s major regeneration projects focusing on the Town Centres and other strategic sites that will benefit from the completion of the South Devon Highway. Work continues to provide development schemes for each of the Town Centres with master plans.

The prime emphasis going forward will be to focus on an Employment and Regeneration programme that brings employment, offices, retail opportunities, business development, improved tourist facilities and public realm improvements to Torbay. Greater focus will be applied in areas of deprivation, whenever this is possible and feasible. It will also be important to ensure that Torbay provides new homes commensurate with the planned growth in employment.

Where we need to be

- Ensuring that the Council uses its assets and powers to effectively promote and facilitate employment growth, inward investment and regeneration
- Working together including with the private sector to deliver the Regeneration programme which will include Council assets
- Ensuring all investment in the Bay supports the Council’s economic growth objectives and has widespread regenerative benefits
- Ensure all projects are consistent with the Council’s planning policy framework (Torbay Local Plan)
- Ensuring maximum funding is secured from all possible public sector funds
- Promoting the new South Devon Highway between Torquay and Newton Abbot

Issues

- Considerable resources may continue to be required to deliver the stepped changes required
- Public sector interventions (i.e. through simplified planning processes) and investment will be required to stimulate the market locally
- Public sector investment, particularly grant, is shrinking given the national financial picture, innovative solutions are required
- Central government now provide direct incentives for regeneration and housing such as new homes bonus' and business rates retention scheme

Action Plan

Action	Target Date	Responsibility	Current Status
Deliver an inward investment programme	Ongoing	TEDC	Ongoing
Maximise the delivery of Affordable housing for local people	Ongoing	TEDC / Torbay Council	Ongoing
Working with the private sector to deliver the regeneration programme	Ongoing	TEDC	Ongoing
Maintain rolling Regeneration programme to monitor progress	Ongoing	TEDC	Ongoing
Work with the Heart of the SW Local Enterprise Partnership to ensure its priorities accord with Torbay's and funding opportunities are maximised	Ongoing	TEDC for the Council	Ongoing
Maximise the benefits and opportunities presented by the new South Devon Highway	Ongoing	TEDC / Torbay Council	Ongoing
Continue to use Council assets to facilitate and fund employment growth and regeneration	Ongoing	TEDC for the Council	Ongoing

Risks

- The Property Market
- Public Sector funding sources continue to reduce
- Human Resources – the right people for the right job with the capacity to do the job
- Actions require long term support

Benefits

- A joined up regenerated Bay
- Private sector involvement to help facilitate regeneration of Torbay
- Successful implementation of the economic strategy and local plan leading to economic prosperity for the Bay
- Improved Corporate property values by raising and improving the economic profile of the Bay
- To increase supply of affordable homes for rent and shared ownership to meet the needs of local people
- Heritage Assets improved
- Improve the value generated from Council assets

6.2 Suitability of Assets

Where we are now

Torbay is a geographically diverse area with a highly transient population and limited economic resources. A wide variety of public services need to be provided requiring a wide variety of assets. The current asset portfolio was inherited from a number of sources when the authority gained unitary status in 1998. Under these circumstances maintaining suitable assets is extremely challenging and will remain a constantly ongoing task.

Where we need to be

Torbay Council needs to develop the review of assets in a way that ensures:

- All assets are suited to the purpose for which they are used
- An effective means to constantly review and challenge the use of assets
- A review of the Council's substantial portfolio of Tenanted Non Residential Property (TNRP) principally around the reasons for holding the assets. (see Section 8.11 for further details)
- Disposal of assets that are surplus to the Council's requirements

Issues

- Continuation of the Service Asset Management Plans and Suitability Surveys are essential to provide the background information required to develop a 5 year property plan and investment strategy. These will form the basis of a property review. The plans will be subject to a challenge process by the Strategic Land Task Group
- The Disposal Programme is being progressed
- The Action Plan particularly in regard to service asset management plans is a comprehensive project which will require resources if it is to be delivered

Action Plan

Action	Target Date	Responsibility	Current Status
Review of Service Asset Management Plans	Ongoing	CPO with Heads of Service	Achieved
Complete Suitability Surveys	Ongoing	Service users / CPO	Achieved
Maintain 5-year rolling Maintenance Programme	Achieved	CPO / TEDC	Achieved and Ongoing
Maintain rolling programme of Condition Surveys	Achieved	CPO / TEDC	Achieved and Ongoing
Continue programme for asset disposal	Ongoing	CPO / Heads of Service	Ongoing
Consider centralising all R&M budgets to allow strategic allocation and investment	March 2017	CPO / Head of Asset Management	Phase 1 Completed April 2015
Review and consolidate the range of asset meetings that take place	December 2014	CPO / Head of Asset Management	Completed

Risk

There is a high risk that without these actions to deliver a more structured and comprehensive approach opportunities for improvement and reduction in costs will be missed.

Benefits

The proposed strategy will deliver:

- A coordinated planning process from front line service delivery to corporate decision making
- Clear identification of areas requiring priority action
- Improved data and information to enable informed decision making
- Efficiencies in raising orders
- A clear plan for the improved use of assets for all services linked to Council priorities
- Better identification of surplus assets and potential capital receipts for funding priority schemes
- A direct benefit to all the Corporate Plan Key Objectives

6.3 Asset Rationalisation Project (ORP)

Where we are now

The further development of Torbay Online Asset Database (TOAD) has produced significant levels of data that has assisted in a comprehensive review of the Council's assets. This initially identified circa 100 potential assets for disposal. These were all scored and reviewed for planning, ownership and valuation issues in order to produce a matrix and disposal programme and community consultation took place. In May 2008 a report went to Cabinet and it was agreed that 36 assets were declared surplus, 5 assets would be retained and the Council would invite community interest for the possible transfer of 2 assets. This was the start of the process and since then numerous additional assets have been approved for disposal. This process needs to be ongoing to ensure an annual review of further assets that can be sensibly disposed of where they are proven to have no operational or financial justification to be retained.

Due to the financial challenges facing the Authority and the possible future reductions in Revenue Support Grants (RSG), unless there is specific approval at Full Council to the contrary, the Council will:

- Always seek to maximise the full market receipt for their assets whether by way of freehold disposal or leasehold interest *See definition of 'Full Market Rent' under Key Terms in Appendix 4
- Seek to maximise revenue streams either through development or retention of the asset base
- Ensure that receipts obtained from disposals will be used to deliver the Capital Strategy which will have an emphasis on investing in revenue generating opportunities
- Not restrict or reduce the current or future value of its assets through the use of contractual restrictions, covenants, peppercorn rents
- Ensure any grant from the Council to assist with a tenant's rent will be reviewed annually

The Council will undertake a strategic review of all assets to identify performance and yield and challenge the manner of use of all assets for the potential to generate additional revenue. Where assets are underperforming we shall seek future investment creating alternative uses or look to dispose of assets and reinvest capital receipts in the capital programme or other investment opportunities.

Through the Investment Committee and in line with the Council's Investment Strategy, the Council will monitor the market for investment opportunities, principally in Torbay but not exclusively. The Council will look to acquire new assets where the yield offers a better return on investment.

Where we need to be

- The disposal programme is inhibited by the level of resource available and therefore to accelerate this programme and increase the level of receipts, 4% of all disposal receipts can be used to cover the additional revenue costs required to deliver the disposal programme.

Torbay Council needs to dispose of more non-essential and poorly utilised assets to:

- Maintain efficiency
- Service the capital programme by bringing forward assets for disposal as the programme dictates
- Achieve wider regeneration objectives as appropriate
- Dispose of assets that no longer have valid use or are not cost effective

Issues

- The number of potential assets for disposal present some considerable challenges to ready them for disposal - this is an intensive and time consuming project
- The current state of the property market may delay progress on sales
- If it is seen appropriate to obtain planning permissions prior to selling assets this will cause a delay
- Demand from services for assets which have been declared potentially surplus
- Future Government Legislation and Local Policies such as Local Development Orders to create enterprise areas

Action Plan

Action	Target Date	Responsibility	Current Status
Regular review of assets for disposal	Ongoing	CPO with service heads	Ongoing
Provide Interface with Internal Stakeholders	Ongoing	CPO with service heads	Ongoing
Prepare Generic Disposal Assessment procedure	Achieved	CPO with service heads	Ongoing as requirements change
Review the effectiveness of the Community Asset Transfer policy	March 2015	CPO / Head of Asset Management	Completed
Progress the Disposal Programme	Ongoing	Agents, Estates Officers, CPO	Ongoing
Review financial and standing orders regulations relating to disposals and new leases	April 2016	Lead Client Officer and Estates Manager	Ongoing

Risks

- There is a high risk that without these actions and more resource, opportunities for driving value or delivering regeneration may be missed
- The Property Market
- There is a high risk that demand from services for assets will have an effect on receipts

Benefits

The proposed strategy will deliver:

- A coordinated process of disposals and asset rationalisation
- Assets from which to derive capital receipts
- Assets that can help the economic and social regeneration of the Bay

6.4 Economic Development of Council Assets

Where we are now

Torbay, in common with other coastal resorts, has a narrow economic base with the dominant employment sectors, including hospitality and retail, being primarily low pay. There are opportunities for the growth of the local economy by concentrating on sectors where there are local strengths and where

the following sectors having demonstrated the potential - the re-emergent advanced electronics and engineering, marine, fisheries, professional services and the health economy.

To deliver the Council's economic strategy objectives and support the growth of local businesses, attracting new investment is essential in order to create the physical environment and conditions for growth. Council assets, including highways infrastructure therefore have a direct role in developing growth and should be developed in a way that supports that aim.

Short term focus is required to ensure that appropriate assets are used to deliver economic infrastructure and employment land to support growing local businesses and inward investment.

Where we need to be

Torbay Council needs to develop the use of assets in a way that delivers:

- A high quality holiday / tourism environment
- Attractive growth and relocation opportunities for new and existing businesses that supports delivery of the inward investment programme, new business and an increase in the business rate base for Torbay
- Business and employment opportunities for young local people to remain in Torbay
- Economic diversity
- Good working partnerships with community, local groups such as Torbay Coast & Countryside Trust (TCCT) voluntary and private sectors
- Improved retail environment
- Realistic opportunities for asset transfer
- The right infrastructure for growth in the marine and maritime sectors
- To aggressively bring forward serviced employment land for future development to support the opening of the South Devon Highway
- Work continues with key projects within the Employment and Regeneration programme to produce suitable development schemes e.g. additional workspace for new and growing businesses and the identification of other sites appropriate for business growth such as Torquay Gateway and at White Rock, Paignton; better sports facilities at Clennon Valley, Paignton; options for the Mansion and Estate at Oldway and producing suitable development schemes for the Town Centres / harbour areas
- Ensuring maximum funding is secured from all possible public sector sources
- The aspiration of undertaking capital schemes which create jobs and/or generate income should be strengthened and consideration given to the further diversification of the Council's portfolio to meet these aims
- The Council will consider purchasing properties for investment purposes

Issues

- There is a need to continue linkages and communication through the commissioned services to ensure a coordinated approach to development opportunities
- Disposal process needs to be co-ordinated with the economic development strategy
- The ongoing financial pressures facing the Council
- Reduced funding pots

Action Plan

Action	Target Date	Responsibility	Current Status
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Establish regular dialogue between services and TEDC	Immediate	CPO / TEDC / Lead Client Officer	Ongoing process
Develop planning application for Claylands site in Paignton for commercial use	2016	Council / TEDC / Private Sector	Completed
Work with local groups such as TCCT and Sports Clubs to help redevelop local assets for the benefit of the community	Ongoing	Torbay Council / TEDC	Ongoing
Seek funding for Electronics & Photonics Innovation Centre	2016	TEDC	Ongoing

Risks

There is a high risk that without these actions, the economy of Torbay will decline and hinder delivery of the Council's Strategy.

That employment land designated elsewhere will be land banked or not developed quickly enough to respond to growth needs within the local economy.

Benefits

The proposed strategy will deliver:

- Assets that benefit economic growth wherever possible
- Partnership approaches to regeneration and development schemes
- Additional receipts to fund Corporate objectives
- Increased business rate income for the Council
- A direct benefit to the Corporate Plan
- Improved Heritage Assets

6.5 Repair and Maintenance

Where we are now

Torbay Council has a significant and serious issue regarding the disrepair of assets in common with many other local authorities. Backlog repairs totalling £22 million (excluding schools and leased out assets where Torbay Council have no responsibility for repairs and maintenance) have currently been identified of which almost £8.9 million (excluding schools and leased out assets where Torbay Council have no responsibility for repairs and maintenance) are categorised as urgent (Priority 1). Expenditure on repairs totalled £1.5 million during 2014 to 2015 and the backlog will not be eradicated without additional activity. In excess of £10 million of additional areas of capital expenditure have been identified over the last 5 years. This is as a result of the improved data collected and as a result of TOAD becoming more comprehensive and areas such as piers and multi storey car parks amongst others being further investigated. This is not necessarily new repairs but repairs that have been outstanding for a long period of time and have now been formally identified and assessed. Repairs and maintenance on Council schools are funded by a specific government grant.

Estimated backlog value presently excludes costs relating to major repairs at Torre Abbey (Phase 3), Sea Defences, some promenades and decorative lighting.

Where we need to be

Torbay Council needs to continue implementing repair programmes and developing strategies to deliver:

- Year on year reduction in backlog repairs that will ultimately remedy the backlog
- A reduction in Category D /Priority 1 repairs by 2018
- Through appropriate and supported software, retain comprehensive and accurate data defining the current condition of all assets and data management to track all works
- Integration of schools maintenance programme

- A move to life cycle costing and the development of a long term planned maintenance programme
- In some instances there is no prospect of sufficient funding being made available to repair an asset. Solutions need to be developed linking to regeneration or asset rationalisation or private sector investment need to be considered, including the use of Prudential borrowing

Issues

- Based on current levels of R&M expenditure the overall backlog is increasing to such an extent that the Council's planned expenditure is not currently keeping pace with inflation and whilst the overall backlog continues to deteriorate, some individual assets are deteriorating beyond repair
- The Council's total central Repairs and Maintenance expenditure for 2015-16 (including schools) represents 1.37% of the Council's net budget
- A budget increase is required if there is to be any meaningful progress in reducing backlog repairs
- Significant issues have been identified with areas such as Multi Storey Car Parks and some harbour infrastructure amongst others
- In some instances other services are unilaterally commissioning repairs and maintenance. Further service consolidation should improve efficiency and reduce overheads
- Data management has been significantly improved and is a very useful and integral management tool in the effective management of R&M

Action Plan

Action	Target Date	Responsibility	Current Status
Develop and fully Utilise Planned Maintenance Data	Ongoing	CPO / TEDC	Ongoing
Maintain rolling programme for Condition Surveys	Achieved	CPO / TEDC	Achieved and Ongoing
Maintain the rolling programme of prioritised R&M	Ongoing	CPO / TEDC	Achieved and Ongoing

Risk

Whilst there is no immediate risk of failure of any particular asset there is a high risk that without these additional actions the current poor condition of assets will continue to deteriorate.

Benefits

The proposed strategy will deliver:

- A continual improvement in the condition of assets and service delivery
- Improved data and understanding regarding the condition of assets
- Best value for money procurement of remedial works complying with procurement regulations
- Effective project management of major works
- A reduction in the fall in value of assets due to deterioration in condition
- A direct benefit to all the Corporate Plan Key Objectives

6.6 Asbestos/Water Hygiene

Where we are now

Torbay Council has many assets of an age, use and type of construction that results in the presence of asbestos within their construction. A Corporate Policy for Asbestos has been put in place in recognition of that and the need for effective data and control to avoid health risks. The aim of providing up to date

and maintainable asbestos registers for all assets has been set and an implementation plan put in place. A Corporate Policy on water hygiene has been prepared. A Water Hygiene monitoring programme has been implemented. A Water Hygiene Risk Assessment of each asset has been completed and remedial works are in progress.

Where we need to be

Torbay Council needs to continue implementing the structured action plan to deliver:

- Awareness of and compliance with the Council’s Asbestos and Water Hygiene Policies

Issues

- Continuing the ongoing annual Asbestos inspections are required together with weekly and monthly water hygiene monitoring of assets

Action Plan

Action	Target Date	Responsibility	Current Status
Introduce enhanced control and monitoring to ensure Contractors are aware of Asbestos issues	Immediate	CPO / TEDC	Achieved and Ongoing
Maintain rolling programme of re- inspection	Achieved	CPO / TEDC	Achieved and Ongoing
Introduce a Water Hygiene Monitoring process with an approved contractor	Achieved	CPO / TEDC	Achieved and Ongoing
Update Risk Assessments of water systems when required	Achieved	Building Manager / TEDC	Achieved and Ongoing
Review assets which require Asbestos and Water Hygiene Surveys	March 2017	TEDC	

Risk

There is a high risk that without these actions health and safety regulations will be breached resulting in health risks and the closure of assets.

Benefits

The proposed strategy will deliver:

- Improved data and understanding of assets
- Compliance with statutory requirements and duties of care
- Safe working environments for contractors carrying out works
- A direct benefit to the Corporate Plan

6.7 Energy Management

Where we are now

Effective energy management will continue to reduce consumptions and lower emissions across Torbay Council’s Corporate Estate, reducing costs to the tax payer. The reduction of leased in assets by Torbay Council will continue to positively affect the figures.

Where we need to be

Torbay Council needs to continue with the implementation of the structured action plan to deliver:

- Consumption reduction of 1% per annum
- Identify and explain the objectives, importance and best practice processes of effective corporate energy management

Action Plan

Action	Target Date	Responsibility	Current Status
Reduce consumption by 1% per annum	Ongoing	Property Services	Ongoing

Risk

The activities that will deliver the year on year targets for the reduction of utilities consumption are set out in the Council's Energy and Climate Change Strategy. These can only be delivered with the cooperation of all the Council staff, together with top down support and 'buy in' from the Council management structure.

Benefits

The strategy will deliver:

- Reduced energy consumption
- Lower emissions
- Reduced costs

6.8 Office Rationalisation

Where we are now

The Office Rationalisation Project (ORP) is essentially about relocating staff to reduce the number of buildings that we operate out of and thus lower our ongoing costs e.g. rents, maintenance, heating and energy, etc. and to ensure that all Council owned assets are fully utilised to ensure efficient service delivery.

As the organisation changes and overall staff numbers continue to fall, the ORP Board will work with Directors, Assistant Directors, Executive Heads and Managers to support on-going re-structures.

As part of the project, planning and implementation has taken place for the next set of office moves along with some limited aspects of refurbishment. This will support the overall project objective to rationalise the number of buildings the Council operates in.

Where we need to be

- Further review of project business case in light of the potential change in the Council's office space requirements, as a result of any outcomes from the ongoing Council budget setting process

Action Plan

Action	Target Date	Responsibility	Current Status
Vacate Pearl Assurance House	31 st March 2014	ORP Board	Completed
Vacate ground, 1 st and 3 rd floor of Commerce House	31 st August 2014	ORP Board	Completed
Refurbishment of 87 Abbey Road for Safeguarding & CIS teams	January 2014	ORP Board	Completed
Aspen Way - accommodation options	n/a	ORP Board	Completed

Review office accommodation including leasing of space at Tor Hill House	Feb 2017	ORP Board	Ongoing
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Risk

If rigorous action is not pursued on the ORP then the Authority risks continued inefficient use of office space in its buildings and therefore significant savings are not being realised. Managing change needs to be factored in to future moves as staff morale may be lower if office moves coincide with major redundancies or disbursement of existing teams

Benefits

- Efficient use of office accommodation
- Savings generated through the efficient use of office accommodation
- Authority has an office building in Tor Hill House which is an improved asset
- By undertaking some office moves, service transformations can take place to improve service delivery
- Future-proofing all further moves will enable subsequent team or departmental changes or reduction of staff numbers to happen more easily with minimum disruption to overall service delivery

6.9 Data Management

Where we are now

Torbay Council has inherited assets from several sources during development to unitary status in 1998 and has a large and diverse portfolio. Gathering consolidated and maintainable data has therefore proved challenging and underpins progress in many other areas. An option appraisal resulted in the development of the Torbay Online Asset Database (TOAD) being chosen as the best solution.

We are currently looking to procure a replacement system for TOAD which in addition to the current capabilities will incorporate the facilities management helpdesk and the room booking facility.

Where we need to be

Torbay Council needs to continue implementing the structured action plan to deliver:

- Asset data that is comprehensive, accurate, maintainable and easily accessible
- Integration of data on Highway Network Assets including Highways and Bridges
- Asset data that can be readily realigned to changes in service delivery and partnering
- Publish asset data on a monthly basis as per the Local Government Transparency Code 2014
- The ability to properly manage service changes and retain that capability for property with multiple occupation

Issues

- 2017/2018 Highway Network Assets to be accounted for

Action Plan

Action	Target Date	Responsibility	Current Status
Complete Training manual and establish training programme	Ongoing	Asset Registrar	Achieved and training is ongoing as required
Continue to update and maintain the asset data	Ongoing	Asset Registrar	Ongoing

Continue to update the linkage between MapInfo & TOAD	Ongoing	Asset Registrar	Ongoing
Inclusion of Highway Network Assets valuation data on RAM	2016/17	Asset Registrar	In Progress
Publish asset data as per the Local Government Transparency Code 2014	February 2015	Head of Asset Management / Asset Registrar	Completed and ongoing on an annual basis
Procure a new asset database solution	March 2017	Head of Asset Management / Asset Registrar / Lead Client Officer	November 2016 – Tender Stage
Identify and deliver a suitable service charge capability	September 2017	Estates Manager	In progress

Risks

There is a risk that without continuing these actions and without support from Commissioned Services asset data will become inaccurate and hard to access hindering effective analysis and decision making. The asset database is an in house system and so there is a risk that staff changes could impact on the system.

Benefits

The proposed strategy will deliver:

- Comprehensive asset data held at one source
- Ease of access to data for all relevant persons
- Asset data in a form that can be updated and maintained as a live and current record
- An enhanced ability to identify specific issues, excessive costs and inefficient use
- A service re-charge functionality
- An enhanced ability to monitor and report performance
- A direct benefit to all the Corporate Plan Key Objectives

6.10 Community and Shared Use, including Sports Clubs

Where we are now

Torbay Council operates in partnership with many other organisations in delivering services to Torbay. The need for providing integrated services to the community results in shared use providing many advantages. Shared use also enhances the opportunity to use diverse assets in more suitable ways. The need and desire to use assets in a shared way will increase and provide opportunities for resolving other asset issues.

The Quirk Review looked at the clear benefits to local groups owning or managing community assets – such as community centres etc. The review is focused on how to optimise the community benefit to publicly owned assets by considering options for transfer of asset ownership and management to community groups. In response to the Quirk Review the Cabinet approved the Community Asset Transfer (CAT) Policy on 27 May 2008 and the policy was enacted from August 2008. Through the introduction of the Localism Act 2011, Government has reignited local discussion about how Councils can make the most of assets to meet community needs in a challenging financial climate.

A decision was taken at the Council meeting on 15 May 2013 to set up a Community Development Trust (CDT). Two staff from the Communities Team helped to set-up the company and have now been transferred to the CDT.

The intention is that the Council works with the Voluntary and Community Sector (“VCS”) to review each party’s assets and potential future opportunities for collaboration around these assets.

The Localism Act 2011 requires the Council to consider applications for Community Right to Challenge, the right to express an interest in running a Council service and for the Council under the Community Right to Bid to maintain a list of assets of community value. Community assets need to be nominated as such by a community group. If an asset is listed and then comes up for sale, communities that want it have 6 months to put together a bid to buy it.

Where we need to be / Issues

Torbay Council needs to develop and implement strategies that deliver:

- Increased numbers of shared facilities both in Council and other ownership by working with other public sector partners (One Public Estate)
- Closer partnership working relationships
- To work with the VCS through the CDT to review each party’s assets and potential future opportunities for collaboration around these assets
- Sustainable transfer or leasing of assets to interested community groups, including sports clubs
- As and when the need arises to have discussions with Brixham Town Council regarding the possible sale of assets in Brixham

Action Plan

Action	Target Date	Responsibility	Current Status
Review the effectiveness of the Community Asset Transfer policy	March 2015	CPO / Estates Manager	Completed
Continue to work with all community groups at stages one and two of the asset transfer process	Ongoing	CPO, Community Asset Support Officer, Asset Panel Members	Ongoing
To work with other Public Sector Partners on a joint way forward to maximise the value of partnership assets and streamline related operational activities	Ongoing	CPO / TEDC	Project is ongoing
To discuss the potential sale of assets within Brixham with the Brixham Town Council	Ongoing	CPO / TEDC	Ongoing

Risks

There is a risk that without these continuing actions the opportunities to maximise the potential for shared use will not be delivered. There has to be balance between the sale of assets for profit and the transfer or lease disposal for social gain to benefit the community.

There is a risk that the other Public Sector Partners may not be committed to working together to look at the use of assets.

Benefits

The proposed strategy will deliver:

- Enhanced opportunities to identify and deliver shared use facilities
- Development of initiatives in line with Corporate Objectives
- Support local charities and organisations to effectively develop initiatives through the Community Development Trust (CDT)
- The potential transfer of assets to the VCS / CDT and other community organisations such as a potential Sports Trust or a potential Youth Trust could see a reduction in the maintenance backlog

6.11 Tenanted Non Residential Properties

Torbay Council holds a variety of Tenanted Non-Residential Properties (TNRP) on which it has granted either leases or licences to third parties. These assets include a range of commercial disposals such as golf clubs, offices, restaurants, industrial sites and Quaywest Water Park to leases to smaller sports clubs and other voluntary sector groups along with licences to run concessions.

There are currently 771 leased assets and licences, which generate income of circa £2.7M per annum. The amount of income per agreement varies greatly with 49 assets generating an annual income in excess of £10,000 each and 54 generating an annual income between £5,000 and £9,999 each. The rest of the agreements are below these figures.

These assets are held either as investments or for service delivery / socio-economic purposes. The definition of investment assets is narrow (CIPFA regulations) with them being defined as assets which are used solely to earn rentals or for capital appreciation or both. For Torbay Council the Head of Finance has taken the view that, unless there is strong evidence to the contrary, the assumption is that all Council property is linked to a service objective e.g. regeneration, harbour estate, tourism etc. Examples of TNRP held as investment assets include Torquay Golf Club and Unit 3 Riviera Park, Torquay. The Council now has a dedicated Investment Strategy and has formed an Investment Committee.

A TNRP Portfolio Strategy, Review Action Plan and disposal policy have been developed. (See Appendix 1)

The Council has produced a Granting of Sports Leases - An overarching strategy (see Appendix 4) and a Procedure for determining applications for grants to offset market rent (grants in lieu of rent) (see Appendix 3)

Where we need to be

Torbay Council needs to implement the Action Plan below to ensure that:

- The justification for holding the TNRP is linked to the corporate goals and service objectives
- The performance of the TNRP is reviewed to determine whether assets should be retained or disposed of

Issues

- To review the performance of the TNRP it is useful to consider 3 fundamental questions:
 - Why are TNRP assets held?
 - How well are they performing in meeting the purposes for which they are held?
 - Are there better ways in which these purposes could be fulfilled?
- Need to determine criteria for measuring performance
- Where held for socio-economic purposes the measurement of performance becomes more challenging as we are dealing with subjective judgements and because there is a need to link these purposes to the corporate goals and service objectives
- Need to consider other policies such as the Shoreline Management Plan to determine the long term options arising from climate change
- Consideration needs to be given to the Council's revenue position. The yield of particular properties to be challenged within the policy
- To review the accounting procedures to ensure that market rent is charged on all assets – even if then an equivalent grant is given to the organisation leasing the asset
- To review the benefits of centralising and then redistributing the revenue income generated from the TNRP

Risks

- Currently each TNRP asset is allocated to a particular service department, which assists with management issues and they receive the income. However this may give rise to a couple of risks when assessing the performance of the TNRP:
- Depending upon the criteria set for measuring performance the perception from the service departments could be that their properties are performing well to protect their asset base
- The service department may be reluctant to agree that an underperforming TNRP should be disposed of since they would lose the rental income from their revenue budget. Any capital receipt goes into the 'corporate pot' to fund the capital programme and may not necessarily be re-invested in the service department's assets
- Service departments will need to adopt and embrace the overriding corporate approach to asset management in order to mitigate these risks.
- As part of the disposal policy there will be a need to consider the long term aspirations of the Council for the larger assets. For example, it may not be appropriate to dispose of an underperforming café within a park if it may be needed for a comprehensive re-development in the future
- There may be public resistance to the disposal of TNRP

Action Plan

Action	Target Date	Responsibility	Current Status
Implement the Action Plan to review the performance of the TNRP	Ongoing	CPO / TEDC	Due to resource issues the Action Plan (see Appendix AM-E) has not yet been Implemented
To develop a TNRP Disposal Policy	March 2013	CPO / TEDC	Achieved and included in above
To review the benefits of centralising and then redistributing the revenue income generated from the TNRP	December 2016	CPO / Head of Asset Management / Chief Finance Officer / Lead Client Officer	Ongoing
To review the accounting procedures to ensure that market rent is charged on all assets *See definition of 'Full Market Rent' under Key Terms in Appendix 4	March 2015	CPO / Head of Asset Management / Chief Finance Officer	Completed
Develop and implement an overarching sports lease strategy	October 2016	CPO / TEDC	Completed

Risk

There is a risk that there will be insufficient resources within the Asset Management Service of the TEDC to take this initiative forward

Benefits

The strategy will bring clarity about why Torbay Council holds Tenanted Non-Residential Properties, which is essential to drive good performance and value for money in terms of investment and/or socio-economic outcome.

6.12 Into The Future

The Strategy detailed above will be delivered and monitored by implementing the specific action points detailed. Delivery will be by the Torbay Economic Development Company (TEDC) acting under instruction from the Council and its Lead Client Officer.

It is accepted that the period of delivery may in some instances be long term and will inevitably be influenced by an ongoing and realistic assessment of available resources. However, the plan firmly

defines the vision of how the Council will achieve a more effective use of assets and sets a firm commitment to retain the goals and actions until all are complete.

A number of significant achievements have already been secured and into the future there are many issues that are relevant to a successful Corporate Asset Management Plan. There are at this review 2 areas of particular importance:

- The continuing work of the TEDC will continue to create opportunities to make regenerative changes to the built environment and help stimulate the market.
- There may be increasing Government scrutiny of the Asset Management Function and a need to follow closely the asset management guidance that has been issued.

Appendix 1 – Tenanted Non-Residential Property Portfolio Strategy and Review Action Plan

Background

Torbay Council (the 'Authority') holds a variety of Tenanted Non-Residential Properties (TNRP). They are held either as investments or for service delivery / socio-economic purposes.

The Audit Commission 'Room for Improvement' report said that authorities should 'review property holdings and reduce them where possible by identifying and disposing of surplus and under-utilised properties'.

In the past this has only proactively happened for the Authority's non-tenanted land and buildings but in the 2011 Corporate Asset Management Plan it was mentioned that the Authority would develop a strategy for reviewing the TNRP portfolio. As well as looking at possible disposals it is also important to maximise income and possibly expand / change the portfolio to suit the Authority's strategic objectives.

To review the performance of the TNRP it is useful to consider 3 fundamental questions

- Why are TNRP assets held?
- How well are they performing in meeting the purposes for which they are held?
- Are there better ways in which these purposes could be fulfilled?

The Royal Institution of Chartered Surveyors (RICS) has published a number of leaflets on local Authority asset management with one covering TNRP assets let to third parties (other than housing stock).

In accordance with this leaflet, which focused on the key priorities in the management of TNRP in the local government arena, the Association of Chief Estates Surveyors (ACES) Commercial Asset Management Working Group developed a 'Model TNRP Strategy and Review Action Plan'. The plan is based upon this model.

The RICS leaflet states that if there is not clarity about why TNRP is to be retained, it should be disposed of, on the best terms that may reasonably be obtained.

With regards to assets that contribute to socio-economic benefits the RICS leaflet says that 'measurement of performance becomes more challenging, as we are dealing much more with subjective judgments and because we need to ensure that the socio-economic purposes are directly linked to corporate goals and objectives'. The 'model' suggests a simple three tier ranking approach to assess the socio-economic benefits – high, medium and low.

TNRP Strategy and Review Action Plan

1. Role of the TNRP Portfolio to the Authority

- Financial investment by producing income used to offset the revenue costs of direct and indirect services thus reducing the impact on the Council tax; and capital receipts to support the capital programme.
- Socio-economic by supporting the wider corporate objectives of the Authority through strategic influence, control and occupational use.

2. Leadership and Accountability

Driving improvement in the performance of the TNRP is a continual and demanding process. Circumstances often change before optimum performance is achieved. Leadership is important in:

- Developing and promoting a strategy for the TNRP;

- Generating corporate interest in, and awareness of, the gains to be had from improved performance;
- Engendering support and commitment within the organisation;
- Addressing the business case for TNRP, together with the supporting action plan; and
- Ensuring the efficient and effective pursuit of agreed TNRP management strategies.

There are important roles in TNRP management and these are illustrated in the table below.

Role	Responsibilities
Elected Members	Executive Leads - providing commitment to TNRP strategic aims and setting key required corporate objectives / outcomes; Scrutiny – ensuring TNRP performance is kept under review
Chief Operating & Finance Officer and Directors	Supporting and monitoring the TNRP Action Plan; Ensuring sufficient resources are available to effectively manage the Strategy and Action Plan.
Corporate Property Officer and Lead Client Officer	Linking TNRP to corporate goals and objectives; Managing TNRP in accordance with the Strategy and Action Plan

3. Brief Description of the Portfolio

The TNRP portfolio has been accumulated over many years. Some of the properties used to perform functions / services done directly by the Authority but are now let to third parties to perform that function on behalf of the Authority. For example, beach / park cafes and the Torbay Leisure Centre.

Other tenanted properties were initially acquired for other purposes. For example, the Authority holds two residential houses at Tweenaway Cross, Paignton which were acquired by Devon County Council (and transferred to the Authority when it obtained unitary status) in conjunction with the potential road improvement scheme. Whilst the scheme was being progressed these properties were let to a Housing Association.

Other land and properties were let to support regeneration and economic development schemes to support and provide accommodation for small to medium size enterprises.

There are currently 771 leases and licences, which generate income of circa £2.7M per annum. The amount of income per agreement varies greatly with 49 assets generating an annual income in excess of £10,000 each and 54 generating an annual income between £5,000 and £9,999 each. The rest of the agreements are below these figures.

The Authority has granted a number of long term leaseholds in exchange for a capital receipt. For example, in July 2007 a 125-year lease at a peppercorn rent was granted to Apollo Cinemas Ltd for a premium of £1.2M.

A detailed breakdown showing categories of lettings and general management policies is given in section 7 below.

4. Strategy Aim

To move from the historic legacy to a more balanced sustainable portfolio to meet the future financial and corporate objective needs of the Authority within 5 years.

5. Strategic Objectives

- To optimise the financial return, both revenue and capital growth.
- To support the wider corporate priorities, in particular social and physical regeneration, economic development and safeguarding strategic influence, control and future development opportunities.

6. Management Policy

Management decisions by the TEDC and Lead Client Officer will balance the financial and socio-economic drivers set out below.

Financial

The portfolio will be managed to:-

- Primarily generate income.
- Charge full market rents, unless a specific policy exists to determine otherwise. *See definition of 'Full Market Rent' under Key Terms in Appendix 4
- Carry out timely lease renewals and rent reviews.
- Maximise occupancy through appropriate marketing.
- Minimise rent arrears through timely intervention.
- Subject to finance being available, undertake planned maintenance based on condition surveys in accordance with the Council's obligations under the terms of the lease and to ensure that tenants are aware of their own repairing obligations.
- To endeavour that, if appropriate, all properties have up to date asbestos and water hygiene surveys and to have up-to-date electricity and gas safety and energy performance certificates.
- Where appropriate, improve performance through securing grant assistance, using property as match funding and working in partnership with the private/voluntary sector.
- Measure and improve the performance through the use of appropriate 'performance indicators'.

Socio-economic to support corporate objectives

- To use the portfolio 'strategically' to safeguard, control and promote the use of land for purposes supporting the corporate objectives through the 'occupational use' of property.
- To measure and monitor the 'socio-economic benefits' through a simple and clear ranking system.

7. Property Asset Categories and General Management Policies

Investment Assets

Assets which are held solely to earn rentals or for capital appreciation or both. To review the financial returns and, if considered poor, then, unless needed for a future re-development scheme, the presumption would be to dispose either to the tenant or on the market.

Assets Held for Socio-Economic Reasons

Leases held on a peppercorn rent

Let to occupiers generally with community based relevance i.e. community centres, voluntary sector or allotments, which indirectly support corporate objectives. Leases be retained but be subject to review every 3 years.

Where a peppercorn is payable as a result of the Authority receiving a premium for a long lease, then consideration be given to the reasons why a long lease was granted rather than a freehold disposal.

Leases let on market rent but tenants receive a grant

A number of leases are let to the voluntary sector, community groups and smaller sports clubs at market rent but some tenants receive a grant to help off-set the rent. Presumption to retain ownership to support the voluntary sector/community group/sports club but will undertake a review to assess condition, suitability and sufficiency; identify opportunities to lever in external/grant investment; and to assess to what extent each voluntary body contributes to the

Council's objectives – if not, is the grant still appropriate (and at what level?) or should the asset be sold?

Commercial leases granted for service delivery

Commercial leases of parts of operational assets such as kiosks/cafes in parks or the leisure centre. Presumption to retain and actively manage to generate revenue to support service delivery but review periodically with the service department.

Leases granted at a peppercorn rent for service delivery under a contract

A number of leases have been granted to organisations who have been commissioned to provide a particular service on behalf of the Authority. For example, land and buildings have been leased to the Torbay Care Trust, Torbay Coast & Countryside Trust and TOR2. The presumption is to retain ownership for the duration of the service contract.

Leases – Public Utilities and Other land and property

Sites leased for electricity sub and gas governor stations which generally produce a low level of income. Other examples include telephone masts situated on multi-storey car parks or land in high locations. To identify opportunities for rationalisation/disposal or additional income generation unless such action may be prejudicial, for instance in terms of potential redevelopment.

Properties let to Registered Social Landlord (RSL) under business tenancies

A number of properties are let to a RSL whilst they are being held for another purpose e.g. highway scheme. The presumption is to retain whilst needed for the scheme but review periodically with the service department.

Community Asset Transfer Leases

A number of leases have been granted to community groups through the Community Asset Transfer process for land previously declared surplus by the Authority. Presumption to retain ownership for duration of the lease.

Licences

The Authority has granted a number of licences for people to operate on its land. For example, concessions on Paignton Green, Kilmorie Car Park, Galmpton and Daddyhole Plain.

The presumption will be to continue to offer such licences unless they become too intensive in terms of management time and/or the service department considers they no longer want the service to continue.

N.B. Licences have been included in the above list but, since they do not form an interest in land then they cannot be sold. If they are considered no longer needed for service delivery then the licence will not be re-advertised on expiry.

8. Condition Surveys

Surveys of the TNRP are undertaken on a 5-yearly rolling programme for those properties for which the Authority has some repairing liability to identify outstanding repairs which are the responsibility of either the Authority or the tenant or both.

9. Disposal Policy

Assets that do not meet the performance test and that are identified for disposal may be disposed of in accordance with the Authority's disposal procedure. Consideration will also be given to the sale of properties that are on the performance margin and where the capital receipts generated could be better deployed.

Disposals will also be discussed with the Chief Finance Officer and Executive Head of Business Services and a programme agreed as appropriate to support the Authority's revenue budget and capital programme needs.

Each disposal to be considered on its merits but consideration may be given to re-invest all, or a proportion of the sale proceeds in the service department.

10. Acquisitions Policy

Consideration shall be given to the acquisition of appropriate properties to improve the performance of the portfolio (i.e. adjacent to existing ownership or leasehold interest where the Authority owns a freehold reversionary interest and in both cases will benefit from the marriage value, property to support regeneration) and to achieve a more balanced portfolio, in both financial and socio-economic terms.

Funding will be from capital receipts from assets sold out of the TNRP portfolio or prudential borrowing if the annual rents from the property to be acquired exceed the annual financing cost (i.e. occupational lease where the Authority own freehold).

11. Other Policies

When assessing the socio-economic reasons for holding onto the TRNP the service department will need to consider whether there are any policies within their service area, which may influence / dictate the suitability of retaining the TNRP e.g. Shoreline Management Plan.

12. Benefits

The aim of this strategy and following the review action plan is that:-

- Capital receipts are achieved with minimum impact to income.
- Review will be flexible and allows time to be developed to reflect views of stakeholders and accommodate any political/economic changes during the review period.
- Ultimately better assets are retained as investments.
- Reasons for holding assets are identified by specific purposes.
- Socio-economic outputs are fully identified, considered and linked to corporate objectives.
- Key priorities for improved management, use of resources and performance are identified and can be planned.
- Future targets and timescales can be set.

Review Action Plan

Purpose – To carry out a review to demonstrate the value for money in continuing to hold the TNRP portfolio – the Performance Test

Subject to sufficient resources being identified, to undertake the review in three stages as follows:-

STAGE 1 – Identify quick wins

A 'Quick and Dirty' exercise to identify obvious assets for disposal and further review by allocating them to the categories set out in section 7 of the TNRP strategy, and applying the general management policies set out therein.

STAGE 2 – Analyse why properties are held

Identify pure 'investment' and 'socio-economic' properties that also support the wider corporate objectives assets.

Where assets support wider corporate objectives identify and analyse, together with appropriate stakeholders including Executive Leads, Executive Heads, the Corporate Property Officer and the Strategic Land Task Group. Evaluate their socio-economic benefits and rank each asset as follows:-

High –critical or major contribution as identified by the Authority e.g. a key regeneration site or property occupied by a community group supported and partly funded by the Authority. If asset disposed of ultimately to support socio-economic benefit, such as to kick start a major regeneration scheme or meet an approved high priority Authority objective, then may consider a disposal at less than the best price, so long as sale price plus value of the benefits at least equals best price that could have been obtained – review periodically but presume retain ownership regardless of financial return.

Medium - important contribution – i.e. located in a key regeneration area or occupied by a community group supported but not funded by the Authority - review periodically the importance of the socio/economic role and financial performance.

Low – minor or insignificant contribution – i.e. located on edge of regeneration area so retention to support scheme not essential e.g. property, which is difficult to let and run down, or property that happens to be occupied by a community group but not one that Authority particularly supports or that has no linkages to corporate objectives - review frequently and consider disposal if financial performance poor.

Measure the performance of all assets on the basis of the 'internal rate of return' (IRR).

The IRR is the discounted rate that generates a zero net present value for a series of cash flows using discounted cash flow processes. It is important that all costs and benefits are included in the assessment and, not least, management costs. In simple terms it is a method of measuring both potential revenue and capital growth over a given period – the 'time weighted return'. Most authorities adopt a 10 year term.

Also measure performance annually in the future by reference to the following performance indicators:-

- % management costs against gross revenue
- Assets remaining void for greater than 6 months in a year

Set annual targets based on the previous year's performance.

Agree a target rate of return with the Chief Finance Officer. Any assets not meeting this target consider for disposal.

Subject those assets identified for disposal to further tests as follows:-

- Does the legal tenure and/or statutory constraints preclude disposal?
- Would a disposal require the repayment of grant monies?
- Is it a strategic property to be held to control and/or facilitate future development opportunities or service delivery?
- Does the property contribute to corporate objectives through socio-economic benefits?
- Could the property meet identified future operational needs, or with partners' co-locational requirements?
- Are there any redevelopment or other income or capital generating opportunities i.e. redevelopment site, special purchaser, marriage value, ransom strip, over sailing rights, release of covenants?
- Could the financial performance be significantly increased through minor investment?
- Are there any other opportunities?

If answer no to all tests – Dispose. Otherwise further analyse the benefits of retention and actively manage. But also ask the question: can the capital achieved from the disposal be more effectively used than owning the asset?

Future disposals programme

Offer pure investment assets for disposal where they do not meet the target IRR agreed when and as necessary with the Chief Finance Officer and Executive Head of Business Services. Base the target IRR, known as the 'hurdle rate of return', on the Authority's alternative investment options – the opportunity cost.

Assets that have socio-economic benefits offer for disposal if they are ranked as:-

- 'Low' and fail to meet the target IRR.
- 'Medium' and significantly fail to meet the target IRR.
- 'High' and are being disposed of to meet a high priority Authority objective.

As the assessment of socio-economic benefits is a subjective exercise support a proposal to dispose with an option appraisal where appropriate.

STAGE 3

Stand back and look periodically through the process as more data is collected, analysed and recorded, to see whether the desired outcomes and objectives are being achieved.

On completion of stage 3, use the comprehensive data on property categories, financial and other performance, range and scale of contribution of the TNRP to socio-economic benefits, to assess to what extent the aim has or will be achieved.

Has, or will the process ultimately, through identifying assets for disposal, further investment and perhaps purchase, achieve a more balanced and better aligned TNRP portfolio, both in terms of financial and socio-economic strategic objectives? If not then consider further appropriate review and rationalisation.

During the whole review period hold regular discussions with the Chief Finance Officer and Executive Head of Business Services to advise on the relative benefits and risks associated with the TNRP to achieve the strategic aim and objectives for the TNRP portfolio.

The balance of the portfolio may change over time as it will be determined in particular by the financial position - need for revenue v capital, level of risk the Authority is prepared to take, and to what extent it wishes to use the TNRP to drive non-financial objectives e.g. to kick start regeneration.

Appendix 2 – Community Asset Transfer Policy

(Update December 2015)

Introduction

The Community Asset Transfer (CAT) Policy does not include Community Right to Challenge (the right to express an interest in running a Local Authority service) or Community Right to Bid (maintaining a list of assets of community value). These are covered by separate policies and more information can be found on the Council's website.

The Local Government White Paper, 'Strong and Prosperous Communities' (2006), sets out a new relationship between local government and its communities. The reforms contained in this paper will give greater say over local services to the people who rely on them. This will enlist communities in the drive to improve services, from waste to parks and libraries. Torbay Council has embraced this agenda by giving local people more say on how services are delivered through vehicles such as the Torbay Community Development Trust and local community partnerships.

In the same spirit, the 'Making Assets Work, Quirk Review' (community management and ownership of public assets) sets out the clear benefits to local groups which own or manage public assets – such as community centres, building preservation trusts and community business enterprises. Fundamentally, the review talks about giving local people a bigger stake in the future of their area through this model. The Department of Communities and Local Government, in its response to the recommendations in the review, supports the need to 'monitor effectiveness of mechanisms in persuading local authorities to consider transferring management or ownership of assets to communities'. There are already powers in place through the Public Request to Order Disposal (PROD), whereby communities can prompt a local authority to give serious consideration to the community management of assets. This was strengthened by the Community Call for Action which came into force in spring 2008.

Through the introduction of the Localism Act 2011, Government has reignited local discussion about how Councils can make the most of assets to meet community needs in a challenging financial climate. Torbay Council is responding to this by considering options for the transfer of asset through leases and operational management to the community, for purposes that benefit the communities they serve. This can range from small parks groups to established voluntary sector organisations. Community 'benefit' is seen as varied, with a range of activity from local meeting places, such as community centres, to social enterprise businesses offering new employment or training opportunities.

School disposals are covered by a legislative framework. Any disposal would first need approval under Section 77 of Schools Standards and Framework Act 1998. Therefore, school buildings and landholding will not be considered under this policy.

The Council needs to dispose of some underused or surplus assets, which can no longer be afforded, whilst, at the same time, investing in urgent infrastructure projects across Torbay. However due to the financial constraints facing the Council, priority shall be given to maximising the full market receipt of any disposals. The Council recognises there needs to be a balance of sales of assets to maximise investment, and to regenerate communities through alternative uses.

This Community Asset Transfer Policy identifies a level of market value when a particular asset shall be considered for community transfer and how local communities could register an interest in taking over a Council owned property. This option would still need to be assessed against sale, or alternative disposal opportunities, in each case, and should be closely linked to the Corporate Plan.

Strategic Context

The Corporate Plan has identified 'a prosperous Torbay' and 'a healthy Torbay as its key ambitions and, therefore, the policy should reflect this as the main driver.

The delivery of the outcomes of this policy, therefore, needs to be aligned with the five targeted actions and three principles represented in the Corporate Plan:

Targeted actions:

- Protecting all children and giving them the best start in life
- Working towards a more prosperous Torbay
- Promoting healthy lifestyles across Torbay
- Ensuring Torbay remains an attractive and safe place to live and visit
- Protecting and supporting vulnerable adults

Principles:

- Use reducing resources to best effect
- Reduce demand through prevention and innovation
- Integrated and joined up approach

The strategic fit of any asset transfer proposal would need to achieve one or more of these goals.

Rationalisation of Assets

The Council continues to undertake a review of its assets through an ongoing rationalisation programme. This is being considered in association with the new commissioning model on how the Council will deliver its services in the future.

As part of this process, the Council, through the Strategic Land Task Group, will identify buildings and land holdings which are no longer required for the delivery of its services. In this instance, a building or land holding will then become 'surplus' and be put forward to the Executive or Council (as appropriate) for potential disposal. At this stage, assets with a market value below £25,000 will be given an indication as to the likelihood that this could be considered for Community Asset Transfer. Assets of a market value above £25,000 can still be considered for Community Asset Transfer if it links with the Council's targeted actions and principles, within the Corporate Plan and is approved by the Strategic Land Task Group. Once on the disposal list, community, voluntary and other agency sectors could apply to the Council for transfer of these assets for alternative community uses. This would still be considered alongside the need to capitalise receipts of any assets to deliver the Council's prioritised Capital Programme. The proposed criteria for transfer of an asset below the market value would need to be measured against the likely other uses if sold on the open market.

Under the current policy, assets or land holding are rarely sold as a freehold interest, and it is considered more appropriate that any transfer for community use should be on a leasehold basis. This would protect the future of these assets, and ensure that the Council can veto future changes in use and occupation of the facilities during the lifetime of the lease.

Key Policy Criteria

There are two key factors to be considered within the policy criteria:

- Benefits to the local community by transferring the asset
- Ability of the voluntary or community organisation to sustain the use of the asset over the leased period.

Therefore, the Community Asset Transfer Policy would require all proposals to meet the following, before being considered against alternative disposal options:

- The proposed use of an asset reflects the outcomes and objectives identified in the Corporate Plan and other appropriate plans and strategies.
- The proposed use of the asset is genuinely for the benefit of the community, and would offer real opportunities for successful and independent, community or third sector organisations to become more sustainable in the long term.

- The asset would be made fully available for use by a range of local groups, especially those working with, or in, disadvantaged communities, and should be compliant with the Disability Discrimination Act (DDA).
- The use of the asset is environmentally sustainable. Any future refurbishment plans should consider energy efficiency as a priority, and use good quality, environmentally sustainable, materials and construction practices.
- That the third sector organisation would have greater security and independence, and would be better able to meet the needs of the communities it serves.
- That uses would enable communities to have more access to facilities and/or opportunities that respond to their local needs.

Under the second key factor, the Council would need to analyse the risks carefully to ensure that proposed organisations and future community management of the assets are appropriate, and sustainable, in the long term.

As it is likely that many of the community and voluntary groups, applying to the Council for the transfer of assets, would have limited financial history, or facilities management experience, it is important that a robust business case is put forward in support of any proposal/organisation. The policy, therefore, sets out the following requirements that need to be demonstrated by organisations for them to be able to be considered 'fit for purpose' to lease Council assets:

- Financial viability of the transfer – the organisation would need to show at least a five year cash flow and budget forecast that demonstrated that the project is sustainable, and that the asset would be maintained adequately.
- Experience of, and/or commitment to, partnership working – demonstrating that the asset would be put to a variety of uses to benefit the community.
- The organisation and key individuals, managing the asset and associated project, have appropriate skills, knowledge and expertise to sustain the project in the long term.
- Clearly defined structures, roles and responsibilities within the organisation appropriate to deliver the project, whether voluntary and/or paid. It is recommended that a Council representative be included in any management committees associated with the assets.
- Clarity of decision making processes – adequate constitution, governance arrangements and management controls, are in place.
- Clarity of aims and objectives, and that these meet the key Corporate Plan objectives.
- All legislation and regulatory controls are in place – meeting equality standards, child protection, health and safety and licensing requirements.
- The project has the support of the local community – can demonstrate local need, community support through consultation, and that the project is not aligned only with a single interest group.
- Monitoring and evaluation processes are in place to demonstrate the successful delivery of objectives and targets over the life of the project.

Process for Assessing Proposals

It is recommended that a Community Asset Transfer Panel be established to assess the proposals put forward. The panel would consist of the Executive Lead for Planning, Transport and Housing, two Conservative Councillors, one Liberal Democrat Councillor and one Independent Councillor (to be nominated by the Group Leaders) who would ultimately be responsible for the final decision, supported by voluntary sector representation. This panel would also be supported by Council officers with the relevant expertise to advise on the key elements of the proposal, including planning, estates, property management, legal, finance, housing, environmental policy and community engagement.

The Asset Transfer Panel and the Mayor, or nominated individual or body (as an appeal process), would be the key decision making boards related to this policy.

The assessment of proposals put forward by the community and voluntary groups would fall into two stages:

Stage One:

Once an asset had been identified for potential disposal, community and voluntary groups could then apply for transfer of that asset for community use. It is proposed that the timeframe, for those wishing to register an interest, would be limited to three months. There would be an initial first stage, which will allow potential community or third sector organisations to detail their proposals in outline to be considered by the Community Asset Transfer Panel. This should be a simple initial process, where the organisation would have to demonstrate the following criteria:

Criteria
Strategic fit against the priorities in the Corporate Plan and other applicable plan strategies.
Support from the local community in the neighbourhood for the proposals – must include support of 50 local people, and have consulted the specific community partnership. These people do not have to be active members of the group, but need to support proposal.
Who, and how local people, would benefit from the proposals.
Previous experience of the group, or evidence of supporting organisation.
Proposals are focused on needs of the community – demonstrating there is a gap in provision, e.g. providing job opportunities in deprived areas, or aimed at key target groups currently excluded from the community activity.
Implications for the asset or building in the long term – alternative use options.

The Community Asset Transfer Panel would either give its approval for the proposals to be taken forward to the second stage (this preparation period would be a maximum of three months), or advise the asset be put forward for alternative disposal. The organisation involved would be advised in writing of the decision, giving reasons if the application were refused. They would be advised of their right of appeal which could only be considered against the criteria.

The organisation’s right of appeal on whether the decision is fair would be undertaken by the Mayor or his nominated representative/body. If the proposal were not approved by the Panel, the organisation would have the right, within a set timescale, to appeal against the decision. The appeal would then be reviewed by the Mayor, or his nominated representative/body, who would either reject the appeal or recommend further consideration at the second stage.

Stage Two:

The Asset Transfer Panel would invite successful organisations to progress to the second stage where a full business and delivery plan would need to be presented for the project/proposal. This submission would be assessed under the following criteria:

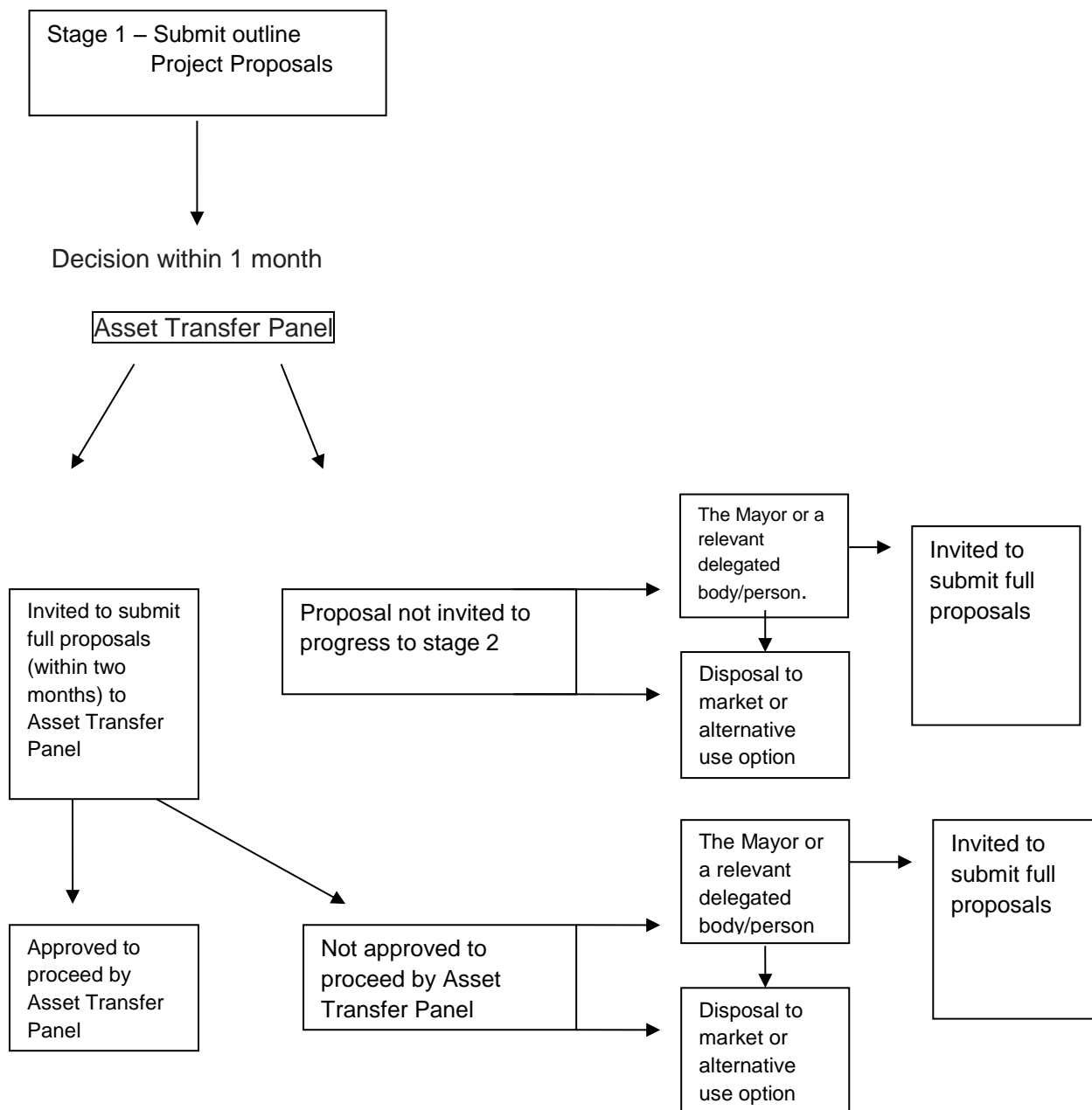
Documentary Evidence Required	Criteria
Business Plan and Governance Documentation	Outcomes, aims, objectives and targets the proposal would deliver, including how these would be monitored and assessed over the life of the project.
	What type of organisation would be running the project? The capacity of the organisation to deliver the project including : Decision making structures

	Management and staff structures, showing where these are paid or voluntary, whether these are experienced, and/or what training plans are in place.
	Identifying whether the project would create new jobs, housing or learning opportunities, and how these linked to the Corporate Plan and other relevant strategies.
	An indicative 5 year capital and revenue budget plan including all anticipated grant funding, identifying whether this had already been secured and any other income expected, sources etc.
	Relationships with any other partners on the project.
	Legislation and regulation considered within the project and how this would be addressed, e.g. Health and Safety regulations Child Protection Policy Equality regulations Licensing.
	How the project would address: Inequalities Crime prevention Environmental issues.
	The catchment area for the project.
	Length of lease required to deliver the project.
	Any development proposals relating to the buildings or land.
	Risk Analysis of the proposals.
Project Plan	Indicative timescales on how the project would be delivered from start up to fully operational.
	Description of any proposed development. Detailed breakdown of timings/costs for any proposed building works or refurbishment proposals, and how this would be funded.

Once a proposal had been successful at the second stage, this would be progressed through to the development of normal lease arrangements by the TEDC, instructed by the Executive Head of Business Services. This process would include advertising the 'disposal of public open space' which would have to be approved by the Mayor. This process usually would take two/three months.

A summary of the timescales and decision making process for both stages is detailed in the flow chart below:

Applicants will have a maximum of three months to apply at Stage 1.



A guidance document and application forms will be provided to community and voluntary sector organisations to assist them in applying for Community Transfer of Assets.

Evaluation of benefits

The policy will be reviewed continually to ensure that it met the objectives set out in the Corporate Plan and other key plans and strategies, and demonstrated real benefits to the community.

Appendix 3 – Procedure for determining applications for grants to offset market rent (grants in lieu of rent)

(July 2016)

Introduction

All applications for grants to offset market rent (grants in lieu of rent) should be made to the Executive Head of Business Services by completing the approved Application Form.

The estimated market rent assesses the lease value against other similar leases (i.e. sports leases) across the South Devon area. An estimated market rent will take into account whether the landlord or tenant has the liability for the cost of maintenance and what income generating facilities are at the disposal of the tenant. i.e. a club house & bar, private car parking, etc. The estimated market rent would also reflect the restrictive nature (sports use only user clause) of the lease and the level of the security of tenure.

Applications will be considered for any period up to the next scheduled rent review but that period should not exceed five years. Any grant application below a cumulative value of £25,000 (of foregone income) will be considered and determined by the Council's officers in the form of the Senior Leadership Team. All applications for grants in excess of five years or with a cumulative value of £25,000 or more will be passed to the Council for determination.

The Senior Leadership Team and/or Council will use the criteria set out below when considering an application for a grant to offset market rent (i.e. a grant in lieu of rent).

If a grant is rejected by the Council's Senior Leadership Team then the applicant can take their case to an Appeals Committee made up of Councillors.

The Council will not normally offer grant support to tenant organisations whose activities do not support one or more of the 'Targeted Actions' within the Corporate Plan.

The Council will not normally offer grant support to tenant organisations that are not affiliated to or are a member of a recognised national body/voluntary organisation. This requirement is included to ensure that a tenant organisation has an appropriate constitution with associated rules & regulations. It also means that the tenant would be required to follow best practice in such matters as safeguarding, protecting young children, inclusion and financial probity; it will also help to prevent discrimination and promote equality. Consequently, it is expected that the tenant organisation will have the relevant policies for such matters and can therefore demonstrate a corporate social responsibility.

Tenant organisations will need to supply a set of annual accounts and it may be necessary to supply audited accounts and/or accounts for more than one year. The Council may also request to see a medium term financial forecast to evaluate whether or not the organisation is financially sustainable.

Criteria for assessing applications for grants to offset market rent (grants in lieu of rent)

1. Do the activities or services provided by the tenant organisation contribute to the Council's Corporate Plan?
(The Council will not normally offer grant support to tenant organisations whose activities do not support one or more of the 'Targeted Actions' within the Corporate Plan)
2. Is the tenant organisation affiliated or a member of a national body ?
(The Council will not normally offer grant support to tenant organisations that are not affiliated or are a member of a national body/voluntary organisation. This is to ensure that the tenant organisation has proper oversight and governance at a national level, such that it can follow best practice in such matters as safeguarding, financial probity and equality)

3. How many residents of Torbay benefit from the services provided by the organisation ?
4. What is the level of benefit received by those users of the organisation ?
5. How well does the organisation promote social inclusion ?
6. Would the Council need to provide the services if they were not provided by the organisation ?
7. How much other funding will the organisation be able to access if the Council provides a grant ?
8. What mechanisms are in place for working in partnership with other organisations?
9. How much effort is made towards self-help, especially in the form of local fundraising and grant applications ?
10. How far is the organisation able to become self-supporting over the period of the grant?

Appendix 4 – Granting of Sports Leases – An overarching strategy

(July 2016)

Introduction

In July 2011, a paper was submitted to full Council that recommended the Mayor authorise the then Executive Head of Commercial Services, in consultation with the Chief Executive of the Torbay Development Agency (TDA), to grant leases for up to 40 years to sports clubs on acceptable terms with each case being considered on its merits. There are a number of sports clubs within Torbay who have since completed leases with Torbay Council. However, there are also still a number outstanding, which is absorbing a significant amount of effort and resource.

This overarching strategy is therefore intended to help streamline the process. The strategy will set out the key terms of occupation that the Council is willing to grant. This will be clear and transparent from the outset. The strategy should be extended to all sports clubs within the Bay to avoid a claim that the Council is being selective. Care will however; have to be taken as to what premises are leased to the clubs. A large number of football clubs hire pitches along with the use of changing rooms from the Council. It would be impractical to lease out an individual pitch with changing facilities, as this would deny other clubs from using them at other times. In these instances it may not be possible to offer any type of lease, regardless of its length.

By offering long leases to local sports clubs the Council can provide the clubs with the confidence that comes with security of tenure. This new found confidence should serve as a catalyst for improvement whereby our sports clubs will positively engage with their communities and in particular with our young people. Some local clubs are already fully engaged with their communities but this new overarching strategic approach to sports leases will ensure that the tenant clubs are working with the respective national Governing Body for their sport. Not all clubs are optimising the opportunities that are available and there is an opportunity cost.

It is clear that the Council has an over-supply of poor quality, asset related, sports provision in the Bay. The Council needs to understand the issues with its facilities and have a better understanding of where the demand exists. It would then be better placed to invest in those facilities, improving quality, increase demand and ultimately increase income to sports funds. Adhering to the terms listed below will help ensure this happens.

The Council will work with the Torbay Development Agency and the Torbay Sports Council to provide support and advice to those clubs that need help to understand the issues surrounding these sports leases. This support will include a set of “Frequently Asked Questions” that can be provided to the clubs and kept under review as an ongoing resource.

Key Terms

Advertising the Opportunity - Sports leases will normally be advertised to ensure that there is a competitive element to the selection of a tenant and that our communities will be rewarded with the best offer in terms of quality. The Council will use a combination of quality and cost to demonstrate best value, when scoring an applicant’s bid for a long sports lease. It is important that a local sports club that wishes to become a tenant or is already a tenant; is discouraged from ‘coasting along’, not improving or reaching out to their local community.

Full Market Rent payable - In February 2016 the Council’s Corporate Asset Management Plan 2015 ~ 2019, latest revision, was agreed and adopted by the Council. The revision inserted the following statement, “*Due to the financial challenges facing the Authority and the possible future reductions in Revenue Support Grants, unless there is specific approval at Full Council to the contrary, the Council*

will always seek to maximise the full market receipt for their assets whether by way of freehold disposal or leasehold interest”.

The securing of full Market Rent is therefore in accordance with the Corporate Asset Management Plan.

[The estimated market rent assesses the lease value against other similar leases (i.e. sports leases) across the South Devon area. An estimated market rent will take into account whether the landlord or tenant has the liability for the cost of maintenance and what income generating facilities are at the disposal of the tenant. i.e. a club house & bar, private car parking, etc. The estimated market rent would also reflect the restrictive nature (sports use only user clause) of the lease and the level of the security of tenure.] A combination of the above factors can either increase or lower the valuation and so it must not be assumed that a ‘market rent’ is necessarily a high rent. In the case of sports clubs the ‘market rent’ should not be compared with the commercial rent a business might pay in the high street.

Sports clubs must be affiliated to National Sports Governing Bodies - For the purposes of this strategy a sports club must be affiliated to a recognised national governing body for that sport. i.e. recognised by Sport England. Examples include, the Football Association, the Royal Yachting Association, the Rugby Football Union, the England & Wales Cricket Board, UK Athletics or England Athletics, etc. This key term is included to ensure that a tenant organisation has an appropriate constitution with associated rules & regulations. It also means that the tenant would be required to follow best practice in such matters as safeguarding, protecting young children, inclusion and financial probity; it will also help to prevent discrimination and promote equality. Consequently, it is expected that the tenant organisation will have the relevant policies for such matters and can therefore demonstrate a corporate social responsibility.

Lease length of up to 40 years – The sports club should demonstrate the need for the lease length required. It is known that a number of funding bodies do not require clubs to hold leases for longer than 21 years to obtain funding. When granting medium to long term leases the Council should always ensure outputs and outcomes are monitored. If this is not monitored the Council risks losing control over the provision of sporting facilities at that leased area. The Council should not consider granting a lease, which is longer than 40 years as Upper Tribunal (formerly the Lands Tribunal), under s84 of the Law of Property Act 1925 may on certain grounds, after 25 years into the term, discharge or modify restrictions as to user or buildings on the land affecting the leasehold interest. Granting leases to a maximum lease of 40 years therefore prevents clubs applying to the Upper Tribunal thus safe guarding the Council’s position. Where there is no existing lease in place any new sports lease granted will be contracted outside of Sections 24-28 (security of tenure provisions) of the Landlord and Tenant Act 1954.

Break Options – The Council will look to insert mutual break options whereby in the event a sports clubs doesn’t secure funding / grants, either party can bring the lease to an end on the service of a notice period. If a clubs takes a lease and did not apply, or were unsuccessful, in obtaining grant funding then the land might not be used to its full potential for the length of the lease with the Council being unable to use it for the same or any other purpose. For example, a club’s membership may fall significantly over time and it may not be able to provide the same level of activities with the Council being unable to make use of the land.

Grants – Sports clubs may make an application – for a grant to offset market rent (a grant in lieu of rent) by following the procedure contained in Appendix AM-G of the Council’s Corporate Asset Management Plan. If a decision is made to provide a grant it is likely to be a short period before it is reviewed and it will probably be linked to appropriate outputs and outcomes set out in the grant agreement. There will also be a clearly defined process for monitoring outputs.

Maintenance of Land & Buildings – The leases will pass onto the sports clubs the full liability for the maintenance of the land and buildings. However, many sports pitches are currently maintained by TOR2 and this is expected to continue until at least 2019. The Council cannot make savings by individually removing certain playing pitches from the contract. Therefore, the Council may need to take account of this responsibility when assessing the appropriate market rent.

Adverse costs – It is recognised that by passing the maintenance of the land and the buildings to the sports clubs this could represent a significant risk and liability that is unacceptable to the Clubs. To offset this risk where a significant item of disrepair manifests itself the sports club will be required to meet the first £1,000 of any costs and then an additional 10% of any costs associated with any repair needed above this ceiling. If the Council deems it is unable to meet the cost of the remaining 90% of repairs needed, it will have the ability to bring the lease to an end. Neither the Council nor the sports club should be required to bear an unacceptable level of liability, particularly where no budget exist to meet these costs. The Council's decision shall be final in this regard.

Limit the use of lease restrictions – If the Council is seeking to obtain market rent from a sports lease then it should also limit the use of lease restrictions which inhibits the clubs/tenants from maximising income. An exception will be to exclude telephone masts from the standard lease. Any consent to permit the erection of telephone masts will need to be agreed by the Council as the landlord in a separate agreement.

Identification of periphery land in sports leases – The granting of sports leases will often cover a large area of land. It is possible that some land, most likely on the periphery of the demise area, may have some future development use/value. It is the intention that this land is identified on a lease plan at the commencement of the lease and reserved within the sports lease with rights for the Council to take back this land on the service of a suitable notice period.

Multiple Applications – It is possible when considering future sports leases that the Council receives a number of Expression of Interests for one specific sports ground. Where this is the case the Council will apply a tender process for determining the outcome.

Standardised Lease – The Council will look at all times to incorporate all of the above terms in a standard lease template. Any departure from the above will only be agreed in an exceptional circumstance.

Protocol for dealing with outstanding Sports Leases

1. Write to all sports clubs where negotiations are ongoing informing them of the new overarching strategy that will be applied on all new sports leases granted.
2. Propose new terms of occupation that adhere to the new strategy.
3. Consider any new requests against the criteria of this strategy and forward them to the Executive Head of Business Services and Assistant Director – Community & Customer Services for a steer about whether the request is agreed 'in principle'.
4. Consult with Ward Councillors and the relevant community partnership about the proposed Sports Lease.
5. Take a report to Council for their consideration with the views of the Ward Councillors and the community partnership being incorporated into the report.

6. The following are the principal terms to be considered for all future Sports Lease and any variation must be agreed with the Executive Head of Business Services in consultation with the Assistant Director – Community & Customer Services :-
- i) The sports club pays a full market rent for the premises. (See definition of 'Full Market Rent' under Key Terms set out above)
 - ii) The sports club is responsible for the insurance and maintenance of the land and buildings with the club taking the facilities in their existing state.
 - iii) Where there is no existing lease (within the provisions of the Landlord & Tenant Act 1954) in place, the lease is to be excluded from the security provisions of the Landlord & Tenant Act 1954.
 - iv) The sports club to adhere to the agreed sports development plan (if required by the Council).
 - v) The sports club pays the Council's reasonable legal and surveyor costs associated with the granting of the lease and, if applicable, the surrender of the existing lease.
7. The granting of any lease of open space is deemed to be a disposal of open public space and therefore the proposed granting of the lease will need to be advertised in accordance with the Local Government Act 1972.