

LAND & BUILDING ASSETS ACQUISITION POLICY

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Document Location

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June 2024	draft	Draft for comment

Next Revision

Review Type	Date

Land & Building Assets Acquisition Policy
Approvals

Name	Title	Approved
	Asset Strategy Steering Group	?
	Executive Leadership Team	?
	Cabinet	

Document Review Plans

This document is subject to a scheduled annual review. Updates shall be made in accordance with business requirements and changes and will be with agreement with the document owner.

Distribution

The document will be publicly available on the Tamworth Borough Council website.

Security Classification

This document is classified as 'OFFICAL and will be published on the Tamworth Borough Council website.

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Introduction

This policy relates to the acquisition of land and building assets by the Council.

Background

Tamworth Borough Council owns and manages a diverse portfolio of Assets which include property and land for a range of reasons including: -

- Operational property for the purposes of undertaking its business activities.
- Investment property for the purpose of generating income.
- Assets for community benefit including historic assets.
- Amenity and leisure land for public use.

This policy is directly linked to the Council's Asset Management Strategy which aims to define the purpose for which property is held, how its performance is assessed and how growth, retention, adaptation or disposal are considered.

The purpose of this policy is to provide a framework for the acquisition of land and building assets as a means of maximising income and meeting the changing demands of the Council and the residents of Tamworth.

The policy aims to provide a transparent methodology on the process for the acquisition of land and building assets.

The local authority may acquire land and building assets provided any acquisition is conducted on a sound financial basis, meets the strategic aims and objectives of the Council, and meets requirements around borrowing for investment purposes.

Approach

Definitions

Freehold – the acquisition of the Freehold interest in an asset through payment of a single premium. The asset could be land, building or both.

Leasehold – a registerable lease in excess of seven years, could be land, building or both. Will generally comprise of the payment of an initial premium with an ongoing rental payment.

Lease – a short-term lease of not more than seven years, could be land, building or both and will generally involve the payment of an ongoing rent and possible service charges.

General principles for acquisition

The stages of preparation leading to *any* acquisition should include the following: -

- *Asset Management Strategy* – The Asset Management Strategy makes allowance for growth through investment and reinvestment. This growth could be achieved through the acquisition of assets.
- *HRA Business Plan* – The Housing Revenue Account Business plan relies on an element of growth and the replacement of property lost through the Right To Buy process. This growth can be achieved through development or acquisition or a mixture of both.
- *Financial Consultation* – at an early-stage advice is to be sought from the Assistant Director, Finance on any proposed acquisitions to determine budget availability.
- *Legal Consultation* – at an early-stage legal advice will be needed to ensure that the Council is able to make the acquisition and to develop a detailed understanding of asset to be acquired.
- *Inspection, valuation and potential future use* – before entering into any negotiations an inspection is to take place to consider condition, value, and potential and to identify any other issues which may affect the decision to acquire.
- *Valuations* - Valuations will generally be conducted using the RICS Red Book methodology and in line with CIPFA guidelines.

Acquisition Methods

It is likely that any acquisitions that have been identified will be progressed through one of the following routes: -

Negotiation

In most cases it is likely that the Council will express an interest in acquiring an asset from the current owner and will seek to enter into direct commercial negotiations with the owner.

Tender

Some assets are sold through either a formal or informal tender process whereby expressions are made by way of a sealed bid.

Auction

It is not uncommon for land in particular to be disposed of through an auction process, it is more common for poorly performing buildings to be disposed of through auction.

Partnership

There may be occasions when a land owner seeks to work in partnership with the Council on the delivery of a project that will involve the Council acquiring part or all of the arising asset.

Routine Operational

Occasionally the Council will need to acquire either the Freehold or a long lease interest in an asset for operational purposes such as to enable access to maintain an asset already in Council ownership. Any such acquisitions will be identified by the relevant Directorate who will set out the reason for the acquisition and any identified budgets. The negotiation process will be completed by the Assets Team with input from external legal and valuation providers.

Strategic Regeneration

Members, The Regeneration Board or Asset Strategy Steering Group may from time to time identify land or building assets that will need to be acquired for the purposed of delivering a regeneration or growth project.

Governance for such acquisitions must form part of the governance arrangements specific to the project.

Housing

There is a requirement for the housing stock portfolio to be replaced as and when existing properties are sold through the Right To Buy Process. Funding is available through the housing 1-4-1 capital receipts pool and changes to the way in this can be spent has placed an emphasis on additionality as opposed to recycling of property. This means that growth will need to be weighted more towards in-house development as opposed to open-market acquisition.

There remains an element of the 1-4-1 receipts that can be spent on acquiring property on the open-market; there may also be the need to acquire land on which to build housing property. The sums available are subject to regular review

For all housing acquisitions there will be consultation with the teams responsible for tenancy management and lettings which in conjunction with the Asset Management Strategy will determine the type and location of properties to be acquired. The budgets for housing acquisitions will be set based on the need to spend 1-4-1 receipts; this in turn will determine the scale of any acquisitions programme. An upper limit on purchase price for existing properties will be agreed and this will be reviewed regularly in line with market conditions. A detailed 50-year whole-life costing plan will be produced for all acquisitions and only those properties showing a break-even or payback at 50-years will be considered for acquisition. The acquisition process will be conducted by negotiation with offers being based on the valuation of an RICS valuer; all legal work will be carried out by an external conveyancing specialist.

For new-build projects that require the acquisition of land the financial and viability and return on investment modelling will factor in the land acquisition and remediation costs.

All negotiation for the acquisition of land and or property will be carried out on a 'Subject to Contract' basis.

Compulsory Purchase Orders

The Council may from time to time exercise its Compulsory Purchase Order powers in order to carry out a growth or regeneration project. The decision to make use of these powers must be made by Cabinet and the statutory process must be followed.

Extinguishing of Leases

There may be occasions where for strategic reasons the Council needs to extinguish leases before they expire; this type of action will have to be done through a process of negotiation and is likely to result in compensation having to be paid to the tenant. Before commencing with negotiations legal advice must be sought and potential cost implications factored into the planning of any projects that rely on the lease being extinguished.

Roles & Responsibilities

The Council's Scheme Of Delegation sets out the delegated authorities in relation to the acquisition of assets and the entering into of lease agreements.

Overall responsibility for the management of Assets including the disposal, acquisition and leasing in or out of assets is with the Assets Team.

Key Roles

Asset Strategy Steering Group – oversight and approval of the Asset Management Strategy. Recommendation of assets required for regeneration purposes for approval by Cabinet.

Regeneration Board – identification of assets that need to be acquired in order to facilitate and deliver regeneration projects and for advising on the most appropriate route for delivering regeneration projects (from an assets perspective)

Assistant Director, Assets – overall accountability for the development and delivery of the Asset Management Strategy and responsibility for the services undertaking disposals. Responsible for the acquisition of replacement housing property.

Property Services Officer – responsible for undertaking negotiations and valuations in relation to operational acquisitions and for overseeing external valuation and legal services for other acquisitions with the exception of housing and regeneration.

Valuations – the services of external RICS certified valuers should be sought to provide valuations for the acquisition of assets.

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Legal – legal matters will be dealt with through the shared service arrangement with South Staffordshire District Council. The lead officer for the shared service at SSDC will determine whether or not to outsource the legal work to a more specialist legal firm.

Governance

Cabinet will be responsible for approving the Asset Management Strategy and the Acquisitions Policy.

The Council’s Scheme of Delegation sets out the nature and financial limits on the acquisition of assets.

Budgets associated with the acquisition of assets should be identified through the normal budget setting process for approval at Full Council.

The Asset Strategy Steering Group will approve the content and scope Asset Management Strategy, including the identification of any potential assets that would need to be acquired in order to deliver housing or regeneration projects prior to formal approval by Cabinet.

The Regeneration Board will be responsible for identifying assets that would need to be acquired for regeneration purposes.

Reference Documents

Asset Management Strategy

Net Zero Carbon Assessment

It is anticipated that any properties acquired by the Council would have a suitable energy performance rating; however this policy may not directly contribute towards Net Zero Carbon.

Community Impact Assessment

Part 1 – Details	
What Policy/ Procedure/ Strategy/Project/Service is being assessed?	Acquisition of land and building assets
Date Conducted	June 2024
Name of Lead Officer and Service Area	Paul Weston, Assistant Director, Assets
Commissioning Team	Asset Strategy Group

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(if applicable)		
Director Responsible for project/service area	Rob Barnes, Executive Director, Communities	
Who are the main stakeholders	Residents of Tamworth Businesses in Tamworth	
Describe what consultation has been undertaken. Who was involved and what was the outcome	This forms part of the wider Asset Management Strategy which has been considered by the Asset Strategy Steering Group	
Outline the wider research that has taken place (E.G. commissioners, partners, other providers etc)	An acquisitions policy is considered to be good practice as part of active asset management. There are provisions within the Local Government Act to deal with disposal of land and property assets by Local Authorities.	
What are you assessing? Indicate with an 'x' which applies	A decision to review or change a service	X
	A Strategy/Policy/Procedure	X
	A function, service or project	<input type="checkbox"/>
What kind of assessment is it? Indicate with an 'x' which applies	New	<input type="checkbox"/>
	Existing	<input type="checkbox"/>
	Being reviewed	X
	Being reviewed as a result of budget constraints / End of Contract	<input type="checkbox"/>

Part 2 – Summary of Assessment

Give a summary of your proposal and set out the aims/ objectives/ purposes/ and outcomes of the area you are impact assessing.

This relates to the acquisition of land and building assets by the Council.

Who will be affected and how?

This is most likely to impact on residents and businesses of Tamworth and those looking to dispose of or who hold land and/or property in Tamworth.

This policy sets out the criteria, process and governance surrounding the acquisition of land and building assets.

Are there any other functions, policies or services linked to this impact assessment?

Yes X No

If you answered 'Yes', please indicate what they are?

Asset Management Strategy

Part 3 – Impact on the Community

Thinking about each of the Areas below, does or could the Policy function, or service have a direct impact on them?

Impact Area	Yes	No	Reason (provide brief explanation)
Age	<input type="checkbox"/>	X	Opportunity to dispose of land and/or property open to this group.
Disability	<input type="checkbox"/>	X	Opportunity to dispose of land and/or property open to this group.
Gender Reassignment	<input type="checkbox"/>	X	Opportunity to dispose of land and/or property open to this group.
Marriage & Civil Partnership	<input type="checkbox"/>	X	Opportunity to dispose of land and/or property open to this group.
Pregnancy & Maternity	<input type="checkbox"/>	X	Opportunity to dispose of land and/or property open to this group.
Race	<input type="checkbox"/>	X	Opportunity to dispose of land and/or property open to this group.
Religion or belief	<input type="checkbox"/>	X	Opportunity to dispose of land and/or property open to this group.
Sexual orientation	<input type="checkbox"/>	X	Opportunity to dispose of land and/or property open to this group.
Sex	<input type="checkbox"/>	X	Opportunity to dispose of land and/or property open to this group..
Gypsy/Travelling Community	<input type="checkbox"/>	X	Opportunity to dispose of land and/or property open to this group.
Those with Caring/Dependent responsibilities	<input type="checkbox"/>	X	Opportunity to dispose of land and/or property open to this group.
Those having an offending past	X	<input type="checkbox"/>	Opportunity to dispose of land and/or property would generally be open to this group; however some people convicted of financial related crimes may be excluded.
Children	X	<input type="checkbox"/>	Persons under the age of 18 would not be able to enter into a legal agreement to dispose of land or property.
Vulnerable Adults	<input type="checkbox"/>	X	Opportunity to dispose of land and/or property open to this group.
Families	<input type="checkbox"/>	X	Opportunity to dispose of land and/or property open to this group.
Those who are homeless	<input type="checkbox"/>	X	Opportunity to dispose of land and/or property open to this group. (it should be recognised that if this group holds land and/or property it may impact on their homeless status)
Those on low income	X	<input type="checkbox"/>	Opportunity to dispose of land and/or property open to this group.
Those with Drug or Alcohol problems	<input type="checkbox"/>	X	Opportunity to dispose of land and/or property open to this group.

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Those with Mental Health issues	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Opportunity to dispose of land and/or property open to this group subject to them having the capacity to enter into a legal agreement.
Those with Physical Health issues	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Opportunity to dispose of land and/or property open to this group.
Other (Please Detail)	<input type="checkbox"/>	<input type="checkbox"/>	

Part 4 – Risk Assessment

From evidence given from previous question, please detail what measures or changes will be put in place to mitigate adverse implications

Impact Area	Details of the Impact	Action to reduce risk
Children	Persons under the age of 18 are not able to enter into legal contracts to dispose of land/property or to enter into a lease.	None – this is a matter outside of our control.
Those having an offending past	It is possible that someone convicted of financial crimes would be excluded from entering into a legal agreement to dispose of land/building assets.	None – this is a matter outside of our control.
Those with Mental Health Issues	Certain people may not have the capacity to enter into legal agreements for land/property.	Where a person is legally deemed not to have capacity this would be outside of our control. As with any other potential purchaser/tenant they would be advised to seek financial and legal advice before entering into agreements.

Part 5 - Action Plan and Review

Detail in the plan below, actions that you have identified in your CIA, which will eliminate discrimination, advance equality of opportunity and/or foster good relations.

If you are unable to eliminate or reduce negative impact on any of the impact areas, you should explain why

Impact (positive or negative) identified	Action	Person(s) responsible	Target date	Required outcome
Children	No action as this is outside of our control.	N/A	N/A	N/A
Others	No action required. Provided people have the financial means and capacity to enter into a legally binding agreement the policy is open to them.	Paul Weston	N/A	N/A

Date of Review (If applicable)

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