South Somerset District Council

Asset Disposal and Community Asset Transfer Policy

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Programme:	Refresh of Asset Transfer Policy to align it with the Transformation Programme and Commercial Land and Property Strategy 2017 resulting in a Disposals Policy which covers “Community Asset Transfers” and general “Asset Disposals”
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SSDC Asset Disposal and Community Asset Transfer Policy

This policy replaces the existing Disposal Policy and Process for Council Owned Property. It was first adopted by SSDC District Executive in July 2007. It now links to the objectives of the 2017 Commercial Land and Property Strategy. The policy includes two sections: Section 1 covers Community Asset Transfer, Section 2 covers General Disposals.

The purpose of this policy is to provide a transparent, robust and strategic framework to enable Asset Disposal and Community Asset Transfer decisions to be made, together with a clear process for both SSDC and community organisations to progress with transfers/disposals, with long term sustainable benefits both to the Council and the community.

Disposals refer to Council owned assets that are sold on the open market for a financial consideration or otherwise transferred out of Council ownership. The aim is to enable SSDC to retain only sound assets that support the effective and efficient delivery of services, achieve corporate priorities or produce a healthy financial return each year in accordance with the Commercial Land and Property Strategy.

Certain assets that SSDC retain may have passed their useful lifespan, require too much maintenance, are no longer fit for purpose or were purchased historically for strategic or regeneration reasons that have now come to fruition. This policy sets out the process for assessing an asset for general disposal (Disposal) or community asset transfer (CAT).

Background

Local authorities have discretionary powers under the Local Government Act 1972 to dispose of land in any manner they wish, normally for the “best consideration” obtainable. However, the General Disposal Consent 2003, permits the local authority, in certain circumstances, to transfer land at an “undervalue” or “less than best consideration” without the need to seek specific permission from the Secretary of State. This is subject to the condition that the “undervalue” does not exceed £2 million and that land is held under powers which permit disposal under the 1972 Act.

Under the Act, the authority can transfer its land/property at less than best consideration if it is likely to contribute to the achievement of any one or more of the following:

1. the promotion or improvement of economic wellbeing;
2. the promotion or improvement of social wellbeing;
3. the promotion or improvement of environmental wellbeing.

These discretionary powers can be applied to both general Disposals and Community Asset Transfers

Section 1 Community Asset Transfers

Community Asset Transfer (CAT) refers to the ability of local communities to acquire land and buildings from the local authority property portfolio, normally at a discount, in order to deliver local services that meet local needs.

Context

The Localism Act (2011) created new rights for local communities including the framework for the Community Right to Bid and the Community Right to Challenge. The Act has strengthened the rights of communities to be proactive in proposing changes to the way services are delivered and local authorities are obliged and encouraged to positively consider those proposals.

The Council recognises that the way in which its physical assets are managed can have a significant impact on local services. The Council considers community organisations as key partners in the delivery of services and recognises the role of community organisations in ensuring strong, sustainable and cohesive communities.

Tackling the Challenges, the SSDC Council Plan 2016-21, incorporates values which reflect the ethos which underpins community asset transfer:

- *Putting the customer and community first when developing plans and services*
- *Supporting people and communities, enabling them to help themselves.*

This thread continues in the Health and Communities focus area where the Council pledges to *support communities so that they can identify their needs and develop local solutions.*

The spectrum of CAT options can range widely, from short-term leasehold to freehold acquisition. Under previous policy SSDC has chosen to only consider transfers on a leasehold basis however it is proposed to consider both freehold and leasehold options, potentially with covenants defining future use conditions. The Council recognises that there are circumstances where the transfer of a freehold interest can enhance community benefit, as this can extend the funding options open to an organisation. Consideration of such benefit is reflected in the assessment criteria for Community Asset Transfer.

What are the benefits of CAT?

Community benefits of acquiring assets include:

- the ability to plan longer term, generate income and develop the capacity of local groups – strengthening the local community, local communication and involvement;
- providing greater financial stability through having ownership (or long term security through a lease) of a physical asset. This financial sustainability can help the organisation become less dependent on grants, provide collateral for further borrowing and opportunities for further growth;
- ability to attract external grants/funding currently not available to local authorities;

- using local trades people to restore and maintain buildings, the benefit of which is likely to be lower overhead costs and a reinvestment of money in the local economy.
- providing a more accessible and responsive base from which to deliver local services;
- delivery of social, economic and environmental benefits in response to local community needs such as providing local employment and purchasing opportunities;
- advancing neighbourhood community/regeneration plans or encouraging new business.

Benefits to SSDC include:

- attracting new investment into an area and providing an impetus for wider regeneration activities in the area;
- the sustainable refurbishment of a number of otherwise out dated buildings, redesigned and managed to meet the needs of the local community;
- provision of opportunities for more flexible, responsive service delivery out in local communities;
- reduction of property liabilities including maintenance and security costs;
- reduction in grants currently "silted up" in payments to organisations renting properties from SSDC;
- better partnership working with the third sector;
- improved sense of place and maintaining quality of place where it might otherwise depreciate in the face of spending constraints.

Typically, organisations that would be considered appropriate are Voluntary and Community Groups/Associations, Trusts or Charities, Social Enterprises or regeneration groups and Community Interest Companies. Transfers to Town or Parish Councils are also considered.

A request to transfer a SSDC Council asset to one of the above bodies must:

- Support the aims and priorities of SSDC to enable efficient and effective service delivery
- Provide added value/benefit to the local community and reduce costs for SSDC by improved operations at a local level
- Facilitate improved efficiency and effectiveness in service delivery when viewed from the perspective of all involved councils
- Ensure that the organisation requesting the transfer has the capability and capacity in place to manage both the asset and/or service to be transferred. This can be established in advance through the active partnering process.

To be successful, asset transfer requires a long-term partnership approach on the part of the council and the community organisation.

Risk

Not every building or piece of land will be an asset for the community, in fact some will represent liabilities (e.g. poor condition, wrong size/location/configuration, listed, expensive to maintain etc.). This could result in a drain on resources, generating too little income and potentially set a valued community group up for failure, or detract from their primary focus.

To mitigate any risk, the community group will need to provide a robust business plan that is deemed to be achievable. Equally, SSDC will make a full assessment of the asset condition and future maintenance liabilities and will provide timely information on historical running costs and condition surveys, to assist groups in preparing their business case. (A template is provided at Appendix 1 to assist organisations in developing their business case).

Community access to assets should not be restricted through the process of transfer. Legal agreements should be in place to ensure they are not sold on or privately appropriated, except with the authority's consent and relevant financial clawback provisions, not withstanding, that 'asset-lock' provisions are provided in the common legal forms that guarantee assets remain in community benefit in perpetuity.

In some cases, an asset transfer could mean the loss of rental income to SSDC. However, asset transfer may lead to a reduction in both the Council's property costs and the grant monies currently paid to organisations renting those properties.

The CAT Policy

- The Council will review its ownership of land and property and explore ways of achieving community objectives through asset transfer, recognising that "best consideration" in terms of asset use and disposal is not necessarily always measured simply in monetary terms.

- Using discretionary powers the Council will (where appropriate and compatible with the General Disposal Consent 2003) include the option of community management or ownership within the options appraisal process for surplus, underused or other suitable assets where such disposal is likely to contribute to the promotion or improvement of the economic, social or environmental wellbeing of its area where:

    - a community partnership (or trust) can be entered into based on public access to and use of an asset;
    - the local body, group or association is properly constituted and managed and is prepared to enter into an appropriate agreement with the Council; (For charities see note below)[1];
    - the group provide a business plan that is acceptable to the Chief Finance Officer (S151 Officer for SSDC); *the business plan must be realistic and include no future expectation/request for funding from SSDC, unless wider service re- design makes it desirable to do so, or new project work which is suitable for a grant application is proposed. Where the business plan is a radical change from before the transfer, the group need to demonstrate their ability to raise the revenue. Evidence will be needed to reflect future maintenance and ability to fund repairs.*

[1] The Charities Act 2006 introduced a new form of incorporation for charities to reduce the administrative burden of registering both with the Charity Commission and Companies House, called the Charitable Incorporated Organisation (CIO). This gives the charity a separate legal identity from that of its trustees, which is often seen as appropriate for organisations managing buildings.

- there is evidence that both the future management of the building and the services delivered would improve/respond better to local needs;

- Transfers will be on a tenure basis appropriate to the specific circumstances. The preference remains for transfers to be on a leasehold basis, however freehold transfers will be considered where this has clear financial benefits.

- Where land or buildings may have future development value the Council will covenant with the group to safeguard its long-term interests.

- Before consideration of asset transfer, in each instance, the Council will:

  - assess the building's condition and future maintenance liabilities;
  - ensure that legal agreements are in place to ensure the asset(s) are not sold on or privately appropriated, except with the authority's consent and relevant financial clawback provisions.

- Where the property is transferred on a leasehold basis SSDC will continue its annual inspections, in particular in relation to the general maintenance of the property, in accordance with its obligations as a landlord.

- The Disposal Assessment Group and/or District Executive will have absolute discretion in determining those assets that can be considered for transfer.

- Each party will bear their own legal costs.

Implementing the Policy

It is likely that enquiries will in the first instance be made through the SSDC Area Development working arrangements as relevant officers are generally in regular contact with community groups/organisations seeking to benefit from asset transfer.

To ensure that the policy is implemented consistently, and any opportunities for asset transfer fit within SSDC's legal and policy framework, the following criteria/checklist should be implemented:

Criteria	
Do the multiple benefits of transfer, for the group, the Council and the community fit with the Council's Corporate Priorities?	Yes/No
Is there already a strong partnership between the Council and the relevant organisation? *NB. It is important that there is historically a strong partnership which shows a good track record of service delivery, governance and financial management, or, if a new group, the track record of the lead individuals will be considered*	Yes/No
Does the Council currently own the asset? *The asset must be held under powers which permit disposal under the 1972 Act and is compatible with the General Disposal Consent 2003*	Yes/No

Does the transfer comply with state aid rules? *The Council must ensure that the nature of the "subsidy" complies with state aid rules, particularly if there is no element of competition in the disposal process*	Yes/No
Is the transfer to one organisation only? *NB. Assets will only be considered for transfer to one party/accountable body*	Yes/No
Is the Voluntary, Community, Social Enterprise (VCSE) of the following: • An incorporated organisation e.g. Company Limited by Guarantee, Charitable Incorporated Organisation, Industrial Provenant Society, Co-operative Societies or Community Benefit Societies • Town or Parish Council *NB. Evidence of the legal status of the organisation must be provided. We can advise on this.*	Please state
Has initial feasibility work with the relevant locality officer and the Commercial Property, Land and Development Manager been undertaken? Is the asset the most appropriate to meet the needs of the VCSE sector and wider community? • Will the asset offer real opportunities for successful and independent VCSE sector organisation to become more sustainable in the longer term? • Will the asset provide opportunities for improved service delivery? • Will the asset provide improved access to third party funding?	Yes/No
Does the VCSE sector organisation have the capacity to manage the asset effectively? Have the risks been assessed? *A detailed Business Plan is required in the form set out in Appendix 1*	Yes/No
Will the asset be made fully available to a wide range of local groups/people, especially those working with disadvantaged communities? *As set out in the business plan and constitution of the managing group*	Yes/No
Will the asset be maintained / refurbished appropriately? Is there a future maintenance plan and the ability to fund repairs? ○ to reflect the needs of users ○ to reflect sustainability e.g. use of materials, waste reduction, minimise energy use. *Evidence must be provided. NB. SSDC will carry out a full condition survey prior to any transfer.*	Yes/No
Is there adequate insurance cover? *Evidence must be provided*	Yes/No
Have all the suitable transfer arrangements been explored *(e.g. Tenure, length of lease, partnership opportunities, Trust options, limitations on disposal etc)*	Yes/No
Do the objectives of the VCSE sector organisation meet with the Council's Corporate Aims & Objectives, and fit with SSDC policies on Community Grants?	Yes/No
Has the Council covenanted where land or buildings may have future development value, to safeguard its long-term interests?	Yes/No
Has SSDC assessed the building's condition and future maintenance liabilities?	Yes/No

Are the relevant legal agreements in place to ensure the asset(s) are not sold on or privately appropriated, except with the Council's consent and have relevant financial clawback provisions been agreed?	Yes/No
Do both parties agree to pay their own legal costs involved in the transfer?	Yes/No

Below is the flow diagram of how a Community Asset Transfer should be initiated.

Community Asset Transfer – SSDC Process

Community Group/Organisation to access basic information about process and policy on SSDC website. Group contacts either SSDC, The Locality Team or Commercial Property Land and Development Manager. Area Chair is informed, or SSDC offers the asset for community transfer consideration by Town and Parish Councils and community groups as defined.

Initial assessment against Asset Transfer Policy Criteria and Checklist

Commercial Property, Land and Development Manager to provide details to the Disposal Assessment Group for an initial view and agree due diligence required.

Further work on any issues raised by internal consultations, e.g.: improvements to Business Plan, ensuring appropriate governance and legal structures in place (e.g. Incorporated Charity status)

Commercial Property Land and Development Manager to circulate documents to SSDC Disposal Assessment Group and discuss main terms and conditions with group.

Commercial Property Team to draft summary Disposal Assessment Group Report, consult applicant, Locality Team and other SSDC officers, Portfolio Holder, Area Chair and Ward Member. Report is presented to DAG for approval.

DAG majority approval of report required to submit to CEO for decision, sign off in consultation with Council Leader

Proceed with transfer – Commercial Property Team to lead. Heads of Terms drafted and sent to group/solicitor. Condition Survey completed.

Section 2 General Disposals

Introduction

The Council's Commercial Land and Property Strategy introduced in 2017 sets out the following clear principle guiding the retention and acquisition of assets;

> 'Property should only be held or acquired where there is a clear, operational, economic or financial justification, and where it represents value for money'.

The strategy sets out a review mechanism to monitor the performance of the Council's assets (both operational and commercial). This mechanism allows performance to be categorised and measured to inform decision making and drive improvement over time. In essence, it sets the parameters for review, such that any property that fails the test will be identified as surplus for disposal. Surplus assets will be disposed of on the open market or via Community Asset Transfer as appropriate. This ensures that valuable capital and revenue is not tied up in property for no justifiable reason.

Performance Review

A set of performance measures has been developed to assess the relative performance of SSDC's various assets within each property type and category within the portfolio and will be reported the District Executive at least annually. The Performance Measures table is included at Appendix 2.

The measures identified are targeted at highlighting both overall poor performance, and specific areas of poor performance so further detailed investigation can be prioritised where improvement will make the most difference. The measures can be adjusted to target the performance level required for the Council's property portfolio. The performance review enables comparison of assets and a ranking to be established, dictated by the expected useful life of an operational asset. Further sifting can be used to identify the worst performers in each category/property type, so the future of these can be prioritised for consideration.

In tandem with performance monitoring, a detailed condition survey will be undertaken for each council owned property at least once every 5 years. The results of this will inform the preparation of a planned maintenance programme which will identify the anticipated expenditure according to an appropriate standard for each property. The Value for Money Maintenance Policy is summarised at Appendix 3.

In parallel with this policy, the monitoring of expenditure should take place year on year to enable true building performance to be established, and to support informed financial planning for property maintenance or selection for disposal.

General Disposal Governance

The Commercial Strategy recommends streamlining of governance structures to enable faster decision making. In terms of investment decisions this has been translated into a level of delegation that avoids the need for every potential transaction to be referred through long decision-making chains. The body overseeing the process is the Investment Assessment group (IAG).

The ambition is to bring the asset disposal policies in line with the same governance that is applied to investment acquisitions. To this end, a Disposal Assessment Group (DAG) will be established which will work in parallel with the Investment Assessment Group (IAG). The group will mirror the composition of the IAG and comprise the Executive Portfolio Holder for Property, Climate Change and Income Generation, Director of Commercial Services and Income Generation, the Monitoring Officer, the Section 151 Officer and the Commercial Property, Land and Development Manager. The group will meet monthly or as required and a majority approval for recommendations to CEO must be agreed by the group for it to proceed. It will recommend the disposal of land and property to the CEO for approval in consultation with the Council Leader.

The approval procedure for identifying property for disposal is set out in the process chart below and the rules laid out within Section 13.2 of the Council's Financial Procedure Rules.

In summary the DAG procedure will allow the CEO, in consultation with the Leader, to have delegated powers to agree disposals up to an individual value of £250,000 for Non-Investment Properties or up to £10,000,000 for Investment. Disposals expected to achieve a value in excess of £250,000 for Non-Investment Properties or in excess of £10,000,000 for Investment would be referred to the District Executive and Full Council. The DAG procedure will also permit transfers to RSLs (for social housing or associated parking) up to £250,000 per unit. Transfers above this value or outside of policy will require District Executive proposal. All delegated disposal decisions will be reported to the first available District Executive and Full Council after both approval and the subsequent Disposal Approval Procedure.

Annual Review Mechanism undertaken by the Commercial Property, Land and Development service highlights property asset for disposal.

Commercial Property, Land and Development Manager considers wider policy implications and appropriate method of disposal/route to market, and provides details of the review together with completed Asset Sale Appraisal Forms to the Disposal Assessment Group (DAG) who may agree disposals in principle, approve or request further information. Area Chair/ward members to be advised and invited to comment.

If appropriate the Commercial Property, Land and Development Manager circulates any additional information requested.

Commercial Property, Land and Development Manager drafts summary Disposal Assessment Group Report listing assets approved for disposal.

DAG report to CEO for decision, sign off in consultation with Council Leader except in the case of disposals in excess o£250,000 for Non-Investment Properties or in excess of £10,000,000 for Investment Properties which will be referred to the District Executive and Full Council.

Proceed with disposal – Commercial Property Land and Development Manager to lead. Heads of Terms drafted and sent to group/solicitor. Condition Survey completed.

In assessing the particular approach to be adopted for each disposal, regard will be given to the **DCLG Local Authority Disposal Guidance**, March 16 edition (or as updated from time to time). This sets out the disposal methods to be considered, including:

- Formal Tender
- Informal or Negotiated Tender
- Public Auction
- Private Sale
- Exchange of Land

The guidance also highlights the need to consider the benefits of outright disposal in comparison to other delivery models, including partnership arrangements, direct investment and delivery, and working with other public-sector bodies. Particular consideration will be given to the One Public Estate initiative, and other wider national policy priorities.

Conclusion

Combining General Asset Disposals with Community Asset Transfers into one document provides a succinct guide for SSDC and interested parties to understand the differing approaches to the types of disposals, how they are processed, governed and completed. It acts not only as a policy but as a procedure note for reference.

Disposals are a necessity in order to ensure SSDC retain quality assets that are not a financial, resource or liability drain. By routinely assessing the performance and viability of assets, SSDC lower spending and secure operational efficiencies, which facilitates investment into future assets that generate an income.

References

ODPM, 2003. Circular 06/03: Local Government Act 1972 General Disposal Consent (England) 2003 disposal of land for less than the best consideration that can reasonably be obtained. See www.communities.gov.uk

Communities and Local Government, 2006. *Strong and Prosperous Communities*: the Local Government White Paper. See www.communities.gov.uk

Department of Trade and Industry, 2002. *Social Enterprise: a strategy for success*. See www.dti.gov.uk

Office of the Deputy Prime Minister and Home Office, 2006. *Communities Taking Control*: Final report of the Cross-sector Work Group on Community Ownership and Management of assets. See www.communities.gov.uk

Thake, S., 2006. *Community Assets: The Benefits and Costs of Community Management and Ownership*, London, Communities and Local Government. See www.communities.gov.uk

Communities & Local Government, 2007. *Making Assets Work – the Quirk Review of Community Management and ownership of public assets*

Big Lottery. *Community Assets Fund Consultation Document (2007), guidance notes (2007) and evaluation (2009) see www.biglottery.org*

Teignbridge District Council *Teignbridge Asset Disposal Programme* MJ Awards 2009

APPENDIX 1 BUSINESS PLAN TEMPLATE

Business Plan

The following should be completed by organisations in support of their CAT application. The level of detail provided in each section will vary according to the type and scale of the project.

Please expand boxes as required.

Project Name:	
Organisation:	

Executive Summary
This should provide a concise summary of the overall project business plan which highlights the most important features of the project including:

- A short description of the scope of the project including what it will do, what it will achieve and who will benefit from it.
- A summary of how the project will be delivered including timetable, budget and resource considerations.
- A Summary of the key stakeholders and partners for the project.

Organisation and Management
Provide an outline of the Organisation's aims, objectives and legal status. Provide details of other similar projects delivered by the organisation including how successful they were.
Describe:

- The services and/or activities the organisation currently provides, how these are delivered and who benefits from them.
- The Organisation's management structure, decision making process and key lines of communication or reporting.
- Roles and responsibilities of the board members or trustees and senior management team including skills, experience and knowledge.
- How the community is involved in the management of the Organisation.
- Catchment area for the Organisation.

List the policies, systems and procedures in place, i.e.

- Health and Safety
- Equal Opportunities
- Environmental principles
- Financial policy and agreements
- Booking and hiring procedures (if appropriate)

Project Background
Describe how the project has been developed to date with reference to any relevant studies or research that has been carried out.
Describe the options that were considered for delivering the proposed outcomes and the reasons for choosing the option proposed.

Proposal
Describe the aims and objectives and targets for the project including the outcomes and benefits the project aims to achieve Describe how the project will support the Council's local priorities or supports national objectives as set out in the Local Outcome Agreement.

Community Needs
Provide evidence of need. Consider:

- Where the project will be delivered.
- Current gaps in service provision.
- The target users or visitors – make reference to relevant market research and needs analysis.
- The total number of people that experience the need that this project will address.
- How barriers to participation will be addressed.
- Links to any other projects locally, regionally or nationally.

Project Resources
Detail the resources required to deliver the project, i.e.:

- Staffing resources – include a staffing structure diagram and any training plans that need to be put in place;
- Management and Supervision Resources- set out how staff, volunteers, partners etc will be managed, who will manage project finances, etc;
- Volunteer resources – describe their role in the delivery of the project.

Also describe how the community will be involved in influencing what happens and taking part in decisions regarding the project.

Partnerships Identify other organisations and stakeholders involved with the Organisation including details of any partnership arrangements that might be in place to deliver the proposal. With partners describe their role, why they need to be involved, how the partnership will be managed, etc.
Asset Identify the asset required Outline proposals the Organisation has for the asset, i.e. building/ refurbishment. Describe the transfer arrangements required, i.e.: • If lease what length of lease is required. • If transfer of ownership – how will this be done? Does this have any funding implications for the organisation/the Council?. Highlight any planning issues the Organisation may be aware of. How will these be resolved?
Risk Assessment The project business plan should include an assessment of the risks associated with the project to see if there are any weaknesses and if there are any threats to the viability of the project. The business plan should detail each risk, assess the likelihood of it happening and its potential impact and the plan for dealing with the event should it occur.
Project Plan Provide a project plan or timetable for the non-capital elements of the project. This should include all the relevant activities or services of the project, stating when they are due to happen and how long they are likely to take. Include any planning and development work that may take place before the asset becomes operational.

Management Plan Provide a basic plan for the long-term sustainability of the asset once it is operational.
Project Costs A detailed cost plan for acquiring the asset should be provided with details of how this cost was to be funded.
Financial Appraisal The financial implications of running the project need to be considered including the expected income and expenditure. An indicative 3 year (or longer if appropriate) capital and revenue budget plan should be provided showing all anticipated grant funding, identifying whether this has already been secured and any other income expected, sources etc. The capital budget will cover the projected costs for developing the asset. The revenue budget must include staff costs and the costs of managing the asset as well as overheads and other specific items of expenditure. Include a cash flow projection to show the actual cash position of the Organisation for the current year and a projection for a further 2 years.
Marketing and Communications Strategy Explain what methods of communication will be used to market the asset and promote the activities of the Organisation.
Monitoring and Evaluation **Describe how the project will be monitored and evaluated.** **Describe how this monitoring will be used to improve service delivery.** **Describe how the long term impact of the project will be evaluated.**

APPENDIX 2 – PERFORMANCE MANAGEMENT INDICATORS

PMI1a	**Measure of Operational and Community Property** These are properties used for the delivery of direct or indirect Council services.	This measures and compares the Opportunity Cost of the asset by area. The Opportunity Cost is the amount of capital tied up in the asset, and can be based on its current Asset Value as used for accounting purposes.
PMI1b	**Measure of Operational and Community Property** Measure of investment need per M2/hectare/space (adjusted as above)	This measure looks at what needs to be spent on the property going forward, so a high figure above the average indicates a significant expense compared to other properties within the portfolio.
PMI1c	**Measure of Operational and Community Property** Measure of revenue opportunity cost per M2/ha/space.	This looks at the market rental that could be secured, if the property were let, against the current income, to identify any hidden cost in terms of revenue foregone, so that this hidden cost can be compared between assets.
PMI1d	**Measure of Operational and Community Property** Measure of running cost per M2/ha/space.	This provides an indication of the efficiency of the building from an operational point of view. If a building displays high running costs, but is otherwise effective, then this can inform investment decisions to seek to improve its overall efficiency, such as investment in better windows, new boilers etc.
Together PMI**'s 1 a-d** provide an overview of the financial performance of the operational and community asset portfolios, with poor performers identified against each measure. This will enable those performing poorly across all measures to be identified, and for an informed view to be taken where performance is only poor, say, against one of the 4 indicators.		
PMI1e	**Measure of Operational and Community Property** Measure of occupancy of operational and community property.	This aims to look at whether the property is a suitable size for its current use, and to identify property that is underutilised. To develop a comprehensive baseline will require resources to undertake an assessment of use appropriate to the individual sub-categories of property within the wider operational and community portfolios. This will then enable measurement and comparison to take place.
PMI2a	**Measure of investment property** Net revenue as a return on investment.	This looks at the % return on investment secured from a property held primarily for investment purposes, and aligns performance with the criteria applied for acquisition and investment.
PMI2b	**Measure of investment property** Change in capital value over previous year.	This looks at the capital value of the investment year on year against market conditions to see if this is going up or down. The baseline asset values and

		purchase prices are known, but the assessment cannot be made against the baseline until the next asset valuation is carried out.
PMI3a	**Measure of strategically held property** Years held, and anticipated time until strategic objectives are achieved	Strategic property is held for a purpose, usually associated with enabling regeneration or wider policy objectives. If nothing is happening, its benefit is not being delivered, therefore the time to achieving the benefit is a reasonable measure of performance. Clearly this may be influenced by wider matters, but will help to highlight areas of activity so interventions can be made, or strategies reconsidered to secure the desired outcomes.
PMI3b	**Measure of strategically held property** Net holding cost per annum per M2/ha/space.	This can be assessed by dividing the annual revenue costs of the asset by the M2/ha/space as appropriate. This identifies those strategic properties which are costing the most to continue to hold on a comparative basis and coupled with the timescale for delivery of objectives will inform which strategic properties should be prioritised or reconsidered to improve financial efficiency.

APPENDIX 3 – VALUE FOR MONEY MAINTENANCE POLICY

The objective of the Value for Money Maintenance Policy is to recognise the need for proper maintenance and the role this plays in protecting the suitability and value of the Council's portfolio, but also to ensure that money is not spent where it will not enhance value or benefit to the community and SSDC. The approach outlined can be used flexibly to allow for matters such as economies of scale, e.g. where a larger contract for works including a wider range of buildings can represent better value for money rather than applying the policy on a strict asset by asset basis.

South Somerset District Council		
Value for Money Maintenance Policy - Operational Property		
Maintenance Standard	**Definition**	**Property anticipated useful life to the authority**
Gold standard	Full Planned maintenance programme to address all wants of repair, meet service need and improve service delivery, and maintain the value of the asset	10+ years, and/or where Council has legal obligations to maintain to a good standard
Silver standard	Essential repairs, and desirable repairs where these have a direct impact on service delivery or the reputation of the authority. Reduced preventative maintenance for the longer term unless it is covered by an evidenced increase in value of the asset.	5-10 years
Bronze standard	Essential repairs and Health and Safety/statutory requirements only. Presumption against desirable repairs and long term preventative maintenance, except where these have a direct immediate impact on service delivery or the reputation of the authority.	0-5 years,
Value for Money Maintenance Policy - Other Property		
Commerical Property	Maintenance liability should wherever possible be passed to the occupier, and obligations actively enforced. Where direct maintenance is required, this should be to a standard to maximise value for money.	
Community Property	Wherever possible maintnance liability shoud be transferred as part of Community Asset Transfer. If retained, then the property is categorised as for Operational Property above, and the appropriate standard applied.	
Strategic Property	As this is intended for short term strategic intervention the Bronze Standard of mainteance will be applied	