

# **Hartlepool Borough Council**

## **Asset Management Plan**

### **2023-2028**



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## 1. Foreword

The Borough Council faces a multitude of economic, social and financial challenges that need be managed through careful allocation and use of scarce resources to provide exceptional services for our residents.

Apart from our workforce, property is our most valuable asset in terms of financial value as well as being a critical component in supporting service delivery. It is influential in the provision of suitable spaces and places from which to provide public services and contributes to the creation of jobs, new housing and promoting economic growth through the social, economic and environmental regeneration.

It can also generate income to invest towards supporting our public services. However, it is costly to use and maintain so we must ensure that we optimise the effective use of our assets.

We are therefore pleased to introduce this Asset Management Plan which sets out how the Council will effectively manage, use and review the assets we hold, detail the Council's asset management policies and practice and raise awareness of property matters.

*Tony Hanson*

*Executive Director of Development, Neighbourhoods and Regulatory Services*

## **2. Purpose and Scope of the Plan**

Asset Management is the process that aligns business and property asset strategies, ensuring optimisation of an organisation's property assets in a way which best supports its key business goals and objectives.

The Asset Management Plan (AMP) identifies the key strategic policies and resource influences affecting the Council and sets a broad direction for asset management over the medium term enabling the property portfolio to be optimised to meet identified needs.

It facilitates rational property decision-making based on identified corporate and service priorities. It is intended as a practical tool which helps to define and implement how the Council:

- Maintains and improves its assets.
- Increases the cost effectiveness of its portfolio.
- Makes its investment decisions.
- Rationalises its property portfolio where appropriate.

The plan has a 5 year time horizon but will be subject to continuous review. It is restricted to consideration of property assets, excluding the council's housing stock or Housing Revenue Account (HRA) which is subject to separate detailed consideration. It also excludes infrastructure that the Council owns or uses.

The AMP is intended for a wide audience including:

- Members - to support decisions on investment priorities in the portfolio.
- Executive Leadership Team - to identify portfolio changes to meet their needs.
- Public – a statement of the Council's asset management practices and priorities.

### **3. Asset Management Planning**

The Council continues to face considerable challenges arising from growth in demand for services, economic pressures and changes to government funding. To help meet these financial challenges, the Council's portfolio in the future will have to be leaner and used more effectively. The Council also needs to be able to respond quickly to opportunities or challenges that may arise. Our Asset Management focus in the short to medium term will therefore be on:

- Challenging asset performance in terms of need, utilisation and cost.
- Maximising income and capital generation where possible.
- Rationalising the portfolio where it is appropriate to do so.

Asset management policy is designed to make sure the property asset management strategy is reflected in the business decisions of all parts of the organisation. It sets down the rules of behaviour for the organisation, as far as property decision making is concerned, to ensure that the strategy can be delivered transparently through a consistent process.

Property is a key resource which is an integral part of service delivery. It can be leveraged to facilitate changes, service transformation and provide a catalyst for innovation. Used strategically, property assets can contribute significantly to our ambitions for growth and development of the Town.

Property also comes with a substantial cost and failure to plan as well as poor management can make the portfolio a financial burden, as well as risk disruption to services.

Corporate business planning requires an integrated approach towards the planning of its resources. This AMP sets the strategic direction for the use, management and development of our property resources.

## 4. Vision and Strategic Aims

In February 2021, a new Council Plan was formally adopted covering the period up to 2023/

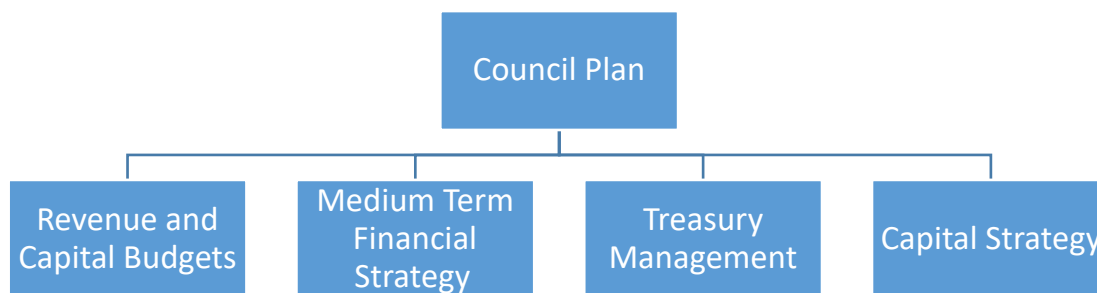
24. The Council Plan sets out our vision for Hartlepool:

- Where people are enabled to live healthy, independent and prosperous lives.
- Where those who are vulnerable will be safe and protected from harm.
- Of resilient and resourceful communities with opportunities for all.
- That is sustainable, clean, safe and green.
- That has an inclusive and growing economy.
- With a Council that is ambitious, fit for purpose and reflects the diversity of its community.

The Council has also undertaken significant work to engage with wide ranging stakeholders and develop an evidence base to strategically plan the Borough's growth for the next 10 years. As a result, the Council and its key stakeholders set out a vision for:

***“.....a modern, connected, vibrant and liveable waterfront town - an inclusive, proud and productive town where aspiration and creativity are valued - a town which supports and welcomes visitors, learners and innovative businesses - where people are inspired and enabled to get more out of their work and investment - which promotes itself with pride and makes its mark in the wider world”.***

The Council's Strategic and Financial Planning Framework, which sets out to sustainably deliver the Council's vision, plans and objectives is set out below:-



This AMP supports the Council Plan and Capital Strategy and sets out a strategic approach in respect of the Council's land and property assets so the portfolio is managed as a whole rather than considering assets in isolation.

To ensure that capital assets continue to be of long-term efficient use, the Council is developing an updated Asset Management Strategy embodied in this Asset Management Plan for approval. The strategy will set out how the Council will effectively manage, use and review the assets it holds.

### **Asset Management Strategy**

1. The AMP is designed in such a way so as to ensure that our asset management strategy is reflected in the business decisions of all parts of the organisation and to ensure that the Council's property assets are not only held strategically but managed centrally for the overall Council's benefit.
2. This approach ensures that any decision, either directly or indirectly involving property is taken centrally rather than driven by an individual service in isolation.

The anchors underpinning our strategy are:-

#### **Estate Optimisation**

Maintain and develop the management of our property assets to continually improve how our assets work for the Council by optimising returns, minimising the costs of operation and ensuring ownership and occupation of assets is robustly challenged. When a capital asset is no longer needed, we will seek to sell this asset, if appropriate, to reduce running costs and generate capital receipts that can fund spend on new assets, capital projects or used to repay borrowing.

## **Economic Growth and Development**

Support economic growth and regeneration across the Borough by using land and buildings to:-

- Stimulate and support the regeneration of the borough working when necessary with initiatives such as *Towns Deal* and *Levelling Up* and the Hartlepool Development Corporation.
- Support local business needs and encouraging new business to the town.
- Support our Town Centre through facilitating its repurposing with a modern offering which fosters greater footfall, social interaction, community spirit, local identity and heritage.

## **Partnerships**

Develop innovative *One Public Estate* and Public/ Private Partnerships to maximise the benefit of the asset base. This could include co-location with other partners and the development of integrated service delivery partnerships combining public and private expertise and resources.



## **5. Governance and Central Management**

As a Council, we operate a centralised corporate approach to the planning and management of the property portfolio to support the delivery of our service needs and achieve our corporate objectives.

The Council's Finance and Policy Committee is responsible for all key decisions relating to property. It also expects all service and other decision reports to consider and include Property and Asset Management implications.

The Council's strategic property function, headed by the Strategic Asset Manager, sits within the Development and Growth division of the Development, Neighbourhoods and Regulatory Services directorate. This division's responsibilities, include the management of the Councils property portfolio and the delivery of the Council's capital investment programme.

Responsibility for facilities management, repairs, energy management and statutory compliance assurance also lies with the Development, Neighbourhoods and Regulatory Services Directorate, under the specific arm of the Building Maintenance service.

It is the intention of the Council to instigate a Strategic Estates Group chaired by the Executive Director of Development, Neighbourhoods and Regulatory Services with the necessary stakeholders including asset management professional officers and representatives from each directorate. Terms of reference for the group will be developed in due course.

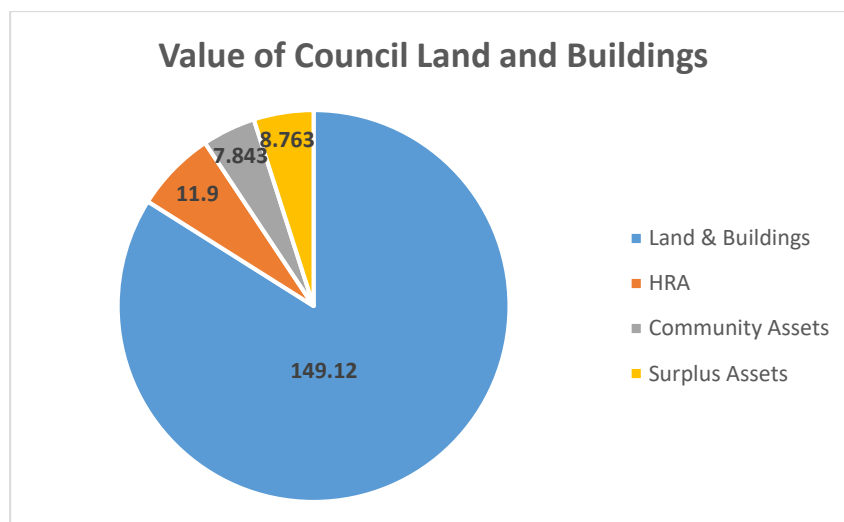
## 6. The Councils Property Portfolio

The Council owns a wide range of land and property with over 500 properties and can be viewed at [www.hartlepool.gov.uk/assetregister](http://www.hartlepool.gov.uk/assetregister) . The portfolio ranges from agricultural land, offices, retail and industrial investments to operational land and buildings, open space and schools. This excludes Housing Revenue Account units, which as at *1<sup>st</sup> August 2023* has some 341 houses.

Such assets are in the main held freehold by the Council but in some instances the Council is a leaseholder itself. The Council's assets have a capital accounting valuation, as at *31<sup>st</sup> March 2023*, of approximately £178 million.

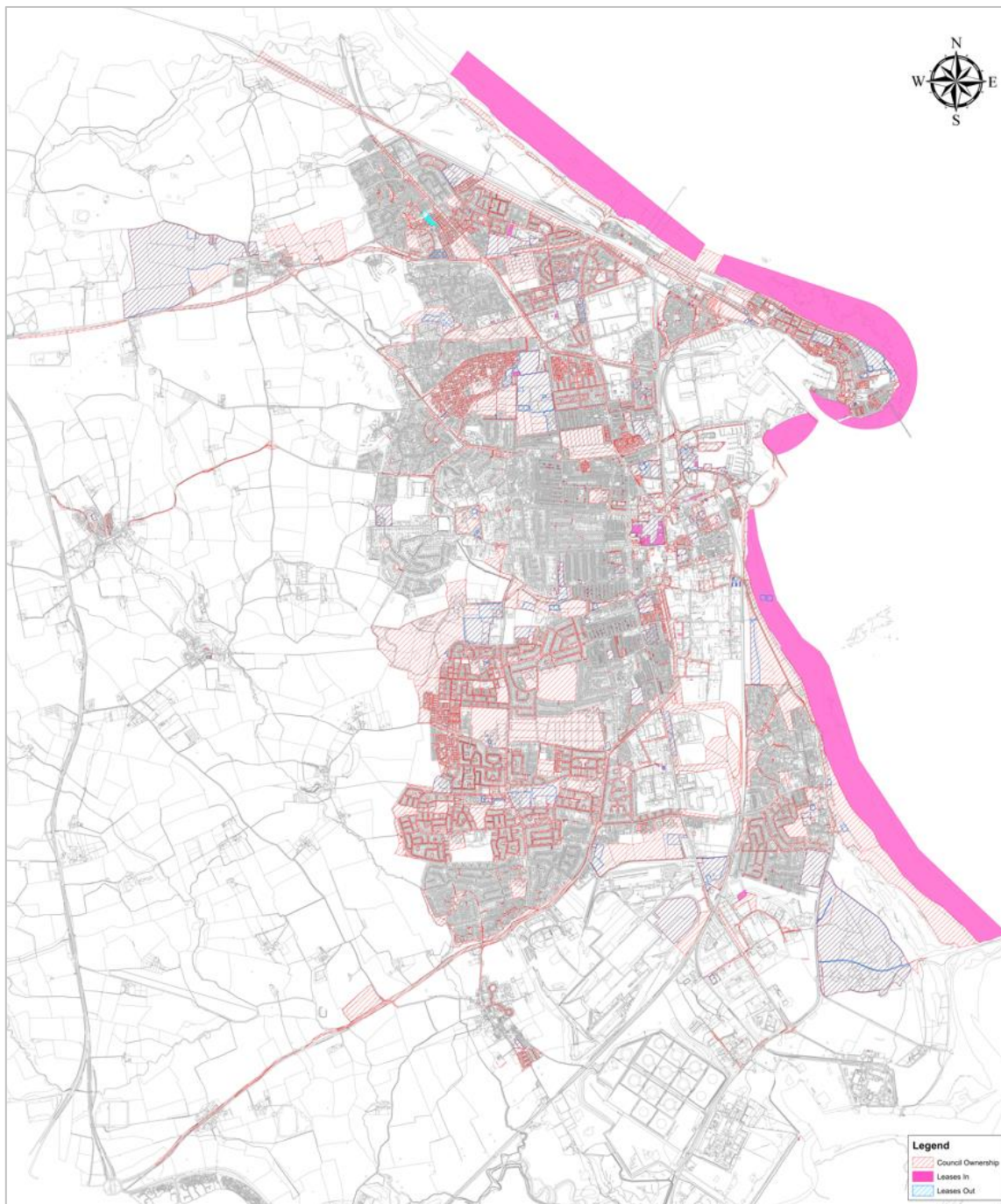
The breakdown of the Councils property assets as at *31<sup>st</sup> March 2023* is as follows:-

£149.120m	Land & Buildings
£11.900m	HRA
£7.843m	Community Assets
£8.763m	Surplus Assets
<b>£177.626m</b>	<b>Total</b>



Work is at an advanced stage on a draft Strategic Asset Review to challenge the need for, and performance of properties in the operational estate. The review process integrates service strategy and property performance of individual buildings and is underpinned by data on liabilities and suitability alongside departmental service plans. The review process will provide management action for those assets than can be released and those that are retained.

## HBC's Land Holdings as at 1<sup>st</sup> August 2023



The Council's Asset Register can be accessed at [www.hartlepool.gov.uk/assetregister](http://www.hartlepool.gov.uk/assetregister)

Whilst our property portfolio includes mainstream schools and housing, the growth of Academies and the development of a Housing Revenue Account mean that these currently have or are developing their own management and governance arrangements and as such this Asset Management Plan does not refer to these assets in detail.

## **7. Property Strategies and Policies**

The Council operates the following strategies and policies relating to its Assets:-

- Acquisition Strategy & Policy
- Disposal Strategy & Policy
- Community Asset Transfer Policy
- Social Value Discount Policy

### **Acquisition Strategy and Policy**

#### **Purpose**

To ensure that there is a consistency of approach involving appropriately qualified officers, it is appropriate that the Council develops and implements a formal Acquisition Strategy to form part of its overall Asset Management Planning processes.

Core principles of the Council's Asset Management policy are to optimise the utilisation of our assets and support economic growth and regeneration across the Borough.

It is logical therefore that these principles underpin the acquisition of all land and property assets in addition to making a contribution to the Council's vision. Land and property interests should therefore be considered for acquisition if the following applies:-

1. The acquisition will make a positive contribution to the current or future delivery of Council services and cannot necessarily be achieved via private parties or partnership working.
2. The acquisition has economic benefits in reducing occupational costs.

3. Detailed consideration has been given which highlights acquisition as the most economic and efficient means of service delivery, for Council and wider public services.
4. The acquisition of the interest has potential for future strategic regeneration and/or redevelopment or contributes to wider corporate objectives and appropriate funding has been identified.
5. Such acquisition can be achieved at best value under the principles set out in s123 of the *Local Government Act 1972*.

### **Definition of an Acquisition**

This strategy will apply to all acquisitions of land and property and for the purpose of this strategy, an acquisition is defined as the taking of a freehold, leasehold or licence in land and property or any rights in relation to that property, such as rights of way.

### **Statutory Powers for an Acquisition**

Under the *Local Government Act 1972* the Council has powers to acquire any property or rights which facilitates, or is conducive or incidental to, the discharge of any of its functions.

### **The Process for acquiring assets**

#### **Protocol**

In all cases where the acquisition of an interest in land and property is being considered by the Council that will materially affect the Council's Asset base, then the service directorate must liaise with the Assets Team at the earliest possible opportunity to ensure that the acquisition is consistent with the strategic direction and frameworks set out in the AMP.

Service directorates must instruct Assets to handle negotiations and all valuations must be carried out or verified by a fully qualified member of the Royal Institution of Chartered Surveyors with sufficient current local knowledge of the particular market, and the skills and understanding necessary to undertake/ verify the valuation competently and to ensure the acquisition is consistent with AMP.

## **Budget Responsibilities**

It will be the responsibility of the service directorate to ensure funding is in place to complete an acquisition and to advise the Assets Team of the budget available (including all internal fees, external fees and applicable taxes). The Assets Team will work closely with the directorate supporting the acquisition to consider service objectives. If appropriate, Assets will provide advice on possible amendments to the proposal which might facilitate service objectives by reducing the initial and long term costs of acquisition, the likelihood or otherwise of the use of Compulsory Purchase powers and options for reducing the likelihood of objections to the scheme. Assets will report back to the service with details of findings and seek further instructions.

## **Acquisition Process**

The Assets Team will negotiate terms and conditions for an acquisition and liaise with the service throughout the process. Acquisitions will be carried out in accordance with the principles of best value and other appropriate Council authority depending on the nature and quantum of the acquisition.

Once agreement has been reached either the Assets Team or the instructing service directorate will prepare either an Officer Decision Record or a report to Finance and Policy Committee to obtain authority to proceed.

There may be limited circumstances where services will become involved in negotiations directly with property owners or agents to acquire an interest in property. Such involvement must be in conjunction with Assets Team who will take the lead in such matters.

Once acquisition approval is obtained the Assets Team will instruct Legal Services to proceed with formalising the acquisition including the provision of all necessary plans and details of any special terms. The Assets Team will assist Legal Services throughout the process until completion.

## **Management Responsibility**

Where appropriate, the Assets team and the service representatives will carry out a pre-completion inspection of the property's and if necessary seek instructions from the service regarding the interim management of the property acquired pending development or occupation.

## **Data**

In all cases where an acquisition occurs, arrangements will be made to ensure that details are recorded in the Council's Asset Management records. Where appropriate a review of the Council's Business Rates and liabilities will be instigated in addition to the property being placed on cover by the Council's insurers.

## **Use of Compulsory Purchase Powers**

Acquisitions of property interests by private treaty can sometimes prove unsuccessful, and, in such instances the Council can use Compulsory Purchase Order (CPO) powers where it can be demonstrated that the use of such powers is in the public interest, meeting the necessary statutory tests and the strategic aims of the Council.

## **Disposal Strategy and Policy**

To assist the Council in making best use of its assets and to support the delivery of our Asset Management Plan, the Council has established processes and procedures for how we will:

- Identify and declare assets as surplus,
- Manage the asset prior to disposal and;
- Formally dispose of the asset

In establishing this, it should be acknowledged however, that each disposal is treated on its own merits and nothing in this strategy will bind the Council to a particular course of action. Alternative methods of disposal, not specifically mentioned, may be used where appropriate.

## **Definition of a Disposal**

The transfer of a freehold or a leasehold interest to a third party, the letting of land and buildings, surrenders of leases to landlords or assignments of leases to third parties for the payment of a premium or a reverse premium. A disposal may also involve the granting of certain interests in Council land such as rights of way.

## **Statutory Powers for Disposal**

The disposal of assets are subject to statutory provisions, in particular the overriding duty on the Council under section *s123* of the *Local Government Act 1972* to obtain the best consideration that can be reasonably obtained for the disposal of land which includes the granting of leases in excess of 7 years.

This applies to assets held for most Local Authority functions, except for the disposal of assets held for housing purposes within the Housing Revenue Account or otherwise let on secure tenancies (governed by the Housing Acts) and for planning purposes (governed by planning legislation).

The *General Disposal Consent (England) 2003* gives a Local Authority the ability to dispose of assets, or grant a lease in excess of 7 years for less than the best consideration reasonably obtainable, where:-

- The Authority considers that the purpose for which the land and property is to be disposed is likely to contribute to the promotion or improvement of the economic, social or environmental well-being of the whole or any part of its area or any persons resident or present in its area; and,
- The difference between the full market value and the actual consideration payable does not exceed £2m.

If the Council wish to dispose of assets for less than best consideration, and it is not covered by the General Disposal Consent, the Council can resolve to do so, but will require the formal consent of the Secretary of State for Levelling Up, Housing and Communities. Any such proposal must be initially considered and approved by the Finance and General Policy committee.



Such disposals can be subject to a challenge that the Council is needlessly foregoing receipts and it is therefore essential that such disposals only take place in clear furtherance of Council priorities.

## **Process for Identifying and Declaring Assets Surplus to Requirements**

### **Definition of Surplus Property**

Property should be regarded as being surplus if:

- It makes limited or no contribution to delivery of the authority's services, corporate aims or objectives, either directly or indirectly, nor generates income and has no potential for future service delivery or community regeneration purposes.
- An alternative property has been identified which would achieve a more cost effective delivery of service and the existing property has no potential for future alternative service delivery or regeneration purposes.
- Its disposal is important for the delivery of the Council's aims and objectives including its Capital Strategy.

### **Definition of Under-Performing Property**

Property should be deemed to be under-performing and with potential for being declared surplus to requirements if:

- Part of the property is vacant and likely to remain vacant for some time.
- The beneficial use or financial return, in terms of both revenue and capital growth, generated from the property is below that which could be achieved from an alternative use, or from a disposal and an alternative investment opportunity.

### **Identification Process**

The process for identifying surplus or underperforming property will arise in a number of ways as follows:-

- Strategic Asset Management reviews.
- Service reviews declaring property no longer meeting operational needs.
- Accommodation/ Service Strategies.
- Condition Surveys.
- Master-Planning exercises
- Property has potential for development or redevelopment and service can be relocated.
- Capital accounting valuation processes which considers development/ alternative uses.
- Approaches from third parties e.g. developers, adjoining owners
- Entering into development partnerships such as asset backed vehicles or local housing companies.
- Requests from community groups or public bodies to transfer assets.
- Where a statutory duty to transfer arises.

### **Disposal of Non-Surplus or Non Under-Performing Assets**

It is acknowledged that there are occasions where the Authority may wish to dispose of property that is not formally classified as surplus or considered to be under-performing. Examples include disposals following unsolicited approaches from developers or nearby owners as well as disposals to developers facilitating community regeneration schemes.

### **External consents and formal notification of a disposal**

External consents are required to declare certain types of properties surplus i.e. potential disposal of surplus school playing fields where DfE and Sports England consent is required and public open space that has to be advertised. This process

should be commenced at the earliest opportunity as it can take some considerable time to obtain these consents.

Once a property has been identified as being potentially surplus, the Assets Team will establish whether there are any constraints on the site such as legal, planning and varied government policy. It will also establish whether there are any financial constraints such as the property having been the subject of funding in the past that necessitates the “clawback “or repayment of grant monies.

### **Notice Procedure**

Service Directorates must give the Assets Team at least three months written notice of their intention to vacate Council property. In instances where properties are leased in by the Authority, the Assets Team will liaise with the occupying service and a joint decision will be taken as to whether to renew the lease.

At the expiry of the three months period of notice, the Service Directorate must leave the property in a clean and tidy condition to the satisfaction of the Assets Team. The following actions will need to be undertaken and responsibility for carrying these actions will need to be agreed in advance of notice between the Assets Team and the Service itself. These actions will include:

- Servicing contracts.
- Meter readings.
- Intruder and fire alarms.
- Draining down of pipes.
- Handover of keys.
- Removal of all furniture and equipment.
- Security.
- Risk assessment.

- Responsibility for ensuring payments for outgoings such as Business Rates are stopped.

### **Decision Making Process**

Once a property falls within the category of surplus, the Asset Management Section will then instigate a process of appropriate consultation of six weeks before seeking a formal approval to declare a property as being surplus to requirements. Properties should only be sold after comprehensive consultation internally and if needs be rigorous option appraisal testing for retained future authority needs and those of related bodies. Consultees will include other Council Services to notify of any potential Third Sector interest, Ward Members, Public Sector partners, local Parish and Town Councils and tenants of the property if appropriate.

If the surplus asset has an income target set against it, such as a car park, then the any decisions around disposals would be taken in consultation with the department and Finance to ensure budget pressures associated with existing income targets are fully assessed and mitigated before approval is sought for disposal.

## **Managing the asset prior to disposal**

### **Management Responsibilities**

The Asset Management section is responsible for the management of the surplus property from an agreed date at the end of the three month formal notice period. If any temporary use is to be made of a surplus property for storage, temporary occupation etc., this must be first agreed with the Assets Team. No demolition work or alterations are to be carried out to any surplus property without the prior inspection of the property by the Assets Team and their approval in writing.

### **Budget Responsibilities**

The Service department will retain responsibility for all outgoings required to manage the property prior to its disposal. Any savings or revenue loss arising as a consequence of disposal will be taken into account of in the Medium Term Financial Strategy.

## **Data Collection**

A schedule of all surplus and potentially surplus property will be held by the Asset Management section and will be managed and updated by them. To protect the integrity of the data and to ensure that the schedule remains accurate and up to date, access to the surplus property schedule will be only be made available to key service representatives.

## **Disposal of Surplus Assets Timescale**

Surplus assets will be disposed of as expeditiously as possible. It is recognised however that in the interests of proper budgetary planning, the timing of a disposal needs to be considered against the background of the authority's budget and capital programme requirements, current state of the market, local and regional planning framework and potential for property values to increase in the future. Once these factors have been assessed the disposal will be included in the Councils formal Disposal Programme.

In determining the optimum time to dispose of surplus assets consideration will be given to:

- Obtaining planning consent or investment in the property prior to disposal to enhance its value and make it more attractive to the market.
- Finding a temporary use when the market is not conducive to a disposal. This will circumvent the requirement for payment of Empty Property rates and security costs. In circumstances where the use is an external letting, a lease contracted out from the *Landlord and Tenant Act 1954* will be favoured. This will enable vacant possession of the property to be obtained more easily.

## **Disposal Process**

All disposals will be arranged and managed by the Assets Team. The Council will obtain the best consideration by the most appropriate method of disposal although consideration does not necessarily need to be financial.

Where appropriate, a planning brief will be prepared and included in sales particulars. It is acknowledged that purchasers will have their own development preferences and it is important not to be too prescriptive in stifling innovation to

ensure best consideration is achieved and potential bidders are not deterred. On sensitive or large sites it is accepted that a brief will be required but given the resources and potential delays that this would cause, the Assets Service will have the discretion as to whether a brief is required.

Consideration needs to be given at all times to the confidentiality of all property transactions particularly until legal formalities are completed.

## **Valuations**

A valuation of the property for disposal will be undertaken at the earliest opportunity in the process by a suitably qualified member of the Royal Institution of Chartered Surveyors, and continually reviewed through the disposal process. All valuations should be approved by the Strategic Asset Manager.

Where it is decided to negotiate a disposal to a single party, rather than offer on the open market, all negotiations for disposals should be conducted or advised by a suitably qualified property professional, preferably a member of the Royal Institution of Chartered Surveyors.

The policy to be followed in disposals of land at an undervaluation is referred to above. In addition where a disposal is undertaken at less than best price, then to protect the authority's interest in the event of subsequent sales, it should include, where appropriate a "claw back" or uplift clause, restrictive covenants, ransom strip retention, user rights or right of pre-emption.

The overriding factor to be considered when disposing at below the best price is to ensure that it is within the authority's power to do so, and the reasons are well documented, transparent and justifiable.

It should be noted that the conversion of Schools to Academies are covered by the Academies Act and are at a nil consideration and similarly transfers of assets to the Mayoral Development Corporation are also at a nil consideration.

## **Method of disposal**

The most appropriate method of disposal should be adopted from the following:-

### **Private Treaty Sale**

The land will ideally have been marketed as available for sale for an appropriate duration with sufficient marketing exposure from either the Assets Team or external agent. A binding legal agreement is created on 'exchange of contracts' between the Council and the purchaser.

### **Auction**

Used when there is wide interest and easy to allocate a reserve. The sale will be advertised in advance and available to any interested party. A binding legal agreement is created upon the acceptance of a bid by the auctioneer.

### **Informal Tender**

Appropriate for sales where there are uncertainties such as planning, and, large or complex redevelopment sites. Involves a public advert that requests informal offers or bids that meet a given specification or set of objectives. The Council may then negotiate further on more detailed terms with one or more individuals submitting the most advantageous bid or bids. A binding legal agreement is not created until the exchange of contracts between the authority and the chosen bidder.

### **Formal Tender**

Appropriate for sales where there is wide interest, land ownership is not complex and no uncertainties regarding the grant of planning permission. Marketed via a process of public advert and tenders submitted by a given date in accordance with a strict procedure. A binding legal agreement is created upon the acceptance of a tender by the Council.

### **Direct negotiation with special purchaser**

Sale to adjoining owner or lessee where special circumstances exist.

Conditional disposal where authority is selling for a particular purpose e.g. to a developer for regeneration or to a nominated Registered Social Landlord for social housing development.

Sales to former owners under the Crichel Down rules i.e. land previously acquired using CPO powers and if surplus has to be offered back to the previous owner.

### **Disposal by exchange of land**

Appropriate when it will achieve best consideration for the Council and is advantageous to the Council and other parties to exchange land in their ownerships. The exchange will usually be equal in value but an inequality in land value may be compensated for by an equality or balancing payment or by other means where appropriate.

### **Dealing with Late Bids**

Guidance from the Local Government Ombudsman recognises the problem caused to local authorities by 'late bids'. The Guidance says that difficulties are less likely if Councils ensure that exchange of contracts take place as quickly as possible after the decision to sell (or lease) is made. It suggests that local authorities should be allowed to sell at an agreed price within a reasonable period of reaching a 'subject to contract' agreement. Should undue delay occur then negotiations may be entered into or bids invited again from interested parties.

### **Future Control Over Land**

In cases where the Council does not wish to exercise any control over the future use of the property, other than through the planning process, then the disposal of the freehold will obtain the best price. In certain instances however, the Council may want to exercise some control of the future use of the land. In such cases restrictive covenants and/ or "claw back" clauses may be appropriate or a leasehold disposal for a term necessary to ensure the satisfactory completion of the scheme. For example, a leasehold transfer to the community may need to be for at least 25 years to attract grant funding.

A leasehold disposal to a developer for a major regeneration scheme may need at least 150 years to secure institutional funding. Due to the complexity and time frames involved a Development Agreement will also usually be entered into before a formal disposal is concluded.



## Disposal Costs

Surveyors Fees, whether they be either in house or an external company, should be recovered from purchasers and whilst subject to negotiation in most circumstances will be no less than 3% of disposal price with generally a minimum fee of £1,000.

Purchasers would also be responsible for the payment of the Councils reasonable legal costs.

## Community Asset Transfer Policy

The Authority has developed the *Community Asset Transfer policy (CAT)*, which sets out a transparent and positive framework for their transfer and can be viewed at [https://www.hartlepool.gov.uk/download/downloads/id/2530/community\\_asset\\_management\\_transfer\\_policy.pdf](https://www.hartlepool.gov.uk/download/downloads/id/2530/community_asset_management_transfer_policy.pdf)

A CAT application will only be considered for assets which are suitable for community uses. Such CATs are typically granted on a leasehold basis for a period of up to 35 years and only in exceptional circumstances will the freehold be disposed of if supported by a business case that demonstrates such exceptional circumstances or requirements from funders or lenders.

One such an example is the West View Library and Community Centre on Miers Avenue which was let out on a 25 year lease following a CAT application.



Figure 1: West View Library & Community Centre, Miers Avenue

An asset will only be considered for Community Asset Transfer where:

- The application is supported by a robust business case; and
- The transferee has sound, long term management and governance arrangements.

### **Social Value Discount Policy**

The Council's existing Social Value policy sets out where rent reductions of between 25% and 75% of the property's market value would be considered on lettings where the proposed use is to have a positive impact on the community. Such applications must demonstrate that the tenant's use will have a positive effect on the wider community. For example, sports facilities that encourage youth engagement or other uses that create ongoing opportunities for apprentice training and employment.

The Social Value Policy can be viewed at

[https://www.hartlepool.gov.uk/info/20215/commercial\\_property\\_for\\_sale\\_to\\_let/872/social\\_value\\_reduction\\_for\\_rent\\_and\\_licence\\_fees/1](https://www.hartlepool.gov.uk/info/20215/commercial_property_for_sale_to_let/872/social_value_reduction_for_rent_and_licence_fees/1).

It is proposed that this policy will be reviewed to take account of the current economic climate and to support on-going inflation pressure mitigation measures to protect Council budgets and services.

## **8. Energy Management**

Energy management legislation under the *European Directive on Energy Performance* came into effect on *1<sup>st</sup> October 2008*. This saw the compulsory introduction of Energy Performance Certificates (EPC's) for all commercial buildings when built, sold, leased or materially changed.

EPCs provide an energy rating of the building from A to G, where A is very efficient and G is the least efficient. The EPC is accompanied by an advisory report which takes account of the building and makes recommendations on efficiency measures and how energy performance could be improved.

Since April 1st 2023, both new and existing commercial lettings must have an EPC rating of E or above and under current plans, a C rating will be needed by 2027 and B will be the minimum from 2030.

To allow an in depth analysis to be completed the *Strategic Asset Management* section has carried out an exercise with external consultants to ensure that the Council is in possession of up to date EPCs for its entire leased estate. This work includes the identification of the most cost effective works to achieve the required EPC compliance. Works are therefore being commissioned from the results provided.