

EAST LINDSEY DISTRICT COUNCIL EXECUTIVE DECISION NOTICE

1. Decision to be taken: Approval of the Acquisition Protocol

2. This is a:

PORTFOLIO HOLDER SUPPORTED OFFICER DECISION

Note: This form should not be used for Key Decisions

3. The following is the decision making body or person:

OFFICER_Anne Shorland Assistant Director - Development after

consultation with Cllr Tom Ashton Executive Board Member

4. Financial implications from this decision have been communicated to the Portfolio Holder for Finance and the Leader? There are no financial implications

5. The decision was taken on: 25th October 2019

Note: - the above date to be completed by Democratic Services upon publication

6. Contact Officer and details:

Anne Shorland – Assistant Director - Development

7. List of documents submitted for consideration in relation to the matter in respect of which the decision is to be made :

East Lindsey Acquisition Protocol

8. Where the documents are held and where they can be obtained from (except exempt items) when they become available:

Document attached

9. The reason for the decision and other alternative options considered and rejected:

The Council`s Asset Management Framework was adopted in 2016, it comprised of a suite of documents including an acquisition protocol. The protocol was written at the time and discussed but during an audit review, however, it had not been formally agreed. This document requires a formal decision. The document is the same one as discussed in 2016 but the date has been updated and a sentence added to include the adopted Financial Sustainability Strategy.

Decision Notice Form (ExD2)

10. Declaration of any conflicts of interest of the decision making body or the individual:

None

11. Provide a note of any subsequent dispensations granted by the Head of Paid service:

East Lindsey District Council

Property Acquisition Protocol – October 2019

Introduction

This protocol sets out, in sequence, the procedure to be adopted in connection with the acquisition of land and property. The interest to be acquired can be either Freehold or Leasehold.

1. Reasons for the Acquisition of Land or Property

Unless there are exceptional circumstance, the Council will only acquire land for the following reasons:

- Contribution toward service delivery
- Economic Development
- Revenue income generation
- Strategic acquisition for redevelopment purposes (including long term hope value)

2. Option Appraisal

All property acquisitions are subject to the capital appraisal and prioritisation criteria as laid down for all capital programme projects. They should also be clearly linked to a specific project which has gone through the approval processes set out in the Council's Financial Sustainability Strategy 2018.

3. Market Research

Where the determination is to acquire property or land for commercial or purposes the following determination of the requirement to purchase property, market research will be carried out as a joint exercise by Property Services and the appropriate Service Area to establish whether suitable property is currently available to meet this need.

Assessment of available property will be undertaken to establish which property is most suitable, such decisions to be made against the following criteria:

- Price
- Condition of property
- Availability
- Tenure
- Location
- Return on investment (where a revenue generating asset is being considered)

4. Financial Appraisal

Upon identification of a suitable property, a financial appraisal will be carried out to establish the financial/budgetary implications of acquiring the property at the quoted asking price. The advice of the Chief Accountant will be sought regarding current rates of interest on capital invested, to enable the opportunity cost of the acquisition to be fully assessed. The financial appraisal will take into account the

following matters:

- Capital cost of acquisition
- Revenue generated by the property, both long and short term
- Availability of external funding sources
- Possibility of joint ventures
- Whole life costings
- The overall effect of the acquisition on the council's budgetary position.

Once the financial appraisal has been undertaken, a report will be prepared for consideration by Management Team who will in turn make a recommendation to the Portfolio Holder for Finance and Property.

5. Property Valuation

Valuation advice shall be sought from a suitably qualified Chartered Surveyor and Registered Valuer. Where opinion suggests that the Market Value is below the asking price, an offer at the appropriate level shall be submitted subject to contract, subject to member consent and, where applicable, subject to survey. Should this be rejected by the vendor and there are overriding factors which justify the purchase a report shall be submitted to Executive Board seeking approval to continue with the proposed acquisition at an increased value or the full asking price, as appropriate.

6. Executive Approval

It is recognised that, in the property market, circumstances may dictate that an urgent decision is required. Therefore, where resources have not been set aside and the principle of the decision has not already been agreed, the Leader and the Chief Executive will be consulted in addition to the Monitoring Officer, as to whether the application of the Chief Executive's delegated powers is appropriate. Any decisions made in accordance with this process shall be deemed "key decisions" and must be reported in accordance with the Constitution.

7. Legal Instructions

Once an offer has been accepted, the Solicitor to the Council will be instructed to complete the documentation associated with the acquisition.