

# **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.

