



Asset Management Strategy

2025 - 2030

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1. Introduction

Folkestone & Hythe District Council ('F&HDC' / 'the council') is committed to utilising its land and property assets effectively to deliver its services for the benefit of the district of Folkestone and Hythe ('the District'). This Asset Management Strategy ('AMS' / 'Strategy') highlights how the assets comprising the council's corporate (non-housing) property portfolio will be managed during the period 2025 – 2030 to fulfil the council's long-term strategic goals. It sets out the asset management vision and objectives for the next five years and outlines how these will provide the framework for managing the council's corporate asset portfolio. This includes consideration of statutory compliance and health & safety obligations, stakeholder requirements and the overall performance of property assets, within the context of any resource constraints including staffing and funding.

This Strategy supersedes the previous AMS (2017 – 2022) and has been developed in the context of the council's strategic priorities and Corporate Plan developed in consultation with various council officers and Cabinet members. It is anticipated that it will remain in place for up to five years however will be revised as necessary. The AMS will be used to support corporate decisions involving the acquisition, management, and disposal of council assets, including delivery of statutory and essential services, together with delivery of the council's net zero aspirations.

We aspire to deliver more through effective management of our corporate property portfolio. To facilitate our ambition, we will develop an Asset Management Plan that provides the delivery framework necessary to create a sustainable asset base for the council, ensuring that its corporate property assets are managed effectively, minimising expenditure whilst maximising income.

2. Context

Overview of Corporate Land and Property Assets

The Council's asset management role comprises three main functions: acquiring, managing and disposing of its assets. The AMS and associated plans and policies, including the Corporate Plan, guide the way in which these functions are undertaken in line with the relevant delegations and authorities under the council's Constitution.

The Council holds a varied portfolio of land and property assets, totalling c.400 assets which generate a rental income of c.£2m pa. These include industrial units, office accommodation, agricultural land and a growing portfolio of recreational assets such as beach huts. The Council's property asset base is a valuable resource with the value of these assets in the balance sheet as of 31st March 2024 summarised below:

Land and Buildings	£26,605,430
Investment Property	£30,278,000
Surplus	£58,624,300*
<u>Assets held for Sale</u>	<u>£ nil</u>
Total Value	£115,507,730

** Surplus assets are those assets not being used to deliver council services, and includes land at Otterpool*

Our portfolio has four asset classifications:

- 1) Assets for Economic Development and Regeneration
- 2) Assets for Service Delivery/Operational Uses (including community assets)
- 3) Asset for Investment Return
- 4) Surplus assets

Within the District these asset types include the following:

- Operational buildings e.g. civic centre, depots, public toilets and car parks
- Leisure facilities e.g. The Leas Cliff Hall, Hythe swimming pool, beach huts, bowling greens and sports grounds
- Parks, gardens and open spaces
- Cemeteries and crematorium
- Historical and heritage assets; Christchurch Tower, Martello tower and the Royal Military Canal
- Otterpool Park – land, Westenhanger Castle, commercial and residential properties
- Agricultural land
- Investment assets including the Connect 38 office and Mountfield Road industrial units
- Coastal protection structures
- Non-operational land that may be suitable for development
- Surplus Assets

Folkestone Parks and Pleasure Grounds Charity

The executive of the council acts as trustee of the Folkestone Parks and Pleasure Grounds Charity (FPPG) which includes assets gifted to it from the Earl of Radnor / Radnor Estate. These comprise land and buildings across Folkestone located at the East Cliff and Warren, Radnor Park, Lower Leas Coastal Park and Canterbury Road and Morehall recreation grounds. As trustee, the council has additional management responsibilities for these assets, which are managed for the benefit of the people of Folkestone and are subject to more onerous disposal requirements, as set out in the Charities Acts 2011 and 2022.

The Charity assets form the key recreational spaces within Folkestone, two of which are Green Flag Parks. It is imperative that these are properly managed and appropriately funded. All the FPPG parks will have a ten-year maintenance plan to inform future budgets.

Asset Performance

As part of the strategy the council will continue to invest, maintain, manage and hold assets that continue to increase in capital value and that generate positive revenue. Likewise, there is capital value locked into most of the assets and where an asset is no longer required, there is potential to realise this value through appropriate routes of disposal.

Where assets are still required but are not situated in a relevant location, this could impact on the efficiency of services delivered and potentially impact negatively on customer access to services. If property assets are not well maintained this affects the customer experience and could be detrimental to the council's reputation in the community.

During the period of the previous Asset Management Strategy, a review of all council assets was undertaken to assess the strategic purpose for holding each asset. This enables ongoing asset management to consider the performance of each asset which is linked to its strategic purpose for holding it. This is a process that will be ongoing to review our asset base, checking that assets are fit-for-purpose and considering whether they should continue to be held or disposed of.

Corporate Estate and Asset Management

The Chief Officer - Corporate Estate and Development - has oversight of the management of the Council's corporate estate. This includes two teams comprising Engineering & Buildings, and Estates and Assets, which work to manage the portfolio in line with the council's corporate aims, including statutory compliance, reactive repairs and planned maintenance works across the estate. Significant support is provided from other council teams, including Legal, Procurement, Health & Safety, Finance and Insurance. These teams have Service Plans setting out key operational activities and projects and how they will be monitored. It is anticipated that these plans will link into the AMS where appropriate to help support its delivery.

Governance

Effective governance is needed to ensure that we deliver on the objectives set out in this strategy as well as any future corporate objectives. Governance of this AMS will be supported by the Corporate Projects Officer Group, which meets quarterly, and whose membership includes relevant officers from across the council. It is proposed that the Terms of Reference for this Group will be updated accordingly and enable it to take responsibility for ensuring a corporate approach is taken to manage our property assets. In addition, the teams have monthly meetings with the council's Portfolio Holder for Assets & Local Government Reorganisation, who acts as a custodian for the property portfolio.

3. Asset Management Vision and Objectives

Vision

The overarching vision which this AMS seeks to achieve is:

“Efficient management of the council's corporate estate, ensuring our assets are well-managed, fit for purpose, compliant, sustainable and support the council's corporate ambitions in particular “Growing the Economy in a sustainable way and creating opportunities for all.”

Asset Management Strategic Objectives 2025 – 2030

The Strategy has eight strategic objectives:

1. Embed a culture that recognises that property assets are a key corporate resource, where decisions need to be made which are linked to corporate and service objectives and balancing a wide number of views and needs.
2. Manage our portfolio to optimise returns and minimise operating costs which may include disposals and acquisitions where these facilitate policy, economic development, regeneration and or financial objectives. Income generating assets with strategic and geographical location fit will generally not be disposed of.
3. Improve the energy efficiency of the corporate estate where feasible including reducing carbon emissions in line with government regulations.
4. Innovatively use property assets, in partnership with others, to improve the District of Folkestone & Hythe and the lives of the people that live, work, play and visit.
5. Support economic growth and regeneration in the district.
6. Support the District in meeting its housing need.
7. Ensure F&HDC assets and the asset management approach is fully compliant with all current health and safety requirements especially in relation to the council's Corporate Landlord/landowner duties.
8. Ensure F&HDC is fully compliant in terms of its statutory obligation to meet the requirements of the Local Government Act Section 123 in respect of all transactions (Acquisitions, Disposals, Granting of Interests and rights over land).

Purpose of Objectives and How We Will Achieve Them

The eight strategic objectives, their purpose, and how we will seek to achieve them by 2030, are set out in the table attached at **Appendix 1**.

4. Corporate Strategy and Compliance Requirements

The AMS supports delivery of the council's corporate ambitions which are set out in its Corporate Plan, summarised below.

Corporate Plan

The five key priorities set out in F&HDC's new Corporate Plan 2025-2030 'Our district, our world', are:

1. A well-run, transparent and listening council that works closely with its partners
2. Improving people's health, wellbeing and sense of community
3. Building new homes and improving the quality of existing homes
4. Growing the economy in a sustainable way and creating opportunities for all
5. Addressing climate change and enhancing the natural environment and local character

To underpin our plans for the future of the district, we are using the United Nations 17 Sustainability Goals as a key guiding framework. These goals cover a wide range of topics including people's health, equality, wellbeing, economic growth, good governance and environmental issues. We believe that this approach will enable the council to *Think Global and Act Local*, and that we can achieve this in the way we deliver services every day.

Medium-Term Financial Strategy

The council's Medium-Term Financial Strategy (MTFS) provides the framework in which the council's annual four-year budget strategy is compiled. The council is facing significant financial challenges moving forward. Consequently, it is imperative that all council services and assets are managed efficiently. The income generated from our portfolio supports the revenue account and service provision across the council.

There are significant revenue and capital funding costs required to maintain our portfolio and ensure our buildings are compliant and fit for purpose and thus must be factored into the council's costs when preparing its budgets.

Within the MTFS we must be able to demonstrate that we can afford to operate the asset base and maximise its potential in support of the council's wider strategic aims.

Play Area Strategy

The council produced a Play Area Strategy (2020 – 2030), adopted by Cabinet, which sets out the vision and objectives for play provision in the district into the future. This includes an action plan detailing how the objectives will be met to ensure the district's play facilities are rationalised and improved. Part of this includes working in partnership with the local Town & Parish councils (TPCs) to provide a network of Strategically Important Play Areas (SIPAs) which meet the needs of residents.

F&HDC has commenced this part of the plan with an asset transfer programme whereby the SIPAs are transferred by way of long leases, or service agreements, to the TPCs with a dowry. The Non-Strategic Play Areas (NSPAs) identified are also being offered out to TPCs and where it is not possible to transfer the NSPAs, they will be removed and returned to open space. Implementation of this strategy will realise best use of play area space and allow the council to maximise the use of its limited funds for maintenance of the retained Priority Play Areas (PPAs).

Play areas have transferred to Hawkinge, Hythe, Folkestone, Lyminge and Sandgate TPCs and officers are working on other transfers.

Climate Change Strategy

In 2019, F&HDC declared a climate and ecological emergency and made a commitment to:

1. Reduce carbon emissions from its own estate and operations to net zero by 2030.
2. Develop a strategy for F&HDC to play a leadership role in promoting community, public and business partnerships for this Carbon Neutral 2030 commitment throughout the district.

A Carbon Action Plan was developed and adopted by Cabinet in 2021 which includes a baseline of the council's current carbon emissions and sets out 33 actions to continue our journey to reduce carbon emissions to zero by 2030. It includes a range of actions which focus on six key areas: energy, behaviour change, transport, water, contracts and biodiversity/green spaces.

Energy Efficiency

The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 established a Minimum Energy Efficiency Standard (MEES) for rented property. Since 1 April 2023, landlords of non-domestic rented properties have only been permitted to grant, extend or renew an existing tenancy, if their property has a minimum Energy Performance Certificate (EPC) rated E. Government is considering raising the minimum EPC rating, with a proposal that commercial properties must have an EPC rating of C or higher by 1 April 2028, and B or better by 2030. The council must manage its estate in line with MEES which includes a review of EPC ratings for all rented properties where relevant and taking measures to improve EPC ratings to ensure compliance.

Ensuring new and planned council buildings and construction adhere to sustainable design principles, focusing on energy efficiency and PV, water conservation, green roofs and use of eco-friendly materials where feasible.

Local Government Act 1972 – Best Value

Section 123 of the Local Government Act 1972 requires councils to achieve the best price reasonably obtainable for dispositions of land and property i.e. its market value. The council is required to achieve the 'best consideration reasonably obtainable' when making a disposal. However, leases of a maximum seven years are exempt from the statutory requirement to obtain best consideration. 'Best consideration' means achieving maximum 'value' from the disposal and is not just a maximum price. Disposal at less than market value is possible on the basis that the disposition contributes to the 'promotion or improvement of the economic, social or environmental wellbeing of the area'.

The council, as a local authority, is acting as a trustee in relation to the land that it holds on behalf of the community and therefore has a statutory duty to dispose of assets at the best price reasonably obtainable. The council can demonstrate that it achieved the best consideration by obtaining a valuation of the asset. Under Section 123(2A), the Council must follow the statutory requirements to advertise the disposal of land that consists of, or forms part of an open space.

Disposals Procedure

Disposals by public bodies also need to consider various other legislative frameworks and statutory requirements such as the Equalities Act 2010. For all disposals including transfer of assets there is a comprehensive, compliant disposals procedure.

The disposal's procedure sets out the approach to disposals in detail but covers the four key questions which will inform the decision-making approach with regards to the Council's assets.

- **Is it an operational asset required for it to fulfil its operations or statutory functions?** - if so, the asset should not be disposed of unless the acquiring authority demonstrates it will continue to provide that statutory service at a satisfactory level.
- **Is it an income producing asset that is required for the financial benefit and stability of the Council?** – if so, the asset should be retained.
- **Is it a surplus asset?** - which if declared as such, will need to comply with disposals procedures, but could be disposed of at less than best consideration provided its potential capital receipts are not required by the Council.
- **Is it a strategic asset that should be transferred to the successor in title?** Here the council has a prudential and fiduciary role to ensure the successor in title is not compromised in fulfilling its future statutory duties.

Disposals will be undertaken in accordance with the council's constitution. Currently, any decisions to dispose of an asset up to the £50k threshold is delegated to the Director of Housing and Operations, from £50k to £500k the decision is delegated to the Corporate Leadership Team and above £500k the disposal is classed as a key decision and is subject to Cabinet approval.

Housing Revenue Account (HRA) Disposals

Disposal of assets within the council's HRA follow the procedure set out in the HRA Disposals Procedure which links to the Housing Asset Management Strategy.

Acquisitions Procedure

The Council may acquire an asset if it is required to fulfil priorities set out in its Corporate Plan and other strategic plans. The acquisition proposition will need to be supported by a business case which assesses the acquisition costs as well as the ongoing whole life costs of retaining the asset. Officers will be required to negotiate heads of terms which satisfy best value considerations and relevant approvals will be sought in line with the council's constitution following the appropriate due diligence and pre-acquisition practices.

Local Government Reorganisation

In December 2024, the government published the English Devolution White Paper which sets out its vision for simpler local government structures with an aspiration for improved outcomes for residents, significant savings of public funds - which can be reinvested in public services - and improved local accountability.

Following publication of the White Paper, the government wrote to all councils in two-tier areas and neighbouring small unitary authorities to set out plans for a joint programme of devolution and local government reorganisation. As it currently stands all councils in Kent will be moving to Shadow Unitary authorities from April 2027, with Vesting Day to the new authorities in April 2028. It is vital to have Council policies, procedures and data as up to date as possible to ensure a smooth transition.

In the context of the uncertainty surrounding this local government reorganisation, the council's auditors, Grant Thornton, have advised on the importance for all councils going through LGR to continue to operate effective governance and decision-making arrangements, and to maintain appropriate financial stewardship. The council is committed to the ongoing prudent management of its asset base and as far as possible it will be a 'business as usual' approach allowing the council to continue with delivering its statutory functions. The Council therefore, will not undertake or enter into any transactions that it would not have considered if LGR had not been on the agenda for change.

5. Future and Delivery

We have a duty to those that contribute to local taxation, and who take an interest in how we use our resources to demonstrate integrity and prudence.

At the start of the AMS 2025-2030, the Corporate Estate and Asset team will produce an Asset Management Plan in consultation with other officers across the council to establish the framework for delivery of the AMS objectives and achievement of the AMS vision. This will be ratified by the appropriate operational group that provides oversight, with full sign off being the responsibility of CLT.

Using this Strategy, we intend to achieve our vision and ensure that our valuable land and buildings are used to deliver a portfolio that is well-managed, fit-for-purpose, compliant, sustainable and that supports the council's corporate ambitions for economic growth and greater opportunities for local.