

Property Asset Review Update

Final Decision-Maker	Policy and Resources Committee
Lead Director and Report Author	Mark Green, Director of Finance and Business Improvement
Lead Officer	Deborah Turner, Interim Strategic Property Consultant
Classification	Public
Wards affected	All

Executive Summary

This report provides an update on the progress of the 'Next Steps' work stream of the Property Asset Review that was resolved to be progressed at Policy and Resources Committee on 23 January 2019. The report describes the process by which assets are being considered under the review.

This report makes the following recommendations to this Committee:

1. To note the progress made on the effective use of the Council's property assets since the Property Asset Review report was completed in January 2019.

Timetable

Meeting	Date
Policy and Resources Committee	24 April 2019

Property Asset Review Update

1. INTRODUCTION AND BACKGROUND

- 1.1 The Property Asset Review was completed by external consultants Gen2 in January 2019.
- 1.2 The Asset Review examined all significant property holdings across the Council's portfolio.
- 1.3 Gen 2 made recommendations about each property under the following broad headings:
 - Hold
 - More estates work needed to maximise value
 - Management intervention required
 - Dispose
 - Develop
- 1.4 The Gen2 Report recommendations were summarised in a report to this Committee on 23 January 2019. It was resolved that officers would now consider the recommendations in the light of the Council's own corporate priorities and assess whether to adopt any of the recommendations.
- 1.5 The Report identified some short medium and long term opportunities in the portfolio and this update focuses mainly on the shorter term recommendations.
- 1.6 The extensive programme of work by the Corporate Property team to address the recommendations about more estates work and management intervention is underway.
- 1.7 Alongside the specific Property Asset Review recommendations, several property transactions are nearing completion in fulfilment of other Council corporate strategies. These transactions include:
 - disposal of the land adjoining Gallagher Stadium to Maidstone United
 - lease to Staplehurst Parish Council of Surrenden Playing Field
 - lease to Boxley Parish Council of Franklin Drive Open Space
 - lease to Trustees of Hayle Park Nature Reserve of Land at Farleigh Hill/Dean Street.

The above is not an exhaustive list and is simply intended to give an indication of how property transactions support the Council's work.

- 1.8 In addition, separately from the Property Asset Review, which focuses on the Council's existing portfolio, work continues on the Commercial Investment Strategy. This aims to expand the Council's commercial investment holdings by acquiring properties which generate a required rate

of return and support the development of the local economy. Policy and Resources Committee gave authority to negotiate a property acquisition at its meeting on 27 March, and a watching brief is being maintained through property agents should further opportunities arise.

- 1.9 Progress to date on the Property Asset Review recommendations is set out below.

More estates work needed to maximise value

- 1.10 Land at Riverhead Close Allington – This play area, currently maintained by the Council, was found to still be under the ownership of Taylor Wimpey. The land should have transferred when the surrounding residential development completed over 20 years ago. Taylor Wimpey is now transferring the site to the Council at nil cost.
- 1.11 Mote Park Watersports Centre – A new longer lease term has been offered to enable investment and improvement of the existing facilities.
- 1.12 Penenden Heath Tennis Courts – A new lease has been offered in order to regularise use of the courts and to ensure the continuing availability of the facility.
- 1.13 Heather House – Work continues to identify the best option for this community asset. Surveys with Park Wood residents and other stakeholders have recently been undertaken and the results were reported to the Communities, Housing and Environment Committee at its meeting on 16 April.

Management Intervention required

- 1.14 Asset Management Plan

The Council is fully committed to the principle of the most efficient use of assets and an updated and revised Asset Management Plan will set out the objectives, processes and actions that all Council Members and officers follow to achieve that aim (the previous Asset Management Plan was published in 2015).

The Asset Management Plan looks at how property assets support the delivery of the Council's objectives and the services and to set out policies, principles, priorities and actions to ensure the assets are used and managed as efficiently and effectively as possible.

The Asset Management Plan will be reviewed regularly to take account of any changes in the Council's objectives or priorities. The Plan provides a comprehensive and ongoing update of the Property Asset Review, dealing with property management and asset utilisation.

The Asset Management Plan will be brought to this Committee for consideration later in 2019.

1.15 Residential Dwelling Management

The Property Asset Review has prompted consideration of how existing residential properties held by the Council, comprising mainly service tenancy dwellings, can best be managed. As a result, their management has been passed from Corporate Property to the Housing Management Team, thus providing the tenants with a more specialist housing management service and freeing up some resource in the Corporate Property team.

1.16 Parkwood Estate

The Heronden and Boxmend units have been reviewed and rent reviews are up to date. Further work is ongoing and it is expected that additional income could be received from outstanding rent reviews.

Dispose / Develop

1.17 As regards the categories of Dispose and Develop, no specific events have taken place that require reporting to members.

1.18 As a major landowner in the Borough, it is appropriate for the Council to respond to the Local Plan Review Call for Sites. In reviewing how to respond, officers will have regard to Gen2's recommendations.

Conclusion

1.19 The focus of Property work since the Policy and Resources meeting in January has therefore been on specific measures to improve the return from individual properties and general improvements in the area of property management.

1.20 Another example of these improvements is how the new database of the Council's property portfolio, provided as part of the Gen2 Report, is being used to verify existing records and data. The Property team will maintain and regularly update the database. Other officers will be given read only permissions if required.

1.21 We will continue with the work of improving property management practices and maximising revenue from existing assets where appropriate. The Property Asset Review has highlighted the opportunities offered by our existing portfolio to support Council Strategies and Plans and we will continue our work, following the previously agreed next steps, to ensure that the Council's property portfolio is utilised and managed effectively.

2. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

2.1 It is recommended that Committee note the progress made on delivering the recommendations of the Property Asset Review, as well as other actions being taken to ensure the effective use of the Council's property portfolio. In the interests of good stewardship, it is appropriate for the Council to

obtain the best possible financial and community value from its property portfolio.

3. RISK

- 3.1 There are a range of risks associated with adopting some or all of the recommendations in the Property Asset Review – including political, financial and operational risks. These need to be balanced against the risks (opportunity costs) of doing nothing.
- 3.2 Risk assessments will be carried out in relation to all specific projects arising from the review, in keeping with the Council’s usual policy.
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4. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 4.1 The Property Asset Review report was submitted to Policy and Resources Committee on 23 January 2019. Members resolved that officers should proceed with the recommended next steps and for later in 2019 to provide an update. However, any sites that had been identified as potential for redevelopment or disposal required further engagement with members before decisions were taken.
- 4.2 Consultation with all relevant stakeholders will take place in relation to any specific recommendations that are taken forward, in addition to the public engagement that would take place in any case with respect to any site identified for change of use, in accordance with the Council’s normal practice.
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5. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 5.1 The next steps are described in paragraph 1.20 above. It is envisaged that a further report will be brought to the Committee later in 2019.
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6. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	The Property Asset Review will help the Council deliver its corporate priorities by giving a clearer understanding of its existing property assets.	Section 151 Officer & Finance Team
Risk Management	This has been addressed in the report.	Section 151 Officer & Finance Team

Financial	The availability of resources to address specific projects arising from the Property Asset Review will be addressed as part of the budget process.	Section 151 Officer & Finance Team
Staffing	Strategic property management is handled by the existing in-house team. Staffing requirements arising from any recommendations of the Property Asset Review will be identified on a project by project basis.	Section 151 Officer & Finance Team
Legal	<p>Section 151 of the Local Government Act 1972 requires councils to put in place proper processes for the management of their finances, including their assets. The Property Asset Review demonstrates the Council's commitment to fulfilling its duties under the Act.</p> <p>The Local Government Act 1972, section 111(1) empowers a local authority to do any thing (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions. This enables the Council as part of its asset management strategy to acquire and/or dispose of assets in compliance with the statutory requirements.</p> <p>In particular, section 120(1)(2) of the 1972 Act enables the Council to acquire land to be used for the benefit, improvement or development of their area; or for the purpose of discharging the Council's functions.</p> <p>Section 123(2) of the 1972 Act enables the Council to dispose of land or property for the best</p>	Team Leader (Corporate Governance), MKLS

	<p>consideration reasonably obtainable, otherwise the consent of the Secretary of State will be required subject to certain conditions.</p> <p>Acting on the recommendations is within the Council's powers as set out in the above statutory provisions.</p> <p>Specific legal implications arising from any recommendations of the Property Asset Review will be identified on a project by project basis.</p>	
Equalities	Dependent on the recommendations agreed, the equalities impact will be considered in relation to specific projects.	Equalities and Corporate Policy Officer
Crime and Disorder	Not applicable.	Section 151 Officer & Finance Team
Procurement	Procurement implications arising from any recommendations of the Property Asset Review will be identified on a project by project basis.	Section 151 Officer & Finance Team

7. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

None.

8. BACKGROUND PAPERS

None.