

**Property Asset Review Update**

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

**Executive Summary**

This report provides a further 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.

**This report makes the following recommendations to this Committee:**

1. That the progress made on the effective use of the Council's property assets since the Property Asset Review report was submitted in January 2019 be noted.

**Timetable**

<b>Meeting</b>	<b>Date</b>
Policy and Resources Committee	23 July 2019

# Report title here

## 1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<b>Impact on Corporate Priorities</b>	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
<b>Cross Cutting Objectives</b>	The Property Asset Review supports the achievement of the four cross-cutting objectives by ensuring that they are taken into account in any initiatives relating to the Council's own property portfolio.	Section 151 Officer & Finance Team
<b>Risk Management</b>	This has been addressed in the report.	Section 151 Officer & Finance Team
<b>Financial</b>	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
<b>Staffing</b>	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
<b>Legal</b>	<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 anything (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</p>	Team Leader (Corporate Governance), MKLS

	<p>their area; or for the purpose of discharging the Council's functions.</p> <p>Section 123(2) of the 1972 of the 1972 Act enables the Council to dispose of land or property for the best 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>	
<b>Privacy and Data Protection</b>	Individual property projects may have privacy and data protection implications, which are considered as part of the project planning process.	Section 151 Officer & Finance Team
<b>Equalities</b>	Dependant on the recommendations agreed, the equalities impact will be considered in relation to specific projects.	Equalities and Corporate Policy Officer
<b>Public Health</b>	We recognise dependant on the recommendations agreed, each project will have varying impacts on the health of the population or individuals within Maidstone.	Public Health Officer
<b>Crime and Disorder</b>	Not applicable	Section 151 Officer & Finance Team
<b>Procurement</b>	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

## 2. INTRODUCTION AND BACKGROUND

2.1 The Property Asset Review was completed by external consultants Gen2 in January 2019. The Asset Review examined all significant property holdings across the Council's portfolio and Gen2 made recommendations about each property under the following broad headings:

- Hold
- More estates work needed to maximise value
- Management intervention required
- Dispose
- Develop

- 2.2 The Gen2 Report recommendations were summarised in a report to this Committee on 23 January 2019. It was resolved that officers would consider the recommendations in the light of the Council's own corporate priorities and assess whether to adopt any of the recommendations
- 2.3 The Report identified some short medium and long term opportunities in the portfolio and this update focuses mainly on the shorter term recommendations. An extensive programme of work by the Corporate Property team to address the recommendations about more estates work and management intervention was initiated as a result.
- 2.4 Alongside the specific Property Asset Review recommendations, several property transactions have completed 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 Headcorn Parish Council of the village public conveniences
  - the lease to Trustees of Hayle Park Nature Reserve of Land at Farleigh Hill is due to complete imminently.

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

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

#### **More estates work needed to maximise value**

- 2.6 Heather House and Parkwood Pavilion – Heather House is now managed by the Property Team and essential works are being planned to support the continued use of the facility. Parkwood Pavilion was vacated by long term tenant the Royal British Legion, so a new short term lease has been offered to Weaving Warriors Rugby Club as they are already using the changing rooms and the recreation ground for their matches. As reported to the Communities, Housing and Environment Committee at their meeting on 18<sup>th</sup> June, a full redevelopment of Heather House is linked to the potential redevelopment of the Pavilion Building site for residential housing.
- 2.7 High Street Properties – The retail properties on the High Street are being considered as part of a viability assessment funded by the Business Rates Retention pilot but also the leases on the individual properties are being reviewed and terms renegotiated where possible.
- 2.8 Boxmend Industrial Estate – The rents on the Estate have been reviewed and new or renewed leases have been increased to reflect market rents generating more income.

## **Management Intervention required**

### 2.9 Asset Management Plan

The Asset Management Plan is in progress and will look at how property assets support the delivery of the Council's priorities and objectives 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 brought to this Committee for consideration later in 2019.

### 2.10 Business Rates Pilot Project Proposals

Successful bids were made to use the Business Rates surplus for viability assessments of the lower High Street and the Archbishop's Palace area, as well as external improvements at the Phoenix Park Industrial Estate. The projects were chosen because all the assets concerned have the potential to perform better and be put to better use.

### 2.11 Parkwood Estate

Work continues to progress rent reviews on the Estate and to explore the possibility to review and update rent review provisions within the leases. It is expected that additional income could be received from outstanding rent reviews and capital receipts received from revised lease terms.

### 2.12 Property Management Systems

The database of property assets provided as part of the Gen2 Review has proved a useful tool to verify existing data but has identified the need for a system that can manage all areas of estate management. Work is underway to identify possible systems that could be used for property management, repairs management and reporting, Health and Safety compliance and rent collection.

### 2.13 Third Party Use of Council Land

The Council receive regular requests for temporary access to Council land as a means of facilitating third party works. These can come from statutory undertakers, other Government agencies and private developers/individuals.

The procedure for grant of permission for temporary access to Council land is under review following some issues with previous consents. More robust procedures are being put in place with MidKent Legal Services to include provisions for damages and rectification works as necessary.

## **Dispose/Develop**

### 2.14 Land at Redhill Stables – Pre-application advice has been sought with regard to using the site as a natural burial ground to ease the pressure on the Parish churchyard. Expressions of interest will be sought before considering a disposal of the site.

- 2.15 Mid Kent Shopping Centre Public Conveniences – Work is underway to explore the possibility of transferring the toilets to the owner of the shopping centre. Terms of a transfer are being negotiated.
- 2.16 As advised in the previous update report, as a major landowner in the Borough, it was appropriate for the Council to respond to the Local Plan Review Call for Sites. Officers put forward a short list of existing Council sites that they considered may be appropriate for future development. The list of sites was included in Part 2 of the papers for the P & R Meeting 22 May 2019.

### **Conclusion**

- 2.17 The focus of the asset management work continues to be specific measures to improve the return from individual properties and general improvements in the area of property management. Positive outcomes have been achieved in particular with improved management and increased income.

With the work to create an Asset Management Plan, the work on individual assets will be underpinned by a strategy that ensures we continue to improve property management practices and maximise revenue from existing assets where appropriate.

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## **3. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

- 3.1 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.

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## **4. RISK**

- 4.1 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.
- 4.2 Risk assessments will be carried out in relation to all specific projects arising from the review, in keeping with the Council's usual policy.

## **5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK**

- 5.1 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 provide regular updates. However, any sites that had been identified as having potential for

redevelopment or disposal would require further engagement with members before decisions were taken.

- 5.2 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.

## **6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

- 6.1 The next steps are described in paragraph 2.20 above. It is envisaged that a further report will be brought to the Committee later in 2019.

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## **7. REPORT APPENDICES**

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

None.

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## **8. BACKGROUND PAPERS**

None.