

**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>	Lucy Stroud, Corporate Property Manager
<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 over the last three months and in response to the Property Asset Review report be noted.

**Timetable**

<b>Meeting</b>	<b>Date</b>
Policy and Resources Committee	22 January 2020

# Property Asset Review Update

## 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.	Corporate Property Manager
<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.	Corporate Property Manager
<b>Risk Management</b>	This has been addressed in the report.	Corporate Property Manager
<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.	Paul Holland – Senior Finance Manager
<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.	Head of Commissioning & Business Improvement
<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</p>	Team Leader (Corporate Governance), MKLS

	<p>development of 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 will be considered as part of the project planning process.	Policy and Information Team
<b>Equalities</b>	There are no equalities implications as a result of this update report, however an impact assessment may be required for individual projects going forward.	Equalities and Corporate Policy Officer
<b>Public Health</b>	We recognise, dependent 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	Corporate Property Manager
<b>Procurement</b>	Procurement implications arising from any recommendations of the Property Asset Review will be identified on a project by project basis.	Head of Commissioning & Business Improvement & Section 151 Officer

## 2. INTRODUCTION AND BACKGROUND

- 2.1 The Property Asset Review was completed by external consultants Gen2 in January 2019 and the recommendations from that report 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. Officers have reported back to Policy and Resources Committee on a quarterly basis on progress with this work.

2.2 The Corporate Property team continues to implement the recommendations of the Gen2 review. In addition to the specific Property Asset Review recommendations, several property transactions have or are due to complete in fulfilment of other Council corporate strategies. These transactions include:

- Lease of land at Farleigh Hill to HPNR Ltd for use as a nature reserve
- Disposal of land at Farleigh Hill to PJ Burke Executive Pension Scheme to help facilitate a housing development
- Transfer of land at Yeoman Lane to MBC for use as a car park
- Lease renewals of plots 1 and 2 Bircholt Road, Parkwood Industrial Estate to Vanwise Group Limited

The above is not an exhaustive list and is simply intended to give an indication of how property transactions support the Council's work. Progress to date on the Property Asset Review recommendations is set out below.

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

- 2.3 Canoe Club/Sub Aqua Club – after the sub aqua club building became vacant a new lease was negotiated with the Canoe Club who occupy the same site. The building is being brought up to a modern standard and as a result the annual rent will increase by around £8,000pa.
- 2.4 Units 4 and 9-12 Boxmend – the tenant in these units at Parkwood was planning to vacate, but we were able to negotiate for them to remain for a short term extension resulting in a rent increase of £5,000 over the next two years.
- 2.5 Archbishop's Palace – an initial options appraisal has been prepared by the architectural consultant and financial and market evidence is being obtained to support the proposals put forward in the appraisal. A member briefing on the options will be held in February 2020 before bringing the matter to the Committee for a decision.
- 2.6 Lockmeadow – the purchase of Lockmeadow has now completed and the Council has full management control of the asset. A managing agent has been appointed to ensure the asset is effectively managed, and the existing site manager has been retained to deal with day-to day management of the entertainment complex. A position is currently being advertised for a Leisure Property Manager to manage the complex for the Council. A report on the Council's strategy for Lockmeadow will be brought to Policy and Resources Committee in February / March 2020.

### **Management Intervention required**

- 2.7 Asset Management Plan - Preparation of the Asset Management Strategy continues to make good progress and the strategic approach to each category of assets, and the recommended actions, are being formed.

- 2.8 Property Management Systems - The Property team are now using a system called FixFlo to manage Health and Safety compliance, and the capability of FixFlo to provide additional property management solutions is being explored. The IT team have also been commissioned to identify alternative software solutions for a complete asset management system.
- 2.9 Lease of Mooring - Legal action continues against the tenant leasing the mooring on the River Medway. The Council and the tenant are due back in Court shortly so that the tenant can produce evidence of the measures taken to remedy the breaches of the lease. Forfeiture of the lease will then be sought if the tenant has failed to successfully remedy the breaches.

### **Dispose/Develop**

- 2.10 Land at Redhill Stables, Headcorn – a meeting with the Council’s Bereavement team confirmed that the site could be suitable for a Natural Burial Ground without competition to existing cremation and burial services. The site could be managed and run in partnership with an existing provider. In view of the interest in the site from several providers of burial and cremation services the Council are considering the options. The next steps would be for site investigation works to take place and to confirm approval from the Environment Agency. This would then form basis for seeking planning consent.
- 2.11 Land at Frogmore Walk – an area of grass verge is being explored as a potential disposal to an adjacent homeowner. The land has been assessed as suitable for disposal by the Parks and Open Spaces Team.

### **Conclusion**

- 2.12 The focus of the asset management work will be informed by the recommendations in the Asset Management Strategy and the feedback from this Committee. Asset management work will continue with the same day to day focus, improving the return from individual properties and general improvements in the area of property management.

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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. The focus for the management of the Council’s property portfolio is to obtain the best possible financial and community value. Continuing to review, monitor and undertake feasibility work will ensure this is achieved.

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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, environmental 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. Risk assessments will be provided with any specific property recommendation presented to Committee.

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## **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.
- 5.3 Quarterly Property Asset Review Updates have been provided since the 23 January 2019 report, the last being October 2019.

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

- 6.1 The next significant step for the Property Asset Review will be the completion of the Property Asset Strategy, for Property & Resources Committee later this year. The Strategy will set out the Council's own preferred actions to actively manage the portfolio. In the meantime, work will continue on the existing ongoing projects that have been reported on to date in the quarterly review reports.

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## **7 REPORT APPENDICES**

None.

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## **8 BACKGROUND PAPERS**

None.