

Property Asset Review Update

Final Decision-Maker	Policy and Resources Committee
Lead Head of Service	Mark Green, Director of Finance and Business Improvement
Lead Officer and Report Author	Lucy Stroud, Corporate Property Manager
Classification	Public
Wards affected	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

Meeting	Date
Policy and Resources Committee	23 October 2019

Property Asset Review Update

1. 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.	Corporate Property Manager
Cross Cutting Objectives	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
Risk Management	This has been addressed in the report.	Corporate Property Manager
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.	Head of Commissioning & Business Improvement
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 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>	
Privacy and Data Protection	Individual property projects may have privacy and data protection implications, which are considered as part of the project planning process.	Policy and Information Team
Equalities	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
Public Health	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
Crime and Disorder	Not applicable	Corporate Property Manager
Procurement	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. 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 is under way.
- 2.4 Alongside the specific Property Asset Review recommendations, several property transactions are due to complete in fulfilment of other Council corporate strategies. These transactions include:
- Lease to Boxley Parish Council of open space at Franklin Drive
 - Lease extension to Maidstone Hockey Club of South Park hockey pitch
 - Lease of yard at 485 Loose Road

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 operating as normal and essential electrical works are being carried out. Parkwood Pavilion is now occupied by Weaving Warriors Rugby Club as their changing facilities and clubhouse. FFT have been appointed as Employers Agent for the proposed full refurbishment of Heather House and new-build residential development of the pavilion site, and Calfordseaden have been appointed as the architects. These two firms will undertake the design and planning work before a final decision is brought to this Committee.
- 2.7 High Street Properties – A viability assessment is to be prepared of the retail properties on the High Street, funded by the Business Rates Retention pilot. This will identify options for the site as a whole but also for individual properties.
- 2.8 Archbishop's Palace – Initial discussions have taken place with consultants who have a background in heritage properties. Options that could be worthy of assessment include use as a wedding and corporate event venue, conference venue, or boutique hotel/restaurant and offices. Architectural work to investigate the potential for possible conversion for these uses is now required to progress any future proposals together with cost consultancy to provide guidance on capital cost and allocation of risk. This will allow an assessment of viability of the different options. The

assessment will pay attention to the overall spatial context of the Archbishop's Palace, including the Carriage Museum and All Saints Church.

- 2.9 The Business Rates Retention pilot is also funding improvement works to the Phoenix Park Estate at Parkwood. These commercial units will be improved externally in order to enhance their rental value.
- 2.10 One building at Mill Meadow has been vacated and a new lease is being agreed with the neighbouring canoe club. This ensures the building is tenanted and maintained, and allows time to consider the opportunities for the site in the future.

Management Intervention required

2.11 Asset Management Plan

Preparation of the Asset Management Strategy is well under way and will identify how property assets support the delivery of the Council's priorities and the recommended actions to ensure the assets are used and managed as efficiently and effectively as possible. It is proposed that the Asset Management Strategy be brought to this Committee later this year.

2.12 Parkwood Estate

Work continues to explore the possibility to review and update rent review provisions within the leases. Requests for lease extensions are also being progressed, bringing in capital receipts but ensuring future opportunities for redevelopment are protected. In the longer term, we are considering what steps to take to generate a positive return from all our holdings at Parkwood and to support the Council's economic development strategy by making this an attractive place for businesses to locate.

2.13 Property Management Systems

Work is under way to identify possible systems that could be used for property management, repairs management and reporting, Health and Safety compliance and rent collection. The work on the Asset Management Strategy has provided a good database that will form the basis of a new property management system.

2.14 Lease of Mooring

Unfortunately legal action has had to be taken against the tenant leasing the mooring on the River Medway. The tenant will be given an opportunity to remedy the breaches of the lease under a Consent Order granted by the Court before forfeiture of the lease is sought.

Dispose/Develop

- 2.15 Land at Redhill Stables, Headcorn – Discussions have taken place with the Natural Burial Ground Association as to the requirements and possible demand for a site in this location with particular regard to a new Natural Burial Ground site which has recently opened in Kent in Sittingbourne. The Council's Bereavement Team have been consulted and it is considered that

the facility could possibly jeopardise some of the business they provide at the crematorium. However, the site could provide an opportunity for the Council to provide this service in the Borough and more work needs to be undertaken to consider the viability of the Bereavement Team offering the service in the medium term. In conjunction with the Bereavement Team, work will continue to assess the suitability of the site for a Natural Burial Ground.

- 2.16 Mid Kent Shopping Centre Public Conveniences – Work is under way to explore the possibility of transferring the toilets to the owner of the shopping centre. The Legal Team are confident that they could draft a restrictive covenant to protect the use as public conveniences. Negotiations with the management company continue.

Conclusion

- 2.17 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.

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. To enable that value to be realised, review, monitoring and feasibility work should continue.

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.

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 July 2019.

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.

7. REPORT APPENDICES

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

None.

8. BACKGROUND PAPERS

Property Asset Review Report 23rd January 2019
Property Asset Review Update Report 24th April 2019
Property Asset Review Update Report 23rd July 2019