

POLICY AND RESOURCES COMMITTEE

29 April 2020

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	29 April 2020

Property Asset Review Update

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	<p>The Property Asset Review has given the Council a clearer understanding of its existing property assets and how these can be better used to deliver the council priorities:</p> <ul style="list-style-type: none"> • Embracing growth and enabling infrastructure • Safe clean and green • A thriving place • Homes and communities 	Corporate Property Manager
Cross Cutting Objectives	<p>The cross-cutting themes are considered in all initiatives across the Council's asset portfolio. In particular, good management of the Council's assets contributes towards the following cross-cutting objectives:</p> <ul style="list-style-type: none"> • Heritage is respected • Biodiversity and environmental sustainability is respected 	Corporate Property Manager
Risk Management	This has been addressed in the report.	Corporate Property Manager
Financial	The availability of resources to address specific projects 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 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</p>	Team Leader (Corporate Governance), MKLS

	<p>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 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 dependent 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 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.
- 2.2 Work by the Corporate Property team to address the recommendations about more estates work and management intervention is under way, and 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 the Sub Aqua Club, Mill Meadow, Maidstone
 - Lease of Unit 30 Integra:ME, Parkwood Industrial Estate
 - Licence to Underlet Unit 14 Wren Estate, Parkwood Industrial Estate
 - Lease of Penenden Heath Tennis Courts

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.

3. MORE ESTATES WORK NEEDED TO MAXIMISE VALUE

- 3.1 Stacey Street Hoardings - The site was occupied by an unauthorised advertisement hoarding company. Having received no response to the Council's request to remove the hoarding, the Council have instructed a contractor to remove the posters. A new licence agreement with an authorised advertisement company is hoped to be completed soon.
- 3.2 Floor 6, Maidstone House – Part of the 6th floor at Maidstone House has been made available after rationalising the space used by the Council, and an external tenant has been found to take a lease until October 2023. This will result in an additional annual income of £84,400.
- 3.3 Ground Floor Office, 98 Sandling Road – As part of the holding strategy for this site, a tenant has been found to occupy the ground floor office space. The tenant is a local Church and their occupation will remove the liability for the Council and KCC to pay business rates, utility charges and security fees.
- 3.4 Archbishop's Palace - The proposed alternative use options were presented to Members at a Members Briefing. Officers have subsequently met with All Saints Church and KCC Highways. The intention is to hold a public consultation to present the options and obtain feedback following which Expression of Interest for possible uses would then be sought.

4. MANAGEMENT INTERVENTION REQUIRED

- 4.1 Lockmeadow – Now that the Council has purchased the leasehold interest of Lockmeadow a review is underway of the letting arrangements for the Market, including the storage units and the Market Hall. This will ensure consistent arrangements and appropriate rent levels.
- 4.2 Covid-19 – We are providing support and guidance to help commercial tenants through this difficult time, including highlighting the financial support available to businesses and allowing flexibility on the timings of their rent payments to best suit their individual circumstances.
- 4.3 Mote Park dam - The Contract for the Mote Park dam works has been awarded to Breheny Contractors Limited and the contract documents are being finalised. The programme of works will be reviewed and closely monitored in response to Government guidelines as regards Covid-19.

5. DISPOSE/DEVELOP

- 5.1 Land at Redhill Stables, Headcorn – In view of the interest from a number of Funeral Directors and Natural Burial Ground companies we intend to publish a request for Expressions of Interest for the site, giving interested parties the opportunity to submit their proposals for the use of the site, their financial proposals to take the site forward, their methodology for developing the site and their programme of works.
- 5.2 Weaving Heath Village Green Application - The application has been submitted to Kent County Council and has been acknowledged. It is hoped that it will be processed in April so that the first stage can commence. The first stage is advertisement of the notice of the application on the County Council's website for a period of 42 days. Provided that no objections are received, the application will ultimately be referred to a meeting of the Regulation Committee Member Panel for authority to add the land to the Register of Village Greens.

6. CONCLUSION

- 6.1 It is positive that property transactions are still progressing and completing despite the impact of Covid19. We will continue to work closely with our tenants and actively manage the property portfolio through this period of uncertainty. 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.

7. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 7.1 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.

8. RISK

- 8.1 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.
- 8.2 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.

9. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 9.1 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.
- 9.2 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.
- 9.3 Quarterly Property Asset Review Updates have been provided since the 23 January 2019 report, the last being January 2020.

10. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 10.1 The next significant step for the Property Asset Review still remains the completion of the Property Asset Strategy, which will be brought to Policy & 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.

11. REPORT APPENDICES

None.

12. 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
Property Asset Review Update Report 23rd October 2019
Property Asset Review Update Report 22nd January 2020