

Property Asset Programme

Cabinet on 29 July 2021

Summary

Lead Member: Tom Dawlings – Portfolio Holder for Finance and Governance

Lead Director: Lee Colyer - Director of Finance, Policy and Development

Head of Service: David Candlin - Head of Economic Development & Property

Report Author: David Candlin - Head of Economic Development & Property

Classification:

Non- Exempt

Wards Affected: All

Approval Timetable	Date
Management Board	23 June 2021
Portfolio Holder	28 June 2021
Cabinet	29 July 2021

Recommendations

Cabinet recommendations as supported by the Portfolio Holder:

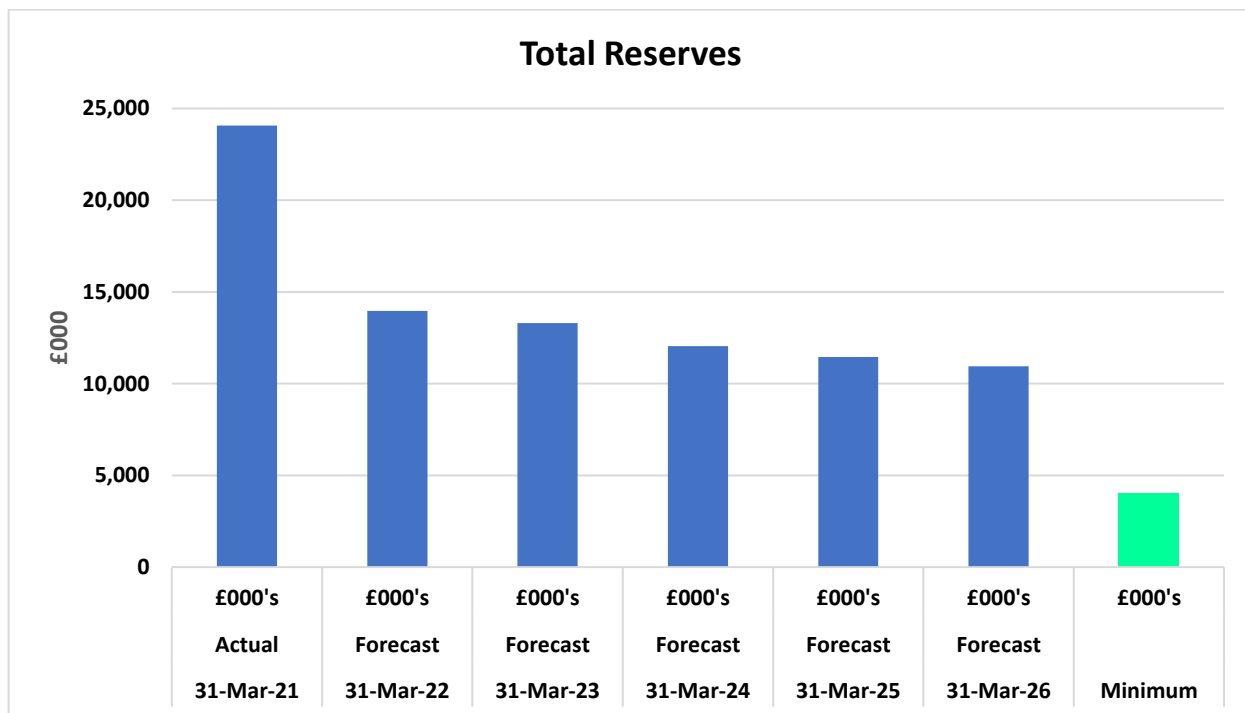
1. To vire from the Capital and Revenue Initiatives Reserve a sum of £500,000 to establish a suitable budget for external consultancy services.
2. Delegate to the Head of Economic Development & Property, in consultation with the s.151 Officer and the Portfolio Holder for Finance and Governance authority to allocate funding to specific projects.
3. Delegate to the Head of Economic Development & Property, in consultation with the s.151 Officer and the Portfolio Holder for Finance and Governance authority to appoint external professional advisors to deliver specific projects.
4. Establish a working group of Cabinet - Property Asset Oversight Panel – with the terms of reference set out in Appendix B.

1. Introduction and Background

- 1.1 In 2012 the Council introduced the Land Asset Disposal programme. This has demonstrated the benefits of a focused resource to boost capacity, through specific advice in Property and Legal services, enabling a range of smaller sites to be assessed. In addition in 2013 the Council established the Development Programme to bring forward a range of larger opportunities for development and disposal.
- 1.2 In the two programmes identified the Council has been able to raise receipts of £17.4m more than covering the resources allocated to enable the sites to be developed and disposed. These programmes allowed the disposal of 86 assets, making a substantial contribution to the Councils reserves and enabled the larger development opportunities to be progressed and enabled the larger capital schemes to be funded including works to the Town Hall, Assembly Hall, Multi-Story Car Parks, RVP and The Amelia Scott.
- 1.3 The Covid-19 pandemic has thrown into sharp relief the use of the operational estate. With the Council able to deliver on flexible modern ways of working the total floor space required moving forward is being reconsidered. This impact and review of asset ownership and occupation is also being felt across the wider private sector with major employers in the town considering their space and use requirements going forward. There is evidence of alternative office demand developing with co-working proposals being identified. The impact on the retail and hospitality sector has also been significant with many businesses not returning post pandemic. While the independent sector in Tunbridge Wells has to an extent survived the headline casualties being amongst national chain stores.

2. Current Financial Position

- 2.1 The Council operates a four-year rolling capital programme that provides investment in, new property, plant and equipment to deliver services and schemes that ensure existing assets continue to be fit for purpose.
- 2.2 To fund the capital programme the council will need to identify a continuous supply of capital receipts to supplement other external income that can be used for capital purpose.
- 2.3 The Budget 2021/22 and Medium-Term financial Strategy Update approved by Full Council on 24 February 2021 set out the medium-term forecast reserve position which has been updated following the closure of the year-end accounts as below.



- 2.4 The reserve balances will reduce as they are used to fund the existing capital programme and the temporary financial impact of the pandemic.
- 2.5 The Section 25 Statement also set out that the Council needs to reduce the drain on reserves from its property assets and the need to identify underutilised assets for disposal to replenish reserves.
- 2.6 The pandemic will change how society lives, works and uses council services and along with all other major asset owners the council will need to reassess its asset portfolio. Disposal of assets that are underutilised or no longer fit for purposes can provide both a valuable capital receipt through disposal and also reduce on-going revenue costs such as business rates and maintenance.

3. Property Programme

- 3.1 In 2013 the Development Programme was established to develop a number of key sites. At the end of May 2021 the current remaining budget is £353,612. Of this total £146,754 is allocated to existing or potential projects. The remaining budget of £206,858 is unallocated but remains as an available budget for future projects.
- 3.2 **Current Development & LAD/LAS Programmes** - The current live projects in the Development Programme include Warwick Park (Gun Club site), Wesley Centre, West Station Coach Park, Benhall Mill Depot, Sports Facilities and Modern Ways of Working. In addition a budget has been set aside for a RTW Car Park Strategy which has yet to be commissioned.

- 3.3 Within the Land Asset Disposal/Land Asset Strategy programmes there are a number of potential sites to be considered for disposal. These include the Kevin Lynes site, land at Colebrook Estate and TN2, the work streams including budget and timetable are at varying stages of development. Budget to start to develop these projects will see them come under the existing and already approved development programme budget. In addition, the Council has already commenced consideration of the direction of future use of the Town Hall, Assembly Hall Theatre and 9/10 Calverley Terrace.
- 3.4 **Property Asset Programme** - The new proposed programme will build on the existing Land Asset Strategy and Development programmes, expanding to review a number of major asset opportunities alongside the consideration of the Town Hall, Assembly Hall Theatre and 9/10 Calverley Terrace.
- 3.5 The delivery of capital receipts to support wider delivery of Council priorities and services will remain an important consideration. However the Council in considering a Property Asset Programme will need to consider how the assets can deliver or support the Council in wider objectives including place shaping and sustainability. An initial list of assets to be added to the existing sites under consideration will include:
- 3.6 With the delivery of the Amelia Scott building due to open in April 2022 the Gateway building (8 Grosvenor Road) will be surplus to requirements when all services transfer into the new facility. The Council has already identified the release of this property and options for disposal and a decision on revenue or capital return will be required.
- 3.7 The Covid-19 pandemic has had a major impact on office and retail sector, which will see the town centre repurpose but a major question regarding the need for the current number of car parking spaces across the centre is raised and with it the potential to release one or more multi-storey car parks in the town centre for alternative uses.
- 3.8 The Mount Pleasant Avenue car park site currently has a lapsed planning consent for a major office space as part of the Calverley Square development. While that development may not be progressing the scale and massing of a building on the site has been proven.
- 3.9 The Great Hall Car Park is the second of the Calverley Square sites which has a lapsed planning consent for a building of both height and mass adjacent to the listed park. In addition, the car park has a number of expensive structural issues that need to either be addressed now or for the site to be taken out of use and redeveloped.
- 3.10 The wider estate includes a number of other multi-storey car parks including Meadow Road car park, Torrington car park and Linden Park Road car park which could also present development opportunities currently being either under-utilised or poorly designed and showing their age.
- 3.11 Wider consideration of other assets in the portfolio is required, this includes the remaining properties in the Crescent Road block (33 - 36 Crescent Road). The

assets to be added to the list for feasibility and potential disposal are listed in Appendix A.

- 3.12 **Budget** - Each project will need the appropriate support required for detailed development and delivery. At this point resources are only being sought to enable initial scoping of projects. This will enable the Council to develop projects to a stage where a specific request for delivery can be made as appropriate. The scale of resources required will be significant on a project basis but must be viewed in the context of the financial or other return (economic, environmental or social) being delivered.
- 3.13 As a result the approval of resources for full delivery should be at the appropriate time. However resources to enable the scoping of these projects to enable a business and development case to be presented to the Council is required. It is difficult to define the exact scale at this point however a minimum initial consultancy budget of £500,000 should be set aside to enable initial work on a number of the assets. Alongside the remaining development programme budget of £206k this will provide an initial budget of approx. £700k towards the development of projects. Future requests to top up the development budget can be expected as projects are completed.
- 3.14 **Methodology** – Each asset will require an initial assessment, though it should be noted that a number of assets have already had a significant amount of work carried out and any assessments should build on this existing work and where appropriate bring it up to date. With a climate emergency declared by Full Council in 2019 assessment of the current carbon footprint of each asset and how disposal or development can contribute to the Council achieving carbon neutrality by 2030 will be important considerations.
- 3.15 Disposal of each asset will need to be done on an individual basis and the approach will define the amount of work, timescale and cost of development. The approach to disposal will be influenced by the amount of control the Council wishes to have on the asset into the future. In addition the Council will need to consider how the assets can deliver on a range of key aspects including place shaping, sustainability, consideration of service and customer needs and the delivery of capital receipts, these considerations will in turn influence potential values. With the majority of sites in town centre locations a mix of uses could be expected that are suitable within this context. Assets could be brought forward for uses including office, private/affordable residential and car parking. The Council will need to consider how it optimises the best blend of these objectives.
- 3.16 As a general rule, depending on the scale and size of the asset, assessments should be carried out in two stages. This should include the potential for planning permission, a recommendation for lease or sale will be made to Cabinet, or the Section 151 Officer in consultation with the Portfolio Holder for Finance and Governance:

Stage 1 - Feasibility:

- Detailed analysis of the land title;
- Detailed analysis of the physical site;

Detailed analysis of the planning status and likely grant of planning permission;
Marketing and disposal if planning permission is not recommended.

Stage 2 - Feasibility:

Production of development scheme;
Valuation of land;
Application for planning permission (if appropriate);
Marketing and disposal of site.

- 3.17 All disposals will be in accordance with the Constitution and local government legislation. As appropriate ward members, parish and town councils will be informed of the intention to lease or dispose of these assets. Work will require the appointment of consultants with appropriate experience to undertake feasibility and scheme development.
- 3.18 **Structures** - The existing officer Development Programme Officer Group (DOG) as outlined in the Asset Management Plan will be the primary officers meeting to oversee the delivery of the Property Asset Programme. Already overseeing the development programme and scheduled on a monthly cycle this meeting will oversee the new programme, receiving progress reports on specific projects, oversee the budget, risks, legal aspects and ensure approvals in place. The DOG is chaired by the Director of Finance, Policy and Development (S151 Officer) with attendance by officers as appropriate including Property and Estates, BDU, Finance and Legal. Attendance by other officers and internal services including Communications will be as appropriate and consultants may also be invited as appropriate.
- 3.19 While decision making on major assets will remain with Cabinet at appropriate points wider advice and engagement with members between decision points is to be established as oversight of the Property Asset Programme.
- 3.20 It is proposed that an informal working group or oversight Panel (Property Asset Oversight Panel (PAOP)) is established by Cabinet. It would have no delegated decision-making powers, but its advice and recommendations will be reported to the relevant decision maker (Portfolio Holder). The Portfolio Holder reporting back to Cabinet at Cabinet/Management Board meetings on a regular basis. The constitutional position regarding asset disposal will remain unaltered. The new group would take on the following role:
- Oversee the Council's programme regenerating the borough and advising on development of key sites in accordance with the Asset Management Plan;
 - Receive updates on key sites and recommend the appropriate next steps for the sites;
 - Receive updates on the progress of asset disposals.
- 3.21 The PAOP will have 4 meetings a year scheduled, ongoing schedule to be established. Other meetings can be arranged on an ad hoc basis when required. All meetings will be held in private session in view of the informal status of the group with materials available to all Members of the Council on request and on a confidential basis. Visiting Members will be able to attend at the discretion of the Chairman. The request should be made in advance of the meeting

- 3.22 It should be noted that the existing operating structures for the Amelia Scott, including ASMOP will remain unaltered. Similarly, the Cross Party Working Group will continue to focus on the Civic Complex (Town Hall, AHT and 9/10 Calverley Terrace).

4. Consultation and recommendations from the Cabinet Advisory Board

- 4.1 Discussion with the PH took place on the 28 June. In addition the establishment of additional resources for a Property Asset Programme and the member level structures has been raised and discussed at the Civic Complex Working Group. The report will be considered by the F&G CAB on the 13 July and comments and recommendations from the CAB will be reported here on the report when submitted to Cabinet.

5. Implementation

- 5.1 If agreed, the establishment of a wider budget the authority on individual sites will be delegated to the S151 Officer in consultation with the Portfolio Holder for Finance and Governance. The Town Hall is subject to a separate decision on the agenda.

6. Cross Cutting Issues

A. Legal (including the Human Rights Act)

The Local Government Act 1972, section 111(1) empowers a local authority to do anything (whether 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.

The Council also has a general power of competence pursuant to Section 1 of the Localism Act 2011 which enables it to do anything that individuals generally may do.

Acting on the recommendations specified in this Report is within the Council's statutory powers as set out above. The proposal to delegate authority to the S151 Officer is in accordance with a decision that Cabinet can make, taking into account the contents of this report to protect the Council's financial and commercial interests.

Patricia Narebor, Head of Legal Partnership

B. Finance and Other Resources

This report proposes to implement the requirements of the approved budget report that will reduce the council's ongoing cost of underutilised assets and provide capital receipts to fund the capital programme.

Additional resources are required to fund the identification and professional due diligence, which will initially be met from reserves but over the medium-term will be self-financing.

Lee Colyer, Director of Finance, Policy and Development

C. Staffing

There are no direct staffing implications for the delivery of the project which can be delivered within existing staffing structures. However expert advice will be sought as appropriate.

David Candlin, Head of Economic Development & Property

D. Risk Management

The Development Programme budget is used for the feasibility and viability of proposed schemes. The investment in development work is at risk if the schemes do not progress to a disposal or project delivery. However the approach allows for a managed approach to consideration of individual sites with authority at each stage reducing the wider financial exposure of the Council and managing the risk as appropriate. Appropriate risk registers will be established for each project and oversight of each project is outlined at both officer and member level in the report.

David Candlin, Head of Economic Development & Property

E. Environment and Sustainability

While there are no specific environmental and sustainability issues arising from this report, in implementing the Property Asset Programme the Council will need to consider on a site by site basis the potential contribution towards sustainability objectives and meeting carbon neutrality by 2030.

David Candlin, Head of Economic Development & Property

F. Community Safety

There are no specific community safety issues arising from this report.

Terry Hughes, Community Safety Manager

G. Equalities

Decision-makers are reminded of the requirement under the Public Sector Equality Duty (s149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people from different groups, and (iii) foster good relations between people from different groups or to insert comment on if/how the proposals affect equalities issues. Consideration must be given to our legal obligations.

H. Data Protection

The issues raised in this report have little or no relevance to the Data Protection Act 2018 or the GDPR 2016

David Candlin, Head of Economic Development & Property

I. Health and Safety

There are no specific Health and Safety issues arising from this report.

Mike Catling, Corporate Health and Safety Advisor

J. Health and Wellbeing

No issues are identified.

Report author

APPENDIX A – New Asset Disposal Schedule

APPENDIX B – Property Asset Oversight Panel Terms of Reference