

Chichester District Council

Overview and Scrutiny Committee

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Asset Management

1. Contacts

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2. Recommendation

- 2.1 **To receive the report on the Council's built and land assets, and to note the work to date and ongoing mechanism in place for their management and review.**

3. Background

- 3.1 The Council owns a range of built and land assets, split between Operational Property (such as the CCS Depot, Public Conveniences, Car Parks and East Pallant House), Non-Operational Property (premises let out to commercial tenants), property held for Investment purposes (premises held purely for financial return) and surplus property identified for disposal. In total, the Council's asset register contains over 500 ownership records.
- 3.2 The non-operational portfolio is managed by the Council's Estates team and includes almost 90 industrial plots or units (130 when including the St James Industrial Estate, which is currently proposed for redevelopment), over 50 retail units and 15 offices; in addition the Council's ownership includes 81 parcels of land comprising development land, amenity land and open space across the district. Despite uncertain market conditions, vacancy levels are around 5% across the non-operational portfolio, with a number of new industrial and retail lettings having completed since the Spring.
- 3.3 The Estates team work to a number of policies and procedures, covering the day to day management of the non-operational and investment assets as well as matters such as acquisitions, disposals and valuation.
- 3.4 These policies and procedures are set out in procedure notes, overseen by the Valuation and Estates Manager and reviewed periodically to ensure they reflect current best practice and any changes to legislation or technical requirements. The procedure notes are working documents for officer use to ensure consistency in approach.

4. Progress to date

- 4.1 A comprehensive review of the Council's assets was commenced in 2019, although understandably that work has been on hold for much of the current year. This review

will identify those assets where there may be opportunity for a more detailed appraisal and outline a proposed programme for that further work. By its nature, this is a fluid and constantly evolving process, influenced by changing market conditions and supply and demand factors, with these influences now even more pronounced as a result of this year's unprecedented pandemic.

- 4.2 For land disposals, each disposal is managed on a 'case by case' basis, and each presents its own factors in terms of legal and/or planning considerations. The Committee may be aware of the land disposals currently ongoing, with each at a different stage. Contracts have been exchanged on the Grange site in Midhurst, a site being sold following the construction of the new Grange Leisure and Community Centre. An area of land at Church Road in Chichester is to be sold for residential development and officers are currently planning the timing and detail of the marketing of that site due to the delay caused by Covid 19. A former coach depot site at Pitsham Land in Midhurst is being used as a temporary storage yard whilst officers assess the most appropriate disposal method and programme.
- 4.3 Despite challenging and fast changing market conditions, work continues on many of the non-operational and investment assets, from standard lettings to major projects. Working with the Economic Development team, a local business looking to expand has taken a unit at the Council's Ravenna Point development, where all 6 units are now occupied or under offer. Regular liaison with the operator of the Enterprise Centre has built a good working relationship and the Centre is seeing its best occupancy levels to date. The Old Bakery in Petworth has also seen a number of recent new lettings brought about by the Estates team, both retail and office based.
- 4.4 Members will be aware of the current proposed redevelopment of the St James Industrial Estate, which is another example of considering how best to use our assets to deliver a revenue income and also support the Council's wider objectives of growing the local economy. Similarly, the remaining land at Barnfield Drive is a further opportunity for the Council to work with a developer to ensure a commercially and corporately acceptable scheme is brought forward.
- 4.5 Consideration is also given by officers to alternative or innovative uses for assets, with the Pop Up shops in Crane Street, Chichester being an example of this. This initiative has already enabled three local businesses to trial a 'bricks and mortar shop' and officers are currently managing the next round of occupiers to be trading in the run up to Christmas.
- 4.6 The importance of ensuring best use is made of the Council's commercial portfolio is highlighted in the Economic Recovery Plan, which reflects a number of the cases referred to above and provides updates to members on those key issues.

5. **Outcomes to be achieved**

- 5.1 The ongoing management of the Council's assets contributes to the continuation and growth of revenue income and ensures that the obligations on each party of the relevant Landlord and Tenant legislation are met.
- 5.2 Current projects and ongoing asset management will ensure the Council's asset portfolio contributes to the Economic Recovery Plan and wider Council objectives.

5.3 The asset review work will enable officers to identify potential opportunities within the Council's land and property ownership; this will be an ongoing process due to changing markets and demands, which have been exacerbated due to the Covid19 crisis and will undoubtedly continue to remain fast-moving and unpredictable.

6. Finances

6.1 The non-operational and investment properties generate an annual revenue income to the Council of around £2.6 million.

6.2 Disposals of land or property generate capital receipts, with £3.6 million having been received since 2015.

7. Proposal

7.1 That the Committee notes the asset management work undertaken to date and the ongoing projects connected to the Economic Recovery Plan.

7.2 That the Committee further notes that the wider asset review work will continue as set out in the service action plans ,with any opportunities identified assessed in line with existing policies and procedures and recommended to Cabinet and Council where appropriate.

8. Community impact and corporate risks

8.1 If any land or building owner does not review their assets, there is a risk of missing opportunities, and this is addressed by officers through a flexible and responsive approach, as well as proactively seeking out possible opportunities.

8.2 Against the current unprecedented market conditions, there is a risk that previously anticipated values may not be realised. Officers ensure they are aware of up to date market information to try and mitigate this risk.

8.3 When reviewing an asset identified for possible disposal, the potential opportunity cost of disposal against any likely future appreciation in value must be considered; the disposals process ensures these considerations are accounted for.

9. Appendices

9.1 None