

Report to: Scrutiny Committee

Date: 04 December 2023

Title: Corporate Property and Assets Strategy

Report of: Ian Fitzpatrick, Deputy Chief Executive and Director of Regeneration and Planning

Cabinet member: Councillors Robin Maxted, Cabinet member for finance and resources
Councillor Colin Swansborough, Cabinet member for enterprise, community spaces and heritage assets

Ward(s): All

Purpose of report: To agree a new Corporate Property and Assets Strategy, in line with recommendations from the Assurance Review.

Decision type: Key

Officer recommendations to the Cabinet:

- (1) To agree the strategy (appendix 1), to inform future asset related decisions.
- (2) To authorise the Director of Regeneration and Planning to adopt the strategy and produce a formatted version for public release.

Reasons for recommendations: Need to update/replace previous related documentation in light of Assurance Review recommendations.

Officer recommendation to the Scrutiny Committee

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- 1.1 Since June 2023 the council has been delivering an improvement and efficiency programme called Stability and Growth (S&G). This grew out of earlier savings programmes developed during and after the covid pandemic. The overall aim of the programme is to tackle the range of financial challenges currently faced by local government, and by Eastbourne in particular, and to ensure the council remains on a stable financial footing for the future.
- 1.2 One of the key pillars of the strategy is to review the council's assets. This pillar is designed to assist the council in determining which assets it should retain, and which it would be preferable to earmark for disposal. The strategy appended to this report provides a clear structure for the future approach to the council's assets, which will inform the Assets Pillar of the S&G programme.
- 1.3 Since the Covid Pandemic of 2020, the council has been in a very challenging financial position. Central government agreed to provide Exceptional Financial Support (EFS) in the form of capitalisation at that time but made clear that it expected the council to dispose of assets in order to pay back the EFS. An Assurance Review was undertaken by CIPFA (The Chartered Institute of Public Finance and Accountancy) on behalf of central government in 2021 which made some key recommendations. One of the main requirements was that the council establish an asset disposal list, with a view to disposing of suitable assets. This list has been developed and is regularly interrogated and reviewed by the Strategic Property Board to ensure all opportunities for disposal are progressed.
- 1.4 A follow up, light-touch review was completed by CIPFA in April 2023 and was reported to Cabinet in September. This recommended, amongst other issues, the following;
- “that the council produce a thorough, integrated, and strategic approach to property by the end of 2023. This should:*
- Explicitly reference the Recovery and Stabilisation Plan goals*
 - Be consistent with and support the work to reduce tourism-income dependency and diversify the local economy*
 - Accordingly describe the character of the council's desired 'target' portfolio of held assets. This should be supported by a clear taxonomy detailing asset type and purpose. Retained assets could be classed as commercial or regeneration-related. Moreover, the portfolio's implications for income and investment should be made explicit*
 - Reinforce the current restrictions on spend by setting out a presumption against new asset acquisition and associated increases in indebtedness. The permissible circumstances for new investment should be made explicit and should relate to exceptional or unforeseen circumstances.”*
- (CIPFA – April 2023)*
- 1.5 Accordingly, this report provides Cabinet with a strategy which meets the above requirements. Ahead of its publication, the council has already taken action which demonstrates a serious commitment to acting on the aspirations of the CIPFA report and of the strategy.

2 Action taken to date

- 2.1 As mentioned above, the council's asset disposal list is now a central part of every meeting of the Strategic Property Board. As a result of this, a number of disposals have already been agreed.
- 2.2 Starting from 2021, when the Assurance Review was published, the council has;
- Disposed of 3 Cornish Cottages (21/22)
 - Undertook a Community Asset Transfer of Langney Playing Fields (21/22)
 - Leased the former Tourist Information Centre (22/23)
 - Appropriated Bedfordwell Road to HRA (21/22)
 - Appropriated Southfields Car Park to HRA (21/22) – now developed for housing
 - Leased the former Pavilion café (23/24)
 - Disposed of the Royal Hippodrome Theatre (22/23)
- 2.3 The council is shortly to dispose of a number of other properties, including Ocklynge Lodge and 2, 4, 6 and 8 Saffrons Road.
- 2.4 Beyond this, the council is also in active discussions around a number of further assets, including;
- Motcombe Pool - where a Community Interest Company was set up in 2022, alongside a Friends of Motcombe Pool support group. Encouraging levels of grass-route level commitment to this project are now starting to bear fruit with a bid to the Communities Opportunity Fund currently being prepared.
 - The Redoubt (and potentially other key heritage assets) have been the subject of considerable interest from the Heritage Lottery Fund to whom a funding bid will be made in 2024.

3 Outcome expected and performance management

- 3.1 Following the adoption of this strategy, the council will continue its programme of asset disposal consideration through the Strategic Property Board.

4 Consultation

- 4.1 Given that the production of this strategy has been a requirement of the council's Assurance Review, it is felt that formal, public consultation would not be appropriate in this instance. However, informal engagement with key cabinet members has been undertaken as part of its' development.

5 Corporate plan and council policies

- 5.1 The Corporate Plan for 2022 – 2026 referenced that the council would be; *'Reviewing our property portfolio with a view to strategic disposals, taking into account capital worth, revenue yield and social value'*.

- 5.2 In addition, the draft corporate plan for 2024 – 2028, recently out for public consultation, states that the council will ensure the “*delivery of an integrated property strategy which provides a clear future approach to commercial activity, addresses the councils’ future asset requirements and tackles the challenges of the town’s heritage assets.*”

6 Financial appraisal

- 6.1 The Council’s Asset Strategy supports delivery of the Council’s Medium Term Financial Plan whilst meeting the obligations set out as part of the Assurance Review undertaken by CIPFA. It is designed to ensure the council prioritises where and how it uses its financial resources to meet ongoing challenges, ensuring that assets are appropriately identified and monitored and that they are fit for purpose and provide value for money. Where the council is required to invest in new assets it must ensure that that they are suitable and able to maximise the benefits for Eastbourne Residents.
- 6.2 As reductions to public sector spending are likely to continue throughout the lifetime of this Strategy, the Council will have to manage property with fewer resources and will need to target those resources where they will make the greatest positive impact, contribute to the Council’s financial resources, improve returns and secure capital receipts.

7 Legal implications

- 7.1 Pursuant to restrictions contained in section 123 of the Local Government Act 1972, the Council cannot dispose of land held in the general fund for a consideration less than the best that can be reasonably obtained in the market, except with the express consent of the Secretary of State. Disposal includes freehold and leasehold sales. The rule applies to leases where the lease term exceeds seven years.
- 7.2 The Secretary of State has given a general consent (General Disposal Consent (England) 2003) so that specific consent is not required for the disposal of land where the authority considers it will help to secure the promotion or improvement of the economic, social, or environmental wellbeing of its area. Disposal at less than best consideration is always subject to the condition that the undervalue does not exceed £2m.
- 7.3 If publicly owned land is disposed of at less than best consideration, a public body may be providing a subsidy. Any such subsidy will need to be determined in accordance with the Subsidy Control Act 2022.
- 7.4 The Council’s Contract Procedure Rules state that no sale of land where the value exceeds £50,000 or £25,000 if amenity land (or a lease where the estimated rent exceeds £25,000 per annum) shall be made except after auction or the invitation of tenders or expressions of interest following appropriate public advertisement, unless authorised by Cabinet.

8 Risk management implications

- 8.1 The delivery of this strategy is essential to the council's future financial stability. Risks of non-delivery will be varied, dependent on the specific assets under consideration. However, challenges that have the potential to impact include; there being no suitable purchaser for assets the council wishes to dispose of, the price offered for such assets being less than the council would hope to achieve through disposal or transfer, transfer of assets not being achieved quickly and therefore not being able to impact on budgets in a timely way.
- 8.2 Mitigations to tackle these risks will include early dialogue with potential buyers or lessees and undertaking realistic valuations. However, it is recognised that many of the above risks are heavily influenced by national and international considerations, and therefore are, to a great extent, outside of council control.

9 Equality analysis

- 9.1 An equality and fairness analysis (E&FA) has been undertaken and has concluded that there are no issues that require consideration at this time. Given the breadth of the asset portfolio it is not possible to make generalisations across this wide range of assets as to how those with protected characteristics may be differently affected. Therefore, it is considered more appropriate to undertake a more detailed E&FA when a specific asset or group of assets is being assessed for potential change of use or ownership.

10 Environmental sustainability implications

- 10.1 The council has a commitment to tackling climate change and to become carbon net zero by 2030. When considering its future approach to assets, the council will need to be aware of;
- The costs of addressing sustainability within its retained assets (e.g. using environmentally sustainable heating methods)
 - The challenges of climate change and the increased risks that places on retained assets, particularly where there may be risk of coastal flooding, for example.
 - The opportunities in using land assets for improving biodiversity, such as rewilding of Downland sites.
- 10.2 Current joint work between the council, Environment Agency and other partners is seeking to reduce the level of risk of such flooding to the town. However, currently, some of the council's heritage assets in particular, such as the Bandstand and the Redoubt fortress, could be at greater risk because of their location.

11 Appendices

Appendix 1 – Eastbourne Borough Council Property and Assets Strategy

12 Background papers

None