



Agenda for Asset Management Forum Thursday, 5th March, 2020, 9.30 am

Members of Asset Management Forum

Councillors: G Pook (Chairman), S Bond, K Blakey, P Millar,
I Thomas, S Hughes and B Ingham

Venue: Blackdown House, Honiton

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(or group number 01395 517546)

Wednesday, 26 February 2020

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1 Public speaking

Information on [public speaking](#) is available online

2 Notes from the previous meeting (Pages 3 - 7)

3 Apologies

4 Declarations of interest

Guidance is available online to Councillors and co-opted members on making [declarations of interest](#)

5 Matters of urgency

Information on [matters of urgency](#) is available online

6 Confidential/exempt item(s)

To agree any items to be dealt with after the public (including the press) have been excluded. There are no items which officers recommend should be dealt with in this way.

7 Performance dashboard

Report to follow.

8 Property Matters newsletter (Pages 8 - 11)

9 Fosseyway Park disposal (Pages 12 - 14)

10 Commercial investment

Verbal update.

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If you are recording the meeting, you are asked to act in a reasonable manner and not disrupt the conduct of meetings for example by using intrusive lighting, flash photography or asking people to repeat statements for the benefit of the recording. You may not make an oral commentary during the meeting. The Chairman has the power to control public recording and/or reporting so it does not disrupt the meeting.

Members of the public exercising their right to speak during Public Question Time will be recorded.

[Decision making and equalities](#)

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EAST DEVON DISTRICT COUNCIL**Minutes of the meeting of Asset Management Forum held at Council Chamber, Exmouth Town Hall on 9 January 2020****Attendance list at end of document**

The meeting started at 10.35 am and ended at 12.20 pm

23 Public speaking

There were no members of the public wishing to speak.

24 Notes from the previous meeting

The minutes from the previous meeting held on the 2 September 2019 were confirmed as a true record.

The Service Lead – Place, Assets & Commercialisation informed the forum that Community Asset Transfer policy had been considered and approved by Cabinet and the consultation would be rolled out after Careful Choices. A further report with the consultation responses would be brought back to the Asset Management Forum (AMF).

With the support of AMF the Beer Pilot business case for the transfer of assets had been by Cabinet and the work was ongoing.

Following a request from a member to join the meeting remotely, which was not possible as facilities were not available in the Exmouth Town Hall Council Chamber, the Chairman asked for a remote capabilities review of meeting facilities at EDDC, specifically the technical capability and also whether the constitution required a councillor to be physically present at meeting.

RECOMMENDED: that a review into remote capabilities of meeting facilities be carried out.

25 Declarations of interest

There were no declarations of interest.

26 Matters of urgency

An update on Seaton workshops had been requested and would be provided under Part B of the agenda.

27 Confidential/exempt item(s)

There were three items classified in this way and agreed to be considered in private session.

28 New structure for Place, Assets & Commercialisation Service

The Service Lead – Place, Assets and Commercialisation updated the forum on changes to staffing structure in light of the Deputy Chief Executive's departure at the end of March

2020. He had been promoted to Service Lead and the service now had a broader remit, to include 'place making', sustaining clean economic growth across the district. It would also include East Devon's Housing Company, which would sit alongside the commercial investment framework and with the management of existing assets. The Property and Places team would now be reporting to the Places, Assets and Commercialisation Service Lead and he introduced Alison Hayward, Senior Manager - Regeneration and Economic Development to the AMF.

The new structure and functions had been incorporated into the new service plan. The forum noted that asset management had two main focuses:

- The management of new properties and development of the asset base.
- A comprehensive and efficient knowledge of all of EDDC's properties. An asset base was required in order to make proper informed decisions.

29 **Performance dashboard**

The performance dashboard as at December 2019 was presented to the forum. The Service Lead – Place, Assets and Commercialisation highlighted in particular:

- Review of basis for lettings to sports and activity clubs ensuring tenure arrangements exist which promote self-sustainability. To conclude in formal adoption of new arrangements. Work was to commence on this over the next few weeks;
- Delivery of workshop units or use of land for alternative proposals in Seaton – this would be discussed in private session later in the meeting;
- Incorporate the use of Uniform across other key services – a wider piece of work was being undertaken to consider what corporate system should be used. It was noted that some performance had moved from amber to green due to the use of Uniform in a more comprehensive way.

The forum noted the performance dashboard.

30 **Property Matters newsletter**

The Senior Estates Surveyor highlighted the successes and general updates in the recently published 'Property Matters', including:

- Party Wall Act work at Sidmouth College – to ensure that a level access was available to all leisure centre customers.
- Transfer of the Younghayes Centre, which was completed on 22 November 2019.
- Temporary licences – negotiation of terms to use Council owned land on a temporary basis, granting temporary licences, had generated an additional income of £15,800 since April 2019.
- Asset insurance valuations – annual programme of valuations for insurance purposes. Around 4500 housing and commercial assets were valued, with a combined reinstatement value of £715million.
- West Street garages in Axminster were all now fully let.
- New energy saving swimming pool covers had been installed at Exmouth Leisure Centre. Honiton and Sidmouth swimming pools would also be receiving new covers.

The Forum noted the newsletter.

31 **Commercial investment fund**

The forum received a presentation from the Service Lead – Place, Assets and Commercialisation on the Commercial Investment Fund (CIF), which would be a standard agenda item for the Asset Management Forum.

The Commercial Investment Framework, including the scoring matrices and governance arrangement was approved by Cabinet in early 2019, with up to £20,000,000 being approved by Council. The monies would likely come through the Public Works Loan Board or other funding available to the Council, being drawn down as and when required. It was noted that a number of authorities in Devon had a similar framework. EDDC was taking a cautious and proportionate approach, compared to others.

The framework addressed opportunity in that by investing £20,000,000, the Council could expect to receive a net return of around £450,000 per annum. There were two funds:

- £10,000,000 within an income only fund, providing 3% minimum net return.
- £10,000,000 within an income plus fund (where catalytic benefit) providing 1.5% minimum net return.

The framework contributed to the Council's Transformation Strategy – to maximise the value of assets through commercial thinking with focus on income generation, sustainability and developing local economies. There was a clear preference to invest in the district where possible.

The objectives of the CIF were:

- Income generation reducing budget shortfall.
- Investing in and optimising the effectiveness of the existing assets and new acquisitions.
- Promoting new opportunities for local economic growth, wealth creation and productivity improvement.
- Applying a clear, costed, risk managed and structured programme of investment using rigorous criteria and with appropriate decision making capabilities to respond to market opportunities in an agile but safe manner.
- In the short term – £450,000 per annum generating return in-year.
- Longer term – developing pipeline supporting both income generation but also other Council objectives.

It was requested that the CIF also included consideration of environmental impacts and the wider green agenda, in light of EDDC's climate declaration. It was noted that the framework was drawn up prior to the climate change declaration, but the scoring matrix could be updated to include this.

The CIF informing investment criteria were:

- Security – protecting the capital sums invested from loss.
- Liquidity – ensuring funds invested were available with needed.
- Yield – an acceptable rate of return.
- Adoption of weighted scoring matrices – different for each category of investment – to ensure that each opportunity was considered on exactly the same basis.

The Service Lead – Place, Assets and Commercialisation went on to explain the CIF process and governance. A very similar approach was taken at EDDC to other councils. It ensured agility in terms of allocation of resource but also in decision making to take advantage of opportunities when they arose, but doing so in a safe, accountable and democratic way. The process was set out in appendix C of the framework and ensured

that all opportunities were considered in a consistent manner, set against the framework, in a stepped process involving outline business case and full business case, which was presented at each stage to designated members and officers before proceeding further. It was noted that the framework did not require ward member involvement. The Investment Assessment Team membership would be updated so that the Chief Executive would replace the Deputy Chief Executive.

The greatest challenge to the implementation of the CIF had been around the availability of good quality investments in East Devon. The Service Lead – Place, Assets and Commercialisation updated the forum on current commercial investments that were being considered. He outlined the opportunities dismissed, most of which got dismissed following appropriate due diligence. He also reported on an acquisition due to be imminently completed.

The Service Lead – Place, Assets and Commercialisation was thanked for this presentation.

The Forum received a report giving an update on current work streams on commercial investments, in accordance with the adopted Commercial Investment Framework.

RESOLVED that the update on Commercial Investment Fund be noted.

32 **Marpool workshops, Exmouth**

The forum received an update on the project review of Marpool workshops, Exmouth. The site comprised of a former coach house building and a single story garage block which were used as workshop premises by existing tenants. The current leases made the Council responsible for external repairs. Recent stock condition survey showed the anticipated expenditure required to maintain the buildings in the next 1-2 years, and also an additional amount required over the next 10 years. The forum noted the current rental income of the premises.

Options considered were:

- Renewal of the leases – this would generate income but would also mean that the Council would have to undertake the necessary works identified in the stock condition survey.
- Disposal of the property – this would generate a capital receipt which could be invested in more fit for purpose stock and would avoid the cost of repairing the building.

The forum were requested to consider the continued economic use of the site.

RECOMMENDED: that Marpool Workshops, Exmouth be declared surplus to service requirements.

33 **Seaton workshops**

The forum received an update on the project review, which had concluded that a wider strategic review into options and proposals for the land was required. One site was considered suitable for progression, whereas the other required further review of the wider options.

Attendance List

Councillors present:

- G Pook (Chairman)
- S Bond
- K Blakey

Councillors also present (for some or all the meeting)

- J Bailey
- G Jung
- P Millar
- T Wright

Officers in attendance:

- Tim Child, Service Lead - Place, Assets & Commercialisation
- Richard Cohen, Deputy Chief Executive
- Simon Davey, Strategic Lead Finance
- Rob Harrison, Senior Estates Surveyor
- Alison Hayward, Senior Manager Regeneration & Economic Development
- Alethea Thompson, Democratic Services Officer

Councillor apologies:

- I Thomas

Chairman

Date:

PROPERTY MATTERS

Place, Assets & Commercialisation Update

March 2020

Seaton Hole Kiosk attracts interest

The Estates Team have been marketing Seaton Hole Kiosk during February and the property has attracted a good deal of interest.

The kiosk itself is a substantial building and there are impressive views over Lyme Bay to the front of the premises.

The closing date for offers is 28th February and it is anticipated that after this the team will be able to move quickly to progress the new letting.



The latest deals and updates on the activities in Place, Assets & Commercialisation



Bar at Queens Drive Space

In This Issue

- Rent review success
- Busy time for maintenance
- Queens Drive Bar on Market
- Knapp sale completes
- Axmouth Harbour Lease renewal completed



Bar at Queens Drive Space

Queens Drive Space Bar Up For Grabs

The Place & Prosperity Team, assisted by The Estates Team are currently marketing the bar at Queens Drive Space in Exmouth.

Since it opened in 2018 Queens Drive Space has proved a popular addition to the seafront and significant interest is anticipated in this exciting opportunity.

Overage Payment Secured

The Estates Team have recently secured an overage payment in respect of a former garage site at Plymtree.

When the garage site was sold, the Estates Team ensured that an overage provision was included so that in the event of planning consent being secured for a higher value use and additional payment would be due to the Council.

When planning consent for a dwelling on the site was granted, the Team were able to negotiate the payment of an additional £25,000.

Sale of Knapp Nature Reserve Completes

The Estates Team have recently completed the sale of the Knapp Nature Reserve to the Sid Vale Association for a price of £53,750.

The sale contains provision that the site is to remain as a nature reserve with access for the public not affected.

From the Council's perspective the sale frees up resources which can be used elsewhere and provides a useful capital receipt.

New Lease For Axmouth Harbour

The Estates Team have recently completed the renewal of the lease by which Axmouth Harbour Management Company occupy Axmouth Harbour.

The lease ensures the continued use of the site by Axe Yacht Club, East Devon Fisherman's Association and Axe Vale Canoe Club whilst providing an increased income for the Council from the site.

For information on property for sale or to let visit

eastdevon.gov.uk/property-estates/property-for-sale-or-to-let

Busy time for Maintenance Team

The Property Services Team have had a busy start to 2020, dealing with a range of issues.

The Team recently carried out works to replace an area of the sprung floor at Exmouth Tennis Centre.

Using the skill of the Team's Maintenance Technicians they were able to use flooring recovered from another job. This approach not only resulted in a first class finish but also means that the work was done in the most environmentally friendly manner.

Other jobs that the Team have dealt with include a spate of vandalism in Honiton and redecoration of the gym at Sidmouth



Exmouth Tennis Centre Floor Before Works



Exmouth Tennis Centre Floor After Works

Rent Review Success at Salterton Road Industrial Estate

The Council owns a number of sites on Salterton Road Industrial Estate which are let on long ground leases to a range of tenants.

When the rent review for one of these sites became due, the Estates Team moved quickly to start the review process.

Following negotiations with the tenant's agents, agreement was reached for a rent review which equates to a £9,900 per annum increase on the previous rent which equates to a 295% increase.

Service Plan Objective Achieved

The current service plan sets an objective of achieving an overall increase in rental income of 5% in the current financial year.

As can be seen from the graph, increases achieved since the beginning of the financial year stand at £47,757.

This means that the Estates Team has delivered this objective over the financial year.



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Together with 3 Maintenance Technicians

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Report to AMF on March 2020

Site at Fosseway Park, Seaton

Recommendations

That AMF consider the options for disposal and that the process as set out in the project plan is commenced to proceed with a disposal of the site.

Background

The Council owns the 0.73 acre site at Fosseway Park in Seaton having purchased the site in 2013 for the purpose of constructing additional workspace units.

In 2014 planning consent for the construction of 7 industrial units was granted however due to issues over viability this planning consent was not implemented and subsequently lapsed.

The site is understood to have an employment allocation within the Local Plan, details of what may be acceptable would need to be confirmed with the Planning Authority.

Options

Given the previous attempts by the Council to develop units on this site, this is no longer considered a viable option and therefore disposal of the site seems the most appropriate route.

In terms of the method of disposal the proposed options are as follows and AMF are asked to consider which route they would prefer.

1. Freehold disposal of the site on an unconditional offers basis. This would allow the Council to seek offers for the site without those offers being conditional upon the grant of planning consent for a particular development scheme.
2. Freehold disposal on a conditional offers basis. This would enable offers to be made which were conditional on the grant of planning consent for a particular scheme. If the purchaser wasn't able to secure such consent then they wouldn't proceed with the purchase. Such an approach carries risk to the Council in terms of longer timescales and potential for abortive negotiations.
3. Disposal of the site by way of a long ground lease. This approach would see the Council offer a long lease of say 125 years of the site with a purchaser then responsible for constructing buildings on the site. This approach would

give the Council a long term income stream rather than a one off capital receipt.

Next steps

A project plan is attached to this report setting out anticipated timescales for the disposal of the site. Following the AMF meeting the next steps would be clarifying the planning and legal position once this is completed, it is recommended that a report be taken to cabinet recommending the disposal of the property out of the General Fund.

As can be seen in the project plan, it is anticipated that the project would take around 31 weeks with completion anticipated at the end of September although this could be extended if it is decided to seek conditional offers for the site.

Rob Harrison
Senior Estates Surveyor – Property & Estates

