

## Agenda for Asset Management Forum Monday, 2nd September, 2019, 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:** Council Chamber, Blackdown House, Honiton

**Contact:** Debbie Meakin;

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(or group number 01395 517546)

Thursday, 22 August 2019; re-issued with late report 30 August 2019



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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 is **one** item which officers recommend should be dealt with in this way.

### Part A

7 Performance dashboard (Pages 8 - 12)

8 Property Matters Newsletter (Pages 13 - 16)

9 Community Asset Transfer Policy (Pages 17 - 31)

10 Asset Devolution Programme Pilot: Beer Parish Council (Pages 32 - 41)

11 Commercial Investment update (Pages 42 - 43)

12 Review of Business Rate Liability (Pages 44 - 45)

## **Private meeting: Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012**

Notice is given of intention to hold this part of the meeting in private as required by the Regulations. The received why the meeting should be open to the statements of reasons for meeting to be held in private, details of any representations public in response to the '28 clear days notice' already posted on the Council's website, and the Council's response to the representations, are set out against each agenda item below. Where it has been impracticable to comply with the private meeting notice procedures, the required agreement has been obtained from the relevant chairman or vice chairman that the meeting is urgent and cannot reasonably be deferred. Notice of this agreement, if relevant to this meeting, may be viewed on the council's website. [View statutory exclusion information here.](#)

13 The Vice Chairman to move the following:

“that under Section 100(A) (4) of the Local Government Act 1972 the public (including the press) be excluded from the meeting as exempt information, of the description set out on the agenda, is likely to be disclosed and on balance the public interest is in discussing this item in private session (Part B)”.

### **Part B**

14 Seaton Workshops (Pages 46 - 48)

Under the Openness of Local Government Bodies Regulations 2014, any members of the public are now allowed to take photographs, film and audio record the proceedings and report on all public meetings (including on social media). No prior notification is needed but it would be helpful if you could let the democratic services team know you plan to film or record so that any necessary arrangements can be made to provide reasonable facilities for you to report on meetings. This permission does not extend to private meetings or parts of meetings which are not open to the public. You should take all recording and photography equipment with you if a public meeting moves into a session which is not open to the public.

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 Blackdown House, Honiton on 13 June 2019****Attendance list at end of document**

The meeting started at 9.30 am and ended at 11.45 am

**1 Public speaking**

There were no members of the public wishing to speak.

**2 Welcome to new AMF members**

The Chairman welcomed new members to the Asset Management Forum.

The Forum received a presentation from the Senior Manager for Property and Estates, and the Senior Manager for Regeneration and Economic Development, to outline the role of the Forum, and give an overview of the General Fund land and buildings portfolio, the work of the Property and Estates Team, and the work of the Regeneration Team.

The presentations are available to Councillors from their library facilities.

**3 Notes from the previous meeting**

The notes of the previous meeting held on the 25 February 2019 were agreed as a true record.

**4 Declarations of interest**

Minute 8. Performance Dashboard.

Councillor Andrew Moulding, Personal, President of local sports club.

Minute 8. Performance Dashboard.

Councillor Ian Thomas, Personal, Chairman of local sports club.

Minute 8. Performance Dashboard.

Councillor Kevin Blakey, Personal, Cranbrook Town Councillor.

Minute 11. Beer Pilot and Community Asset Transfers generally - verbal update.

Councillor Geoff Pook, Personal, Chairman of Beer Parish Council.

**5 Matters of urgency**

There were no matters of urgency.

**6 Confidential/exempt item(s)**

There were no items which officers recommended to be dealt with in this way.

**7 Performance Dashboard**

The latest version of the Performance Dashboard was presented to the Forum. The Senior Manager for Property and Estates reiterated the purpose of the dashboard being to give an overview of key performance data and project delivery

He specifically highlighted:

- Capital receipts
- Significant improvement in completed Lagan cases – facilities and reactive maintenance
- Commercial Investment Decision Making Group had met to consider a commercial investment opportunity in line with the adopted Commercial Investment Framework. A decision has been made to proceed with this investment opportunity.

Questions and debate on the items within the dashboard covered:

### **Manage the Beer Parish Council asset devolution scheme proposals.**

Clarity was requested on the description of the objective relating to the asset devolution pilot. The Chairman confirmed that whilst the pilot centred around Beer Parish, the concept was to prove the model through progress of the pilot, with the intention to apply elsewhere in the District if the model was successful.

Comment was made that there was frustration in the time it was taking to reach an agreement on the pilot and a wider policy; particularly as other areas such as Seaton, wanted to progress on asset devolution.

The objective was explained by the Chairman as a move away from one-off transfer of an asset, to an approach of bringing a number of assets together as a package, covering both cost and income elements. It was not intended as a “cherry pick” exercise. The model also had to be proven that it could be scaled up to cover asset devolution to larger parishes and towns. The Chairman advised that the appetite of other authorities to take on assets would be gauged once the scheme offer was understood. He reminded the Forum that a total of £2.6m of non-statutory assets was in the District Council ownership, so it was important to explore options with those assets in order to help towards the budget gap in the medium term financial plan (MTFP).

Councillor Thomas reiterated his concerns about the concept. Selecting packages of assets based on place would have an impact on service for the district, such as with economies of scale.

The Senior Manager for Property and Estates outlined work already undertaken on a draft policy of the devolution of assets, which would come before the Forum alongside the Beer Pilot scheme proposals. The draft policy is already prepared. At that point, wider consultation would take place. The Chairman requested detail back to the Forum that outlined the pros and cons for asset devolution for both place and service elements.

### **Seaton Moridunum**

Councillor Hartnell updated the Forum that there had been some progress, and local Ward Members and the Town Council had been updated.

### **Transfer of Younghayes Centre and Worship land, Cranbrook**

Councillor Blakey advised the Forum that Cranbrook Town Council were ready to complete, pending outstanding remedial repairs. In response, the Senior Manager for

Property and Estates requested a definitive list of outstanding works from the Town Council.

## 8 **Property Matters Newsletter**

The Senior Estates Surveyor highlighted elements of the Property Matters Newsletter, including:

- Mobile banks boosting car park income;
- New Property Records and Administration Officer in post;
- Housing valuation work previously undertaken externally, was now carried out by the Estates Team. This provided both savings and efficiencies to the HRA, and this would be reviewed after six months to quantify those savings;
- Completion of asset valuation work which forms part of the Council's Statement of Accounts.

## 9 **Seaton Workshop Units**

Seaton workshop development covers two sites: Colyford Road and Fosseyway Park. The background to the two sites was set out in the report to the Forum.

Through the use of consultants, a more cost effective and simplified design for the Fosseyway Park site has been produced, with some of those changes outlined to the Forum. Whilst the specification had now reduced from the earlier design, the general cost of construction had increased negating any saving from a reduced construction specification. Rental values have not materially increased during the preceding years so the viability is not dissimilar to that presented previously to the Forum.

The report set out the initial viability work, indicating that if the Council wished to proceed, funding would be required, and obtained through the PWLB. In order to ensure a positive cashflow in year 1 and for the early years, that loan would need to be over 40 years. This issue would need exploring further to determine if this was appropriate for this construction type, as usually any such borrowing for this kind of build is in the region of 20 – 30 years borrowing term.

The Colyford Road site needed further consideration by officers about its suitability for such units, or if the asset would be better utilised for other purposes.

Debate on the sites covered:

- Need to take a strategic view on both sites, but in particular the Colyford Road site, in the wider context of the aspirations of Seaton in providing suitable sports pitches and other development alongside need for workshop units;
- Frustration at lack of progress in reaching an outcome for both sites;
- Agreement that further exploration of alternative uses for the sites needed to be undertaken. Officers would discuss the sites further, from both the Property and Estates Service and Planning Service, utilising the newly appointed Planning Delivery Manager;
- If the use of modular units for workshops had been considered as another means of driving down cost.

### **ACTION:**

1. Appropriate officers meet to develop alternative solutions for the sites in the context of the development of the town as a whole. This will include engagement with local Ward Members and Seaton Town Council;

2. Check whether modular units had been considered in redesign work.

**RESOLVED:**

That the Forum receive a report back to their September meeting with outcomes from consideration of alternative solutions.

10

**Beer Pilot and Community Asset Transfers generally - verbal update**

The Senior Manager for Property and Estates gave an update to the Forum on the pilot, further to earlier discussion under the Performance Dashboard, as follows:

- Work continues with Beer Parish Council to prepare a robust business case, whereby the transfer of assets at Beer can take place at no extra cost to the Council, mitigating future cost liabilities on the Council, and facilitating local management and 'ownership' of assets.
- A report was issued to Strategic Management Team (SMT) in April setting out proposals, and a clear direction was given by SMT that the Council remains absolutely committed to the transfer, but that it needs to be cost neutral from year 1.
- This has generated some challenges, in that StreetScene fixed costs (staffing and vehicles) remain; and whilst those services can be redeployed, there is still a net cost to the Council, and therefore maintenance and cleansing for a period costs both Beer Parish Council and EDDC.
- Constructive discussions have continued with Beer Parish Council to refine the business model to ensure that it can be broadly speaking cost neutral in year 1 to the Council, with savings then being generated over the short to medium term, but at the same time making sound business sense for Beer Parish Council.
- The business model broadly works through Beer Parish Council having Beach Court Car Park transferred to them to provide an ongoing income, a further contribution from car parking revenue tapering down to zero after a time and a commitment by Beer Parish Council to continue using and funding StreetScene services, but on the premise that this tapers down to zero after a period of time.
- Further refining is needed of the business case such as the tapering period/ StreetScene obligations and funding.
- Interim arrangements have been put in place to enable Beer Parish Council to manage events this season.

The intention was to return to the Forum with an agreed scheme, alongside a draft policy for the wider District, at the September meeting or sooner if practicable.

**Attendance List**

**Councillors present:**

G Pook (Chairman)

I Thomas

K Blakey

S Bond

**Councillors also present (for some or all the meeting)**

M Armstrong  
A Moulding  
M Hartnell

**Officers in attendance:**

Tim Child, Senior Manager Property and Estates  
Richard Cohen, Deputy Chief Executive  
Rob Harrison, Senior Estates Surveyor  
Lorna Todd, Regeneration Assistant  
Debbie Meakin, Democratic Services Officer  
Alison Hayward, Senior Manager Regeneration & Economic Development

**Councillor apologies:**

B Ingham  
P Millar

Chairman .....

Date: .....

# Property & Estates Performance Dashboard - Sept 2nd AMF

Updated August 2019

Key	
Red	Unsatisfactory progress/ Not Yet Started
Amber	Issues
Green	On target/completed



## Performance Of Portfolio

Overall Management of the Portfolio	Last Report	This Report	Notes
Estates - Rent Roll	£894,439	£912,601	
Estates - Re-letting (total 411)	4	5	Garage at West Street (on market), Sidford Pavilion (negotiations ongoing), Site 3 Durham Way Honiton, Seaton Hole Kiosk, Warren View Pavilion
Estates - Held for Sale Assets (total 434)	2	2	Drill Hall (with legal), Knowle Offices (with legal)
Estates - Capital Receipts (in financial year)	£180,750	£0	£50,000 receipt expected in near future from sale of Knapp Nature Reserve to Sid Vale Association
Property & FM - Laggan Completed Works (23/11/18 - 18/02/2019)	409	107	
Property & FM - Planned Maintenance Spend To Budget (18/19) %	12%	44%	£74,186.97 of £169,750
Property & FM - Reactive Maintenance Spend To Budget (18/19) %	10%	68%	£77,500 of £113,750
Instructions with Legal	24	23	

# Service Plan Objectives

## Encouraging our communities to be outstanding

Objective	Officer	Target Date	RAG Last Period	RAG This Period	Current Position
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.	Tim Child/ Rob Harrison	31/03/2020	Red	Red	15.8.19. Pending a wider strategic review
Manage the Beer Parish Council asset devolution pilot scheme proposals. To conclude in transfer of agreed assets to Beer Parish Council.	Tim Child	31/05/2019	Yellow	Yellow	15.08.19 Report drafted for 02.09.19 AMF. To then be taken to 02.10 Cabinet.

## Developing an outstanding local economy

Full project appraisal and business case to either a) Deliver new workshop units at Colyford Road, Seaton & Fosseyway, Seaton, or b) use of land for alternative proposals. Agreement by Cabinet of proposals.	Colin Whitehead	31/07/2019	Red	Red	03.06.19 Report coming to June AMF.
Seaton Moridunum – Agree strategy for future of this site. Either dispose or retain but either way ensuring that asset contributes to enhancement of seafront. Agreement by Cabinet of proposal.	Tim Child	31/05/2019	Yellow	Green	15.08.19 On Hold pending further EDDC work.

## Continuously improving to be an outstanding council

Commercial Property Income Generation – secure investment to generate £450,000 per annum net income as per transformation strategy. £50,000 in 2019/20 and preparation for £300,000 further income in 2020/21.	Tim Child	31/03/2020	Green	Green	15.08.19 A number of workstreams now progressing to deliver required income stream.
Successful delivery of current One Public Estate projects in Axminster and Exmouth – review of assets, synergies and scoping of opportunities.	Tim Child	30/06/2019	Yellow	Yellow	15.08.19 Continuing lack of progress due to resourcing and lack of engagement from partners but some recent positive signs.
Increase rent roll from let property at rent review by £15,000 (from base of 01/04/2019) through adopting an increasingly commercial approach to the management of the portfolio. This links to a Transformation Strategy objective.	Rob Harrison	31/03/2020	Green	Green	15.08.19 Ahead of target.

Deliver 5% increase in total rent roll from let property (from base of 01/04/2019) through adopting an increasingly commercial approach to the management of the portfolio.	Rob Harrison	31/03/2020			15.08.19 Ahead of target.
Embed a more corporate approach to managing land and property to ensure better utilisation and efficiency of the estate, making better use of a wider data set, using this to report on performance and using this to inform strategic decision making. Cabinet decision will be required and then adoption across Council.	Tim Child	30/06/2019			15.08.19 With new Property Records Officer in post work now progressing.
Capture future investment requirements in all General Fund buildings.	Colin Whitehead	30/06/2019			15.8.19 surveys complete. Now assessing data
Assess the financial and non-financial performance of all non-dwelling assets. Financial modelling will be by way of Net Present Value and non-financial modelling will consider the contribution towards social, economic or environmental wellbeing of a community. Further more detailed modelling will be required for certain asset types but this objective will inform decision making to support the Council's Transformation Strategy objective around generating revenue savings through reviewing assets of £200,000 in 2020/21, £100,000 in 2021/22, £75,000 in 2022/23 and £75,000 in 2023/24.	Tim Child	31/08/2019			15.08.19 Stock condition data of buildings now captured enabling performance work to commence towards end of September.
Review of Landlord Health & Safety compliance across entire General Fund property portfolio. Address non-compliance if necessary.	Colin Whitehead	30/08/2019			15.8.19 Next meeting of working group being set up for first week in September.
Targeted review of Business Rates liabilities on asset portfolio. Appealing of Business Rates where savings are envisaged.	Rob Harrison	31/03/2020			15.8.19 - Report being prepared prior to appointment of consultant
Implement final stages of Property & Estates restructure. In particular, ensure new Facilities Management arrangements for Blackdown House and Exmouth Town Hall are fit-for-purpose and support the changing nature of the organisation.	Tim Child / Colin Whitehead / Rob Harrison /	30/06/2019			15.08.19 Complete.
Deliver a Systems Thinking Review of key systems within both Teams to deliver improved service through efficiency and effectiveness.	Colin Whitehead / Rob Harrison	31/03/2020			15.08.19 Processes identified within Estates Team and work already progressing. For Property & FM Team, process/es still being considered. All Managers undergone training.
Remodelling of East Devon Business Centre to maximise lettable space and income. Generate £10,000 rental increase. Linked to Transformation Strategy objective.	Rob Harrison	30/06/2019			15.08.19 Complete
Review of PV array on Council assets. Linked to Transformation Strategy objective.	Colin Whitehead	31/08/2019			15.8.19 buildings identified, jointly in discussions with LED
Develop Successes Newsletter which can be issued quarterly to all Councillors.	Rob Harrison	30/06/2019			15.08.19 Complete

# Other Key Projects

Key Projects - Service Development	Officer	Target Date	Last Report	This Report	Notes
Estates - Address backlog of lease event activities	Rob Harrison	01/04/2020			15.8.19 continuing to drive down backlog with demonstrable reduction in cases including the un allocated ones. Now down to 103 Unallocated as opposed to 140 in April.
Estates - Improve internal and external perception & visibility of work and portfolio	Rob Harrison	01/04/2020			15.08.19 Property Matters now being circulated to all Cllrs as part of AMF paperwork, use of social media part of working practices.
Property Records - Utilise Business Objects training to report on staff and portfolio performance	Tim Child	01/09/2019			15.08.19 Training to be arranged for new Property Records Officer.
Property Records - Broaden remit to provide more comprehensive function	Tim Child / Colin Whitehead	01/09/2019			15.08.19 Complete now with new post holder in post and trained.
Property Records - 'Super User' role for Uniform within P&E	Rob Harrison	01/09/2019			15.08.19 Property Records Officer post now filled and picking up Uniform management
Property & FM - Incorporate use of Uniform into Property Services	Colin Whitehead	01/04/2020			15.8.19 Work underway to capture data in Uniform system and training given to team
Service wide - Incorporate use of Uniform across other key Services	Tim Child	01/04/2020			15.08.19 Needs buy-in from other Services. Wider work being undertaken to consider what corporate system should be used
Estates - Adopt RTB's for Housing as BAU	Rob Harrison	01/06/2019			15.8.19 - 26 instructions so far this year, system in place to monitor cases and end to end times etc.

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Key Projects - Delivery	Officer	Target Date	Last Report	This Report	Notes
Transfer of Younghayes Centre and Worship land, Cranbrook	Rob Harrison				15.08.19 Pushing for completion of Younghayes transfer. Dissapointing delay and out of hands of EDDC.
Honiton and Sidmouth Pools changing rooms reconfiguration / refurbishment	Colin Whitehead				15.8.19 Slight delay occurred at beginning of year due to staff shortages., tendering procedure on target for being on site by end of calender year.
New ventilation and air condition systems at Honiton and Sidmouth pools	Colin Whitehead				15.8.19 Slight delay occurred at beginning of year due to staff shortages., tendering procedure on target for being on site by end of calender year.
Broadclyst Leisure Centre reroofing	Colin Whitehead				15.8.19 Scheme on hold
Community Asset Transfer Policy	Tim Child				15.08.19 Report to 02.09.19 AMF.
New Drone Policy	Aaron Manley				15.8.19 Draft policy with legal for comments
Exmouth Leisure Centre extension	Colin Whitehead				15.8.19 Planning application to be submitted by end of 2019. Adjustments to scheme layout now agreed



# PROPERTY MATTERS

Property & Estates Update

September 2019

## Improvements Going Swimmingly!

The Property Services team are in the process of designing and putting in place the required contract documentation for a major refurbishment to the changing rooms of the Honiton and Sidmouth Swimming Pools. Improvements will not only be carried out which will see the interior look and finish transformed bringing the facilities up to 21<sup>st</sup> century standards, but the ventilation and extraction systems to the changing rooms will also be upgraded.

It is anticipated that work will start on site at the end of the year / early 2020. A new boiler is also being installed into Sidmouth Swimming Pool, costing in the region of £29,000.



*The latest deals and updates on the activities in Property & Estates*



Seafield Gardens Pavilion

## In This Issue

- Savoy Cinema Rent Increase
- New Faces at East Devon Business Centre
- Unit let at Manstone Workshops
- Seafield Gardens Pavilion works



Seaford Gardens, Seaton

## Spick and Span!

In time for this summer the property services team have been giving some of its corporate properties a facelift. One example of this is the pre-painting repairs and redecoration of the tennis centre at Seaford Gardens, Seaton.

Certainly a major improvement.

## Savoy Cinema Rent Review

In August the Estates team completed rent review for the Savoy Cinema in Exmouth.

The popular cinema in Exmouth Town Centre is let on a 20 year lease from 2009 with provision for rent review in every 5th year of the term.

Following consideration of the lease and a valuation exercise the team were able to negotiate a revised rent of £28,499 which represents an increase of over £3,000 on the previous rent.

The review means that the Estates Team have so far generated £9,392 in rent increases from rent reviews this financial year which represents a significant step towards service plan objectives.

## New Faces At East Devon Business Centre

The Estates Team have recently completed a new letting of Office 1 at East Devon Business Centre.

Humberts Estate Agents have taken a new lease of the space which was previously occupied by the Council's Economic Development Team.

The new letting comes following the involvement of the Estates Team in the management of the Centre earlier this year which has so far led to increased rental income of £18,090 this financial year.

In further activity at the East Devon Business Centre, following a tenant giving notice to vacate their office, the Estates Team moved quickly to market the available unit. Within days of commencing marketing and interested party viewed the unit and have agreed to take the unit.

The deal is expected to be completed in early September meaning that there will be no significant void period and that the Centre will remain fully let.

The East Devon Business Centre provides serviced office accommodation with offices ranging in size from 18 to 46 sq m. for further information on the range of services offered visit [eastdevon.gov.uk/business-and-investment/east-devon-business-centre](http://eastdevon.gov.uk/business-and-investment/east-devon-business-centre).

## Countryside Team Take Unit at Manstone Workshops

Following a lease expiry on the estate, the Estates Team marketed Unit 7 Manstone Workshops. Interest was shown by the Council's Countryside Team and terms agreed for them to occupy the unit.

The property is an end terrace workshop unit with double doors to the front and accommodation extending to approximately 490 sq ft (46 sq m) and was let off an asking rent of £3,700 per annum

A similar unit at Manstone will also be marketed in the near future following the relocation of the tenant to a larger unit on the estate.



Unit 7 Manstone Workshops

### Beach Hut Works Continue

What a busy year for our in house maintenance technicians! Since the end of January our in house team have been full time working on the major repairs and refurbishment to all beach huts starting in Sidmouth and then onto Exmouth. Previously to this the team were fully involved in getting ready Blackdown House assisting with the installation of all the work stations and desks.

The Principal Building Surveyor commented "I'm always impressed by the hard work and outstanding quality of workmanship that is achieved by our team of maintenance technicians. We certainly value all of the work that they do."

## Travellers at Allhallows Playing Fields

In July, the Estates Team were notified that a group of travellers had arrived on the Allhallows Playing Fields in Honiton.

Following service of the appropriate notices the Team were able to ensure that the group were moved from this popular local amenity within 2 working days.



# Progress Towards Service Plan Objective On Track

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 in the first four months of the year stand at £21,217.



These early results mean that the Estates Team is well on the way to delivering this objective over the remaining 8 months of the year.

## Your Property & Estates Teams

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## Together with 3 Maintenance Technicians

For all general enquiries, please call us on 01395 571589 or email [property@eastdevon.gov.uk](mailto:property@eastdevon.gov.uk)

**Report to AMF on 2<sup>nd</sup> September 2019**

**Community Asset Devolution Policy**

**PURPOSE OF REPORT:**

- a) To initiate debate into the development of a Community Asset Devolution Policy that reviews the purpose, use and cost of all assets owned by the council to identify those assets required by the council to discharge its statutory duties, those best owned and managed by the council to deliver the aims of the council plan and those that may deliver greatest community benefit through ownership and management by the communities in which the lie.
- b) For AMF to review the draft Community Asset Transfer Procedure along with appendices A and B and make recommendations on any amendments required.
- c) For AMF to agree next steps bearing in mind the Careful Choices – Public Toilets Review report, in particular the approach to be used for the public consultation around this Community Asset Transfer procedure.

**BACKGROUND:**

The draft procedure along with appendices have been supported by SMT subject to a wider consultation.

**CURRENT POSITION:**

The Beer Pilot is a pilot project to explore opportunities for asset devolution within a locality. Challenges arose through having no clearly defined procedure, through having limited cost data initially and through creating a sound business case which supported the transfer of assets and worked for all parties. The attached Procedure along with appendices seeks to bring some structure and timetable to the procedure along making clear the fundamental principles and expectations, encouraging towns, parishes and others to come forward but only if there is a credible business case to do so.

There are wide opportunities across the District to consider asset devolution at a local level and many opportunities to EDDC, the transferee and the community of doing just this.

The Asset Transfer Procedure sets out a process for communities to follow, where they wish to initiate asset transfers. Applications must recognise that proposals must be on a broadly balanced basis where an asset with additional revenue earning potential must be balanced against other assets, which may while delivering community value also incur a community cost.

The overall aim of the Community Asset Devolution Policy should be to deliver benefits and opportunities to communities through the transfer of assets. Financial implications for both parties should be cost neutral in year 1, giving revenue earning and cost saving opportunities to communities and financial savings to the council thereafter.

Community asset transfers will not be appropriate in all instances but where they are appropriate this Procedure seeks to bring clarity and structure to the process and clearly sets out expectations and responsibilities.

Once adopted, EDDC intend to actively engage with others where opportunities clearly exist.

Tim Child  
Senior Manager – Property & Estates

# **EAST DEVON DISTRICT COUNCIL COMMUNITY ASSET TRANSFER PROCEDURE**

## **1.0 INTRODUCTION**

- 1.1 East Devon District Council (EDDC) believes community asset transfer is about giving local people and community groups control in the future of their area. In England the idea was introduced through the Quirk Review (DCLG 2007) and now has legislative force via the provisions of the 2011 Localism Act. If local groups own or manage community buildings and land it will help foster a sense of belonging and bring together people from different backgrounds. Community ownership and management of buildings can also play a part in raising local people's aspirations, in enhancing the local economy, environment and have the capacity to strengthen the community, voluntary and social enterprise sector.

## **2.0 PURPOSE OF THE PROCEDURE**

- 2.1 This procedure outlines the Council's approach to Community Asset Transfer (CAT). The term 'community asset transfer' relates primarily to granting long leases or passing on the freehold of property assets at potentially less than best financial consideration to voluntary, community organisations, Parish Councils, Town Councils and social enterprises (Community Groups). This procedure is about ensuring a transparent process, should a suitable asset/s be identified. This is not about offering up all assets for transfer as in many instances this will simply not make sense to either the community or to this Council.

### **2.2 Benefits to the local community, Community Groups and the Council:**

- Devolving power to neighbourhoods or locally based Community Groups with an interest in the neighbourhood, in an effort to enable citizen involvement and community action.
- Act as a catalyst for social, environmental and economic regeneration (including the development of community enterprise).
- Stimulate the involvement of local people in shaping and regenerating their communities.
- Catalyst for local volunteering and increasing community cohesion and integration.
- Support the creation of community leaders, social capital and inspire others to improve their community.
- Enhance and promote local economic activity at a local level.
- Potential to create stronger, more sustainable Community Groups, providing financial security, recognition and management capacity.
- Ability to lever in additional resources, which would be unavailable to the Council acting independently.

- Enabling the ‘up-scaling’ of activities that promote social – economic wellbeing within community.
- Working in partnership with Community Groups can help the Council to achieve its outcomes set out in its Corporate Plan.
- Contribute towards efficiency savings and drive the diversification of public services in an era of austerity.
- Help to rationalise the Council portfolio and facilitate more effective and efficient use of its asset base.
- A stimulus for partnership working between Community Groups and the Council and improving the provision and accountability of services within communities.

2.3 The Council recognises the many benefits of CAT and will be proactive in using asset transfer as one of the tools at its disposal. The Council, therefore, aims to create a transparent, positive and proactive framework to enable asset transfer from the Council to Community Groups to happen and be successful in the long term.

2.4 Where the Council is to work in partnership with Community Groups post transfer, in some instances the Council might consider formalising this aspect contractually as part of any transfer.

### **3.0 LOCAL POLICY CONTEXT AND LINKS TO OTHER COUNCIL STRATEGIES**

3.1 The operation of this Policy will need to have regard to the desired outcomes of other relevant Council policies and strategies.

3.2 The Council Plan for 2016-20 has been developed for our staff, Councillors, residents and partners and sets out our main priorities and forms the focus of what we aim to achieve by 2020.

3.3 Our priorities and outcomes set out in the council plan are:

#### **Encouraging communities to be outstanding**

- more good quality, local homes for local people
- Balanced communities for a sustainable future

#### **Developing an outstanding local economy**

- Greater investment and economic growth into East Devon

#### **Delivering and promoting our outstanding environment**

- Abundant leisure opportunities and quality open spaces
- Protection and enhancement of our natural and built environment

#### **Continuously improving to be an outstanding council**

- A culture that promotes continuous improvement, innovation, commercial thinking and new ways of working
- A council that prioritises keeping our residents informed

#### **4.0 PRINCIPLES UNDERPINNING THE ASSET TRANSFER POLICY**

**4.1** The CAT Policy will be underpinned by the following principles:

##### **Commitment to a thriving Community & Voluntary Sector**

- The Council recognises that community led solutions can sometimes achieve better outcomes than central initiatives.
- Use asset transfer as a means of supporting Community Groups to become sustainable on a long term basis.
- CAT might require a long term partnership commitment on the part of the Council and the Community Group. This is the best way of minimising the risk of failure.
- Flexible lease terms to enable Community Groups to adapt and achieve long term sustainability or the transfer of the freehold interest.
- Measurable and accountable benefits to local people. EDDC might want to set standards e.g. for play equipment.
- The Council expects that this Policy will encourage openness, conversation and understanding between groups and wider community.

##### **Pro-active and strategic asset management intent**

- CAT will become integrated in Council practice as an option for dealing with surplus property assets or assets that can be more effectively managed at a local level for the benefit of the local community. Any transfer will not increase costs to EDDC. This policy does not restrict EDDC's ability to sell assets commercially nor will EDDC transfer an asset if it impacts on our ability to manage assets in a locality moving forward.

##### **Clarity and transparency in decision-making**

- A single gateway approach is taken, providing a clear point of contact for Community Groups with CAT enquiries.
- The Council will encourage Community Groups to consider taking on an Asset subject to the restrictions and requirements contained within this policy.
- Community Groups will not be required to undertake detailed feasibility work until an 'in principle' decision has been taken by the Council.

## **5.0 WHO CAN APPLY**

- 5.1 Interest will be welcome from Community Groups which may be area based around communities of geography, identity or shared interest. Ideally, all applicants should meet the following criteria:
- Be community led and demonstrate support for the CAT and have clearly defined objectives which would be enhanced through the addition of the asset/s in question.
  - The primary purpose must be non-commercial or with profits invested back into local communities.
  - Must have a clear vision of the activities they wish to deliver, demonstrating positive measurable impacts.
  - Demonstrate good governance operating open and accountable processes and a constituted governing board who follow clear Terms of Reference.
  - Meet statutory requirements and demonstrate an inclusive approach in its policies and practices including a commitment to promoting community cohesion and integration.
  - Have the skills to deliver services and manage the asset/s to be transferred.
  - Demonstrate the asset/s will be run without Council subsidies or support.
  - A sustainable operating model for revenue requirements, use and maintenance will be needed.
  - Demonstrate how asset transfer will support the aims and priorities of the Council.

## **6.0 BASIS OF TRANSFER**

- 6.1 Community Groups may need to provide contractual assurances to ensure that the asset is retained for community benefit. If this is not possible a detailed explanation of Memorandum and Articles of Associations should be provided. It is standard practice for the Council to place a restriction on use although there might be exceptions.
- 6.2 The Council will offer legal agreements to enable Community Groups to manage and develop the land or property as an asset ensuring the use of the asset as a community asset is retained by the applicant. Consideration to payment of professional fees and whether the Council seeks reimbursement for its own costs will be on a case-by-case basis.
- 6.3 The Council will pursue Freehold or Leasehold arrangements with the term being set after carefully considering the needs of the Community Group, the position of the Council, the condition of the asset/s and the requirements of potential funders or lenders. As a guide:

Freehold Transfer – will be considered if preferred. Any transfer proposal will need to make a strong case that freehold is a necessity for success and provide reassurance that community benefit will be maintained in the long term and is beneficial to the Council.

Transfer by Lease - A lease may be granted if appropriate and if a business case demonstrates special circumstances or requirements from funders/lenders.

Overage provisions may well provide ensuring uplifts in value are shared.

- 6.4 Community Groups may be expected to produce a statement of community benefit on an annual basis – annual report accompanied by accounts as appropriate will usually suffice. The benefits to be realised shall be agreed in advance and in some instances incorporated into a Service Level Agreement with the Council where the Council wishes to retain some control.
- 6.5 When there are a number of interested parties in an asset/s the Council will aim to encourage collaboration. When this is not possible and as a last resort a competitive process will be used to decide the organisation which will become the Council's preferred partner in the transfer process.
- 6.6 The Council will ensure that information relating to the condition of the asset/s and running costs is passed to the applicant to support decision making.
- 6.7 There is a general expectation that the asset transfer will be cost neutral to the Council from year 1.

## **7.0 HOW TO APPLY & HOW WE WILL ASSESS**

- 7.1 Community Groups should in the first instant submit an Expression of Interest Form to the Council for an in principle decision on the proposed Transfer. The Expression of Interest Form is found here:- *Link to CAT EOI Form (appendix A)*.
- 7.2 If after submitting an initial Expression of Interest, the Council deems the application to be unsuccessful the applicants will be advised directly. If successful at this initial stage the Council will then request a further detailed and more robust business case to enable the Council to make an informed decision whether to agree to the proposed Transfer. The expected content of the detailed business case is detailed below. This is only a guide and will be dependent on each particular case and informed by the Council's requirements.
- About your organisation - Track record, current plans, partnerships and people, governance, legal structure.
  - Summary of the project - Project objectives and expected outcomes, proposed programme for delivery, proposed impact/benefits of the project to the local community, together with proposals for management and operation of the asset (staff, volunteers, SLA with the Council).

- Market Need – what local needs will the project be responding to (who will be the beneficiaries)?
- Pricing – what is the rationale for pricing (for services, renting space etc.)?
- Sustainability – how the performance of the asset/s will contribute to sustainability through its life cycle.
- Equality, Diversity & Community Cohesion – evidence the project will meet all the relevant requirements of the Equality Act 2010 and assist the Council in promoting community cohesion.
- Resources/Financial projections - Cash flow for first year, should include budget (3-5 years), should include examination of profit and loss and capital expenditure (if capital is required to redevelop the land or building/s). The long term financial sustainability of the proposal should be clearly demonstrated along with recognition of implication of any reduction in income stream.
- Risk assessment/management/mitigation - Identification of the different risks and a description of the implications of those risks occurring. Risks should be evaluated in two ways – the likelihood that the risk item will occur and the level of impact if the risk item does occur. A description of what the strategy will be to prevent the risk items from occurring, or coping with them if they do, should also be provided.
- Evidence that ongoing staffing liabilities through TUPE obligations have been properly considered.
- The applicant will also be expected to submit copies of governing documents, any evidence of external advice provided, expressions of support from partners/customers, copies of accounts (where available).

7.3 If the District Council requires, this process can be fast tracked.

## **8.0 KEY STAGES AND INDICATIVE TIMESCALES**

8.1 In considering the potential for asset transfer the Council will follow the process already detailed with the following indicative timescales.

8.2 The Portfolio Holder for Asset Management will retain an overall responsibility for Cabinet guidance to ensure a strategic decision is taken supporting community needs and Council objectives. Other Portfolio Holders will be involved depending on the type of asset/s.

8.3 The timeline set out below is purely indicative and will vary depending upon the complexity of each application. It is also envisaged some of the points below will run concurrently with the process becoming more proficient as each application is considered. This process and timeline is further explained in Appendix B. The process of Asset Transfer takes time and therefore must be fully understood by the Council and reflected in decision making in respect of budget settlement.

#### 8.4 **1. Request – from Community Group**

Submit a request for a transfer by completing an initial Expression of Interest Form. If an application is deemed unsuccessful after this stage the Council will inform the applicant of its decision and reasons. A response will be provided within four months. This decision will be made by the Portfolio Holder for Asset Management in consultation with others as deemed appropriate and following an Officer recommendation from Senior Manager – Property & Estates in consultation with the relevant Service Lead. An application will always be considered 1<sup>st</sup> by SMT then by Asset Management Forum. In all cases the Ward Member(s) will be informed and views sought.

#### 8.5 **2. Preparation and consideration of Full Business Case**

If the application is considered for progression then the body making the application will be asked for a Detailed Business Case. The Council will verify the credentials of the Community Group and ensure that if appropriate other parties in the area are aware, consulted and have been able to make representation. An officer recommendation from Senior Manager – Property & Estates in consultation with the relevant Service Lead will be made to the Portfolio Holder for Asset Management and the matter taken to SMT then Cabinet for a decision unless decision is deemed necessary from Council. This step is expected to take no longer than six months from receipt of a Full Business Case. If unsuccessful the applicant will be informed. If successful then the process will move to the next step.

#### 8.6 **3. Processing detailed Heads of Terms**

The decision above will be 'in principle' and will be a decision to proceed and consider (if not already done so) the basis and terms of the asset transfer and determine potential level of market discount, length and condition of lease or if appropriate the transfer of the freehold interest. Concluding this step will result in completion of documentary and legal formalities. Cabinet or Council to delegate responsibility for agreeing detailed terms of transfer to Deputy Chief Executive in consultation with Portfolio Holder for Asset Management along with any other relevant Portfolio Holder depending on nature of asset.

8.7 It is recognised that a pre-requisite of transfer success is the ability for the Community Group to be self-sufficient in managing those assets or if reliant on support from others, that this is identified and understood at an early stage and this is to be referenced within any heads of terms.

## East Devon District Council

### Transfer of an Asset owned by the Council to a Community Group by way of Community Asset Transfer Initial Expression of Interest Form

Please fill in this Initial Expression of Interest (EOI) if you want to be considered by East Devon District Council (EDDC) to take over a building or area of land owned by EDDC to run an asset or service of benefit to your community.

Before you start.....

#### Helpful tips:

In completing your EOI it is important for you to consider:

- the real purpose behind your activity – any benefit to the community – and not just describe the activity you want to do;
- how you will demonstrate there is real local need for what you intend to offer;
- if there are other assets within your community which already offer the same activities;
- what skills and experience you need to have to reach your goals;
- how you will raise the funds to meet your expenses.

**N.B. if you do not want to run a community service from the building or land it does not mean that you will not be considered – it only changes the type of transfer which applies. (see Type of Asset Transfer below)**

#### Please indicate the type of transfer you are considering:

The Council can transfer a building or land it owns to an individual or group in a number of ways. You can consider what would suit you best for consideration by the Council. *(it is possible to select more than one box)*

- Sale – at full market price (the “going rate”)
- Sale – at a discounted price (subject to approval and conditions)
- Lease – taking all responsibility for the asset for a set period of time. A rent – on top of the running costs – may be charged.
- Hire – casual use paying only for the time occupied.
- Free Transfer, subject to conditions (also known as a Community Asset Transfer) – can be below the “going rate” or free. **Only available for community use.**

Please email this Initial Expression of Interest form to: [XXXXXXXXXXXXXX](#) or alternatively, post it to: [XXXXXXXXXXXXXX](#)

If you have any further questions, please call: [XXXXXXXXXXXX](tel:XXXXXXXXXXXX)

### Asset Transfer - Initial Expression of Interest

#### 1. You or Your Organisation's name and address:

Name of group:	
Address: (include Postcode)	

#### 2. Who is the main point of contact for this application?

Name:	
Position in group:	
Phone number:	
Email address:	
Address: (include Postcode)	

#### 3. Your status

- Parish or Town Council
- Registered Charity
- Company Limited by Guarantee
- Community Interest Company
- Development Trust Association
- Private individual
- If other please state: \_\_\_\_\_.

#### 4. Please provide further information to confirm that your organisation is a relevant body (e.g. company registration number or charity registered number). If your organisation is not formally constituted, please give details of the type of organisation/legal structure you intend to use and timescales involved in setting this up (N/A if proposal is from a Town or Parish Council).

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#### 5. Please outline name and location of Council asset/s identified?

Name and Address: (include Postcode)	
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#### 6. Who is your local East Devon District Councillor(s)? Have they been informed of this proposal?

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**7. Which Council services does your organisation support/work with:**  
(please provide manager name if known)

**8. Why do you want this asset?**

**9. Please describe your vision for the future use of this asset:**

**10. Please explain why this asset is suitable for the intended purpose:**

**11. How will this benefit the local community?**

**12. Please describe any evidence of community need undertaken to-date:**

**13. How do you propose to ensure the financial sustainability of the asset/s:**

The information you provide in this form and any referenced supporting material will be the basis upon which the Council decides whether to progress to asking you to provide a full business case. If any information provided is beyond the scope of the information requested here, it will not be used as grounds to accept or reject your EOI and may not be considered.

- All information provided should be clear and concise.
- Responses to the questions and supporting materials can either be:
  - Inserted in the boxes below each question;
  - Attached as a Schedule to the form; or
  - A link to an embedded Word document can be inserted in each box
- All responses and supporting materials must be fully cross-referenced.
- If a possible transfer is identified as a result of completing this form, a more detailed business case will then need to be completed.

**Please note: Include standard wording on GDPR**

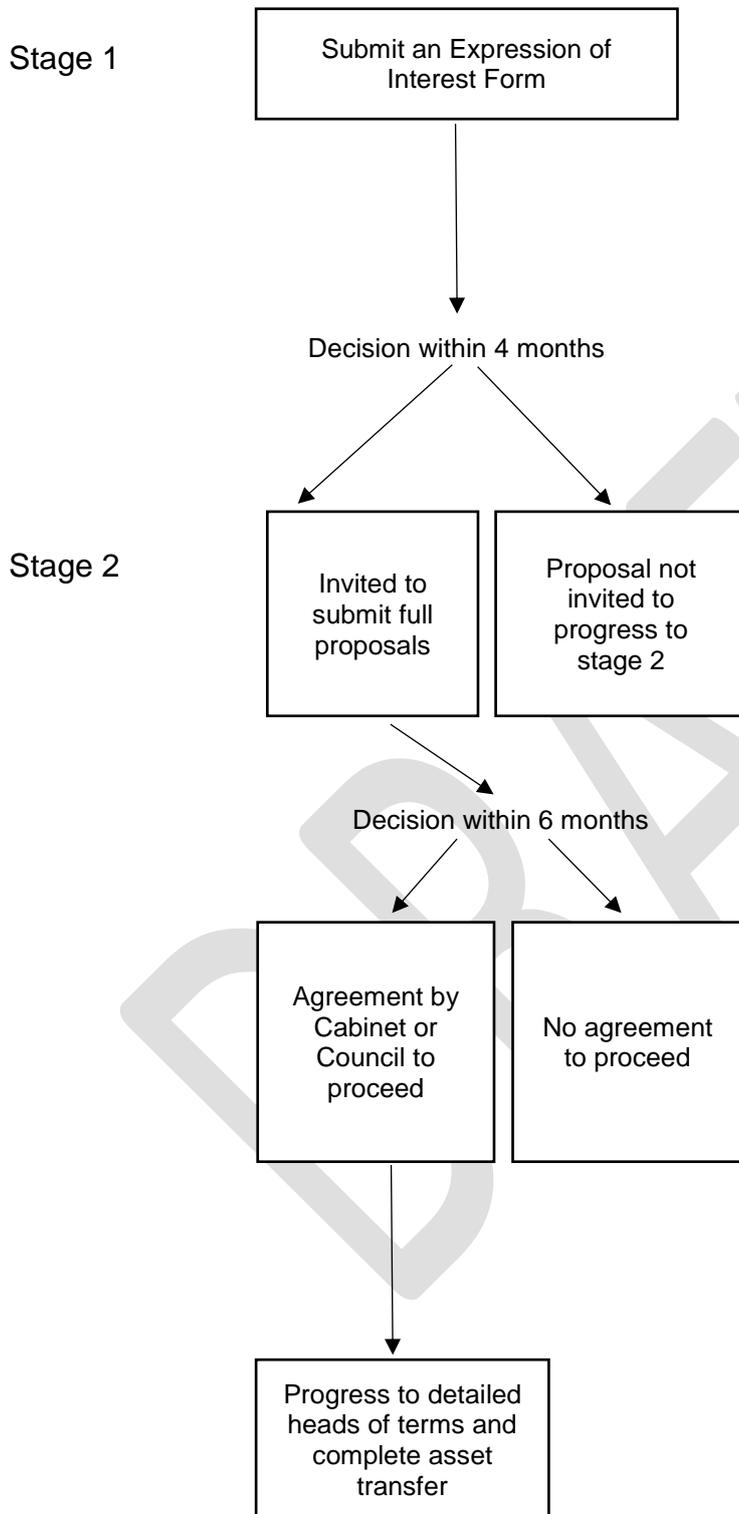
By signing your name here (if submitting by post) or typing it (if submitting electronically) you are confirming that:

- The responses to the questions set out in this form and the supporting materials are accurate.
- The information provided will be used to assess your organisation's proposal to provide or assist in providing the relevant service.
- You are authorised to sign on behalf of your organisation.

<b>Signature:</b>		<b>Date:</b>	
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DRAFT

## Appendix B - Procedure for progression of an application for a Community Asset Transfer





**Report to:** Asset Management Forum

**Date of Meeting:** 02 Sept 2019

**Public Document:** Yes

**Exemption:** None

**Review date for release** None

**Subject:** **Asset Devolution Programme Pilot: Beer Parish Council**

**Purpose of report:**

Beer Parish Council have submitted a proposal to EDDC which seeks the transfer of responsibility for various land and property assets from EDDC to the Parish Council. This report considers the merits and implications of the proposal for the Council and makes recommendations based on these findings.

The Parish Council proposal is being treated as a pilot project in order to enable the Council to consider further the potential to roll out an asset devolution programme across the district subject to further Cabinet approval.

**Recommendation:**

**That AMF consider and support the principles within this report which is then to be taken to Cabinet to seek approval for:**

- a) The transfer of assets as identified within this report to Beer Parish Council for nil consideration.**
- b) Responsibility for agreeing detailed terms and conditions for the freehold / long leasehold transfers to be delegated to the Council's Deputy Chief Executive.**

**Reason for recommendation:**

Consideration and support from Members to the transfer of land and buildings as identified within this report.

**Officer:**

Tim Child

Senior Manager – Property & Estates

01395 571692

**Equalities impact:**

Low Impact

It is not anticipated that the transfer of assets will have an adverse impact on people with protected characteristics as it is the stated intention of the Parish Council to continue the current service provision and enhance where possible. Contractual documentation will include restrictions around use of assets and services provided to safeguard these continuing uses.

**Risk:**

Medium Risk

The risk considerations are set out in the main body of the report, along with the steps proposed for mitigation against these risks.

**Link to Council Plan:** Encouraging communities to be outstanding  
Continuously improving to be an outstanding Council

**Appendices:** Appendix A – plan of land to be transferred (indicative only)  
Appendix B – Business Case

## Report in full

### 1.0 Background

- 1.1 A Cabinet Report dated 11<sup>th</sup> May 2016 recommended a new direction in the management of the Council's property portfolio and focussed in part around empowering and supporting local communities to take on community assets and services. The cost of maintaining the Council's non HRA assets was assessed as £2.3m per annum with the majority of these costs relating to sites providing discretionary services. At the time of the report, Beer Parish Council had already submitted their own business plan with a request to take on services in Beer along with associated assets. The report proposed that this be used as a pilot. The wider recommendation around management and devolution of assets was also supported.
- 1.2 This asset transfer is being driven on behalf of the Parish by Cllr Pook as Chairman of the Parish Council but is also the EDDC Portfolio Holder for Asset Management. Due to this potential conflict Cllr Pook whilst campaigning for progress has distanced himself from an EDDC perspective and will be excluded from EDDC decision making on transfer of assets to Beer Parish Council.
- 1.3 A Cabinet Report for April 2017 was prepared by the Council's then Principal Estates Surveyor recommending the transfer of assets and devolution of services at Beer, subject to detailed terms and conditions still to be agreed. This report was pulled due to insufficient detail and robustness of the then business case. At that stage there was a significant short term cost to EDDC from transferring these assets through fixed costs not being able to be absorbed.
- 1.4 Work on the Beer pilot then progressed during the latter half of 2018 after a period of inactivity over the preceding year due to changes in staffing and in early 2019 Officers (Service Leads for StreetScene, Environmental Health & Car Parks and Senior Manager – Property & Estates) met with Cllr Pook to work through in detail the business case prepared. Concerns by EDDC were slowly but surely worked through and solutions to each found and SMT are now supportive of the business case.
- 1.5 Alongside the Beer Pilot, a draft Community Asset Transfer Policy has been prepared. Once adopted this will help better manage the issues encountered with the Beer Pilot, provide guidance to all parties, a strict but achievable timetable for decision making and generally ensure that contentious issues are identified and addressed at an early stage to avoid the issues faced with the Beer Pilot which we've had to work through.

### 2.0 Proposal

2.1 Transfer of the following assets freehold / or under very long lease to Beer Parish Council:

- Beer Head Car Park (southern strip and central areas only)

- Star Bank
- Play area above Pumping Station along with possibly the Underleys play area (HRA still to be consulted and will be subject to separate decision making)
- Jubilee Gardens PC's
- Jubilee Gardens Access ' Hardstanding view point – includes income received currently of £700 per annum from RNLI
- Jubilee Gardens
- Charlies Yard
- Beach Court Car Park

These are shown coloured red on the attached plan in Appendix A.

2.2 The proposal is for the freehold or long leasehold transfer of those assets. The Parish Council would have flexibility to sell / sublet / assign provided that any financial returns are reinvested in the Beer community and that the uses remain broadly for public enjoyment and benefit and that the key services remain in some form. That said, as an example, Beer Parish Council would be permitted to convert the public convenience building into a café/ ice cream kiosk provided that a public convenience provision were retained either within the building or close to – it could be smaller and the income generation from the remainder of the building could be used to support ongoing costs. Likewise Charlies Yard could be built on provided that the use benefitted the community.

2.3 For avoidance of doubt, areas to be retained by EDDC include:

- Beach – due to complexities around day-to-day management and because of regularisation of agreements being needed
- Cliff – Parish Council are not prepared to accept this liability. This is a concern to EDDC, has been worked through at length and has now been accepted by Officers as part of this wider asset transfer
- Majority of Beer Head Car Park
- Bottom section of Beach Access Road
- Central Car Park

### **3.0 Market Values of Assets To Be Transferred**

3.1 In January 2017 Torbay Development Agency were instructed to undertake market valuations of relevant sites in Beer. Valuations to note are as follows:

- Jubilee Gardens Public Convenience - £71,000
  - Shelter adjacent RNLI shop hut - £12,000
  - Charlies Yard & Shelter - £37,000
- Say £130,000 as at 2019.

3.2 Jubilee Gardens is of nominal market value and Beach Court Car Park which generates a net income of circa £12,000 has a market value of £185,000 (est) as at 2019.

3.3 Total market value of assets to be transferred therefore £315,000.

3.4 Under the Local Government Act 1972, Local Authorities are given powers to dispose of property 'in any manner they wish', including the sale of freehold interests. The only constraint is that a disposal must be for the best consideration reasonably obtainable. Under the Local Government Act 1972: General Disposal Consent (England) 2003, powers

were conferred to a local authority to sell at less than best value under the following specified circumstances:-

a) The LA considers that the purpose for which the land is to be disposed is likely to contribute to the achievement of any one or more of the following objectives in respect of the whole or any part of its area, or of all or any persons resident or present in its area:

- i. The promotion or improvement of economic well-being;
  - ii. The promotion or improvement of social well-being;
  - iii. The promotion or improvement of environmental well-being; and
- b) The difference between the unrestricted value of the land and consideration does not exceed £2,000,000.

3.5 The proposals within this report satisfy these requirements.

#### **4.0 Consequences to EDDC of Transfers**

4.1 It is worth noting that the proposal does involve transferring a number of assets which whilst historically have not been used to generate a significant commercial return other than the £700 per annum from RNLI do have the potential to provide an income to EDDC moving forward should they not be transferred and EDDC look to better 'sweat its assets'. Both Charlies Yard and the hard standing area below Jubilee Gardens have potential to generate income through café / kiosk / pop-up café type propositions. Interestingly EDDC were approached earlier this year by an operator looking for sites for a pop-up café, to be run from a high quality stylish up-cycled shipping container. Uses would be subject to planning but a conservative view would be 50% probability at generating rents of circa £10,000 per annum within 12 months and possibly as high as £25,000 per annum after a few years. These sites really are some of the best in East Devon for providing a restaurant type offering with sea views and could be capitalised on by EDDC to provide additional income along with improving the vibrancy of the area.

4.2 As for costs, clearly the transfer of assets reduce the future cost liability for EDDC but many savings are not immediate as most of StreetScene's costs are fixed (staffing/ equipment etc) and these costs cannot be reduced merely by transferring a small number of assets within a locality. Over an extended time period and with the possibility of other transfers taking place there might be the potential to make savings but these are probably 5 years away if other associated transfers come forward that can be grouped to relinquish staffing resource. This is addressed further in the Business Case section below and a solution has been found whereby the Parish Council buy-back EDDC services but reducing their reliance on EDDC on a tapered basis over 5 years.

4.3 A proportion of EDDC's car parking revenue is required to support the Parish Council, reducing to zero on a tapered basis over 7 years.

#### **5.0 Business Case**

5.1 Development of a Business Case has been driven by Beer Parish Council using data provided initially by EDDC around costs and incomes attached to those assets in Beer, updated where possible. The rationale and figures have been checked by respective Service Leads at EDDC and also reviewed with Strategic Lead - Finance. The rationale is broadly as follows:

- All Beer assets (those being transferred and those not being transferred) currently cost EDDC £106,805 but generate £232,879 therefore providing a surplus income of £126,075 per annum.

- Of those assets to be transferred there is a nett cost to EDDC of circa £55,000 per annum.
- Post transfer, nett costs to Parish Council would be circa £57,500 per annum.
- Parish Council would require an annual payment from EDDC from car parking revenue of circa £57,500 per annum to offset that increase in cost to them, this tapering to zero after 7 years.

5.2 Attached as appendix B is the Business Case summary which will be described below following the same order as presented.

1. The proposal is to transfer the Beach Court Car Park to the Parish Council. EDDC will continue to manage this car park for which the Parish Council will pay EDDC's costs, hence including the net income figures within. The Parish Council would be responsible for signs, lines, surfacing, boundary repairs etc. This will generate the Parish Council £12,000 in year 1.
2. The Parish Council have assumed they will capitalise on rental income opportunities from lettings of shelters and PC's. This is to be phased in and appears reasonable. EDDC to pay Parish Council a dowry of £45,500 in year 1 (this along with the £12,000 income from Beach Court car park equating to the £57,500 referenced above in 5.1), tapering down in equal tranches to £0 in year 8. This is a cost to EDDC but is balanced by the fact that those assets being transferred currently cost EDDC £55,000 per annum. In essence, together with Beach Court Car Park we are providing the Parish Council with £57,500 in year 1, reducing each year.
3. The Parish Council will pay StreetScene £30,000 in year 1 and in exchange StreetScene will provide those same works to those assets to be transferred as pre-transfer. This payment and the associated obligations on StreetScene to do the works will taper to zero after 5 years. This fundamentally addresses the big stumbling block to the previous business case where EDDC were having to carry their fixed costs as a loss. This works as long as the StreetScene fixed costs can in fact reduce over this same period i.e. through not filling vacant posts, restructuring of rotas etc assisted through other asset transfers also happening across the wider locality. If these savings can't be made, EDDC will need to absorb those costs through a Transformation or other budget but balanced against the significant wider savings to EDDC which increase year on year.
4. The Parish Council have assumed following their own investigation that for those works they take on, they can deliver at 55% of EDDC's costs, taking on these works gradually.
5. The Parish Council have also assumed 15% of Parish Council works will be undertaken by volunteers therefore without cost.
6. The Parish Council have allowed for a contingency / sinking fund of 10% of maintenance costs.
7. The Parish Council make a very modest loss in years 1 and 2, incomes accumulating to circa £5,500 by year 5 but then by year 6 rely on generating commercial income over and above that currently forecast, most likely through Charlies Yard or some new premises on Jubilee Gardens and supported by income from events. If the Parish Council fail to achieve this, there will be a loss to them of circa £29,000 over 10 years. Opportunities do exist to generate additional cashflows of circa £10,000 plus per annum as referenced in 4.1 of this report and possibly as high as £25,000 per annum after time.
8. EDDC lose £2,500 in year 1 but thereafter generate a positive cashflow equating to circa £300,000 over 10 years but have of course relinquished the income at Beach Court car park and any other income generating opportunities from those assets transferred.

5.3 In summary, the Parish Council are taking on a not insignificant risk here but in exchange for giving them local control of the assets, their use, maintenance and management and decision making around changes in use and income generating opportunities. The Parish Council will need to generate real savings and / or additional income to ensure a balanced budget by year 10 or sooner. EDDC will make savings of circa £300,000 over 10 years but to do so are transferring assets of circa £315,000 market value as of 2019.

## **6.0 Key matters for consideration**

6.1 In considering this proposal, the Council have / will satisfy itself of the following:-

- 1) The proposal aligns with the Council's priorities as set out in the Council Plan 2016 – 2020
- 2) The Council will mitigate future financial and operational liabilities
- 3) The Parish Council will evidence and ensure they have the appropriate skills, knowledge and expertise to sustain the service provision in the long term
- 4) The Parish Council will be required under any agreement to have in place clearly defined structures, roles and responsibilities to deliver the services
- 5) The Parish Council will be required under any agreement to have in place clear decision making processes with an approved constitution, governance and management controls
- 6) The Parish Council will be required to meet with all insurance, equality standards, child protection, health and safety and licensing requirements.
- 7) The proposal has the support of the local community
- 8) The proposal must evidence that implementation of the devolving of service provision and the assets associated with them promote or improve the economic, social or environmental well-being of the area or residents in order to satisfy best consideration requirements under the Local Government Act 1972
- 9) The Council is satisfied that there is no State Aid given the transfer of public functions between one public body and another(See 6.3 below)
- 10) Potential positive or adverse implications for staff have been considered.

6.2 Where and if outstanding, these matters will be addressed prior to entering into any agreement for transfer of assets to the Parish Council.

6.3 In relation to item 9, the rationale behind State Aid is to prevent the distortion of markets as a result of explicit or public subsidies. If the Parish Council carry out purely local activities to meet local community need on a 'not for profit' basis, then any transfer is unlikely to count as State Aid. In certain circumstances if the Parish Council let space out to other bodies, accidental 'leakage' of Aid which inadvertently leads to these other bodies gaining an unfair advantage over their competitors may occur. Any agreement between the Council and the Parish Council will require the Parish Council to seek and obtain the Councils prior approval to any sub-letting for any purpose of the transferred assets in the first five years post transfer.

## **7.0 Pre-Requisites for Transfer**

7.1 Assets to be transferred must be in a serviceable condition with no serious outstanding defects. This might be by undertaking works prior to transfer or attaching a financial sum for the Parish Council to implement but it has been made clear this will not be a large sum and will not allow for works identified as needed in the short term future, something which previously was being requested. There is therefore a further less quantifiable saving to

EDDC. In essence if some building component is broken, it will be repaired, but anything that is dated or in poor condition but functioning adequately will not.

7.2 A service level agreement between StreetScene and the Parish Council setting out the scope of works to be undertaken and funded, detailing how this service will then be tapered down over 5 years.

7.3 Agreement of Heads of Terms to include sufficient restrictions to ensure that those expectations within 2.2 of this report are protected.

## 8.0 Risks

8.1 This asset transfer places the risks of owning and operating these assets very much onto the Parish Council. If they fail to start generating additional income there is a risk that the public use of these assets might be compromised. That said, opportunities to generate this income exists, and the Parish Council are prepared to accept this risk for the greater good of Beer and to deliver their vision. It is not intended to provide any provisions for EDDC to take back the assets should the Parish Council fail in their management of these.

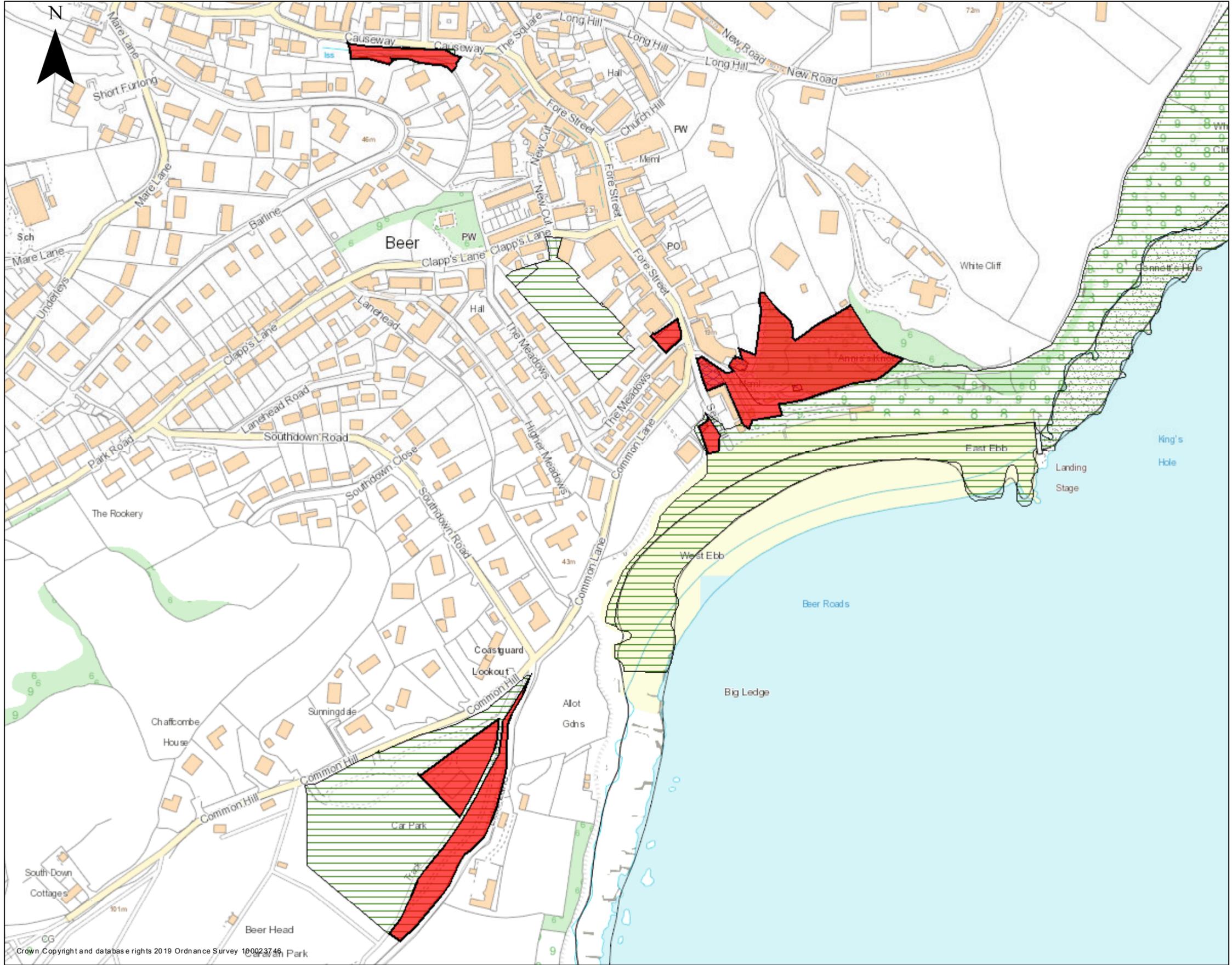
8.2 Other key risks of the proposed devolution have been identified as set out below along with mitigation measures:-

	<b>Risk and/or Challenge</b>	<b>Mitigation Measures</b>
1.	Continued standard of service delivery: Failure could reflect on the Council as well as the Parish Council. The overriding concern must be for residents and visitors to Beer and East Devon.	<ul style="list-style-type: none"> <li>i. Clear service level expectations detailed in a 5 year monitoring agreement. This will document such items as minimum operating hours, scope of activities, quality standards and basis for monitoring and measuring outputs.</li> </ul>
2.	Management of land and buildings: statutory compliance, maintenance and repair	<ul style="list-style-type: none"> <li>i. Testing of Parish Council business case and resources/ specialists to be used.</li> <li>ii. Requirement for Parish Council to enter into service level agreement with Council where deemed necessary.</li> </ul>
3.	That the devolution will have a negative impact on the Council's income revenue	<ul style="list-style-type: none"> <li>i. A requirement for the Parish Council to provide a robust business plan.</li> <li>ii. A detailed assessment of the Parish Council's business plan and implications for the Council</li> </ul>

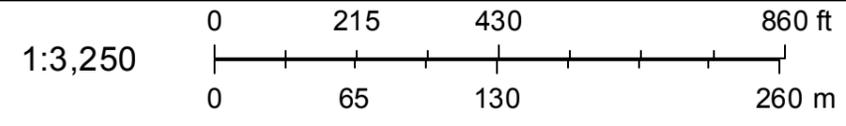


# Appendix A - Beer Pilot - Assets to be transferred (indicative only)

-  EDDC Buildings
-  EDDC Land



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1:3,250

Map Tile: SY2289SE Full Reference: SY22929 89077



**Appendix B - Beer Pilot Business Case**

	base	yr1	yr2	yr3	yr4	yr5	yr6	yr7	yr8	yr9	yr10	Totals
inflation est			2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Beer PC Notional cost used in calculation only		57,500.00	58,650.00	59,823.00	61,019.46	62,239.85	63,484.65	64,754.34	66,049.43	67,370.41	68,717.82	
<b>Income</b>												
Income from Beach Court CP		12,000.00	12,240.00	12,484.80	12,734.50	12,989.19	13,248.97	13,513.95	13,784.23	14,059.91	14,341.11	
Lease and commercial income				5,000.00	5,100.00	8,202.00	8,366.04	8,533.36	10,704.03	10,918.11	11,136.47	
EDDC cash dowery, base sum less beach court car park	57,500.00	45,500.00	39,000.00	32,500.00	26,000.00	19,500.00	13,000.00	6,500.00	-			
Income total cash		57,500.00	51,240.00	49,984.80	43,834.50	40,691.19	34,615.01	28,547.31	24,488.26	24,978.02	25,477.58	
<b>Costs</b>												
Beer PC Fixed costs reducing as elements passed to tenants		12,000.00	11,000.00	11,220.00	8,000.00	8,160.00	8,323.20	6,000.00	6,120.00	6,242.40	6,367.25	
Beer PC materials and consumable costs		7,000.00	7,140.00	7,282.80	7,428.46	7,577.03	7,728.57	7,883.14	8,040.80	8,201.62	8,365.65	
EDDC contract		30,000.00	24,000.00	18,000.00	12,000.00	6,000.00						
Beer PC cost equiv for EDDC works	55%	-	3,300.00	6,600.00	9,900.00	13,200.00	16,500.00	16,500.00	16,500.00	16,500.00	16,500.00	
Notional cost/value of community works and efficiencies	15%	4,125.00	5,197.50	6,273.45	7,352.92	8,435.98	9,522.70	9,713.15	9,907.41	10,105.56	10,307.67	
Capital / sinking fund	10%	4,900.00	4,544.00	4,310.28	3,732.85	3,493.70	3,255.18	3,038.31	3,066.08	3,094.40	3,123.29	
Transfer legals, new income leases etc (Beer PC costs)		4,000.00	2,000.00	2,000.00								
Total costs including community works		62,025.00	57,181.50	55,686.53	48,414.22	46,866.71	45,329.64	43,134.60	43,634.29	44,143.98	44,663.86	
<b>actual cash requirement</b>		57,900.00	51,984.00	49,413.08	41,061.30	38,430.73	35,806.94	33,421.45	33,726.88	34,038.42	34,356.19	
Beer PC income (+) or savings to find (-)		- 400.00	- 744.00	571.72	2,773.19	2,260.46	- 1,191.93	- 4,874.14	- 9,238.62	- 9,060.40	- 8,878.60	- 28,782.32
<b>EDDC savings through asset and cost transfer</b>												
Estimated cost to EDDC if assets retained by EDDC		55,000.00	56,100.00	57,222.00	58,366.44	59,533.77	60,724.44	61,938.93	63,177.71	64,441.27	65,730.09	602,234.65
Costs to EDDC of transferring assets Cash		45,500.00	39,000.00	32,500.00	26,000.00	19,500.00	13,000.00	6,500.00	-	-	-	
Loss of Beach court income		12,000.00	12,240.00	12,484.80	12,734.50	12,989.19	13,248.97	13,513.95	13,784.23	14,059.91	14,341.11	
Fixed staff costs providing reassignment over 5 years		30,000.00	24,000.00	18,000.00	12,000.00	6,000.00	-	-	-	-	-	
Less income from Beer PC contracting back staff		- 30,000.00	- 24,000.00	- 18,000.00	- 12,000.00	- 6,000.00	-	-	-	-	-	
Total costs		57,500.00	51,240.00	44,984.80	38,734.50	32,489.19	26,248.97	20,013.95	13,784.23	14,059.91	14,341.11	
Savings per annum		- 2,500.00	4,860.00	12,237.20	19,631.94	27,044.58	34,475.47	41,924.98	49,393.48	50,381.35	51,388.98	288,838.00
5 and 10 year saving						61,273.73					227,564.28	

**Briefing Note to AMF on 2<sup>nd</sup> September 2019****Update on Delivery of Commercial Investments in accordance with adopted Commercial Investment Framework****Objective**

Through commercial investment in line with adopted Commercial Investment Framework (CIF) deliver nett income of:

£50,000 in 2019/20  
£300,000 in 2020/21  
£50,000 in 2021/22  
£50,000 in 2022/23

The CIF requires updates to be issued to AMF meetings limited to non-commercially sensitive material only. At the June meeting there was insufficient activity to generate a report but from this point forwards reports will be presented to AMF.

**Current Work Streams**

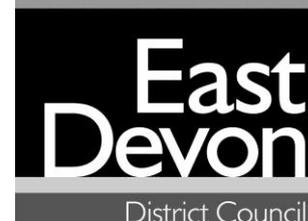
1. Acquisition of Property A (details commercially sensitive pending completion of transaction).
  - Less than £5,000,000
  - Property Investment Decision Making Group met on 5<sup>th</sup> June, considered a Full Business Case and on 11<sup>th</sup> June DCEO authorised the investment subject to various conditions specifically placed on vendor along with usual due diligence and conveyancing.
  - EDDC Legal Team instructed.
  - Circa 6 week period (est) to complete conveyancing – target date for acquisition therefore late September but dependant on vendor. Assuming completion within this timeframe and minimal repair liabilities for remainder of this financial year then on target to generate the £50,000 nett income required for 2019/20. Slippage of completion date will be of concern, likewise should the acquisition not complete.
2. Acquisition of property B (details commercially sensitive).
  - More than £5,000,000
  - Outline Business Case being prepared by consultant before being considered by Investment Assessment Team
3. Discussions with various developers within East Devon
  - No current opportunities to invest and market unlikely to change until after Brexit.
  - Monitoring of a number of potential opportunities.
  - Unlikely to generate an income until 2021/22 at earliest.

4. Discussions with Exeter Science Park
  - Possible opportunities being explored currently.
  - Unlikely to generate an income until 2022/23.
5. Approaches direct to commercial agents
  - Engaged 4 national agents with local presence to identify investment opportunities – both opportunities being marketed but also opportunities off-market.
  - Feedback so far is that there are no such suitable investment opportunities currently being marketed within East Devon boundaries and that the investment market generally across the wider south west is subdued due to uncertainties around Brexit. Now exploring opportunities off-market.
6. EDDC site at Hayne Lane, Honiton
  - Now progressing work towards master planning
  - Unlikely to generate income until 2022/23 at earliest.
7. EDDC investment opportunities in own assets
  - Foxholes Beach Chalets – Feasibility under way but unlikely to generate income until 2021/22.
  - Beach Huts and Beach Hut Sites – Feasibilities under way but unlikely to generate income until 2021/22.
  - Harbour View Café site – Possible investment opportunity alongside phasing of works at Queens Drive Space
8. EDDC investment in Cranbrook Town Centre
  - Being considered but unlikely to generate income until 2022/23 at earliest.

### **Summary of Current Position**

- As at the date of this Briefing Note the income requirement for 2019/20 is dependent on completion of acquisition A.
- For 2020/21, identifying opportunities for income generation is proving challenging. It is likely the investment will need to be found off-market and be oven-ready i.e. a purchase of an investment with an existing income stream. At this stage we are confining our search mainly to the East Devon boundaries as per Members initial direction but this might need to flex over coming months. If so, a detailed Briefing Note will come forward setting out the reasons for doing so and seeking support of the Investment Assessment Group.
- A number of potential opportunities identified for investments in 2021/22 and beyond.

**Tim Child**  
**Senior Manager – Property & Estates**



<b>Report to:</b>	<b>Asset Management Forum</b>
<b>Date of Meeting:</b>	2 September 2019
<b>Public Document:</b>	Yes
<b>Exemption:</b>	None
<b>Review date for release</b>	None

**Subject:** **Review of Business Rate Liability**

**Purpose of report:**

The Council currently is liable for the business rates on 204 properties with a combined rateable value of £1,897,895.

As part of the Property & Estates Service Plan for 2019-20, there is an objective to undertake a targeted review of business rate liabilities including appeals where savings are envisaged. In order to meet this objective consideration has been given to appropriate consultants who could provide this service to the Council. Part of this process has included discussions with other Authorities who have undertaken similar exercises and consideration of their experiences with consultants. The consultant who has been recommended to us is David Easton of Vail Williams LLP who in particular has achieved significant savings for Taunton Deane Borough Council.

The basis of the fee that Vail Williams would charge is 10% of the savings made which is typical for this type of work. While it isn't possible at this stage to determine the exact level of the fee until the savings are known, as the consultants work on a fixed percentage basis the higher their fee, the higher the savings to the Authority.

The Consultants Fees incurred will be met from the relevant budget for those properties where savings are achieved.

**Recommendation:**

**That Asset Management Forum recommend that Cabinet approve an exemption to contract standing orders and appoint Vail Williams as consultants to act on the Council's behalf in assessing and appealing (where appropriate) Business Rate Assessments.**

**Reason for recommendation:**

The review of Business Rate Liability is a Service Plan Objective and the project aims to reduce the Council's liabilities in respect of Business Rates resulting in savings which support the transformation strategy.

**Officer:**

Rob Harrison, Senior Estates Surveyor

**Financial implications:**

Financial details are contained in the report. It is suggested that if possible in agreeing the terms of contract that an upper maximum payment limit is agreed and it is not left open ended.

**Legal implications:**

Contract standing orders require contracts for services to be let on the basis of a procedure determined by their value. As it is not possible to determine the value of the savings, and therein the fee payable to the consultant, it is not possible to determine whether contract standing orders will have been complied with. Accordingly it is necessary for Cabinet to approve an exemption to contract standing orders under Rule

3.1 and the rationale for doing so, being the use of Vail Williams due to their expertise, seems appropriate in this case. The contract cannot be worth more than £181,302 as this is the EU Threshold (for service contracts) above which the EU tender procedure must be used and for which an exemption cannot be given. Given the total rateable value involved this should not present a difficulty, but any award will need to ensure that the consultant's fee is capped so as not exceed this amount.

**Equalities impact:**

Low Impact

There is not considered to be a significant equalities impact.

**Climate change:**

Low Impact

There is not considered to be a significant impact

**Risk:**

Low Risk

The consultant's fee is based upon actual savings achieved so there is limited risk associated with the proposal.

**Links to background information:**

None

**Link to Council Plan:**

Continuously improving to be an outstanding council.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

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