

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: