

12 July 2022		Item: 5
Corporate Overview and Scrutiny Committee		
Asset Review and 3Rs		
Wards and communities affected: All	Key Decision: Key	
Report of: David Johnson, Interim Assistant Director of Property		
Accountable Assistant Director: David Johnson, Interim Assistant Director of Property		
Accountable Director: Sean Clark, Corporate Director of Resources and Place Delivery		
This report is Public		

Executive Summary

This report sets out proposals for the disposal, rationalisation and improvement of property assets. It is government policy that local authorities should dispose of surplus and under-used land and property wherever possible.

The Council has fairly wide discretion to dispose of its assets (such as land or buildings) in any manner it wishes. When disposing of assets, the Council is subject to statutory provisions, in particular, to the overriding duty, under section 123 of the Local Government Act 1972, to obtain the best consideration that can be reasonably obtained for the disposal. This duty is subject to certain exceptions that are set out in the General Disposal Consent (England) 2003.

The way the Council manages its land/property assets can have a significant impact both on the quality of services delivered to the public and the local environment. Effective asset management is essential in bringing 'agility' to land and property assets so that the delivery of the Council's visions and objectives are realised in a sustainable manner, at the right time and on budget.

The assets reviewed represent a mix of locations, uses and a variation of those that could be short, medium or long term as well as being disposed of by private treaty, public auction, tender or on a leasehold basis.

The Asset Review considers the business case for disposing of any assets that are no longer of any use to it and is unlikely to be in the future or which provides only a benefit that is proportionate to the opportunity cost of the capital tied up in the asset. Each asset disposal is treated on its own merits and nothing in this report will bind the Council to a particular course of action in respect of a disposal.

The report also seeks Cabinet approval to declare a number of operational properties surplus to requirements and further reports will be brought back to Cabinet in the Autumn where applicable to discuss the future of the sites and any alternative delivery considerations.

1. Recommendations

That Corporate O&S:

- 1.1 Note the success of the 3Rs program in generating capital receipts totalling £9.3m in the financial Year 2021/22;**
- 1.2 Note the success of the previous review of operational properties in delivering revenue savings and identifying potential sites currently being developed by TRL and HRA;**
- 1.3 Pass this report to Cabinet for the following decisions:**

“Declare the operational properties in section 6.2 of this report surplus to requirements and receive a report back, where applicable, on the future of the sites and any alternative delivery consideration;

Declare surplus the properties as shown in Appendix 1, 2, 3 and 4; and approve the release or re-use of the properties as outlined; and

Subject to the agreement to release the assets in Appendix 1, 2, 3 and 4, delegate authority of the disposal to the Corporate Director of Resources and Place Delivery in consultation with the Leader and the completion of a delegated authority decision report.”

2. Issues, Options and Analysis of Options

- 2.1** In considering any disposal the Asset Review would have considered the assets within Appendix 1 against the table and weightings confirmed in the Cabinet Report of 10 March 2021 which enables the Council to consider the rationale for Reuse, Retain or Release.
- 2.2** This report considers the options available for the properties listed in Appendix 1 which have been assessed as surplus or under-used assets.
- 2.3** A list of assets for potential release continues to be analysed and scrutinised by the Property Team, Planning, Services, property occupiers (where appropriate/applicable) and Members. Further scrutiny would result in the “release list” being evaluated and prioritised according to factors such as:
 - Cost of holding;
 - Potential value from disposal;
 - Ease of /or constraint on sale;
 - Site preparation considerations/de-risking and associated costs; and

- Any wider economic or social benefit of retaining.

Once this has been assessed further disposals of assets maybe brought forward.

3. Option 1: Do nothing – Retain the assets, Business as usual, little need or opportunity for change identified

- 3.1 These assets have been assessed as needing to be retained to support Council business in their existing position. However, this is not to say that no further work is required on these premises. They will continue to be maintained and in some instances, will require improvement or refurbishment at some future stage. Furthermore, as the review process is established within the Council, their continuing use and occupation will be subject to periodic review and their status

4. Option 2: Reuse – For different services or more intensive or changed use

- 4.1 Many of the assets within this category are subject to ongoing review by the occupying service directorate and it is envisaged proposals will either come forward at the conclusion of those reviews (e.g. leisure, environmental) or through further discussion between the Service and Corporate Property.

5. Option 3 Release - Dispose of the site immediately or develop for Housing or another beneficial use.

- 5.1 A review has been undertaken of the properties listed in Appendix 1,2 and 3 and where they are considered appropriate for development by the Council directly this is annotated and where they are not considered appropriate it is recommended that they are released.
- 5.2 A rationalisation programme to continue with the reviewing of assets, releasing those no longer required in a structured manner to realise capital and or support wider regeneration or housing via affordable housing requirements.
- 5.3 Release in some instances will free the Council from poor performing properties from a compliance, economic and statutory requirement.

6. Operational Assets Previously declared Surplus – Update

- 6.1 The cost savings and new revenue from rationalisation of the operational portfolio have previously been identified as an important contribution to the Council's budget arrangements and a target of £1m revenue savings included within the budget forecasts for financial year 2022/23. Cabinet is asked to note the success of the review of operational assets by noting the progress of the below properties previously declared surplus.

- 6.1.1 Corran Way Depot – Scheduled for demolition which will generate a revenue saving and currently being considered by Housing Regeneration as a potential development site;
- 6.1.2 CO1 Civic Offices – Subject of a separate Cabinet report as a Housing Development site;
- 6.1.3 11A Corve Lane – Buildings have been demolished generating a revenue saving and currently being considered by Housing Regeneration as a potential development site;
- 6.1.4 Richmond Road Campus – Buildings have been demolished generating a revenue saving and currently being considered by Housing Regeneration as a potential development site; and
- 6.1.5 Riverside Youth Centre - Buildings have been demolished generating a revenue saving and currently being considered by Housing Regeneration as a potential development site.

6.2 **Operational Assets – Additional Surplus Properties**

Property as a resource should act as a facilitator and enabler to the Council's service provision and an overarching review of the entire operational estate and initiatives have been successfully undertaken by several directorates and services and have identified additional savings from those previously considered by the Cabinet from rationalisation of operational properties.

- 6.3 Cabinet are asked to consider whether the following assets also listed in Appendix 2 are surplus to requirements.
 - 6.3.1 Aveley Children's Centre – Children's Services have move their services provision to Aveley Community Hub and other locations resulting that the property is no longer used as an Operational Asset. Disposal of the asset would generate a capital receipt and a revenue saving;
 - 6.3.2 Stanford-le-Hope Children's Centre – Children's Services have moved their service provision to a small standalone building at the Children's Centre meaning the larger building on the site is no longer used as an Operational Asset. Disposal of the asset would generate a capital receipt and a revenue saving; and
 - 6.3.3 Purfleet Children's Centre – Children's Services have moved their service provision to other operational locations resulting that the property is no longer used as an Operational Asset. The Purfleet Community Forum who currently use the building have expressed an interest in taking the building on. Disposal of the asset would generate revenue saving and provide a community asset.

7. Scout Huts

- 7.1 The Council is the freeholder of several properties noted in Appendix 3 which are leases on long-term leases to the Scout Association. It is often the case with these properties that the buildings on the sites have been developed with local community or Scout association funding.
- 7.2 The Management of these assets is revenue costly for the Council compared with the nominal rentals that are being charged to the Scout association. The construction of these buildings often means that they fail EPC's and cannot be re-leased to the Scout Association when the leases expire. Being the freeholder of these sites will enable the Scouts to manage the buildings in a more commercial and less restrictive fashion, access additional sources of grant funding and potentially generate additional income streams and charge the asset.
- 7.3 It is the intent that these assets are transferred to the Scouts for a nil consideration. Disposal of these assets would generate a revenue saving for the Council, reduce the rental burden on the Scout Association and secure the tenure of these sites for Scout Association use subject to restrictive covenants to ensure that the freeholds remain as assets to benefit the community.
- 7.4 Cabinet is asked to consider whether the assets listed in Appendix 3 are surplus to requirements.

8. Village Halls

- 8.1 The Council is the freeholder of several properties noted in Appendix 4 which are leased on long-term leases to various Community bodies. It is often the case with these properties that the buildings on the sites have been developed with local community funding.
- 8.2 The Management of these assets is revenue and capital costly for the Council compared with the nominal rentals that are being charged to the users by the Council. Disposals of these assets will effectively level the rental obligations for the various Village Hall organisations as currently there is a lack of consistency across the assets in terms of rents.

Being the freeholder of these sites will enable the Village Hall Organisations to manage the buildings in a more commercial and less restrictive fashion, access additional sources of grant funding and potentially generate additional income streams and charge the asset. Most of the current/historic leases are ambiguous with regard to repairing obligations and result in significant Capital expenditure for the Council.

- 8.3 It is the intent that these assets are transferred to the various Village Hall organisation for a nil consideration. Disposal of these assets would generate a capital saving for the Council, reduce the rental burden on community groups

and secure the tenure of these sites for community use subject to restrictive covenants to ensure that the freeholds remain as assets to benefit the community.

- 8.4 Cabinet is asked to consider whether the assets listed in Appendix 4 are surplus to requirements.

9. Reasons for Recommendation

- 9.1 The sites listed in Appendix 1, 2, 3 and 4 have been considered against the criteria above and within the context of the previously agreed decision process and they are considered as Option 3.
- 9.2 The assets recommended for disposal are in the freehold ownership of Thurrock Council. The assets are not required for future service provision or regeneration initiatives and would therefore provide an opportunity for the Council to realise a capital receipt.
- 9.3 The capital receipts will support and assist towards any funding gaps in the MTFS and funding the capital programme.
- 9.4 The 3Rs programme has also considered operational buildings that are considered surplus and/or uneconomical to maintain and a number of operational buildings are included within this report.

10. Consultation (including Overview and Scrutiny, if applicable)

- 10.1 There has been consultation with services on the proposed assets in Appendices 1, 2 and 3. Further reports on the operational assets will be considered by Corporate Overview and Scrutiny.

11. Impact on corporate policies, priorities, performance and community impact

- 11.1 Assets that are not required for the delivery of council services directly will add benefit to the residents through alternative ownership be it for additional housing or a community facility.

12. Implications

12.1 Financial

Implications verified by: **Sean Clark**
Corporate Director, Resources and Place Delivery

There are two distinct financial benefits from the disposal of surplus assets. Firstly, assets can incur running costs and so this creates a saving. Secondly,

income received from disposal, a capital receipt, can be used to meet the costs of transformational activity and also pay for capital expenditure, thus avoiding the need for prudential borrowing and the associated revenue costs.

The disposals included within this paper will contribute towards the target set out within the budget papers for 2022/23.

12.2 **Legal**

Implications verified by: **Mark Bowen**
Interim Head of Legal Services

The Council is generally empowered to dispose of assets which are underperforming or surplus to requirements. Each asset will need to be checked to ensure its formal ownerships and appropriation enable general disposal with terms to be confirmed.

Some of the highlighted sites are regarded as Public Open Space and will be subject to formal public consultation before disposal.

A final analysis of the legal title and terms of disposal will be included in the final disposal decision report.

12.3 **Diversity and Equality**

Implications verified by: **Rebecca Lee**
Team Manager - Community Development

The Asset Disposal Policy sets out considerations for bringing agility to land and property assets so that the delivery of the Council's goals and objectives are realised in a sustainable manner, at the right time and on budget. The policy itself will be the subject of a Community Equality Impact Assessment to mitigate the risk of negative impact on citizens and communities. Where community assets are identified for disposal, the process set out for the implementation of the CAT Policy and principles of the Collaborative Communities Framework will be applied, this includes the completion of CEIA's on a case by case basis, engagement with the voluntary and community sector, and an assessment of social value that includes support for Thurrock's recovery from COVID-19 and building resilience within communities and voluntary sector networks.

12.4 **Other implications** (where significant) – i.e. Staff, Health Inequalities, Sustainability, Crime and Disorder, and Impact on Looked After Children

Assets are used for a range of purposes including direct service delivery, use by community groups and residents.

13. Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

None

14. Appendices to the report

Appendix 1 – Asset Review, Properties

Appendix 2 – Asset Review, Operational Properties

Appendix 3 – Asset Review, Scout Huts

Appendix 4 – Asset Review, Village Halls

Report Author

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