



## ADUR & WORTHING COUNCILS

Key Decision No

Ward(s) Affected: All

### **Review of Corporate Property Assets**

### **Report by the Director for the Economy**

### **Executive Summary**

#### **1. Purpose**

- To update the committee on the regular review of the Council's corporate estate.

#### **2. Recommendations**

- 2.1 To note the contents of the report.

### **1. Background**

- 1.1 At a meeting of the Joint Overview and Scrutiny Committee in September 2018, members of the committee requested a report to provide background and information on the long term management of the Council's corporate estate. The agreed minutes of the committee meeting were as follows:

*'A Member asked the following question: Given the significant level of Capital works required to our buildings has any assessment been made of which buildings are surplus to our*

*requirements and can be either sold or leased to other providers to minimise this liability? Members were told that the Council had begun work to commission a review of all corporate buildings (buildings where Council employees are in on a regular basis) to ensure that any opportunities are identified. The project would produce a Corporate Estates Strategy, Business Case and Implementation Plan and was expected to report in spring 2019.'*

1.2 The work to progress this review went forward in Autumn/ Winter 2018. A tender scope was prepared and published which sought to review usage of the following buildings which were defined as the corporate estate:

- Worthing Town Hall
- The Shoreham Centre
- Commerce Way Depot & Offices
- Meadow Road Depot
- Worthing Seafront Office
- Portland House
- Ladydell Depot (Bruce Avenue, Worthing)
- Southwick Depot (Croft Avenue, Southwick)

1.3 Three tender returns were received which following an evaluation were considered not to represent good value for money and none of the tenderers were offered the contract to undertake the consultancy work.

1.4 While a full Councils wide review has not been carried out a number of smaller responses have proceeded. Firstly, Ladydell Depot was identified as being surplus to requirements and the Environment Service finished using the site in 2019. It has subsequently been let to CityFibre for their local data centre as part of the fibre project. Secondly, a more focused review of the depot sites has been undertaken to understand their suitability for commercial or industrial uses should the Councils be able to vacate them.

## **2.0 Corporate Landlord Model to Property Management**

2.1 One of the key issues identified from the tender responses referred to in section 1.3 was that the Council's disaggregated approach to property management was inefficient. Various different services areas were responsible for managing their own operational property, with property held for a variety of purposes by the Councils. For instance:

- the Major Projects & Investment service was responsible for assets owned for commercial return and community buildings;
- the Environment Service was responsible for assets used for grounds maintenance and refuse depots;
- Facilities & Technical Services responsible for the Town Hall, Portland House, and the Shoreham Centre.

2.2 It was recognised that this approach meant that there was a lack of coordinated and codified information that was required to effectively analyse what we own. Building on best practice from CIPFA and the Local Government Association a new method of managing property known as the “Corporate Landlord Model” was identified as a more effective means to organise our property management activities and would allow a better grip on the details needed to inform decisions about what assets need to be retained or released. *Platforms for our Places: Going Further was agreed in December 2019* and included a commitment to “Develop a Corporate Landlord approach to managing our property estate”.

2.3 The principles of a corporate landlord model are to centralise all property functions under relevant technical departments (technical services, estates, etc.) to improve the utilisation, efficiency and effectiveness of our land & buildings. This also frees up more customer facing areas of the Council to focus on delivering services rather than managing property and assets. The Corporate Landlord Model centres on three principles:

- Minimise Corporate Risk
- One Property Asset Strategy
- Maximise Value and Opportunities through centralisation

2.4 A project to move to a Corporate Landlord Model commenced in Summer 2020 involving a cross-departmental project group. 6 key works stream were identified:

- Finance and Budgets Workstream
- Data, Information & Compliance Workstream
- Governance Workstream
- Market Rent Workstream
- Asset Challenge Workstream

- Major Projects Workstream

By delivering on these workstreams the Council will move from a disaggregated to a “corporate landlord” model of property management. The initial step in this process was completed in July 2020 when the Joint Strategic Committee agreed the adoption of the Property Asset Management Plan which sets out an overall strategy for managing the Council’s assets.

### **3.0 Workspaces AW**

3.1 The Joint Strategic Committee Considered a report titled “WorkspacesAW - Designing a new model of working following Covid 19” at its December 2020 meeting. Covid19 has led to home working for the vast majority of the Councils’ desk based staff with the offices being significantly quieter as a result of the government’s request for workers who can work from home to do so. The required changes were brought in rapidly and successfully in March 2019, with minimal disruption to service provision.

3.2 In response, a review has been undertaken to understand whether the organisation can reduce the office space it occupies to respond to these new ways of working, to generate a revenue saving to contribute to the Council’s Medium-Term Financial Strategy and to realise wider benefits associated with flexible working. A project team was set up and has, to date:

- Considered the changing requirements of the workplace for a work pattern with an increase in working from home;
- Sought to understand what amount of office accommodation was needed for staff should home working patterns continue to pervade;
- Worked to identify whether there was demand for any office space that could be vacated;
- Assessed what needs to be considered to support staff to work from home, for example in relation to Health & Safety;
- Identified any unintended consequences of reducing our office spaces;

- Scoped out the associated workstreams such as staff engagement, travel planning, digital & IT requirements, and customer service implications of any project.
- 3.3 The review concluded that a project to reduce the amount of office space occupied by the Councils in Worthing is feasible and that an *Invest to Save* business case could be developed to fund the project. At the most high level it concluded that Portland House is an attractive office building and suitable for letting, while Worthing Town Hall, as a more civic building, should be retained as the Councils' main headquarters. Capital investment is required to improve workspaces in Worthing Town Hall, to accommodate a tenant at Portland House, and to upgrade our core technologies to support excellent connectivity and systems access from anywhere.
- 3.4 The review has included soft market testing which identified that there is demand from a public sector partner organisation to lease part of Portland House. Initially this partner organisation will require 1.5 floors to be available by July 2021, with further space potentially required in the future in line with their asset management plan. The review has identified that sufficient office space can be provided through more efficient use of Worthing Town Hall to accommodate Council staff and by responding to colleagues' feedback for increased home working to continue.
- 3.5 As a result of this Workspaces AW work the majority of the issues that were identified in member's question recorded in the minutes of the September 2018 Joint Overview and Scrutiny and Committee will be addressed. The Workspaces AW review has identified that space can be freed up at Portland House to be leased out to generate income. Furthermore, the project will ensure that investment can be directed to address the significant level of capital works that are required to our other buildings reducing the repair liability that was of concern the the Committee member.

#### **4.0 Financial Implications**

- 4.1 There are no direct financial implications arising from this report. However, the disposal of assets now forms part of the budget strategy, the receipts raised are used to fund the investment requirements arising from 'Platforms'.

4.2 Information about the financial governance concerning disposals is provided below.

4.2.1 The financial regulations provide guidance on the disposal of land and buildings. These guidelines must be adhered to by all officers. An extract from section 4.4.2 of the financial regulations is provided below:

Where disposal of land and buildings is allowed, it shall be conducted in accordance with the scheme of delegations and the provisions detailed in (a) (i) – (vi) below.

(a) Approved methods of disposal shall be by:-

- (i) Private Treaty;
- (ii) Auction;
- (iii) Tender
- (iv) Sealed Offer;
- (v) Exchanges of land; or
- (vi) Compulsory Purchase Order

(b) To ensure that where land is to be disposed of by the Council, the Chief Financial Officer shall ensure compliance with Financial Regulations and S123 of the Local Government Act 1972.

(c) Prior to any disposal of land, a valuation of the asset to be sold should be obtained from an appropriately qualified valuer.

4.2.2 In addition to the above, any disposal of an asset worth more than £50,000 must be approved by the Executive Member of Resources via a formal report.

Finance Officer: Sarah Gobey

Date: 18th January 2021

## **5. Legal Implications**

5.1 Section 123 Local Government Act 1972 provides the Council with the power to dispose of land with the caveat that the Council must not do so for a consideration less than the best that can be reasonably obtained. A disposal includes the sale of freehold land or the granting of a lease.

- 5.2 Circular 06/03 Local Government Act 1972 General Disposal Consent (England) 2003 provides criteria and guidance for circumstances when a local authority considers it appropriate to dispose of land at an undervalue, but such a disposal must not offend the rules on Subsidies (formerly State Aid) the primary legislation for which is found at section 29 of the EU (Future Relationship) Act 2020 which (until further specific domestic legislation is implemented) incorporates the EU/UK Trade and Co-Operation Agreement and measures on Subsidy Control. In addition, care must also be taken during any disposal of land to avoid a contingent obligation on the purchaser that may create a public works or services contract which would otherwise require a procurement process under the Public Contract Regulations 2015
- 5.3 Section 123 2(A) Local Government Act 1972 provides that when disposing of land consisting of open space (as defined by s336(1) of the Town and Country Planning Act 1990) a local authority must first advertise their intention for 2 consecutive weeks in a local newspaper and consider any objections to the proposed disposal which may be made to them.
- 5.4 Section 8 Local Authorities (Executive Arrangements)(Meetings and Access to Information)(England) Regulations 2012 sets out the meaning of a “key decision” which is further defined in Article 12 of the Council’s constitution.
- 5.5 The Local Authorities (Executive Arrangements)(Meetings and Access to Information)(England) Regulations 2012 governs the decision making processes relating to Executive decisions and these are encompassed in the Council’s Executive Procedure Rules within the Constitution.
- 5.6 Paragraph 3.12.3 of the Officer Scheme of Delegations provides authority to the Head of Major Projects and Investment to dispose of land in connection with the Council’s functions and to grant leases, easements, licences and wayleaves of, in, or over buildings or land in connection with the Council’s functions. Paragraph 1.3.1 provides that all delegations shall be exercised in accordance with the Constitution and paragraph 1.3.2 provides that any officer exercising a delegation shall only do so in accordance with the Financial Procedure Rules.
- 5.7 s1 of the Localism Act 2011 empowers the Council to do anything an individual can do apart from that which is specifically prohibited by pre-existing legislation.

- 5.8 Section 3(1) of the Local Government Act 1999 (LGA 1999) contains a general duty on a best value authority to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 5.9 s1 Local Government (Contracts) Act 1997 confers power on the Council to enter into a contract for the provision of making available assets or services for the purposes of, or in connection with, the discharge of the function by the Council.

Legal Officer: Joanne Lee

Date: 19/01/21

### **Background Papers**

- Platform for our Places: Going Further .
  - And then...
  - Adur & Worthing Councils Carbon Neutral Plan
  - Report to the Joint Strategic Committee (1st December 2020)
- WorkspacesAW - Designing a new model of working following Covid 19

### **Officer Contact Details:-**

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## **Sustainability & Risk Assessment**

### **1. Economic**

- The contents of this report have no direct economic impacts.

### **2. Social**

#### **2.1 Social Value**

- Matter Considered, no issues identified

#### **2.2 Equality Issues**

- Matter Considered, no issues identified

#### **2.3 Community Safety Issues (Section 17)**

- Matter Considered, no issues identified

#### **2.4 Human Rights Issues**

- Matter Considered, no issues identified

### **3. Environmental**

- Matter Considered, no issues identified

### **4. Governance**

- There are no detailed governance issues arising from the report or its recommendations.