

Report to the Finance and Performance Management Scrutiny Panel

Date of meeting: 13 November 2007

Portfolio Holder: Finance, Performance Management and Corporate Support Services

Subject: Land and Property Assets Review

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Recommendations:

To note the contents of the report and consider the current actions for the future use and development of the Council depots and the accommodation strategy for the offices.

Report

1. The Panel has requested a report on various land and property issues. These relate to the performance of the commercial property portfolio; conversion of capital receipts into revenue generating assets; the sale of the T11 development site, Langston Road, Loughton; strategic management of the depots; and an accommodation strategy for the Council's offices.

Commercial Property Performance

2. The Council owns an above average amount of commercial and industrial property when compared to other district councils. The portfolio comprises industrial properties at Oakwood Hill and Langston Road, Loughton; Brooker Road/Cartersfield Road, Waltham Abbey; North Weald Airfield and industrial estate. Commercial properties include 136 shops dispersed throughout the District, six public houses, a golf course and several other varied property interests. These assets have a capital value of £33.75 million and produce a current rental income of about £3.9 million per annum.

3. The Council's Asset Management Plan (2007-2012) sets out annual performance indicators as part of continuous improvement processes. In accordance with good practice guidelines issued by the Royal Institution of Chartered Surveyors and the Audit Commission, the Council reports five national property performance indicators to the Asset Management Planning Network on an annual basis. In summary, these indicators include:

- PPI 1 – Property condition (1a – condition category and 1b – backlog maintenance)
- PPI 2 – Internal rate of return from non-operational portfolio
- PPI 3 – Annual management costs (operational and non-operational properties)
- PPI 4 – Running costs and carbon dioxide emissions
- PPI 5 – Cost and time predictability of capital projects

4. In addition, the new Asset Management Plan has introduced three new local performance indicators relating to the investment properties to measure:

- LPI 1 – Rent arrears as a percentage of rental income
- LPI 2 – The occupation rate of commercial and industrial property; and
- LPI 3 – Rental value as a percentage yield of the commercial and industrial portfolio asset value.

Revenue Generating Assets

5. Following a review of the Loughton Broadway Regeneration Scheme and a desire to convert capital receipts into revenue generating assets, the then Portfolio Holders for Housing, Planning and Economic Development and Civil Engineering authorised the Car Parking Task and Finish Scrutiny Panel to consider the development potential of six Council-owned car parks. The Panel received a report prepared by Bidwells, planning and development consultants, on the car parks at Church Hill, Loughton; Burton Road, Loughton; Queens Road, Buckhurst Hill; Cornmill, Waltham Abbey; and Bakers Lane and Cottis Lane, Epping. Arising from that report, the Cabinet at its meeting on 12 March 2007 agreed that five car parks be retained as operational car parks and the Church Hill car park, Loughton be declared surplus to requirements and offered on the open market seeking the maximum amount of affordable housing.

6. Bidwells have submitted an outline planning application for a residential development scheme comprising 8 one bedroom and 2 two bedroom flats on the Church Hill car park site.

T11 Development Site, Langston Road, Loughton

7. The freehold sale of the T11 development site completed on 28 August 2007 at a purchase price of £6,050,000. The site was offered on the open market with the benefit of a planning consent for Class B1 (light industry/offices), Class B2 (general industry) and 20% Class B8 (storage and distribution) development. Property consultants Lambert Smith Hampton completed a marketing exercise that produced 20 offers to purchase and outline schemes for the site.

8. A report by Internal Audit to the Audit and Governance Committee at its meeting on 5 November 2007 considered an investigation as to how the Council had allowed an assignment of the sale contract to a party other than the purchaser agreed by the Cabinet.

Depots Strategy

9. As part of the Top Management Restructuring, the Director of Corporate Support Services has, since 1 October 2007, become responsible for the Council's operational depots at Langston Road, Loughton; Burton Road, Loughton; Town Mead, Waltham Abbey; and Epping Town Depot.

10. The future use and occupation of all four depots is currently under review. At the request of members, a report was presented to the Cabinet on 12 November 2007 to approve the appointment of a Planning Consultant to submit an outline planning application for industrial development on the Langston Road Depot site. In addition, preliminary work has commenced on plans for the possible refurbishment or redevelopment of the Town Mead Depot at Orchard Gardens, Waltham Abbey for the possible relocation of some displaced services and re-allocation of accommodation to existing occupiers including Waltham Abbey Town Council.

11. In Epping, Essex County Council have resolved to relocate their Centrepoint Youth and Adult College and Junior School in St John's Road to the Infants School in nearby Coronation Hill. Once complete and both the school and college have moved off, the site will be offered for sale for a residential or a mixed-use scheme to contribute towards the cost of the new school.

12. As part of a joint property review, the District Council has indicated to Essex County Council an interest in including its High Street depot as part of a scheme and possible relocation of the Housing DLO facility.

13. The Burton Road depot, Loughton is occupied by Vinci Parking Services by virtue of the company's parking enforcement contract with the Council. The Cabinet has recently agreed to invite quotations from consultants to complete a development appraisal of the Loughton Broadway area which includes this depot within the brief.

Accommodation Strategy

14. As an important element of the Top Management Re-structuring, the Director of Corporate Support Services is co-ordinating a corporate approach with the Service Directors to meet new accommodation needs for the Council's services. Further reports to the Cabinet will follow on the accommodation issues and members directions that Leisure Services be relocated from the Hemnall Street offices to Civic Offices and that allocated accommodation should be appropriate for the desired level of service delivery.