

| | | | |
|--------------------------|---|--|--------------------|
| Subject: | Policy Review Panel – City Council’s Urban and Rural Estates | | |
| Date of Meeting: | 19 January 2017 | | |
| Report of: | Executive Director, Economy, Environment & Culture | | |
| Contact Officer: | Name: | Angela Dymott | Tel: 291450 |
| | Email: | Angela.dymott@brighton-hove.gov.uk | |
| Ward(s) affected: | All | | |

FOR GENERAL RELEASE**1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 A Notion of Motion (NoM) was presented to December 2016 Policy, Resources & Growth (PRG) committee by the conservative and green groups. The agreed NoM noted that “the downland estate has been preserved to protect our City’s aquifer and is greatly valued for its biodiversity, heritage, landscape and amenity. Many of these unique characteristics are under statutory designation but in the current climate this in itself does not guarantee protection. There has been considerable concern expressed at the planned sales of parcels of the downland estate. These sales have been developed under the auspices of our Asset Management Plan (AMP) and aim to raise capital funds towards the restoration and development of Stanmer Park, as agreed by all parties in committee meetings in 2014 and 2016. Notwithstanding the above, we consider that some elements of the decisions previously approved would have benefited from greater scrutiny at the time, and positive changes to the governance of downland estate disposals are desirable to increase the profile of such proposals.”
- 1.2 Furthermore the establishment of a Policy Review Panel was requested to consider governance and policy with respect to the City’s urban and rural estates to include:
- A review of the respective sections of the AMP as they concern downland asset definition and disposal
 - Review of the Scheme of Delegation financial threshold for sensitive asset disposals to promote full scrutiny by members
 - The involvement of local conservation bodies
- 1.3 The report sets out some background information and outlines the process for the Policy Review Panel.

2. RECOMMENDATIONS:

- 2.1 That a Policy Review Panel is set up to consider the governance and policy with respect to the city's urban and rural estates as set out in 1.2 above and that an outcome report is brought back to Policy, Resources & Growth Committee aiming for late Spring once the review has been completed.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The council's property and land portfolio is valued at £1.69b (2016 balance sheet). The operational portfolio consists of 11,858 residential units and in excess of 500 non housing properties. The non-operational commercial portfolio consists of an Urban portfolio of approx. 630 properties, an Agricultural portfolio of a combined 12,500 acres and a seafront portfolio that is valued in total at £195m and produces an annual income of approximately £10mpa that contributes to the Medium Term Financial Strategy helping to keep the council tax down.
- 3.2 The council's Corporate Property Strategy & Asset Management Plan (AMP) 2014-18 sets out the property context for the city and the council's property holdings and functions linking these to the council's corporate plan, priorities and strategic goals. It provides a strategic overview of the council's property assets and the systems, processes and policies in place or being progressed to manage and maintain them. It also provides a framework for challenging and reviewing the reasons for continuing to hold these assets.
- 3.3 The council operates a mixed economy Corporate Landlord (CL) model that allows us to:
- **Offer a Single Property Strategy:** Making the best use of the council's assets supporting the council's corporate priorities, maximising income and opportunities for capital receipts
 - **Maximise Value through Consolidation:** Consistent & fair allocation of reducing budgets to support council priorities, benefiting from economies of scale
 - **Minimise Corporate Risk:** reduction in Health & Safety risk through central monitoring of maintenance and statutory duties with proactive strategies to minimise market forces
- 3.4 The key property objectives are to:
- Provide the right buildings in the right place
 - Deliver value for money property services and support council modernisation
 - Use our sustainability principles to reduce our environmental impact
 - Optimise value for our commercial property portfolios – urban, agricultural and seafront
 - Use our assets to enable city regeneration and urban regeneration
- 3.5 The Policy Review Panel is proposed as a cross party task and finish group to concentrate on the respective sections of the AMP setting out the policy relating to the council's commercial investment portfolio - the urban and rural estates.

3.6 **Urban estate.** Our urban estate is unique in its composition in that it is of substantial size but covers many sectors albeit it is predominantly retail based and comprises of relatively small prime, secondary and tertiary properties. The majority of the urban estate is managed by external agents Cluttons who are responsible for rent collection, landlord and tenant transactions, service charges and all day to day management issues. Cluttons have been successful in minimising voids and arrears and maximising income by completing rent reviews and lease renewals in a timely manner. However, as much of the portfolio consists of ageing secondary and tertiary properties the ability to continue achieving increasing rents is limited as the quality of the stock declines.

3.7 In addition the existing urban estate was accumulated by the council rather than actively acquired and as an investment portfolio is unbalanced in term of risk. In order to provide an increasing return in the long term the council aims to rebalance the portfolio by:

- identifying under-performing assets for disposal and ring-fencing receipts for reinvestment.
- obtain & increase revenue income to contribute to the support of the council's wider service delivery
- take advantage of disposal opportunities to generate capital or to increase income e.g through lease extensions for example.

These objectives also need to be balanced against the social and environmental development opportunities and corporate council priorities.

3.8 **Rural estate.** The council's rural estate consists of approx. 12,500 acres and was initially purchased in the late nineteenth and early twentieth centuries with the aim of protecting the town's water supply and controlling development. It is mostly situated within the South Downs National Park and managed by national agents Savills on the council's behalf. The Council recognises the great importance of the City Downland Estate and its contribution to the protection of the chalk aquifer and Downland landscape, biodiversity, heritage and these environmental aspects are balanced against social and income generation aspects for the council and City. The council's current policy objectives stem back to the 2006 Downland Initiative, renamed the City Downland Estate Policy which was the first formal policy to recognise the importance of the Estate.

3.9 Despite the council's limited control over the land due to existing agricultural tenancy constraints Savills have achieved many successes by negotiating with tenants at rent review and lease renewal whilst also fulfilling some of the City Downland Estate Policy objectives. The overall objectives of the agricultural strategy are to underpin, maintain and increase future rental income and capital value whilst attempting to balance these against social and environmental benefits, such as greater public access through the Downland Estate Policy.

3.10 Both estates produce a substantial income that contributes towards the council's budget strategy. Both also offer opportunities for redevelopment and capital receipts that are critical to the council's capital investment strategy, modernisation agenda, Medium Term Financial Strategy and contribute to the regeneration of the City and region through employment and housing outcomes..

4 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 **Do nothing** : This is not an option, the NoM was agreed at December Policy, Resources & Growth Committee.
- 4.2 **Set up the Policy Review Panel:** There has only been one previous Policy Review Panel and taking the learning it is proposed that this Policy Review Panel will be a cross party task and finish group meeting approximately three times. The review will require scoping, setting up of the cross party panel consisting of one representative for each political group, evidence gathering and engagement with stakeholders. The outcome will consist of recommendations and a report of the panel and will come back to Policy, Resources & Growth committee with a covering committee report. The timing of this review will be dependent on the availability of the proposed panel members and is it intended that the terms of reference will be scoped in February with a view to the Panel meeting in February to agree the terms of reference and the proposed next meetings. It is anticipated that the Panel will have completed the review and report within 2/3 months and that the covering committee report will be presented to Policy, Resources & Growth in late Spring.
- 4.3 The Policy Review Panel will also acknowledge that at December Full Council a Notice of Motion was passed asking for a permanent cross party Asset Management Panel to be established to enable greater member oversight of the deliver the asset management plan. The terms of reference for the Policy Review Panel will include asking Panel members to consider how this Asset Management Panel should be established and operate through it's terms of reference. The policy panel will makes recommendations back to Policy, Resources & Growth on the terms of reference of the Asset Management Panel.
- 4.4 There are resource implications as Property & Design does not have the capacity to support the administration of the process and have agreed to fund the extra scrutiny support needed by the scrutiny team.

5 COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 Engagement with stakeholders and involvement from local conservation bodies will form part of the process, scoping and evidence gathering.

6. CONCLUSION

- 6.1 To set up a Policy Review Panel as explained in the main body of the report and detailed at paragraph 4.2

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 There will be a direct cost associated with officer time in particular for Property & Design and this is expected to be met from within existing resource within revenue budget.

Finance Officer Consulted: Rob Allen

Date: 06/01/17

Legal Implications:

- 7.2 Under the council's constitution committees have delegated power to appoint time –limited Policy Panels to carry out short, sharply focused pieces of policy review and development work. There are no further legal implications to note at this stage.

Lawyer Consulted: Elizabeth Culbert Name

Date: 06/01/17

Equalities Implications:

- 7.3 Any equalities implications arising from the Policy Review Panel will be addressed in the panel outcome report.

SUPPORTING DOCUMENTATION

None.