
ANNUAL PROPERTY PLAN 2019/20

**INVESTMENT & DEVELOPMENT (COUNCILLOR RUSSELL
GOODWAY)**

AGENDA ITEM: 4

Reason for this Report

1. To enable Cabinet approve the 2019/20 Annual Property Plan (APP).

Background

2. The Council has previously adopted a five year Corporate Property Strategy (2015-2020) which sets out a framework within which all Council property related issues need to be addressed. The Strategy, entitled "*Fewer but Better Buildings*", established a series of targets over the five year period designed to deliver the core objectives of modernisation, rationalisation and collaboration.
3. The APP is an annual document which serves as the implementation plan for the Strategy (see Appendix 1). The annual targets within the APP contribute towards the five year targets established within the Property Strategy and sets out objectives for the operational estate. The APP provides an update on priority property projects, reinforces overarching principles for the strategy of the estate, outlines what is planned for the year ahead, and provides explicit targets relating to the reduction in the size and cost of the estate.
4. The Council's estate is vast with operating property running cost representing the second largest call on the Council's budget after staff costs. The ongoing changes to the way in which the Council delivers its services is inextricably linked to its operational property estate and therefore offers an on-going opportunity for review.

Issues

5. Land and Property management is a key strategic activity which aligns service strategies with the property estate. It ensures optimisation of property assets in a way which best supports the organisation's business goals and objectives. The requirement for effective land and property management is based on treating property as a corporate resource which forms the basis of the associated Corporate Landlord programme. The importance of a corporate approach is due to the significant costs and

value of the Council estate and its role in assisting with the delivery of effective Council services.

6. The Corporate Landlord model presented to Cabinet in 2018 aligns with the objectives of the Corporate Property Strategy and Annual Property Plan. It also covers the wider issues relating to the management of the estate including maintenance and statutory compliance. The targets set out in the APP relate to strategic management of the estate including reducing the maintenance backlog, reducing running costs, creating a more efficient estate and generating capital receipts.
7. The proposed APP programme for 2019/20 is as follows:

Table 1. Annual Property Plan - programme 2019/20

DISPOSALS			
Property	Ward	Intent	Proposal
Former Michaelston College	Ely	APPROPRIATION	HRA Housing
Former STAR Leisure Centre	Splott	APPROPRIATION	HRA Housing
Former St Mellons Enterprise Centre	Trowbridge	APPROPRIATION	HRA Housing
Former Llanrumney High School Site	Llanrumney	APPROPRIATION	HRA Housing
Former Llanedeyrn Family Centre & Land	Pentwyn	APPROPRIATION	HRA Housing
Former Rumney High School (site for retail)	Rumney	SELL	Commercial Development
Former Waungron HWRC	Llandaff	SELL	Housing Development
Former Llanrumney Play Centre & Land	Llanrumney	SELL	Redevelopment
Land adjacent to 96 Heol yr Odyn	Caerau	SELL	Development
Land adjacent to Aldi, Treseder Way	Caerau	SELL	Commercial Development
Land at Sanatorium Road	Canton	SELL	Housing Development
Land at Flaxland Avenue, adjacent to A48	Gabalfa	SELL	Redevelopment
Land adjacent to Vision Court, Pentwyn Road	Pentwyn	SELL	Commercial Redevelopment
8 Library Street	Canton	SELL	Housing Development

LEASE RELINQUISHMENTS			
Property	Ward	Intent	Proposal
Grangetown Buzz Caffi	Grangetown	RELINQUISH	Terminate Lease
Occupational Health Office, 6 Cefn Coed	N/A (Nantgarw)	RELINQUISH	Terminate Lease

NON OPERATIONAL ESTATE			
Property	Ward	Intent	Proposal
Former Roath Library	Adamsdown	LEASE	Rubicon Dance
Former Trelai Bowls Pavilion	Caerau	LEASE	Ely & Caerau Sports Trust
Former Mynachdy Institute	Gabalfa	LEASE	Tenant to be determined
Ton yr Ywen Changing Rooms	Heath	LEASE	St. Joe's AFC & RFC
Former Llandaff PC's at Old Bishops Palace	Llandaff	LEASE	Llandaff 50+ group
Former Lydstep Changing Rooms	Llandaff North	LEASE	Cardiff Draconians AFC
Land at Railway Street	Splott	LEASE	Green City Events

INVESTMENT ESTATE OPPORTUNITIES			
Property	Ward	Intent	Proposal
Norwegian Church	Butetown	LEASE	Commercial Tenant
New Theatre	Cathays	LEASE	Commercial Tenant
Former Museum Avenue Public Convenience	Cathays	LEASE	Commercial Tenant
Former Ninian Park Caretakers House	Grangetown	LEASE	Commercial Tenant
Former Llandaff Fields Pavilion	Riverside	LEASE	Commercial Tenant

OTHER			
Property	Ward	Intent	Proposal
Wedal Road Parks Depot	Cathays	VACATE	Vacate property

Capital Receipts

8. The Council's 2019/20 Budget Statement includes a requirement to generate over £40 million of additional capital receipts over the period 2018/19 – 2022/23 to support delivery of the Band B schools programme and the agreed capital programme. The APP sets out the strategy to deliver the required £40m of capital receipts.
9. As part of this, the Council has undertaken a review of all of its land holdings to identify potential opportunities for disposal. All of the opportunities identified to date require further consideration and due diligence, including discussions with local Members. It is proposed to work up detailed proposals for each opportunity and on a case by case basis and to present opportunities in the form of a Cabinet report for Cabinet to consider.
10. All of the opportunities identified to date require further consideration and due diligence, and local members will be kept informed. In the first instance it is proposed to work up proposals to identify any specific parcels of land that may be suitable for disposal as part of a business case to release investment to improve facilities. In all circumstances detailed proposals will be brought back to Cabinet for full consideration before proceeding.

Non-Operational Estate

11. In the Corporate Land and Property Management Plan 2018/19 the Strategic Estates Department committed to undertake a review of the non-operational estate to gain a better understanding of the assets within the portfolio and their performance. A detailed review of each asset has now taken place and a number of key themes have been identified.
 - Backlog maintenance with no allocated budget to address
 - Health & Safety compliance concerns
 - Reactive estate management
 - Inconsistent tenure arrangements in particular within retail parades
 - Status, strength and presence of tenants

A strategy has been drafted to address the key issues for future management and a recommendation for each asset has been categorised to Retain, Remodel or Release.

Retail Parades

12. The non-operational estate contains 21 retail parades distributed across the city of varying type, quality, condition and with varying tenancy arrangements in place. Most of the parades are in a poor condition with a significant maintenance backlog and are management intensive. Given that there is limited capital to re-invest in these assets they represent a liability to the Council and have an overall detrimental effect on the quality and value of the Council's estate.
13. As such, it is proposed to dispose of 14 of the parades which are in the most need of investment (listed in table 2 below) over the next two years. In advance of bringing each parade to the market it is proposed to undertake a detailed review of the asset to tidy-up all existing leases, and where appropriate to terminate leases and/or renew or extend leases to ensure each parade is in the best commercial shape to maximise the capital receipt.

Table 2. Retail Parades

RETAIL PARADE DISPOSALS			
Property	Ward	Intent	Proposal
Bishopston Rd Retail Parade	Caerau	SELL	Investment Opportunity
Heol Trenewydd Retail Parade	Caerau	SELL	Investment Opportunity
Grand Avenue Retail Parade	Ely	SELL	Investment Opportunity
Wilson Rd Retail Parade	Ely	SELL	Investment Opportunity
82 Pwllmelin Rd	Fairwater	SELL	Investment Opportunity
Chestnut Rd Retail Parade	Fairwater	SELL	Investment Opportunity
Plasmawr Rd Retail Parade	Fairwater	SELL	Investment Opportunity
Gabalfa Avenue Retail Parade (No's 49-59)	Llandaff North	SELL	Investment Opportunity
Gabalfa Avenue Retail Parade (No's 85-93)	Llandaff North	SELL	Investment Opportunity
Llangranog Rd Retail Parade	Llanishen	SELL	Investment Opportunity
Fishguard Rd Retail Parade	Llanishen	SELL	Investment Opportunity
Burnham Avenue Retail Parade	Llanrumney	SELL	Investment Opportunity
Cae Glas Retail Parade	Rumney	SELL	Investment Opportunity
Harris Avenue Retail Parade	Rumney	SELL	Investment Opportunity

Investment Estate

14. The Council manages a portfolio of investment properties let on commercial terms to third parties for the purpose of maximising rental income and improving the yield of the estate. The 2019/20 APP details a list of operational assets that have been reviewed through the asset management process and have been deemed surplus to Council requirements. Some of these assets are not suitable for freehold disposal due to their location but do represent good opportunities to be leased on commercial terms, mitigating running cost and maintenance liabilities and offering regeneration opportunities. Following due process

it is proposed that these assets be appropriated from the operational estate into the investment estate.

Governance

15. The implementation of the APP will be overseen by the Asset Management Board (AMB), with all opportunities presented for consideration by the Cabinet Member for Investment & Development. This will enable a strategic and corporate oversight across the Council administration's objectives.
16. In addition to the internal Council review of the estate, opportunities to work closer with public sector partners will also be considered via quarterly meetings of relevant officers. Any initiatives generated by this activity will also be presented for the Cabinet Member for Investment & Development to consider.

Local Member consultation

17. Member engagement will take place through the implementation of the plan.

Reasons for Recommendations

18. To enable Cabinet to approve the 2019/20 Annual Property Plan.

Financial Implications

19. Robust long term asset management planning is a key element of the Council's Capital Strategy. This report highlights some of the property initiatives proposed as part of the Council's Annual Property Plan. These initiatives potentially have a range of differing financial implications which will need to be considered in conjunction with Finance, as the strategy is implemented. These could include, risk of timing and value of disposal, options appraisal for sites, liabilities on transfer of properties, valuation for accounting purposes, VAT and ongoing holding costs of property. The financial implications of such initiatives will be reported as part of the governance arrangements identified in the report.
20. Where other property proposals are being considered which are not included in this report, these will need to be in accordance with the budgetary framework and be the subject of robust financial and property business cases.
21. Properties identified for disposal should be done so promptly in order to minimise revenue costs associated with holding onto surplus property. Where properties such as the retail parades are identified for disposal, the loss of rental income on the budget will need to be considered as part of the budget process.
22. Resources to finance the General Fund Capital Programme between 2019/20 and 2023/24 include a non earmarked capital receipt target (net of fees eligible to be retained for disposal costs) of £35.5 million. This

report proposes sites in 2019/20 that would be disposed of towards meeting the target. Regular monitoring of this target will need to be reported as part of updates to Cabinet and Asset Management Board, to avoid the risk of additional borrowing or review of schemes proposed as part of the Capital Programme.

23. The Annual Property Plan includes land to be appropriated for Housing Revenue Account Housing purposes during 2019/20 as a disposal target for 2019/20. Consideration will need to be given to determining a valuation for key sites at an early stage so these can be undertaken in 2019/20 to ensure no adverse financial implications, for example in respect to the School Organisation Plan financial model.

Legal Implications

24. The Council has an obligation to ensure value for money in its management, acquisition and disposal of land and property as public assets.
25. The decision about these recommendations has to be made in the context of the Council's public sector equality duties. The Council also has to satisfy its public sector duties under the Equality Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties, Councils must in making decisions have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. The Protected characteristics are: age, gender reassignment, sex, race – including ethnic or national origin, colour or nationality, disability, pregnancy and maternity, marriage and civil partnership, sexual orientation, religion or belief – including lack of belief. If the recommendations in the report are accepted and when any alternative options are considered, the Council will have to consider further the equalities implication and an Equality Impact Assessment may need to be completed.
26. The Well-Being of Future Generations (Wales) Act 2015 ('the Act') places a 'well-being duty' on public bodies aimed at achieving 7 national well-being goals for Wales - a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language, and is globally responsible. In discharging its duties under the Act, the Council has set and published well being objectives designed to maximise its contribution to achieving the national well being goals. The well being objectives are set out in Cardiff's Corporate Plan 2018-21: <http://cmsprd.cardiff.gov.uk/ENG/Your-Council/Strategies-plans-and-policies/Corporate-Plan/Documents/Corporate%20Plan%202018-21.pdf> When exercising its functions, the Council is required to take all reasonable steps to meet its well being objectives. This means that the decision makers should consider how the proposed decision will contribute towards meeting the well being objectives and must be satisfied that all reasonable steps have been taken to meet those objectives. The well being duty also requires the Council to act in accordance with a 'sustainable

development principle'. This principle requires the Council to act in a way which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs. Put simply, this means that Council decision makers must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, the Council must:

- Look to the long term
- Focus on prevention by understanding the root causes of problems
- Deliver an integrated approach to achieving the 7 national well-being goals
- Work in collaboration with others to find shared sustainable solutions
- Involve people from all sections of the community in the decisions which affect them

The decision maker must be satisfied that the proposed decision accords with the principles above; and due regard must be given to the Statutory Guidance issued by the Welsh Ministers, which is accessible using the link below: <http://gov.wales/topics/people-and-communities/people/future-generations-act/statutory-guidance/?lang=en>

27. The Council has to be mindful of the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards when making any policy decisions and consider the impact upon the Welsh language, the report and Equality Impact Assessment deals with all these obligations. The Council has to consider the Well-being of Future Generations (Wales) Act 2015 and how this strategy may improve the social, economic, environmental and cultural well-being of Wales.

RECOMMENDATION

Cabinet is recommended to:

- 1) Approve the 2019/20 Annual Property Plan attached at Appendix 1.
- 2) Note the disposal programme set out in Table 1 of this report.
- 3) Delegate authority to the Director of Economic Development in consultation with the Cabinet Member for Investment and Development to deal with all aspects of the review of retail parades proposed for disposal as set out in Table 2 of this report.
- 4) Delegate authority to the Director of Economic Development in consultation with the Cabinet Member for Investment and Development to develop detailed proposals relating to opportunities for the disposal of land and to return to Cabinet for authority to proceed.

SENIOR RESPONSIBLE OFFICER	NEIL HANRATTY Director of Economic Development
	10 May 2019

The following appendix is attached:

Appendix 1: Annual Property Plan 2019/20