

1. **ASSET DISPOSALS**

Submitted by: Property Manager

Portfolio: Planning and Assets

Ward(s) affected: All wards within the Borough

Purpose of the Report

- i) For Cabinet to consider the comments received from the public following the consultation in respect of the tranche 1 sites.
- ii) To seek approval to dispose of tranche 1 sites
- iii) To approve the Strategy for disposal of tranche 2 sites and to note the approach adopted to consultation.
- iv) To acknowledge the need for preparatory work being undertaken on the next Asset Management Strategy (2015-2018)

Recommendations)

- (a) That Members approve (with the exception of the site at Riley's Way) the disposal of the tranche 1 sites, subject to having first secured an outline planning permission for each parcel of land.
- (b) That Members approve the estimated budget required to dispose of the tranche 1 sites.
- (c) That officers be requested to report back to Cabinet the outcome of the public consultation and desktop technical evaluation of the Tranche 2 sites in order that decisions can be made about the potential for alternative use or development of those sites.
- (d) That further to recommendation (c) Members note for information that it would be necessary to procure specialist consultants to prepare and submit planning applications in respect of the sites at Sandy Lane/Brampton Road, May Bank, Market Drayton Road, Loggerheads and Eccleshall Road, Loggerheads.
- (e) That a joint meeting of the Scrutiny Committees in relation to Economic Development and Enterprise and Finance, Resources and Partnerships be held in late autumn to consider a draft version of the Asset Management Strategy 2015-18.

Reasons

The assets within this report have been identified in the Asset Management Strategy 2014-16 as sites that alternative uses should be explored as they no longer serve any purpose to the Council and in addition by retaining these assets the Council has an ongoing maintenance liability.

The receipts derived from the disposal of Council-owned land or property are required to support the funding of the Council's future capital programme.

1. **Background**

The Asset Management Strategy was approved by Cabinet on 15th January 2014. This document contained a list of sites where options for alternative uses were to be considered.

1.1 Tranche 1 sites

The tranche 1 sites are listed below. These are sites where the anticipated disposal date is 2014/15.

Riley's Way, Bignall End
Gloucester Road, Kidsgrove
Bower End Lane, Madeley
Hillport Ave, Porthill
Kinnersley Street, Kidsgrove
Cotswold Ave, Knutton
Heathcote Street, Kidsgrove

In accordance with the Strategy the sites at Kinnersley Street, Kidsgrove, Cotswold Ave, Knutton and Heathcote Street, Kidsgrove are to be offered to Registered Housing providers.

The public have been consulted, over a six week period which ended on 6th May 2014. This took the form of letters being sent to the relevant local councillors, all owners/occupiers whose properties were adjacent to the site (when footpaths and roads were excluded), Residents Groups (if applicable), Town/Parish Councils (if applicable) and the LAPs. A notice was also placed on the site.

In addition a desk top assessment (including a mining report) has been produced which has brought to light any technical constraints on the site (which may inhibit alternative use or development).

In addition to the above list of sites Members will recall that the Asset Management Strategy 2014/15 approved the disposal of land at Lyme Valley Road. This site is currently under offer and the anticipated capital receipt is included in estimated capital receipts for 2014/15 in 9.1.

1.2 Tranche 2 sites

The tranche 2 sites are listed below. These are sites where the anticipated disposal date is 2015/17.

St Edmunds Ave, Porthill
Church Lane, Knutton
Wedgewood Ave, Westlands
Gallowstree Lane, Thistleberry
Stafford Ave, Clayton
Sandy Lane/Brampton Road, May Bank
Market Drayton Road, Loggerheads
Eccleshall Road, Loggerheads

The relevant Ward Councillors have been written to advising them that the 6 week consultation period is currently planned to take place in early September 2014.

Members will recall that the Asset Management Strategy 2014-16 approved the disposal of the former Jubilee Baths building. This site is currently under offer (subject to planning permission) and the anticipated capital receipt is included in estimated capital receipts for 2015/17 in 9.2.

1.3 Tranche 3 sites

Preparation of the Asset Management Strategy 2015 -18 will commence shortly and will be reported to Cabinet in January 2015. This strategy will seek to identify future site disposal opportunities to meet the known and anticipated capital programme demands over the coming year.

2. **Issues**

2.1 By preparing more comprehensive and robust Asset Management Strategies in recent years, the Council has acknowledged the need to more proactively manage its land and property assets, in accordance with Government advice to:

- ensure that operational land and premises are fit for purpose to meet service delivery requirements;
- reduce the costs of maintaining and repairing Council owned land and property;
- raise funds to support the Council's Capital programme and;
- enable necessary development to meet the needs of the community – such as housing and employment development.

Failure to derive capital receipts from the disposal of land and/or property for which the Council has no operational or other need may put at risk the future funding of the Council's capital programme and jeopardise the delivery of essential council services.

2.2 Tranche 1 sites

2.2.1 Set out below is a summary of the comments

Site	Summary of comments	Outcome of desktop assessment and response to consultation comments
Riley's Way, Bignall End	<p>There are issues with mine shafts and poor ground conditions</p> <p>There is a footpath running through the site. Anti-social behaviour/security issues.</p> <p>There is an electricity sub-station adjacent to the site.</p> <p>Concern that the sale of this land is linked to the development of the former Working Men's Club.</p> <p>Potential traffic problems.</p> <p>The area of land is too small to make a meaningful contribution to the housing supply; development should be focusing on brownfield land.</p> <p>It's an area of green space where children play</p>	<p>There are no mine shafts on or within 20m of the site.</p> <p>It is accepted that the retention of the footpath could give rise to anti-social behaviour because it would either create a long corridor running through the site or, if diverted, create areas which are not visible to public view.</p> <p>Cables running through the site and lighting column on site all of which would need to be relocated. Electricity substation adjacent to the site.</p> <p>There are no current negotiations with owners of the Working Men's club</p> <p>The site would only accommodate 2 dwellings</p> <p>Noted.</p> <p>Noted although there are other public open spaces within the</p>

		estate which serve a similar purpose.
Gloucester Road, Kidsgrove	<p>Devaluation of adjacent property.</p> <p>Land should be used for car parking for the adjacent school.</p> <p>One resident supports developing the land, in principle. The Town Council would welcome the use of this land for residential purposes.</p>	<p>Not a consideration in terms of the wider public interest.</p> <p>Not a consideration for this Council.</p> <p>There are no mine shafts on or within 20m of the site.</p>
Bower End Lane, Madeley	<p>Open space used by local people.</p> <p>Previously a rubbish tip so not suitable for housing.</p> <p>Already parking/road problems in the area, new development will make things worse. Wildlife corridor (Staffordshire Wildlife Trust) to mitigate 42 houses being built close by.</p> <p>Madeley Parish Council has no objections if the future use is residential.</p>	<p>This is a small area of land adjacent to a large area of undeveloped land.</p> <p>Former landfill site. Potential gas and chemical contamination which would require further detailed technical assessment.</p> <p>These issue would be considered at the planning application stage</p> <p>Potential noise and vibration issues given proximity to railway line.</p> <p>Potentially abnormal costs in designing the foundations to address ground conditions.</p>
Hillport Avenue, Porthill	<p>Some residents support two to four houses on the site; another resident suggested that low level single storey development may be acceptable. A suggestion of rebuilding garages on the site. Planning application previously refused on land due to ground conditions.</p> <p>Sewer on the land/access to the brook. Overloading the sewers in already densely populated area. Flooding when heavy rain.</p> <p>Land used for recreational purposes by local residents.</p> <p>Selling a small area of land affects resident's quality of life. Should be focusing on brownfield sites.</p>	<p>There is no record of a planning application being submitted in respect of this land.</p> <p>Sewer on rear boundary of site. The sewer capacity and flooding issues would be considered at the planning application stage.</p> <p>This site is adjacent to the much larger Bradwell Recreation ground Noted; amenity issues would be considered in any planning application.</p>

	<p>Land has a well-used footpath running across the site.</p> <p>There are trees on the land; removal of these would affect the bio-diversity of the area. There are tawny owls nesting in these trees. Land slopes.</p> <p>Land on a dangerous bend, access is dangerous. Increased traffic congestion.</p> <p>Increase in dog fouling on adjacent roads, if land is developed.</p> <p>Valuation of adjacent properties will be adversely affected.</p>	<p>Footpath will need to be diverted</p> <p>Tree survey required as significant number of trees on site.</p> <p>This will be considered at the planning application stage</p> <p>Comment noted.</p> <p>Not a consideration in view of wider public interest.</p> <p>Electricity substation adjacent to the site.</p> <p>Potential traffic noise from the A500, but mitigation measures can be put in place and existing housing adjacent.</p>
Kinnersley Street, Kidsgrove	The Town Council welcome the use of land on the edge of the highway for residential purposes but object to the development of the land in front of the flats.	Land on significant slope.
Cotswold Avenue, Knutton	No comments.	Nearby landfill site. Noise from road traffic on Lower Milehouse Lane. Water pipe running through the site.
Heathcote Street, Kidsgrove	The Town Council welcome the use of this land for residential purposes.	No mine shafts on the site, however, one identified 15m south of the site.

2.2.2 The primary aim of the consultation was to identify any issues that are likely to impact upon the developability of the sites. As the table above shows the issues raised are all issues that can be considered more fully as part of the planning process with the exception of the Riley's Way land.

2.2.3 The land at Riley's Way has established footpaths running through the site which would need to be retained as a matter of principle (whether on their existing alignment or diverted). In view of the configuration of the site, this has the potential to create an anti-social behaviour hot spot. Additionally there are two underground cables which run under the two pathways that currently cross the site. These will require rerouting if the site were to be redeveloped in an efficient manner. This would be costly and undermine the value of the plot of land. Consequently your officers consider that this site should not be taken forward for disposal at this time.

2.2.4 In respect of the sites at Gloucester Road and Hillport Avenue it is proposed that your Officers submit planning applications for residential development and if approval is granted the sites be disposed of. These two sites are contiguous to land owned by the Aspire Housing Group and it is proposed that the sites (subject to Aspire's approval) be marketed and sold together.

2.2.5 The desktop assessment indicates that the Bower End Lane land is a former landfill site. In addition it is in close proximity to the railway line and the noise assessment has indicated noise and ground vibration issues. As members may be aware a planning application has recently been approved for residential development on an adjacent site (in private ownership). Your officers intend to liaise with the owners of this site to establish whether a joint scheme can be agreed and if necessary submit a planning application.

2.2.6 Members will recall that the approved Asset Management Strategy proposed that the sites at Kinnersley Street, Cotswold Ave and Heathcote Street would be offered to registered housing providers for the development of affordable housing. A simple two stage process will be followed with the first stage seeking to identify “expressions of interest”. At the second stage Registered Providers will be asked to submit detailed proposals and financial appraisals. This will be subject to an evaluation, by a panel of internal departments and the Homes Communities Agency. The evaluation will identify the best proposals based upon scheme design and size, design quality, planning consideration, strategic need, value for money, deliverability and risk management. It is envisaged that the disposal will be taken forward with the preferred tenderer in conjunction with the Portfolio Holder.

2.3 Tranche 2 sites

2.2.1 It is planned that the public consultation process will commence for a 6 week period at the beginning of September 2014 and the results will be reported to Cabinet at the November 2014 meeting.

2.3.2 The sites at Sandy Lane/Brampton Road, May Bank, Market Drayton Road, Loggerheads and Eccleshall Road, Loggerheads are likely to raise more complex issues so if these sites are to be sold with the benefit of a residential planning permission the procurement of specialist consultants to prepare and submit planning applications will be required.

2.4 Tranche 3 sites

As stated above the Asset Management Strategy 2015/16 is in the early stages of preparation and will be reported to Cabinet in January 2015. This will bring forward further potential disposal sites for Cabinet to consider. Members may wish to consider the benefit of holding a joint Finances, Resources and Partnerships Scrutiny Committee and Economic Development and Enterprise Scrutiny Committee in late November 2014 to facilitate a greater level of scrutiny and challenge to the said Strategy. Importantly it would afford members the opportunity to consider the likely capital demands when reviewing site disposal options.

3. Options Considered

3.1 Tranche 1 sites

3.1.1 Option 1 – retain the sites within the Council’s portfolio.

If the Council retain these assets then there will be an ongoing maintenance cost associated with these sites. In addition neither capital receipts nor best consideration will be achieved thereby undermining the Council’s ability to fund its Capital Investment Programme and jeopardising essential services.

3.1.2 Option 2 – Dispose of the sites (with the exception of the Riley’s Way land)

If the sites are disposed of, then a capital receipt will be realised in order to fund the work/schemes identified in the Newcastle Capital Investment Programme to assist the Council in achieving its corporate and service objectives.

3.2 Tranche 2 sites

3.2.1 Option 1 – retain the sites within the Council’s portfolio.

If the Council retain these assets then there will be an ongoing maintenance cost associated with these sites. In addition neither capital receipts nor best consideration will be achieved thereby undermining the Council’s ability to fund its Capital Investment Programme and jeopardising essential services.

3.2.2 Option 2 - dispose of the sites (subject to the outcome of the public consultation and the desktop technical evaluation) and, in principle, procure specialist consultants to prepare and submit planning applications in respect of the larger sites. Planning permission would be sought for the smaller sites by the in-house team.

If the sites are disposed of with the benefit of planning permission then the highest possible capital receipt will be realised which can contribute towards the work/schemes identified in the Newcastle Capital Investment Programme to assist the Council in achieving its corporate and service objectives.

3.2.3 Option 3 – dispose of the sites (subject to the outcome of the public consultation) without the benefit of planning permission.

It is considered likely that the value of the capital receipts would be substantially reduced, particularly in respect of the larger sites therefore not achieving best consideration.

3.3 Tranche 3 sites

3.3.1 Option 1 – to not seek approval for the disposal of further sites in the next Asset Management Strategy.

If the Council retain land and property assets that are not required to meet identified operational, service or other demonstrable needs, then there will be an ongoing maintenance cost associated with the overall portfolio. In addition neither capital receipts nor best consideration will be achieved thereby undermining the Council’s ability to fund its Capital Investment Programme and jeopardising essential services.

3.3.2 Option 2 – to prepare the next Asset Management Strategy seeking approval for opportunistic disposal of surplus land or property.

This option would enable the Council to accumulate capital receipts on an ad-hoc basis that would contribute towards the likely needs of the Capital Investment Programme. This approach may expose the Council to a risk of not being able to fund essential services if other capital funding options are unavailable or less preferable (e.g. the revenue consequences arising from borrowing).

3.3.3 Option 3 – to prepare the next Asset Management Strategy seeking approval for a proactive programme of land/property disposals to meet corporate and service objectives of the Council.

This option would be most closely aligned to good asset management principles and, more particularly, would seek to align with the likely capital programme needs of the Council thereby minimising the need to rely upon external funding or borrowing to support the same.

4. **Proposal**

4.1 Tranche 1 sites

4.1.2 Option 2 is proposed as outlined above.

4.2 Tranche 2 sites

4.2.1 Option 2 is proposed as outlined above (acknowledging that this option is conditional upon members receiving feed back from the public consultation and desktop technical evaluation of the sites before any formal decision is made to proceed).

4.3 Tranche 3 sites

4.3.1 Option 3 is proposed as outlined above.

5. **Reasons for Preferred Solution**

With regard to Tranches 1 and 2 the assets identified are considered to have better alternative uses and no longer serve any purpose to the Council therefore if any of these assets are retained then there will be an ongoing maintenance liability to the Council. In addition the Council needs to proactively generate its own capital to fund the Newcastle Capital Investment Programme.

In respect of Tranche 3 the Council, in the face of diminishing public sector resources (including reduced external funding from indirect or non-Government sources), has the ability to support short to medium term capital programme demands by adopting a more proactive and strategic approach to managing its land and property assets thereby helping to sustain and / or protect key public services.

6. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

The disposal of these surplus assets enables the achievement of priority outcomes in all four of the Council's corporate priorities.

7. **Legal and Statutory Implications**

The Council has a duty, both fiduciary and operationally to utilise its Assets for the benefit of the community

Local Government Act 1972 – Section 123 - the Council has a duty to achieve best consideration for its assets

Local Government Act 2000 - powers to promote the economic, social and environmental wellbeing of the Borough

8. **Equality Impact Assessment**

There are no issues arising from this report.

9. **Financial and Resource Implications**

9.1 Tranche 1 Sites

It was originally anticipated that the disposal of these sites (including the site at Lyme Valley Road) would generate estimated capital receipts totalling £700,000. However if the land at Riley's Way is not disposed of and given that Bower End Lane land is known to be the subject of physical/technical constraints the estimated capital receipt for the remaining sites is likely to be in the region of £550,000. It is estimated that the fees (for architects, the relevant reports required to be submitted with the planning applications, the planning fees and the auction fees (where applicable) will be in the region of £20,000.

9.2 Tranche 2 Sites

At this stage the outcome of the public consultation and desktop technical evaluation of these sites is not known. Nevertheless, for information purposes, members are advised that if option 2 were to be pursued – to include all of the listed sites – the total capital receipts are likely to be in region of £7.7m (including the former Jubilee Baths). It is anticipated that the fees in respect of the two sites at Loggerheads and the Sandy Lane land would be in the region of £380,000 and the smaller Tranche 2 sites as above. It is estimated that the fees in respect of the smaller sites will be in the region of £35,000. For the avoidance of doubt the approval to proceed with this option (with the consequent fee expenditure), is not being sought in this report.

9.3 Funding of fees

It is intended that the cost of the various fees associated with the seeking of planning permissions will be derived from the capital receipts reserve which would be replenished by the receipt arising from these land/property sales.

10. Major Risks

- Loss of income to the council (capital receipts)
- Increased revenue expenditure for the council
- Reputational damage to the council
- Inability to implement the council's Asset Management Strategy
- Community and/or political resistance to the programme
- Inability to fund essential Council services
- The estimated capital values are based on the assumption that there are no significant abnormal costs associated with the making the land (sites) developable.

11. Sustainability and Climate Change Implications

Any issues will be considered through the planning process.

12. Key Decision Information

The report is referred to in the Forward Plan.

13. Earlier Cabinet/Committee Resolutions

Cabinet 15th January 2014 – Asset Management Strategy

14. List of Appendices

15. **Background Papers**

Asset Management Strategy 2014/17 – available on the Council's website

Plans of the sites – available on request from property section

Consultation letters and background information – available on request from property section

Registered housing providers selection process criteria can be viewed on request