

Asset Policy Committee Policy Paper – 16th December 2015

Purpose of report

To review the national policies and approaches to asset management, the local policies which relate to the Council's management of land assets and to consider whether the Council's Asset Management Strategy fulfils the relevant policy objectives, particularly in relation to the retention and disposal of land.

Recommendation

That members reaffirm the policy framework and approach to land disposals as set out in the current Asset Management Strategy.

Reasons

It is important for members to be satisfied that the policy framework within which land disposals are undertaken is suitably robust and provides a clear framework for decision-making. The report has been peer-reviewed by the regional office of the Homes and Communities Agency (HCA) in order to demonstrate consistency and clarity of policy interpretation that is relevant to the matter of public sector land disposal. The comments of the HCA have been incorporated into this final version of the report.

1.0 National Policies

Over the past 15 years there have been several documents from different governments outlining the need for public assets to be properly managed to achieve the best outcomes in the wider public interest. Equally there has been a prominent approach to support development for economic growth and to meet the needs of the local community. This is in line with the NPPF (National Planning Policy Framework). A brief summary of the key documents is set out below.

(i) “Hot property” - getting the best from local authority assets (2000)

This document was written by the Audit Commission to outline how local authorities need to view property as a strategic resource and challenge how well it contributes to their core service objectives.

It also outlines how all assets have an ‘opportunity cost’, over and above any cash outlay in the form of day-to-day running costs. In simple terms, this means that retaining a property ties up investment that could be directed elsewhere.

It was recognised that many Councils are working hard to get the best from their property assets, but most would benefit from taking more active measures, including ensuring that all property is fully incorporated into corporate and service planning, plus reviewing the need to retain holdings, especially those that do not contribute to service objectives.

The document highlighted how assets need a high level of scrutiny to ensure that their potential to support service improvement is fully exploited. The argument for accelerating the pace of change rests on:

- rising expectations of service quality, in particular, growing pressures services;
- the pressing need for authorities to demonstrate best value, or face intervention;
- public demand for services that are ‘joined up’ and easier to access; and
- the promise of greater access to capital resources if they can demonstrate a sound approach to asset management planning.

Whilst the document is fifteen years old the main sentiments remain valid today.

(ii) Accelerating the release of public sector land (March 2011)

Tackling the sustained shortfall in housing development was an early priority of national government following the outcome of the General Election in 2011. “The Plan for Growth” published in March 2011, set out a plan to put the UK on a path to sustainable, long-term economic growth. Tackling the sustained shortfall in housing development is a Government priority and was a key objective of the overall plan.

The accompanying document “Accelerating the release of public sector land” (2011) highlighted that it is critical to growth that there is a supply of suitable, viable and developable land. The Government highlighted that it was important to ensure that land is brought forward, reflecting local demand and making sure the sale of parcels of public land, and the terms on which they are offered, facilitate building in the current economic climate.

It has been estimated that 40 per cent of land suitable for development sits within public sector land banks – that includes both central and local government.

Disposals will be undertaken on a site-by-site basis and as a result individual disposals will be dependent on local market conditions and the demand for land. Departments are required to obtain best consideration for their disposals within the current market conditions as set out in “Managing Public Money” (HM Treasury).

This national paper identified that Local Authorities have strong incentives to release surplus land to the market efficiently as they retain all receipts from such sales.

(iii) Defence Infrastructure Interim Land and Property Disposal Strategy 2011

This document has been written by the MOD. It was adopted following the commitment by Central Government to dispose of surplus public sector land. The MOD has agreed to the target; of selling land with the capacity to deliver up to 31,000 new homes.

The MOD has categorised its land into two categories; land which is deemed as necessary for its operations which will not be sold and land which has been deemed to be surplus.

The document states that the MOD will seek to get the best price for its land and to work with various Planning bodies; local authorities and LEPs to get planning permission.

The document states that the MOD will invest to de-risk sites prior to disposal. This will be restricted to the minimal investment necessary for disposal. It also says that the disposal of the land will be through a competitive process.

(iv) Homes and Communities Agency (HCA) Land Disposal Policy (2014)

The policy explains the issues and the procedures that the Government's national regeneration agency, the HCA, will follow in marketing and disposing of its land and property holdings. The policy precedes the Land Development and Disposal Plan (LDDP) in which the HCA has identified and listed the land and property holdings for disposal.

The HCA has set various approaches to the disposal of the land, explaining that as it holds a diverse land portfolio – 'one size does not fit all'. A flow chart has been produced, which shows the approach to procurement depending on the type of land within its ownership.

If a site is deemed as a development site, a decision is made as to whether the HCA requires control over the development. Where control is required disposal will be undertaken as procurement of works and if no control is required it will be disposed with no procurement works.

(v) National Planning Policy Framework (NPPF) (2012)

The Government said it was committed to building one million more homes by 2020 and would ensure that the planning system did everything it could to support sustainable economic growth in order to create jobs and prosperity and to deliver the homes that the community needed. It went on to say, therefore, as a core planning principle of the NPPF that every effort should be made objectively to identify and meet the housing, business and development needs of an area, and respond positively to wider opportunities for growth. As a consequence the national planning policy places a responsibility on Local Planning Authorities (LPAs) to boost significantly the supply of housing as this is vital to deliver a wide choice of high quality homes to meet the needs of different groups in the community (such as, families with children, older people etc.) However there is an increasing emphasis on home ownership and therefore changes are now being proposed to the planning system to increase the supply of starter homes and to expand the range of low cost housing opportunities for those aspiring to own their own home.

To boost the supply of housing LPAs must identify key sites which are critical to delivering the housing strategy over the plan period. This includes an obligation to maintain a supply of specific deliverable sites sufficient to provide five years' worth of housing against the local housing requirement with an additional buffer of up to 20% where there has been persistent under delivery in the past. This is to ensure competition and choice in the market for land. It is also necessary, to ensure there is a long term supply of new homes and consequently there is a responsibility to identify a supply of specific, developable sites or broad locations of growth, for 6-10 years and where possible 11-15 years.

(vi) National Spending Review (November 2015)

The government has previously committed to releasing enough land, by 2020, to build 150,000 homes. The recent Spending Review and Autumn Statement announced that government departments have now committed to sell land for more than 160,000 homes. In addition to the land released by central government departments, the Greater London Authority is in the process of disposing of land for a further 5,000 homes. It was indicated

that Local Authorities can also play a key role in selling land for housing and the government will set the contribution that such land disposals can make by the time of the next Budget.

Table showing sales of land for housing agreed as part of spending review settlements

Government Department	Estimated housing capacity of land released by 2020
Ministry of Defence	55,000
Department for Transport	38,000
Department for Communities and Local Government	36,000
Department of Health	26,000
Ministry of Justice	5,000
Department for Business, Innovation and Skills	1,000
TOTAL	161,000

The spending review also talks about the new Starter Home programme and the expectation there will be a large contribution to be made by the public sector in delivering this programme. For example it is likely the HCA will be tasked with securing new land for its delivery; this will include discussions with local authorities as to how their surplus land will contribute to delivery of this outcome.

2.0 Staffordshire-wide Strategies

(i) Local Growth Strategy

The Stoke-on-Trent and Staffordshire Local Enterprise Partnership (LEP) has prepared a Strategic Economic Plan against which the LEP can plan its investment to help drive economic growth to 2030. This plan reflects the priorities in the council's own Economic Development Strategy and sets out an ambitious countywide vision for the area based upon a number of priorities including specific aim to facilitate the rapid growth of Stoke-on-Trent.

(ii) Staffordshire Housing Investment Strategy

Earlier this year the LEP commissioned a Housing Investment Strategy. It was commissioned because of the LEP's recognition of the contribution housing makes to economic growth and the criticality of an improved housing offer has on delivering their growth objectives.

The strategy seeks to encourage stakeholders to work together to deliver sufficient housing of a type and tenure that meets the strategic aspirations of the LEP while encouraging

partners to bring forward previously developed land. The strategy also promotes Newcastle as an area for Housing Growth.

3.0 Newcastle Borough Council's Local Policies

(i) Council Plan 2014-2016

The Council Plan has set out a number of outcomes; things that it wants to achieve and see within the Borough. One of the outcomes is that Newcastle will be 'A borough of Opportunity. We will work with our partners to maximise investment and encourage enterprise and employment - generating activities that will create opportunities for improving the wealth, prosperity and housing choices of our residents'.

The Council seeks to ensure that housing will be available and accessible to meet a range of diverse needs which is both appropriate and affordable.

To achieve this outcome the Council will be through partnership working with Registered Providers and the Homes and Communities Agency to deliver new affordable housing and the encouragement and support to private home owners to return their empty properties back into use.

There is explicit reference to the role of the Council's asset disposal programme in facilitating economic growth. In particular the Council Plan states that: "The first phase of a five year plan to sell some of the council's surplus land and property has come forward for public consultation. The council is proposing to sell some assets in its property portfolio to bring funds to support the capital programmes. Cuts in Government funding means the capital programme will depend on generating capital receipts for the foreseeable future. The disposal of a range of assets which are surplus to requirements will allow the council to preserve services and invest in projects to meet community needs whilst avoiding costly borrowing to shore up its finances.

All land and property owned by the council is regularly assessed and the sites for disposal fall into one of the following categories:-

- Brownfield sites
- Green sites that do not form part of the council's Green Spaces Strategy
- Sites identified in the Green Spaces Strategy that could have a better alternative use
- Sites identified in the strategy which form a small part of a larger site and the removal of which would not impact significantly on the green space.

Further tranches of land and property will be brought forward for public consultation and potential disposal in the next few years and is expected to raise £7 million to support services and project."

(ii) Capital Strategy 2014 to 2017

The purpose of the Capital Strategy is to set out how the Council proposes to deploy its capital resources in order to assist in achieving its corporate and service objectives.

The Council through its policies across all departments has identified a number of actions and projects which it intends to carry out. These projects require capital funding to be delivered. This strategy sets out the broad principles for allocating this funding, and then the Capital Funding programme allocates the funding to the individual projects.

The strategy recognises that *“a background of continuing reductions in funding provided to local authorities by central government and its agencies, arising from the need to restrain public expenditure owing to the ongoing economic conditions and to rebalance public finances. At the same time, the Council’s own resources available to finance capital projects have reduced to a low level and will need replenishing before any substantial further capital investments can be made.”*

(iii) Economic Strategy 2012-2017

The Economic Strategy sets out a five-year programme of interventions targeted at improving the economic performance of the borough including the following objective:

“Enabling the development of higher quality housing for current and future residents with the explicit aim to increase the attractiveness of North Staffordshire as a home for affluent residents.”

The Strategy states that there would considerable economic benefit if a larger proportion of the higher income people were to live in or close to the urban area of the Borough.

The strategy set out that the Borough Council will identify suitable sites for new development and makes some provision for higher value housing. It provides an indication of the ‘geographical preference’ for higher values housing. This being within the areas of Keele, Loggerheads and Whitmore, and Westlands as nearly all of the E and H banded residential properties are in these wards.

(iv) Newcastle under Lyme Health and Wellbeing Strategy 2013 – 2018

The strategy recognises that *“housing has a correlation with health, where decent, suitable accommodation will have a positive impact on the health of the household. Conversely, poor, unfit accommodation, which is not suitable, will have an adverse impact on both the physical and the mental health of the household”*.

The strategy considers the quality issues within existing housing stock. It mentions:

- Housing Stock Conditions / Hazards
- Fuel Poverty / Energy Efficiency
- Housing Adaptations

(v) North Staffordshire Green Space Strategy (2007)

The council formally adopted the current urban North Staffordshire green space strategy in 2009, after a comprehensive audit and community needs assessment which was carried out in 2005/06, and the preparation of the draft strategy in 2007.

The purpose of the green space strategy is to ensure that green space in urban North Staffordshire fulfils it's potential to deliver a wide range of environmental, economic and social benefits through a strategic approach to planning and management.

Aims

The green space strategy aims to:

- Ensure that the strategic planning, management and maintenance of the conurbation's green space supports the environmental, economic and social regeneration of urban North Staffordshire;
- Improve the quality, accessibility and coherence of green spaces within urban North Staffordshire;
- Promote the coordination of responsibilities and resource allocation across agencies, authorities and local groups to improve service delivery and to maximise the potential of available funding;
- Raise the profile and importance of quality green space as a key ingredient in the delivery of sustainable communities and housing market renewal;
 - Create a strategic framework that provides for a coherent and coordinated approach to the creation, improvement, protection, disposal, management, maintenance and funding of green spaces within urban North Staffordshire, which can be embedded within strategic and local policy by providing a robust, coherent and clear set of tools for delivery at a local level;
- Highlight the value of green space in contributing to corporate strategic aims and objectives.

Objectives

The objectives of the green space strategy are to:

- Define a set of comprehensive, coherent and locally applicable green space standards which can be embedded in conurbation and local spatial planning policy and can be used for master planning and development processes;
- Define a set of green space standards that will allow green spaces to be created and maintained to a good quality and form part of a coherent and well-managed green space network that responds to the needs of the local community;
- Define the spatial framework for the application of green space standards, taking into account existing and proposed planning policy, existing strategic landscape initiatives and existing landscape and ecological designations, as well as the development priorities emerging from large-scale regeneration and renewal work of the NSRP;
- Create a clear action plan for the coordination of green space management and delivery that responds to and is used for the creation of sustainable communities and the objectives for local housing market renewal;
- Review organisational structure to seek to clearly define hierarchies and responsibilities for delivering and managing good quality green space involving all relevant agencies as well as local and neighbourhood groups;

- Calculate capital and revenue costs for delivering the local standards for quantity and quality of green space in urban North Staffordshire;
- Identify the investment priorities and potential funding sources that could be accessed or reassessed to support the management, delivery and enhancement of green space for existing and future populations;
- Establish a set of performance indicators that can be used to measure and review the performance of service delivery in relation to green space provision;
- Identify clear links with parallel strategic initiatives that will have an impact on or will be informed by the green space strategy.

(vi) Emerging Joint Local Plan (with Stoke-on-Trent Council)

Through the planning policy function the Council is required to assess the supply of deliverable and or developable land in order to demonstrate a future supply of sites which is sufficient to meet future housing and employment needs. Key evidence relating to housing need is set out in the Joint Strategic Housing Market Assessment (SHMA) and key evidence relating to the supply of land is to be set out in an update of the council's Strategic Housing Land Availability Assessment (SHLAA). The latter will involve an assessment of all council owned sites, which have historically being considered for development, to determine whether they have development potential, i.e. suitable, available and achievable for housing development and the likelihood of potential development sites coming forward. A primary role of the Joint Local Plan will be to bring this evidence together and to specify how many houses are required to be built and to specify how much land is required over the next 20 years and in which locations, to meet the borough's housing development needs to help ensure that sustainable economic growth is achieved.

(vii) Housing Strategy (2010 – 2015)

The Council has an adopted Housing Strategy which seeks to support the delivery of housing, particularly homes that are affordable. Consultation is due to commence on the 2016-21 Housing Strategy. This draft Housing Strategy has recognised that the development of housing and specifically the development of affordable housing are important, as this would meet housing need and would also contribute to economic growth.

There are many issues that affect the need to build housing, however there are several key background issues to highlight:

- Availability of homes for young working families to buy.

The average terraced property in the Borough costs £99,401. The measure of house prices to earnings is used to assess affordability. It is deemed that households will not be able to afford and buy on the open market when and where house prices to earnings are greater than a ratio of 3.5. In Newcastle under Lyme, the affordability ratios are 5.17 for lower quartile properties and 5.29 for average priced properties.

- Provision of affordable homes for local people who are in housing need

In 2014, there were over 1800 households on the housing register seeking assistance to meet their housing need. During that year, 685, social housing lettings were made. This means that for every social housing property there were 2.74 applicants.

- Provision of specific types of homes such as bungalows and Extra Care to meet the needs of our increasingly elderly population.

The population of the Borough is ageing and it is projected that in 2030, there will be a total of 12,202 households over the age of 65 who will be living alone within the Borough. This will have implications for housing within the Borough, as appropriate dwellings will have to be provided for older people both within the private and social sectors.

- Delivery of effective regeneration and economic development should be framed by a two-pronged approach.

Facilitating the improvement of poor quality housing as well as support for the development of high quality residential development (including homes that meet the expectations of more affluent residents).

4.0 Newcastle Borough Council's Asset Management Strategy (2015 – 2018)

This review seeks to outline the national and local policies which should be considered as part of any good Asset Management Strategy.

Policy Framework

The Asset Management Strategy identifies that the policy will be influenced by various factors including current government policy; the needs of the community; the needs of the organisation in delivering services and economic conditions. Taking account of these the Council's key policies for asset management are as follows:

- a) The Authority will only hold sufficient property to meet a service need or strategic objective;
- b) Property is a corporate asset and will be managed as such;
- c) Service demands on the estate will be met in the most cost effective manner available to the Authority;
- d) Properties held for service needs will be suitable for their intended purpose and;
- e) The condition of the Authority's estate will be maintained at the best possible level to meet the needs of the operational activities (taking account of available resources) with best endeavours being used to optimise the environmental performance of all properties.

Objectives

The Strategy identifies that it is appropriate that the Council has clear objectives relating to the use of its property assets and these are summarised below:

- a) To facilitate and contribute to the achievement of corporate priorities and objectives;
- b) To support service delivery requirements;
- c) To optimise capital receipts from disposal of surplus land/property to provide funds for capital programme expenditure;
- d) To achieve optimum utilisation of property assets;
- e) To optimise income from the Commercial Portfolio;
- f) To invest available funding in areas of greatest need or opportunity (including essential maintenance and repair);

- g) To demonstrate the efficient use of resources on land and property owned by the Authority;
- h) To minimise the opportunity cost of holding land and property assets;
- i) To keep the property portfolio under review (at least annually) with the aim of disposing of land or property for which there is no strategic, financial, operational or other public interest reason for retention;
- j) To minimise the adverse environmental impacts of the portfolio and;
- k) To engage with local community and third sector organisations to optimise the effective and efficient use of community assets.

Benefits/Outcomes

The Strategy identifies the Benefits of good asset management as:

- Improved services through better buildings and co-location of services
- Improvements in efficiency, which generate financial savings
- Reduced maintenance backlog
- Better utilisation of property
- Release of capital through sale of surplus assets
- Potential to drive regeneration outcomes both economic and housing growth

5.0 Conclusion

The report outlines that from a national policy perspective there is an expectation that all local authorities effectively manage their assets to:

- enable efficient and sustainable delivery of services;
- contribute to funding of service delivery through generating capital receipts;
- enable delivery of housing (and other appropriate development) to meet needs and achieve economic growth.

It is considered that the current Asset Management Strategy meets the needs and objectives set out in a wide range of national and local policies. Critically it supports the generation of capital receipts to fund the Capital Programme and contributes to the delivery of much-needed housing within the Borough.

There is a clear and ongoing expectation from Central government to accelerate the disposal of surplus public land for the purposes of housing delivery and that councils have a significant contribution to make to achieve this policy.

In these circumstances it is concluded that the Council should reaffirm its previous policy stance, as set out in the current Asset Management Strategy.