

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL
EXECUTIVE MANAGEMENT TEAM'S REPORT TO THE
CABINET

10th February 2016

1. ASSET DISPOSAL – Land at Sheldon Grove, Chesterton

Submitted by: Property Manager

Portfolio: Town Centres, Business and Assets

Ward(s) affected: Holditch Ward

Purpose of the Report

For Cabinet to consider:

- (i) the resolution of the Economic Development and Enterprise Scrutiny Committee at its meeting on 2nd December 2015 following a call in received in respect of the decision of Cabinet on 11th November 2015.
- (ii) the implications of the decisions made by the Special Council meeting at a meeting on 27th January 2016 in recommending a prioritised list of sites for disposal over the next two financial years.
- (iii) the work and findings of the Assets Policy Committee in respect of this land.

Decision Required?

Do Members wish to reaffirm the decision made at Cabinet on 11th November 2015 in respect of this parcel of land?

Reasons

A decision is required in order to clarify the Council's intentions in respect of this parcel of land in the context of the approved Asset Management Strategy and the Capital Strategy.

1. Background

- 1.1 Council-owned land at Sheldon Grove, Chesterton was identified in the Asset Management Strategy 2015/16 – 2017/18 as a site in respect of which alternative uses should be explored as it no longer serves any strategic or operational purpose to the Council.
- 1.2 The Council at its meeting on 9th September 2015 received a petition containing 972 signatures opposing any alternative uses for this land. It also stated that the land has been acknowledged by Staffordshire Wildlife as a wildlife haven and is treasured by the Chesterton community and they request that this green land remain untouched so that future generations can continue to enjoy it. It was resolved that the petition be received and comments be noted.
- 1.3 At your Cabinet meeting on 11th November 2015, following consultation with the public and the procurement of a desk-top technical assessment (including a mining report), the disposal of this land was considered and it was resolved that the principle of a partial disposal be approved subject to the following conditions:

- (i) Given the location of the land and the lack of suitable green space for community use in the area, any proposal for development will include the retention of a significant amount of public open space suitable for children's play space a kick about area etc.
- (ii) That, as part of any sale, a covenant be placed on the public space area securing it for the community in perpetuity.
- (iii) That officers facilitate the preparation of an outline design and bring it to a future meeting for approval, prior to any disposal
- (iv) That any planning application will be presented at a meeting of the Strategic Planning Consultative Group where local Members will have the opportunity to comment on the plans

1.4 The above Cabinet decision was called in and a report was considered by the Economic Development and Enterprise Scrutiny Committee on 2nd December 2015. The reasons for the call-in were:

- (i) There was an adverse public reaction by the public to the Cabinet decision. Residents are unhappy that resolutions differed from the original recommendations and had therefore not had the opportunity to be consulted on the final decision made. The new resolution also fails to address concerns made during the initial consultation and reflected in the report.
- (ii) The value of this site as informal open space has not been assessed due to its exclusion from the Green Space Strategy. A request was made to suspend the sale and for scrutiny Committee request Cabinet to keep this land as open space or if Cabinet are not willing to fulfil this request that Cabinet agree to include the site within the ongoing Green Space Strategy review so that it can be assessed objectively against other sites as to its value as informal open space.

Members of the Scrutiny Committee were advised that an Assets Policy Committee would be formed and that the land at Sheldon Grove would form part of this review. The Committee resolved that the call-in be accepted and the matter be referred back to Cabinet via the Assets Policy Committee.

2 Assets Policy Committee

2.1 As part of the Assets Policy Committee work a report was commissioned to provide an independent assessment of the Council's anticipated land disposals strategy in the context of existing planning policies. 25 surplus Council-owned sites were assessed, one of which was Sheldon Grove, and a valuation report was prepared. Members will recall that the total site area of the subject land is 5.9 acres and the consultant estimated the development capacity and potential market value of the site based upon an assumption that the whole area was developable (in view of the site's urban area location). Although this assumption did not accord with the decision of the previous Cabinet meeting – whereby a partial disposal for development had been agreed in principle (thereby retaining a significant amount of public open space) – it was made for reasons of consistency in approach with all the other sites under review.

2.2 Notwithstanding the latter the consultants recommended that as it had been identified (in the previously-reported desktop environmental study) that there is a geological fault running through the site, an intrusive site investigation survey should be undertaken to confirm its location and to confirm the engineering properties of the site. In addition the consultants advised that the fault could affect the developability of the land and that there is a risk of settlement where the fault runs as well as a zone of weaker ground around the fault. Additionally they indicated that there may be a risk of subsidence if the fault is found to be active.

- 2.3 In addition, since Cabinet members last considered this matter a resolution was made at the Council meeting on 25 November 2015 to establish an Assets Policy Committee with the aim of preparing a new Assets Policy for consideration by Council. The Committee was established on a task and finish basis to prepare a report for Council in this regard. This process culminated in a set of resolutions being made at a Special meeting of Council on 27 January 2016 including a prioritised list of sites considered suitable for disposal within the next two financial years. The Sheldon Grove site is not included in this list. Another one of the resolutions is recommending to Cabinet that all Council-owned land be subject to a comprehensive area review whereby the Council's entire property estate be reviewed so that this can form a full refresh of the Council's disposal programme in the context of the approved Asset Management Strategy.
- 2.4 Members will need to consider whether any or all of the above information would justify adopting a different course of action or whether the previous decision of Cabinet should be re-affirmed.

3. **Options Considered**

- 3.1 Option 1 – Retain this site within the Council's operational portfolio.

The Council would retain the asset as part of its operational estate. It would continue to be maintained in the current manner and be kept under review as part of the cyclical asset management review process (in the same way as the overall property portfolio).

- 3.2 Option 2 – As option 1 plus commissioning of an intrusive site investigation report

Reflecting upon the advice provided by the independent property consultants (commissioned to advise the recent work of the Assets policy Committee) members may wish to procure a site investigation report to establish the developability of part(s) of the site. It is worth noting that any expenditure of this nature would be incurred at risks and may be considered inadvisable unless there is any decision to proceed with partial development as a matter of principle.

- 3.3 Option 3 – Re-affirm the Cabinet decision of 11 November 2015 – i.e. to accept the principle of partial disposal of this site (retaining a significant portion of public open space) and procure specialist consultants to prepare and submit a planning application in respect of this site (including a site investigation report as referred to in option 2).

In view of the known technical constraints affecting this site and the advice of the independent property consultants in this regard, it may be prudent to commission a site investigation report (and other necessary technical reports) to identify those parts of the site which would not be suitable for development. Such information, taken together with members wish to retain a significant part of the site for public open space, may enable a balanced proposal to be designed.

If part of the site were to be disposed of, with the benefit of planning permission, then a capital receipt would be realised thereby contributing towards the Council's Capital Investment Programme (to assist in achieving corporate and service objectives). This would meet the legal duty placed upon the Council to achieve 'best consideration' in any land disposal.

In addition, the release of this site for housing development would contribute to the supply of housing land and meet broader housing provision objectives.

- 3.4 Option 4 – Dispose of the site without the benefit of any planning permission.

It is considered likely that the value of the capital receipts would be substantially reduced, therefore not achieving best consideration. Also any disposal without suitable controls or restrictions would create uncertainty that would not be in the public interest.

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

- 4.1 Should there be a partial development of the site for housing this would contribute towards the corporate priority of Borough of Opportunity.

5. **Legal and Statutory Implications**

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

- 5.2 The Local Government Act 1972 (as amended) – Section 123 - the Council has a duty to achieve best consideration when disposing of its assets.

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

6. **Equality Impact Assessment**

- 6.1 There are no such issues arising from this report.

7. **Financial and Resource Implications**

- 7.1 The consultants appointed by the Assets Policy Committee estimated that the capital receipt achievable for the whole of this site is between £500,000 and £1m (subject to planning permission being granted and the site selling for open market value). This however assumed that all of the site would be developed and that there are no adverse ground conditions. Given the previous views of Cabinet (about wishing to retain a significant part of the site for public open space) and the known (and suspected) site constraints it is difficult to estimate the likely achievable value without further intrusive site investigations. The latter would cost in the region of £20k to £30k.

- 7.2 If option 3 were to be the preferred solution, it is proposed that specialist consultants be procured to prepare and submit a planning application for the comprehensive development of the site (including the retention of a significant amount of land for public open space purposes). At your November 2014 meeting you approved the provision of funds to cover the costs associated with submitting the planning applications in respect of the tranche 2 sites. There is currently sufficient headroom in this budget allocation to meet the costs associated with preparing a planning application as described above.

- 7.3 Members will recall that this site is listed for potential disposal in the approved Asset Management Strategy as part of the agreed approach to funding the Council's Capital Programme.

8. **Major Risks**

- Loss of income to the council (Capital Receipts)
- Potentially unnecessary revenue expenditure for the council
- Reputational damage to the council
- Inability to implement the Council's Asset Management Strategy 2015/16 – 2017/18

- Inability to implement the Council's Playing Pitch Strategy 2015 - 2020
- Community and/or political resistance to the land sale
- Inability to fund essential Council services (via the approved Capital Programme)
- The estimated capital value is based on the assumption that there are no significant abnormal costs associated with making the land/site developable

9. **Sustainability and Climate Change Implications**

9.1 Any such issues would be considered through the planning process.

10. **Key Decision Information**

10.1 The report is referred to in the Forward Plan.

11. **Earlier Cabinet/Committee Resolutions**

Cabinet 18th June 2014 – Asset Disposals

Cabinet 15th October 2014 – Newcastle Capital Programme funding

Cabinet 12th November 2014 – Asset Disposals

Cabinet 14th January 2015 – Asset Management Strategy

Cabinet 16th September 2015 – Asset Disposals

Council 9th September 2015 – Receipt of Petition

Cabinet 11th November 2015 – Asset Disposal – Sheldon Grove

Council 25th November 2015 – resolution to establish a sub-Committee to prepare an Assets Policy

Economic Development and Enterprise Scrutiny Committee 2nd December 2015. Call in Special Council meeting – 27th January 2016 – resolutions arising from report of Assets Policy Committee

12. **List of Appendices**

12.1 Plan of site. (to be displayed at the meeting).

13. **Background Papers**

Asset Management Strategy 2015/16 – 2017/18 available from the Council's website

Plan of the sites – available on request from the property section

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

Petition – 9th September 2015

Cabinet/Committee/Council reports (see 11 above)