

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

10th February 2016

REPORT OF ASSETS POLICY COMMITTEE ON BEHALF OF COUNCIL

Submitted by: **Property Manager**

Portfolio: **Town Centres, Business and Assets**

Ward(s) affected: **All Wards**

Purpose of the Report

To enable Cabinet to consider the recommendations of full Council following its consideration of the report of the Assets Policy Committee and to consider the implications of those recommendations on the current Asset Management Strategy 2015/16-2017/18.

Decision Required

Which course of action do members wish to take?

Reasons

To enable officers to take the necessary actions to dispose of surplus land for the reasons set out in the approved Asset Management Strategy and Capital Strategy.

1. Background

1.1 The Council at its meeting on 25th November 2015 resolved that an Assets Policy Committee be formed and its remit be to prepare a policy for the disposal of the Borough Council's land assets for residential use in the future.

1.2 The resolutions made at the Council meeting reflected the recommendations made by the Assets Policy Committee (see Appendix 1). Recommendations (a) and (b) are addressed in a separate report on your agenda regarding the Capital Strategy; this report focuses upon the property-related matters. In view of the limited time available to undertake this piece of work members had considered it appropriate to prioritise addressing the relatively short term capital funding requirements by identifying the disposal of what were considered to be the least controversial sites. Nevertheless it was noteworthy that Council reaffirmed the decision of Cabinet taken in October 2014 "that the Council as a first resort, will seek to fund its known capital programme needs through the annual asset management planning process by the identification of land or property in its ownership that is capable of, and appropriate for, disposal".

2. Assets Disposal Strategy

2.1 An assessment of Council owned land and buildings is constantly ongoing in order to continue to identify assets that are considered to have better alternative uses. The Asset

Management Strategy 2015/16-2017/18 set out the categories which these surplus sites fall into. These are listed below:

- Brownfield sites not required for operational use;
- Greenfield sites that do not form part of the Green Space Strategy;
- Sites identified in the Green Space Strategy that are considered to have a better alternative use (i.e. not required to fulfil the objectives of the Strategy);
- Sites identified in the current Playing Pitch Strategy where there is no local demand or business case for retention;
- Sites identified in the Green Space Strategy which form a small part of a larger site and the removal of which would not adversely impact on the function or enjoyment of green space.

An additional category is operational land and buildings where there is no strategic, financial, operational or other public interest reason for retention.

The existing Asset Management Strategy makes clear that if a site falls into one of these categories then it should be regarded as surplus to requirements and should be disposed of as a matter of principle to avoid holding cost and land ownership liabilities; to recycle the receipt to fund service needs and; to facilitate private sector delivery of development needs such as housing.

2.2 The Assets Policy Committee set out the reasons why Council holds land and property which are broadly consistent with the current Strategy and are set out below:

- Active service use (operational portfolio) – e.g. formal playing fields, leisure centres, public open spaces, play areas, car parks, crematoria, etc.
- As a managed commercial portfolio – e.g. enterprise centres, industrial units, shops.
- Delivery of future policy objective – e.g. to deliver regeneration outcomes such as jobs or housing, to build a new service-based premises such as leisure facilities.

A comprehensive review of all Council land by the Assets Policy Committee had confirmed 25 sites which could be capable of being brought forward for development and meet the definition of surplus to requirements defined above. These sites have been reviewed as compliant with other key Council policies such as the current Planning Policy framework, the Green Spaces Strategy and the Playing Pitch Strategy. Essentially the sites were derived from the current Asset Management Strategy along with a list of sites previously considered as part of the former Newcastle Development programme. The Committee commissioned an independent review of these sites by specialist consultants in accordance with its terms of reference and information in this regard was provided to members of both the Committee and Council.

2.3 The Strategy recommended by the Consultants was that in order to achieve its medium term financial requirements and in the context of current market conditions, the Council should:

- Retain its presumption to the disposal of sites upon which it has secured outline planning permission for the intended (preferred) end use.
- Progress sites which are compliant with current planning policies.
- Bring forward immediately three of the largest residential end use sites for early disposal.
- Acknowledge the lead time of typically two years required to bring sites forward for disposal taking account of the Council's approach to community consultation; the seeking of planning permission; the site marketing and; the final securing of the capital receipt (which may be the subject of negotiations).

In addition the consultants recommended that the Council should keep an open mind about the smaller sites and should consider how these might be packaged in a manner which would make them most attractive to the market in the medium term. Overall the above advice was considered to be broadly consistent with previous officer advice in this matter.

2.4 Council resolutions (c) and (e) propose the following large sites to be disposed of in the financial years shown in brackets:

- *Knype Way, Bradwell (2016/17)
- *Dean's Lane, Chesterton (2016/17)
- Newchapel Road/Pennyfields Road, Kidsgrove/Newchapel (2016/17)
- Clayhanger Close, Bradwell (2017/18)
- *Market Drayton Road, Loggerheads (2017/18)

* denotes sites which fall within the current approved Asset Management Strategy.

2.5 In addition Council resolution (c) identified the following other sites for disposal within the next two financial years:

- *Gloucester Road, Kidsgrove (residential)
- *Crackley Bank, Chesterton (industrial)
- *Meadows Road, Kidsgrove (commercial)
- Former toilet block, Merrial Street, Newcastle town centre (commercial)

* denotes sites which fall within the current approved Asset Management Strategy.

2.6 Cabinet members will be aware that the Council has an existing Asset Management Strategy which identifies a prioritised list of sites for disposal. As noted above most of the sites being recommended by Council for short term disposal are contained within the latter list. In these circumstances members should consider whether the recommendations made by Council would assist in prioritising the disposal programme over the next two financial years.

Former Keele Golf Course.

2.7 The Assets Policy Committee considered the sites which were within the Council's ownership within the Newcastle-west/Keele master plan area. Council resolution (g) recommends that the former Keele Golf Course be declared surplus and that it should be included on medium term list of sites for disposal with an expectation that the local plan would identify some or all of the land within the master plan area as suitable for residential or other appropriate end use (acknowledging its current Green Belt status).

2.8 Whilst the Committee noted that the future use of the former golf course site is intended to be reviewed in the context of the emerging master plan (which will inform the local plan) the Committee did consider the potential scope to accelerate consideration of the matter via the development management route. Nevertheless the formal resolution in this regard would appear to be largely consistent with the position set out in the approved Asset Management Strategy – i.e. to adopt a Plan-led approach which would involve the preparation of a comprehensive approach to the area including appropriate consultation with the local communities and other stakeholders.

Consultation

2.9 The Asset Management Strategy sets out a consultation procedure which takes place prior to the disposal of an asset. The Council accepted the recommendation of the Committee that local members be consulted 3 weeks prior to any consultation documentation being sent out to enable the most appropriate member-led approach to public consultation to be determined

(i.e. adding a week to the existing arrangement). All comments received will be considered and will form part of a public report prior to any formal disposal being initiated.

- 2.10 Also Council agreed that there should be a clear communication briefing to improve the public consultation process and to assist Members to support effective consultation. This should explain the rationale underpinning the land disposal programme and set out the process for local representations being taken into account in any disposal.

Comprehensive Area Review

- 2.11 Another key resolution made by Council (resolution (f)) is that all Council owned land should be reviewed on an area by area basis to inform a full refresh of the Asset Management Strategy. Members may wish to consider whether that approach would be appropriate or whether the current approach (set out in the current Asset Management Strategy) is sufficiently robust – i.e. whereby officers undertake an annual review of the commercial and operational property portfolios against corporate and service-based strategies or plans.

Asset Disposal Policy

- 2.12 Finally Council recommended that the Council may wish to consider carrying out further work to develop an Assets Disposal Policy.

3 Options considered

- 3.1 Option 1 – members could accept the recommendations of the Council (as set out in the report of the Assets Policy Committee). This would enable officers to progress with a short-term disposal programme to meet the known/anticipated funding requirements of the Capital Programme, whilst exposing all other Council-owned land to a future comprehensive area-based review process within the policy framework provided by the current Asset Management Strategy.
- 3.2 Option 2 – members could reject the recommendation of the Council (as set out in the report of the Assets Policy Committee) and revert back to implementation of the programme of disposals set out in the current 3-year Asset Management Strategy, noting that no additional sites are to be promoted for disposal at this stage.
- 3.3 Option 3 – members could opt for a hybrid option which blends elements of both the approved Asset Management Strategy and the report of the Assets Policy Committee. For example members could agree to modify the consultation procedure set out in the current strategy as recommended by the Council resolution. Agreement to continuing the work of the Assets Policy Committee may be another element that could be taken forward. Also, importantly, members could agree to prioritise the disposal programme based upon the Council's recommendations (c) and (e) where there is alignment with the approved Asset Management Strategy.

4. Proposal and reasons

- 4.1 Clearly it is a matter for members to decide upon the precise content of the disposal programme going forward. The principles set out in the Asset Management Strategy have been accepted by the work of the Assets Policy Committee as has the key principle of funding the Council's capital programme as a first resort from the disposal of surplus land and property. In view of the lead-in times for making capital purchasing decisions it is considered prudent to agree upon a programme of disposals over at least a two-year, but preferably three year timescale.

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

5.1 The disposal of surplus assets enables the achievement of priority outcomes in all four of the Council's Corporate Priorities.

6. **Legal and Statutory Implications**

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

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

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

7. **Equality Impact Assessment**

7.1 There are no issues arising from this report.

8. **Financial and Resource Implications**

8.1 Members are aware of the previous commitment to funding the Council's capital programme as a first resort from the receipts derived from the disposal of surplus land/property. If, for whatever reason, the planned programme of disposals does not deliver the required amount then there will be no options other than to curtail investment, which may be difficult or counter-productive, or to meet the shortfall by either temporary borrowing or prudential borrowing.

9. **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 2015/16 – 2017/18
- Community and/or political resistance to the land sales
- Inability to fund essential Council services
- The estimated capital value is based on the assumption that there are no significant abnormal costs associated with making the land/sites developable

10. **Sustainability and Climate Change Implications**

10.1 Any issues will be considered through the planning process.

11. **Key Decision Information**

11.1 This is not a key decision.

12. **Earlier Cabinet/Committee Resolutions**

Assets Policy Committee – 9th December 2015
16th December 2015
6th January 2016
13th January 2016

Cabinet – 14 January 2015 to approve the current Asset Management Strategy.

13. **List of Appendices**

Appendix 1 – List of Council resolutions made at a meeting on 27.1.16 arising from report of the Assets Policy Committee

14. **Background Papers**

Assets Policy Committee report to Full Council – 27th January 2016

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

Previous Cabinet/Committee reports (see 13 above)