

**NEWCASTLE-UNDER-LYME BOROUGH COUNCIL**

**EXECUTIVE MANAGEMENT TEAM'S REPORT TO CABINET**

**Date 18<sup>th</sup> January 2017**

1. **HEADING** Update on Asset Management Strategy and Delivery Plan
- Submitted by:** Head of Housing, Regeneration and Assets
- Portfolio:** Finance, IT and Customer
- Ward(s) affected:** All

**Purpose of the Report**

To update members on progress with delivery of the approved Asset Management Strategy and to approve further actions.

**Recommendations**

- a) That Cabinet approves the updated Asset Management Strategy and Delivery Plan and authorises officers to proceed with disposals in liaison with the relevant Portfolio Holder.
- b) That Cabinet reviews the consultation responses and makes a decision whether to dispose of land at Victoria Street, Chesterton.
- c) That Cabinet reviews the consultation responses and makes a decision whether to dispose of the former Crackley Community Centre, Chesterton.
- d) That officers be authorised to take the necessary steps to dispose of the operational assets referred to in the report arising from the Council's move to the new Civic Hub in 2017.
- e) That a further report refreshing the Asset Management Strategy Delivery Plan is considered by Cabinet following approval of the Open Spaces Strategy.
- f) That officers be authorised to engage with the County Council on the basis set out in the report in respect of Council-owned land that is the subject of Village Green applications.
- g) That officers identify premises within its commercial portfolio, in consultation with the Portfolio Holder, which are considered appropriate for disposal on the basis set out in the report and that officers be authorised to take all necessary steps to expedite any such disposals.

**Reasons**

The Council has an adopted Asset Management Strategy 2015/16-2017/18 which sets out the Council's approach to managing its assets, including the disposal of sites which are surplus to operational requirements and may have alternative uses. It is appropriate that the Council review progress in delivering the disposal programme, along with a review of any process issues and considers additional sites to be included.

1. **Background**

- 1.1 The Council's Capital Strategy and Asset Management Strategy are key documents evidencing the Council's approach to its use of resources. The Asset Management Strategy provides a clear framework for understanding the value and condition of property owned by the Council so that, in turn, investment decisions can be taken to optimise the use of the said land/property to meet the needs of the Borough's residents, businesses and visitors. This

Strategy along with the Council's Capital Strategy seeks to demonstrate alignment with, and delivery of, the Council's ambitions as set out in the Council Plan.

- 1.2 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.
- 1.3 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. **Issues**

- 2.1 This three-year Strategy is important to the Council's overall efficacy in both service delivery and broad financial terms. Therefore it is appropriate that the Council reviews progress in delivery and considers adopting an up to date plan.
- 2.2 The adopted Asset Management Strategy outlines the disposal consultation process, it states:  
*"The primary purpose of the consultation on potential land disposals is to identify any physical, technical or other constraints that might affect the scope/opportunity for alternative use or development being pursued. The outcome of such consultation exercises, taken together with desktop technical assessments, allows the Council as a landowner to consider the latter approach. Importantly it is considered that the Town Planning processes (Local Plan and Planning Applications) should consider the appropriateness of land or property being developed or used for alternative purposes rather than the Council as landowner making potentially subjective judgements."*

### Recent consultation outcomes

- 2.3 Consultation on two sites has been undertaken recently - Victoria Street, Chesterton and the former Crackley Community Centre; it is intended to report the outcome of these consultations to the Cabinet meeting.

### Consultation process review

- 2.4 As part of the ongoing disposal programme it is considered appropriate to keep under review the various processes to ensure that they are fit for the intended purpose. In the case of consultation the desired outcomes are as set out at paragraph 2.2 and the current Strategy sets out a consistent process for undertaking the same. Whilst the broad principles should remain the same it has been found that a "one size fits all" approach has not been particularly efficient in some cases. Consequently the following points of clarification and changes are proposed:

Property description	Consultation approach	
	Local members (prior to general public)	General public
Publicly accessible open space >0.5 ha.	3 weeks	6 weeks
Publicly accessible open space <0.5 ha.	3 weeks	3 weeks
Grazing / agricultural land >1 ha.	3 weeks	3 weeks
Grazing / agricultural land <1 ha.	2 weeks	2 weeks
Operational estate with active community use	2 weeks	4 weeks
Commercial / industrial premises	N/A	N/A

#### Civic Hub-related disposals

- 2.5 As Members will recall the move to the new Civic Hub (intended to be by early September 2017) will cease the operational needs of several sites in the town centre environs (see report to Council, 23<sup>rd</sup> September 2015) and it is appropriate that Members are apprised of the position in respect of the same. Members will recall that the business case for the Council's move to the Civic Hub was predicated upon the 'disposal' of such assets for reasons of securing both capital receipts and ongoing revenue efficiencies.
- (a) St Georges Chambers offices, Merrial Street – in view of the Council's ongoing interest in the ground floor retail premises in this area it is proposed to market the offices to let in the first instance with the rental income contributing towards the Council's income from commercial premises' rents.
  - (b) The Guildhall – in accordance with Members' previously expressed wishes it is intended to market the premises for some form of community use, thereby negating the Council's premises-related running costs and maintenance/repair liabilities.
  - (c) The Registrars' Office at Sidmouth Avenue (which is owned by the Council but occupied by way of a leasehold interest by the County Council) – it is proposed that the Council's freehold interest in this site is sold. This site is therefore proposed for inclusion in the AMS delivery plan as a site for disposal.

#### Emerging Open Spaces Strategy

- 2.6 The Council is currently consulting on the draft Open Spaces Strategy and the outcomes of this should be considered in the context of the Asset Management Strategy's aims and objectives. It is anticipated that the said Strategy will be submitted for final approval to a forthcoming Cabinet meeting and it is possible that not all of the Council's open space land will be required to meet its objectives. Therefore it is proposed that a further report outlining any further sites to be considered for disposal is considered by Cabinet over the forthcoming months.

#### Village Green Applications

- 2.7 Appendix 1 includes a list of sites which are subject to Village Green Applications, most of which were submitted several years ago. All of these applications are pending consideration by the County Council thereby creating uncertainty from a strategic asset management perspective. Therefore officers propose that discussions should take place with the County Council to clarify the decision-making processes and the associated timescales. As part of this engagement officers may need to provide evidence and take necessary steps to protect the Council's interests as land owner. The latter action should extend to other Council-owned land.

#### Commercial portfolio

- 2.8 As referred to in the approved Asset Management Strategy officers are in the process of reviewing the commercial estate with the aim of ensuring the Council is achieving value for money (optimising income and reducing liabilities). In view of the Council's current position in

respect of capital funding (as set out in a report elsewhere on this agenda headed “Revenue and capital budgets 2017/18”) it is proposed that this piece of work is concluded by early summer 2017 with the expectation that parts of the commercial portfolio would be identified for disposal at the earliest opportunity thereafter. This would provide short-term capital funds to support delivery of the capital programme. As part of this review the revenue implications (loss of rental income) would be taken into account as well as any known maintenance/repair liabilities.

### 3. **Options Considered**

#### Option 1 – Do nothing

- 3.1 If the Council did not prepare and refresh its Asset Management Strategy and Plan it would not be possible to either manage assets dynamically or demonstrate the rationale for investment; thereby exposing the Council to criticism that it had a weak approach to the management and use of its physical resources.
- 3.2 More importantly and practically, if capital receipts are not generated through the disposal of assets or there is a delay in this happening, this will mean that it will be necessary to either abandon or postpone investment in the capital programme or to find an alternative source of funding, most likely to be further borrowing (the revenue consequences of which would need to be addressed as part of the General Fund budget setting process).

#### Option 2 – Adopt the refreshed Asset Management Strategy and Delivery Plan

- 3.3 Having an up to date Asset Management Delivery Plan provides a clear programme to optimise property investment in the context of the Strategy. In addition its’ implementation would facilitate delivery of the Council’s capital programme to meet service needs.

### 4. **Proposal and Reasons for Preferred Solution**

- 4.1 In previous years it has been identified that 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. It is therefore recommended that this approach continues.
- 4.2 The attached Delivery Plan is proposed to give the most suitable disposal programme to meet the known and anticipated future needs of the Council.
- 4.3 Members will be advised of feedback from the recent consultation exercise in respect of the land at Victoria Street, Chesterton and the former Crackley Community Centre and asked to make a decision on how to proceed with these sites.
- 4.4 The revised consultation process is recommended for approval for reasons of efficiency.
- 4.5 The land and property ‘disposals’ arising from the planned move to the new Civic Hub should be undertaken in accordance with the previous resolutions of the Council and the associated business case.
- 4.6 It is recommended that the delivery plan should be reviewed in light of any issues and opportunities arising from the forthcoming consideration of the emerging Open Spaces Strategy.
- 4.7 It is recommended that officers be authorised to engage with the County Council in respect of all matters relating to Village Green applications in order to provide greater certainty to the

Council from a strategic asset management perspective and to protect the Council's interests.

- 4.8 It is considered both necessary and appropriate for officers to advise the Portfolio Holder on a programme of short term disposals from the commercial portfolio in order to provide necessary funds for high-risk capital programme purposes.

## 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.
- 6.4 The Council has a legal duty in respect of unauthorised access to sites under the Occupiers Liability Acts of 1957 and 1984.

## 7. **Equality Impact Assessment**

- 7.1 The Asset Management Strategy does not create any specific equality impacts.

## 8. **Financial and Resource Implications**

- 8.1 The plan identifies sites for disposal and in most situations the sites will generate a larger receipt if they have the benefit of planning permission. Funding for specialist planning consultants to develop plans and make planning applications on the most significant sites has been allocated previously and it is anticipated that this provision will meet the costs of such planning application-related costs with the current programme.
- 8.2 The intention to dispose of properties which fall within the commercial portfolio will provide capital receipts to meet short term demands of the Council's capital programme, particularly in high risk areas. Any loss of rental income will need to be assimilated into the medium term financial strategy. In addition there may be some opportunities to offset the potential costs arising from maintenance and repair liabilities.

## 9. **Major Risks**

- 9.1 The identification of a site for disposal does not mean that the site will be sold as there is a risk that there is no suitable market interest. The Council could therefore continue to hold liabilities for these sites and revenue expenditure. Lack of land sales would create a loss of income to the Council and therefore impact on the Council's ability to deliver essential Council services. The delivery of the Asset Management Strategy brings risks of Community and/or political resistance to the land sales and potentially reputational damage to the Council.

10. **Key Decision Information**

- 10.1 The Strategy affects more than 2 wards and future disposals have the potential to generate more than £50,000 and significant resources are required to seek planning permission for the significant sites.

11. **Earlier Cabinet/Committee Resolutions**

- 11.1 The current Asset Management Strategy 2015/16 to 2017/18 was adopted by Cabinet on 14 January 2015 and reviewed by Cabinet on 10th February 2016 following the Assets Policy Committee.
- 11.2 Resolutions of Council regarding Civic Hub – 23 September 2015.

12. **List of Appendices**

- 12.1 Appendix 1 - The updated Asset Management Strategy Delivery Plan is attached for approval.
- 12.2 The outcome of the recent consultations will be reported to Cabinet at the meeting.

13. **Background Papers**

- 13.1 The adopted Asset Management Strategy is available at: [https://www.newcastle-staffs.gov.uk/sites/default/files/IMCE/YourCouncil/A\\_to\\_Z\\_Policies/Assets\\_Management\\_Strategy.pdf](https://www.newcastle-staffs.gov.uk/sites/default/files/IMCE/YourCouncil/A_to_Z_Policies/Assets_Management_Strategy.pdf)