

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

**EXECUTIVE MANAGEMENT TEAM'S
REPORT TO**

**Finance Assets and Performance Scrutiny Committee
25 March 2021**

| | |
|---------------------------------|--|
| <u>Report Title:</u> | Asset Management Strategy update |
| <u>Submitted by:</u> | Property Manager |
| <u>Portfolios:</u> | Finance and Efficiency/ Planning and Growth |
| <u>Ward(s) affected:</u> | All |

Purpose of the Report

To update members on the progress of the delivery of the approved Asset Management Strategy 2018/19-2021/22.

Recommendations

1. That the Committee notes the current position in respect of the land disposal programme as set out in Appendix 1.
2. That Committee notes the current position in respect of the master-planning sites .

Reasons

The Council has an adopted Asset Management Strategy 2018/19-2021/22 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.

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 Members should be aware of the progress that is being made with securing receipts from land and property disposals, the Council has received over £1m in the last two years, with circa £4.5m in the pipeline in the next six months and a further £1.1m in the next 12 months. These sites will bring not only a windfall of receipts, totalling millions of pounds, but will facilitate delivery of new housing to meet broader policy objectives of the Council.

2. **Issues**

2.1 Land Disposals

2.1.1 The land disposals achieved in the last 3 years are listed below:

| Address | Disposal Date | Disposal Price |
|---|---------------|----------------|
| Freehold Sale - Deans Lane Red Street | Mar-19 | £901,000 |
| Easement - The Green, Clayton | Feb-21 | £29,750 |
| Freehold sale - Gloucester Road Kidsgrove | Mar-21 | £128,000 |

2.1.2 The current position in respect of the land disposal programme is set out in Appendix 1.

2.2 Works in Progress

Proposed Extension of Newcastle Crematorium

In November 2020 Cabinet received a masterplan in respect of land adjacent to Newcastle Crematorium, Chatterley Close, Bradwell. The plan proposed an extension to the existing Crematorium and the redevelopment of the remainder of the site. Cabinet authorised your Officers to consult with appropriate stakeholders on this proposal and report the findings back to Cabinet. The consultation is now complete and the findings will be reported to a future Cabinet meeting.

Knutton Masterplan,

In November 2018 Cabinet approved the preparation of a masterplan in respect of public and private land holdings within the Knutton area. This was completed and a stakeholder and public consultation has been commissioned. The major components of the masterplan include housing development on a number of sites, a new village hall, a new playground on the High Street frontage of the former Recreation Centre site, a re-modelling of the enterprise centre on the High Street, and a new sports pavilion on Whammy to enable a more effective use of the football pitches.

The consultation exercise has now taken place and the results are due to be reported back by the consultants shortly. Once reviewed, the findings will be reported to a future Cabinet meeting.

It is hoped that some of the resources for the proposals will be met by Town Deal funding.

University Growth Corridor

In September 2018 Cabinet received a masterplan in respect of public and private land holdings within the Keele/Silverdale area. The Council's landholding in this area, in the main, is the former Keele Golf Course. An environmentally sustainable housing development alongside associated uses are the current proposals for this site. Consultants are to be commissioned to provide advice on the necessary next steps.

Ryecroft, Newcastle

This site comprises the former Sainsbury's supermarket site, adjacent car parks and the former Civic Offices. As members will be aware the proposed developer withdrew from the development agreement as their suggested scheme was not deliverable. Monies have now been secured, through the Future High Street Fund, to demolish the Civic Offices and to redevelop the site to include, modern office facilities, residential accommodation and a new multi-storey car park. It is envisaged that would will commence on site in Q1 2021/22. Discussions are ongoing with the County Council regarding the part ownership of the Sainsbury's site and if works will be taken forward in a partnership.

3. **Proposal**

3.1 That Members accept the report.

4. **Reasons for Proposed Solution**

4.1 The report is to update Members on the progress made on the asset management plan.

5. **Options Considered**

Option 1 – Do nothing

5.1 If the Council did not actively fulfil its Asset Management role 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.

5.2 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 – Members accept this report

5.3 This provides a clear programme to optimise property investment in the context of the Asset Management Strategy. In addition its' implementation would facilitate delivery of the Council's capital programme to meet service needs.

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

8. **Financial and Resource Implications**

8.1 The sites identified for disposal will generate capital receipts to meet the demands of the Capital programme. Failure to dispose of the above sites will result in further borrowing to support the Capital Programme which in turn will add further pressure on the revenue budget in respect of borrowing costs.

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 **UN Sustainable Development Goals and Climate Change Implications**

10.1 This project is intended to enable the updating and re-use of a dilapidated community leisure facility bringing with it sustainability improvements, regeneration and economic benefits as well as social and health benefits associated with leisure provision. In that respect, the project supports the realisation of the following UNSDG objectives:-



11 **Key Decision Information**

11.1 The Strategy affects more than 2 wards and future disposals have the potential to generate more than £50,000.

12 **Earlier Cabinet/Committee Resolutions**

12.1 Cabinet 19th September 2018

13 **List of Appendices**

13.1 Appendix 1 - Approved Asset Disposals

14 **Background Papers**

14.1 Asset Management Strategy 2018/19-21-22 https://www.newcastle-staffs.gov.uk/sites/default/files/IMCE/YourCouncil/A_to_Z_Policies/20200124_Asset_Management_Strategyfinal2018-21v6.pdf