

**NEWCASTLE-UNDER-LYME BOROUGH COUNCIL**

**CORPORATE LEADERSHIP TEAM'S  
REPORT TO  
FINANCE, ASSETS & PERFORMANCE SCRUTINY COMMITTEE**

25 September 2023

**Report Title:** Asset Management Strategy

**Submitted by:** Deputy Chief Executive

**Portfolios:** Portfolio Holders - Finance, Town Centres and Growth, and Sustainable Environment

**Ward(s) affected:** All

<p><b><u>Purpose of the Report</u></b></p> <p>To seek Scrutiny approval to the new Asset Management Strategy.</p>	<p><b><u>Key Decision</u></b> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p>
<p><b><u>Recommendation</u></b></p> <p>That</p> <p><b>1. Scrutiny Committee reviews the Asset Management Strategy 2023-2028 and provides feedback to the Portfolio Holder for Finance, Town Centres and Growth.</b></p>	
<p><b><u>Reasons</u></b></p> <p>The Council has an adopted Asset Management Strategy 2018/19-2021/22. It is important that the Council has an up-to-date strategy which outlines the Council's approach to managing its assets, including the disposal of sites which are surplus to operational requirements and may have alternative uses. A new strategy has been produced taking into account the Council's progress in delivering the current strategy and the needs moving forward over the next 5 years. This strategy is timetabled to be considered by Cabinet on 19<sup>th</sup> September and it is appropriate that Scrutiny Committee provides any comments to the Portfolio Holder for further consideration.</p>	

**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 current Asset Management Strategy was adopted in 2018 therefore it is appropriate to review and adopt a new Strategy.

## 2. **Issues**

- 2.1 The Asset Management Strategy directs the Council's disposal of surplus land and property assets. Since the 2018 refresh of the Asset Management Strategy, the Council has successfully delivered key disposals, the main ones are detailed below, totalling circa £6.1m:

Freehold sale – Eccleshall Road, Loggerheads	Mar-21
Freehold sale- 20 Sidmouth Ave, Newcastle	Nov -21
Freehold sale – Apedale, Chesterton	Nov -21
Covenant release – Midway, Newcastle	Dec-21
Freehold sale – Market Drayton Road Newcastle	Apr-22
Freehold sale – Knype Way, Bradwell	Jan-23

- 2.2 As part of the Council's Sustainable Environment Strategy, approved by the Council in December 2020, there is a desire to create Carbon Capture Areas within the Borough. These consist of 60 council owned green spaces and have been saved for tree planting and other environmental improvements which is taking place as part of the wider Urban Tree Planting Strategy. To date four phases have been completed and a further phase in planned for Winter 23.

- 2.3 The proposed Asset Management Strategy 2023-28 sets out the approach to managing the two types of Council assets; the operational and the commercial. The Council holds a wide range of assets for a wide range of functions. It is necessary for the Council to ensure these continue to deliver our service needs and wider community objectives. A key element is ensuring that all buildings and land holdings continue to meet the needs of our users and are effective to manage. The Council needs to ensure that assets maximise income where they are commercial assets to ensure that the Council generates needed income to support the operational costs and investment plans.

- 2.4 The new Strategy builds on the previous strategy and has been set out with an appendix for the Asset Management Plan which sets out the sites recommended for disposal and the current position in respect of the Property led projects. The strategy has clarified the consultation process so it is clear when and what consultation is undertaken.

2.5 The full list of sites included in the refreshed Asset Management Plan are outlined in the annex. The key sites notable as works in progress are:

### **2.5.1 Planned Capital Works and Projects**

#### **Ryecroft**

Ryecroft is the site of former Civic Offices and the former Sainsburys supermarket and car park. The Council is to redevelop this site and the proposals are set out below:

Planning permission has been approved to develop a new multi-storey car park (Castle car park) on the western third of the site. This is being partially funded by the Future High Street's fund.

The plans for the middle part of the site include the possible provision of a new hotel.

Options are currently being considered for the remainder of the site.

#### **York Place Shopping Centre**

The Council acquired the York Place shopping centre in early 2022 to facilitate the delivery of the Future High Street Fund regeneration proposals and improvements to the town centre. There are only two commercial tenants remaining in the Centre that are due to relocate elsewhere in the Town in the near future. It is proposed to redevelop the site with a mixed use development which will include a small public square in the centre.

#### **Midway Car Park**

Upon completion of the Castle car park on the Ryecroft site, the Midway Car Park will become surplus to requirements and therefore alternative uses will need to be considered. The proposal is to redevelop the site with a contribution from the town deal monies.

#### **Land Adjacent to Keele Cemetery**

There are plans to install a solar energy installation on Council owned land that is adjacent to Keele Cemetery, this project is in the planning stage and further details will be provided in a report to the October Cabinet meeting.

### **2.5.2 Asset Disposals**

#### **Knutton**

One of the major Newcastle Town Deal projects is to master plan parts of Knutton, The former clinic was acquired and subsequently demolished along with the adjacent community Centre. It is proposed that this along with the site of the former Knutton Recreation Centre be redeveloped for both residential and industrial purposes. This involves disposing of land to Staffordshire County Council to extend its enterprise centre, the building of a new village hall which will remain in the Borough Council's ownership and the disposal of the remainder of the land for residential development.

As part of this masterplan a new football changing facility is to be built at the Wammy. The Council will retain ownership of this asset and lease is to a community group.

#### **Parkhouse West**

This site was approved in the last Asset Management Strategy for disposal for industrial development purposes. Options for disposal are currently being considered.

### Town Centre Car Parks

Once Castle car park has been completed, the car parks listed below will potentially become surplus to requirements and therefore alternative uses may need to be considered. These will be consulted on in accordance with the consultation process as set out in Section 8 of the Strategy. Additionally these sites have been put forward to the Planning Authority for consideration as potential bonus / windfall sites within the new Local Plan and will be subject to review as to their merits under the Planning framework, prior to their reclassification and potential disposal.

Consideration as part of the draft Local plan consultation has prompted petitions to be raised particularly regarding the significance of the Hassell Street Car Park for local businesses. Reflecting this, officers will be required to bring forward proposals for development which include the provision of some public parking spaces at Hassell Street and others as appropriate.

Blackfriars car park, Newcastle	0.32 acres
Blackfriars car park, Newcastle	0.21 acres
Hassell Street, Newcastle ST5 1AY	0.32 acres
Cherry Orchard Newcastle ST5 2UB	0.30 acres
Goose Street Newcastle ST5 2EA	0.84 acres
Borough Arms King Street Newcastle ST5 1HX	1.39 acres
Bankside/ Well Street Newcastle ST5 1BP	0.10 acres

### Former Keele Golf Course

As per the previous Asset Management Strategy's, the former Keele Golf Course site is again listed for possible disposal. The site is currently classified as Green Belt land. Prior to any Council build out and/or sale to third party developers, this classification will need to be changed to allow for any residential development. As noted within this report in previous sections, the Local Plan is currently out for consultation and a new Draft Local Plan will be published in 2024, with a view that the Plan is either adopted or not after a Planning Inspectorate Inquiry. The proposal is for 900 homes but until the Green Belt classification is amended or not, no such development or sale can be considered.

### 2.5.3 Other Projects

#### Chatterley Valley

The Council is currently working with the land owner on the development of the overall site and there is a potential for the Council to invest in the site for commercial returns and regeneration of the site – to bring employment opportunities to the Borough as set out below:

**Plot D** - to construct a circa 120,000 sq. ft. unit which will be let to an advanced ceramics organisation and associated research facility,

**Plot C** - to construct a circa 78,000 sq. ft. of industrial space which will be, split into units ranging from 19,000 sq. ft to 33,000 sq. ft. When built these units will form part of the Council's non-operational (investment portfolio) and be leased out.

## **Kidsgrove**

There are plans for the creation of a shared service hub in Kidsgrove. This is on land partly owned by the Council that is currently used as a car park (Meadows Road Car Park) and an adjacent piece of privately owned land. NBC will own the building, but Kidsgrove Town Council will lease it from the Council. There are also planned associated public realm improvements.

Refurbishment of Kidsgrove Town Hall to create lettable office space to be funded through shared prosperity.

### **Creation of a Circus Heritage Centre.**

Initially refurbishing a unit on Merrial Street in the Council's ownership with intended occupation for 2 years and then a move to a redeveloped York Place. This is to be funded through the Town Deal.

## **2.5.4 Government Funding**

The Council is in receipt of government funds which include Town Deal, Future High Street and the Shared Prosperity Funds. Some of these funding streams directly impact Council assets, the major schemes are set out in sections 12-14 of the Strategy. The remainder of these projects are set out below

### **Kidsgrove Town Deal**

Construction of an access road is planned at Chatterley Valley to facilitate industrial development.

Refurbishment of Kidsgrove Railway Station and creation of a transport hub is also planned. The land areas involved in this project are owned by Network Rail and operated by East Midlands Railway.

There are a number of planned improvements that will be made to the Canal towpath on land that is owned by the Canal & River Trust. (Some shared prosperity fund is also to be used for this)

### **Newcastle Town Deal**

Digital Infrastructure Project – This project is still under development but is likely to include enhancing Wi-Fi provision in the town centre and possibly some form of fibre connection.

Sustainable Transport Solutions - A mix of measures are being introduced in regards to public transport. A new bus entrance is planned at Keele University (on land owned by the University), installation of real time passenger information at Newcastle Bus station and other locations and plans to improve bus service reliability with Keele University.

Electric Vehicle charging points are to be installed at the new multi storey car park at Ryecroft.

The former Zanzibar nightclub (Aspire Housing owned) has been demolished. It is intended to be replaced with residential development, along with approximately 6 small enterprise units which the Council will own and manage.

Digital Society – The Town Deal will fund the conversion of a town centre building for use by Keele University for a learning / enterprise space, which will include some form of food offering. The building is owned by Keele University.

Cross Street Chesterton – The plan for this project is that the Town Deal Council will fund the re-development of the current housing land that is owned by Aspire housing in this area.

### **Future High Street Fund**

A public realm and market improvement project is planned, which will see a proportion of the fixed stalls removed, and installation of mobile seating and space for pop-up gazebos for specialist markets.

### **Shared Prosperity Fund**

Improvements are planned for Clough Hall Park in line with the existing masterplan.

The creation of a Homeless Hub is also planned, although the site has not yet been defined a building has been earmarked for purchase (subject to proof of the business case) and satisfactory terms agreed with the current owner.

## **3. Recommendation**

- 3.1 Scrutiny Committee reviews the Asset Management Strategy 2023-2028 and provides feedback to the Portfolio Holder for Finance, Town Centres and Growth.

## **4. Reasons**

- 4.1 In order to effectively manage a wide range of capital projects which require significant financial investment the Council needs to understand and plan for the appropriate disposal of assets no longer needed and that may deliver against other objectives such as the delivery of housing.

## **5. Options Considered**

- 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).

## **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 & Mitigation

- 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. Through the production of an up-to-date Asset Management Strategy the Council seeks to minimise some of these risks.

## 10. UN Sustainable Development Goals (UNSDG)

- 10.1 This Strategy is intended to ensure that the assets held by the Council support the corporate objectives and service needs. Where assets can be disposed this may contribute to better land use, all of which would be subject to the normal controls that the Planning system holds. 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 adopted the current Asset Management Strategy.

## 13. List of Appendices

13.1 Asset Management Strategy.

**14. Background Papers**

14.1 None.