

TRAFFORD COUNCIL

Report to: Executive
Date: 19 March 2018
Report for: Decision
Report of: The Executive Member for Investment

Report Title

Strategic Land Review Programme 2018/19.

Summary

To advise Members of the outcome of the 2017/18 Land Sales Programme
To propose a Strategic Land Review Programme for the disposal or development of land and buildings during the financial year 2018/19 and to seek the necessary delegations.
To advise as to proposals for 2019/20 and 2020/21

Recommendation(s)

1. Note the outcome of the 2017/18 Land Sales Programme.
2. Approve the Strategic Land Review Programme for 2018/19 as set out in the report.
3. Approve that the Council pursue direct development of sites, subject to a suitable options appraisal and business cases on a site by site basis.
4. Delegate authority to the Corporate Director, EGEL to:
 - a. negotiate and accept bids.
 - b. engage external resources where this will assist in implementing the programme.
 - c. Commission, submit and/or authorise as appropriate:
 - i. any applications for planning permission on any properties included in the programme where this will assist in marketing and /or add value.
 - ii. commission as necessary any surveys / investigations where such surveys will reduce the risks associated with redevelopment and/or add value to the capital receipt /revenue return.
 - iii. Any design for the site and or premises in association with either obtaining a planning consent or as part of options in respect to either direct or development in partnership.
 - iii. Any demolitions or physical alterations this will either reduce the risks associated with holding the premise or accelerate the redevelopment and/or add value to the capital receipt /revenue return.
 - d. offset eligible disposal costs against capital receipts in accordance with capital regulations
 - e. advertise the intention to dispose of a site in the event that it comprises open space as defined by the Town and Country Planning Act 1990, in accordance with the relevant statutory procedure, and if any objections

- are received, to refer to the relevant portfolio holder for consideration in consultation with the Executive Member for Highways, Parks and Environmental Services.
- f. To acquire adjacent land or property where the acquisition will either add value to the overall development or derisk the disposal /development of the Council asset.
 - g.
 - i) add to or substitute sites into the programme during the year.
 - ii) commission security services.
 - iii) authorise alternative methods of disposal where appropriate.
5. That the Director of Legal and Democratic Services in consultation with the Corporate Director, EGEI and where appropriate, the Chief Finance Officer be authorised to finalise and enter into all legal agreements required to implement the above decisions.

Contact person for access to background papers and further information:

Name: Richard Roe
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 Background papers: None
Implications

Relationship to Policy Framework/Corporate Changes	Supports policy for Economic Growth and Development
Financial:	The generation of capital receipts will support the capital investment programme or used to repay debt. Entering into direct development can increase the value of the eventual capital receipt or may produce a revenue stream which can be used to support wider Council objectives.
Legal Implications:	None
Equality/Diversity Implications:	None
Sustainability Implications:	None
Resources Implications: eg Staffing/ICT/Assets	Properties which are no longer required for operational purposes are identified and recommendations as to retention /disposal are made by the Corporate Landlord group, prior to being added to the Land Sales Programme.
Risk Management Implications:	The Key risk will be associated with holding property which is vacant.
Health and Wellbeing Implications:	None
Health and Safety Implications:	A reduction in health and safety issues by disposing of vacant buildings.

1. Background

- 1.1 The Strategic Land Review Programme sets out a list of land and buildings that the Council intends to either sell, develop in partnership or self-develop in the forthcoming year(s) together with a summary of the previous year's outturn. The details of these are set out in this report, with the actual and estimated sums against specific properties contained in the confidential Part II of the agenda.
- 1.2 The Strategic Land Review Programme is an integral part of the Council's asset strategy and is the conclusion of a corporate process of identification of surplus assets linked to service planning and an options appraisal process.
- 1.3 The Council strives to use its property assets in the most advantageous way possible for the community and to achieve its service delivery, financial, regeneration and economic growth objectives.

2.0 Council Strategies linkages with the Programme

- 2.1 The use and disposal of property is an important part of business planning and the delivery of efficiency targets across all service areas. In addition, the identification of a range of service delivery strategies across the Council has had implications for the use of property and its availability for disposal. These include:
 - **Corporate Landlord** – The adopted corporate landlord approach to managing the Council's property assets is improving the management of assets. Land Sales, as well as the corporate estate, are regularly monitored and reviewed. Through the One Trafford partnership all assets are reviewed as to their condition, value and potential to either reduce maintenance costs or be in a position to generate revenue income. The use of specialist software (CAFM / TRAMPS) is now enabling the Council to undertake better decisions in respect of retention / investment and disposals of operational assets. There will also be opportunities for further rationalisation of the property portfolio through efficiencies in terms of maximizing the capacity of buildings to be retained and partnerships with public, private and third sector partners.
 - **Collaboration and co-location** - Partnership working has led to greater shared use of accommodation. This is already producing more efficient use of assets and should lead to the release of further surplus assets across partners. The Council has initiated a One Trafford Estate project that is working across public sector partners to identify opportunities where shared use of assets is viable and in the right location. In addition the project is ensuring that Council assets are available where we have a suitable building for greater cross working and can ensure our estate strategies are aligned to those of our public sector partners. This has meant that Trafford Council has representation on key strategic estate bodies such as the GM Property and Estates Panel and the Strategic Estates Group.

2.2 A range of strategies affect the way in which assets are disposed of. These aim to use surplus and under-performing assets to assist in the delivery of wider objectives in addition to realising capital receipts. They include:

- **Investment opportunities** – the budget report to Council in February 2018 set out the Council's investment strategy. As part of this strategy the disposal route for any asset will be subject to a full options appraisal which will consider opportunities to develop the asset as part of our investment portfolio. Depending on the attributes of any particular asset, the options appraisal would consider site disposals on market, redevelopment potential, land assembly opportunities for enhanced redevelopment, longer term investment connections and potential social benefits to the council and the local residents.
- **Housing growth and affordable housing targets** are also supported by the Land Sales Programme, often in partnership with Registered Social Landlords. Disposals of land for nil or at below market value may be required if schemes are to be funded by the Homes and Communities Agency, however no such sites are identified on the current Programme. Development of sites for residential development also has the potential to attract the New Homes Bonus, which is a payment from central government for increasing the net number of homes above a threshold. GMCA has published ambitious housing targets and the disposal of publicly owned land is a critical component of the government's objectives to accelerate housing supply, home ownership and economic growth. It is anticipated that a significant proportion of the new homes required will be built upon surplus land released by the public and regulated sectors. In addition, increasing the number of housing units provides much needed housing supply and generates additional Council Tax.
- **Community Asset Transfer** - The Council supports, where appropriate, community organisations to deliver services in conjunction with the use of Council assets. Trafford has completed a review of leisure assets required to be able to deliver a suitable, efficient and wide ranging set of leisure services and will consider opportunities for Community Asset Transfer.
- **Economic Development and Regeneration** – Ongoing projects in town centres have presented opportunities for the regeneration through schemes including Council land, e.g. Regent Road, Altrincham. Where appropriate assets will be used to support /enable regeneration projects.

3. **Capital receipts in 2017/18 as of 1st March 2018 were as follows:-**

	Site	Capital receipt (£000s)
1.	Balmoral Road Car Park, Altrincham	450
2.	Beaconsfield Rd/Manchester Rd, Altrincham (land at).	24
3.	151 Stamford St, Old Trafford	150
4.	Sinderland Road, Altrincham	392
5.	12 Ayres Rd, Old Trafford	211
6.	Timperley Library, Timperley	158
7.	21 Great Stone Rd, Stretford	180.5
8.	57 Milner St, Stretford	145
9.	54 Thornbury Rd, Stretford	145
	Total receipts 2017/18	1,855.5

Table 1 – property asset completions and capital receipts for 2017/18

3.1 Table 1 above is the schedule of property assets sold in 2017/2018 financial year and the capital receipts received.

3.2 The Council is allowed to charge disposal costs against capital receipts. Under existing guidance this equates to a maximum of 4% on eligible receipts in accordance with Statutory Instrument 454 2010 section 23h.

4. Asset review approach

4.1 Previously the Council, in common with most public bodies, has sought to simply sell sites quickly to reduce potential risks and liabilities from holding vacant properties. This process may not always be the most appropriate for either the council, in terms of maximising the value it receives or purchasers who are acquiring risk. This often leads to delays in achieving financial completion and often slows down the delivery of new development.

4.2 The Council's approach reflects the GMCA objectives relating to its land holdings namely:

1. Being transparent about our landholdings and our disposal principles, and selling land in a way that creates a level playing field for potential end users to access sites when they are brought to market;
2. Carrying out disposals on terms that promote development, economic activity and growth; and
3. Disposing of land to accelerate the pace of delivery.

- 4.3 Property assets are generally disposed of on a competitive basis. This is most commonly through open market tender or where appropriate at auction. Some sites are sold by Private Treaty where there is a clear need and rationale to do so. All properties need to be sold in accordance with European Union procurement rules, Policy objectives and Best Value requirements.
- 4.4 Where appropriate to achieve wider objectives or a response to market conditions flexible disposal mechanisms such as deferred receipts can be offered, which improve developer cash flows and can make marginal sites viable, where it offers good value for money to do so.
- 4.5 Feedback from purchasers, especially developers is that they believe public bodies, especially local authorities need to undertake greater due diligence in respect of the sites that they bring to the market. This due diligence is essential in developers being able to properly identify and price risk.
- 4.6 Without sufficient information developers advise they will either significantly reduce the offer for a site or impose significant conditions upon a sale that will enable either a reduction in the price paid or enable withdrawal. These tend to add both time and expense to the delivery of a site. In assessing when and how to release a site for disposal the Council will consider the level of knowledge and potential risks associated with each site.

This will include:

- Planning risk
 - Site and/or Contamination risk
 - Legal interest risk for example title, restrictive covenants, legislative
 - Design risks for example site capacity
 - Neighbour risks
 - Delivery / finance risk
- 4.7 Where the most likely or desired reuse of a site is for redevelopment then it is likely that the site value could be enhanced through undertaking surveys in order to de-risk a site and accelerate development. The need and cost/benefit would be assessed on a site by site basis. However, in making such an assessment, regard should be had to the fact that some surveys, particularly those listed below, will often be required as part of the planning application and if not provided the associated costs will be deducted by developers from the offer price:-
- Preliminary risk assessment (often referred to as a desktop survey)
 - Environmental Surveys including ecological, arboricultural, drainage, bat, noise, air quality, GPR etc...).
 - Demolition survey (including type 3 asbestos survey)
- 4.8 There may also be benefits in the Council undertaking additional physical activities where these will reduce risk and or add value over and above the cost of undertaking the activity. Examples include:
- Complete or partial demolition, or strip out
 - Intrusive site investigations
 - Site reclamation /remediation

- Infrastructure provision /site service

4.9 As part of the review the Council will also consider whether there is benefit (over and above the associated risks) in developing the site either itself or through partnership. Potential benefits would include:

- Retaining or taking a share of the developers profit
- Greater control of the development and its delivery
- Potential to generate revenue streams through utilising capital reserves or borrowing through the PWLB.

4.10 Government guidance supported by the One Public Estate (OPE), programme promotes the use of multi-use/multi agency buildings and utilising a surplus asset to enable the service provision of other public sector bodies may provide a better option. This could promote the opportunity to generate revenue solutions from council assets that would otherwise have been sold. Adopting this approach, will however reduce the level of capital receipts available to support the financing of the Council's Capital Programme. This position will be monitored closely with any significant movements affecting the level of capital receipts available to finance the Capital Programme being reported to Members during the year.

5 Disposal programme for 2018/19 and beyond.

5.1 The report has split the property assets already identified for 2018/19 and beyond into three categories:

- Category 1 (table 2) are those sites where the Council is already committed to a disposal (for example Altair where the Council has exchanged contracts), where the disposal is on a statutory basis or where it has been assessed that there is no development potential or no benefit in undertaking direct development. Whilst these properties have been identified for disposal in 2018/19 some sites are on a phased payment basis and some on deferred payment basis meaning the capital receipts will be in 2019/20 or 2020/21. It is possible that some other sites may roll forward to next or future years should issues arise that delay the disposals (obtaining vacant possession, title issues, planning issues, consent issues etc.).
- Category 2 (table 3) are those property assets where an options appraisal will or has been undertaken to determine the most appropriate route to meet the Council's financial, economic and regeneration objectives. This could include direct development, utilising the asset as part of a wider development project either solely or through a partnership, or disposal as an enhanced asset (by for example securing planning permission). Opportunities for direct development, either solely or in partnership will generally take precedence, subject to a suitable business case.

5.2 As set out in paragraph 2.2 and the paragraphs above the investment opportunities related to each of these sites has been reviewed to determine the most appropriate and financially beneficial option for disposal, development or alternative use.

5.3 Category 1 – Sites identified for direct sale

5.4 The properties in this table have either advanced to a stage where the Council has or is about to enter into a binding legal commitment (e.g it has exchanged contracts) or the recommendation is that there is no financial or social benefit to be obtained from further investment.

	Category 1	Current status	notes
1	Ortonbrook, Oak Road, Partington	Terms agreed and Legal instructed	Private treaty disposal to adjoining landowner
2	12 Northumberland Close, Old Trafford (freehold enfranchisement)	Terms agreed and Legal instructed	Statutory acquisition by sitting tenant
3	Clarendon House, Altrincham	Terms agreed and Legal instructed	Lease re-gear
4	2a Houldsworth Avenue, Timperley	Currently occupied by operational department	Single dwelling to be sold as a single dwelling
5	Britannia Road, Sale	In negotiation	Private treaty disposal of Freehold to Head-leaseholder
6	Hale Library, Hale	Terms agreed and Legal instructed	Redevelopment and re-provision of library
7	Altair, Altrincham	Contracts exchanged	Town centre re-development

Table 2 – Proposed property interests to be sold in 2018/19 and beyond.

5.5 Category 2 – Sites subject to options appraisal

Category 2	
1	65 and 65a Roseneath Rd, Urmston
2	Sale Cemetery Lodge
3	Stokoe Avenue, Altrincham
4	The Gorse, Bowdon
5	Brentwood Special School, Timperley
6	190/192 Flixton Road, Flixton
7	2nd Avenue, Trafford Park (depot)
8	Higher Road Depot, Urmston
9	Riddings, Park Rd, Timperley
10	Denmark Street, Altrincham
11	Moss View Primary School
12	Cecil Road, Hale
13	Partington Town Centre site
14	Old Trafford Master Plan sites
15	Brown Street, Hale.
16	St. Mary's Road, Bowdon (Jubilee)
17	Warrener Street, Sale Moor
18	Friars Court, Sibson Road, Sale
19	Turn Moss – three pitches and premises to be provided for changing and ancillary facilities to be leased to Salford City FC, which in turn will provide an opportunity to improve community facilities on the site.

Table 3 – Proposed property interests to be subject to an options appraisal

5.6 Table 3 shows those sites which have the potential for generating additional financial return to the Council in line with our investment strategy through direct development or a partnership approach, both in terms of increased capital receipts and/or revenue streams.

5.7 For category 2 there will be costs associated with undertaking surveys, obtaining planning consent and undertaking development, whether directly or in partnership, and these will be assessed as part of the options appraisal and business case.

6. Additional Sites

6.1 New sites becoming surplus during the year will be added to the programme in consultation with the Executive Member, and where these involve the approval of a development brief, a formal decision will be requested of the Executive Member and a period of public consultation will be undertaken in the usual way.

7. Other Options

- 7.1 Retention of surplus property would have consequences for the resourcing of the Capital Programme, impact on revenue savings and the delivery of a range of Council objectives.
- 7.2 As set out above, alternative options are considered for each site before they are added to the Strategic Land Review Programme.

8. Consultation

- 8.1 With the development of the One Trafford Estate project linked to the wider One Public Estate the Council will now assess the availability of its assets in the context of any wider requirements alongside public sector partners.
- 8.2 This supports the view that assets should be looked at in supporting service delivery and seeing if greater disposal receipts across the public sector estate can be achieved where a local disposal strategy may not be the best answer. To achieve this consultation is undertaken across all service areas to ensure that there are no other appropriate uses for an asset, for the Council or its partners, prior to it being declared surplus. In some cases this will identify a specific future use following disposal, which will indicate the source of potential purchasers, such as Registered Social Landlords for affordable housing. Major disposals affecting a wider area are, as appropriate, subject to consultation with local stakeholders.

9. Reasons for Recommendation

The sale and or development of surplus assets reduces the Council's overall expenditure and backlog maintenance, generates capital receipts to support the capital programme, assists regeneration and facilitates residential development. There is a need to undertake a range of procedures to ensure that the best consideration for the sale is achieved including full exposure to the market and a transparent audit trail.

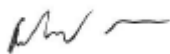
Key Decision

This is a Key Decision currently on the Forward Plan: Yes
If Key Decision has 28 day notice been given Yes

Finance Officer Clearance NB

Legal Officer Clearance JLF

DIRECTOR'S SIGNATURE



To confirm that the Financial and Legal Implications have been considered and the Executive Member has cleared the report.