

TRAFFORD COUNCIL

Report to: Executive
Date: 19 February 2020
Report for: Decision
Report of: The Executive Member Housing and Regeneration and the Corporate Director for Place

Report Title

Strategic Land Review Programme 2020/23

Summary

To propose a Strategic Land Review Programme for the disposal of land and buildings during the financial year 2020/21 and to seek the necessary delegations. To advise as to proposals for 2021/22 and 2022/23

Recommendation(s)

The Executive are recommended to:

- Approve the Strategic Land Review Programme for 2020/21 as set out in the report.
- Delegate authority to the Corporate Director Place to:
 - negotiate and accept bids in consultation with the Corporate Director of Finance and Systems and Corporate Director for Governance and Community Strategy.
 - specifically in relation to Brown Street Hale, to negotiate and accept offers from purchasers in respect of the disposal of individual residential apartments in the scheme.
 - engage external resources where this will assist in implementing the programme.
 - 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) 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 appraisal
 - iv) any demolitions or physical alterations this will either reduce the risks associated with holding the premise or accelerate the sale/redevelopment and/or add value to the capital receipt/revenue return.
 - offset eligible disposal costs against capital receipts in accordance with capital regulations.
 - 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 Environment, Air Quality and

<p>Climate Change.</p> <ul style="list-style-type: none"> ○ acquire adjacent land or property where the acquisition will either add value to the overall development or de-risk the disposal/development of the Council asset. ○ add to or substitute sites into the programme during the year. ○ commission security services. ○ authorise alternative methods of disposal where appropriate. <ul style="list-style-type: none"> ● That the Corporate Director of Governance and Community Strategy in consultation with the Corporate Director Place and, where appropriate, the Corporate Director for Finance and Systems, be authorised to finalise and enter into all legal agreements required to implement the above decisions.
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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 the Corporate priority for building quality, affordable and social housing; and successful and thriving places.
Financial:	The generation of capital receipts will support the capital investment programme or be used to repay debt.
Legal Implications:	Each disposal/development will be reviewed for legal implications on an individual basis.
Equality/Diversity Implications:	No direct implications
Sustainability Implications:	The generation of capital receipts supports a number of capital schemes that will aid the Council in its carbon neutrality objectives.
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 discussion at the relevant Place Shaping Board and 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:	No direct implications
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 sell, develop in partnership or self-develop in the forthcoming year(s).
- 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 Council takes a corporate landlord approach to enable a strategic overview of the management of all its property 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. 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 and is already producing more efficient use of assets and may 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. 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 Council has adopted an Investment Strategy under which the disposal route for any asset will be subject to a full options appraisal. This 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 including options for self-development and Joint Venture opportunities, 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** – These 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 Homes England, however no such sites are identified on the current Programme. 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 and economic growth. The development of publicly owned land also supports the Council's objective of delivering new social and affordable housing. In addition, increasing the number of housing units provides much needed housing supply and generates additional Council Tax.
- **Community Asset Transfer** - The Council will support, where appropriate, community organisations to deliver services in conjunction with the use of Council assets. Each potential asset transfer will be appraised individually to provide the best outcome for the Council and the community.
- **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 regeneration projects.

3.0 Financial position

- 3.1 The value of receipts to be achieved through disposals under the Strategic Land Review Programme in 2020/21 and later years will be determined following the completion of a full options analysis of the potential of Council owned sites. The overall sum which is projected to be realised through this Programme for allocation to the Capital Programme over the next 3 years is £34.26m, and this amount has been allocated to support the updated Capital Programme included in the budget papers on this agenda. The output of the options analyses will aim to hit or exceed this projected amount. The overall financing of the current Capital Programme will continue to be monitored to ensure that it remains affordable within the limited capital receipts that are available.
- 3.2 The Council is allowed to charge disposal costs against capital receipts up to a maximum of 4% on eligible receipts in accordance with Statutory Instrument No. 454 2010 Section 23(h). Disposal costs incurred in excess of this amount will need to be charged against the appropriate service revenue budget.

4. Disposal Strategy

- 4.1 Whilst in the past 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 both the council, in terms of maximising the value it receives and the appropriate quality of development and purchasers who are acquiring risk. This often leads to delays in achieving financial completion, slows down the delivery of new homes and doesn't maximise the financial and regeneration benefits for the Council.
- 4.2 The current approach is for the Council to undertake an options appraisal on all surplus sites to determine whether there is an opportunity for the Council to bring forward development of the site itself, either solely or in partnership. This options appraisal will consider financial and delivery risks, potentially higher financial returns, including capital receipts or ongoing revenue streams, and the contribution the development can make to the Council's wider objectives. As part of this review, the opportunity for strategic land acquisition to support delivery and financial return will also be considered. The Council is recruiting an in-house development team to take the lead on direct development sites.
- 4.3 This approach can delay the realisation of a financial return from the disposal of a site which is being developed by the Council, as the return will only be received on completion of the development (or phases of it) rather than a one off return received at the point of completion of the land sale, and also changes the risk profile for the Council as it will carry some or all of the sales risk. The level of potential risk and timing or nature of a potential receipt will be considered as part of the options appraisal process.

5. Disposal programme for 2020/21 and beyond.

- 5.1 The report has split the property assets already identified for 2020/21 and beyond into two categories:
- Category 1 (Table 1) are those sites where the Council is already committed to a disposal or 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 2020/21 some sites are on a phased payment basis and some on deferred payment basis meaning the capital receipts will be in subsequent years. 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 2) are those property assets where following initial assessment it is considered there is significant advantage in these sites being delivered through either partnership (Including Joint Ventures) or self development

- 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 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 (Table 1)	Est. year of Receipt
1	Friars Court	2020/21
2	Ortonbrook, Oak Road, Partington	2022/23
3	Former Equity Housing properties	2021/22
4	2a Houldsworth Avenue, Timperley	2020/21
5	Hale Library, Hale (deferred payment)	2021/22
6	Altair, Altrincham (phased payment)	2020/21, 2021/22 & 2022/23
7	Sale Cemetery Lodge	2020/21
8	Trafford MES, 350 Flixton Road	2020/21
9	65/65a Roseneath Road Urmston	2020/21
10	Flixton Road, Children's Home	2020/21
11	Virgil Street, Old Trafford	2020/21
12	The former site of Partington Library, Central Road, Partington	2020/21
13	Regear of Town Centre Assets	2020/21
14	Land between 29 and 31 Brook Road, Urmston	2021/22
15	Stretford Leisure Centre	2022/23

5.4 Sites for Direct/Partnership Development

	Category 2 (Table 2)	Est. Year of Receipt
1	Partington Town Centre Site	2020/21
2	Brown Street, Hale	2020/21
3	Former Sale Magistrates Site	2021/22
4	Denmark Street , Altrincham	2021/22
5	Stokoe Avenue, Altrincham	2020/21
6	Britannia Road, Sale	2022/23
7	Tamworth ,Old Trafford	2022/23
8	The Jubilee Centre ,St Marys Road, Bowdon	2022/23
9	Higher Road Depot, Urmston	2021/22
10	Trafford High School	2021/22
11	Trafford Park Depot	2020/21
12	The Riddings, Timperley	2022/23
13	The Grafton Centre	2022/23
14	The Claremont Centre	2022/23
15	The K Site	2021/22

6. Additional Sites

6.1 Should sites become surplus during the year or if the Council be approached by purchasers and developers for sites not currently identified for disposal then this will be subject to initial discussion and approval at Place Shaping Board and if appropriate (and meeting the Council's corporate , strategic and financial criteria) added to the programme. An options appraisal will be produced, and 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 Providers for affordable housing. Major disposals affecting a wider area are, as appropriate, subject to consultation with local stakeholders.

9. Reasons for Recommendation

- 9.1 The sale of surplus assets reduces the Council's overall expenditure and backlog maintenance, generates capital receipts to support the capital programme, assists regeneration and place making in strategic locations and facilitates residential development and in turn housing growth. 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 GB

Legal Officer Clearance JLF

DIRECTOR'S SIGNATURE

