

Place and Environment Scrutiny Committee

Monday 5th February 2024

Report Title	Surplus Asset Disposals
Report Author	Jonathan Waterworth, Assistant Director of Assets & Environment

Are there public sector equality duty implications?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information (whether in appendices or not)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Applicable paragraph number/s for exemption from publication under Schedule 12A Local Government Act 1972	3) Information relating to the financial or business affairs of any particular person (including the authority holding that information).
Which Corporate Plan priority does the report most closely align with? Our priorities for the future North Northamptonshire Council (northnorthants.gov.uk)	Modern public services

List of Appendices

EXEMPT Appendix A	Land off Shelton Street, Raunds
EXEMPT Appendix B	Land off Thorpe Street, Raunds
EXEMPT Appendix C	Former Care Home, Beech Close, Desborough
Appendix D	CCIA report

1. Purpose of Report

- 1.1. North Northamptonshire Council has a diverse and extensive service delivery requirement. This service need requires the Council to own a varied property and land portfolio held by the general fund. This asset base is regularly reviewed to ensure it meets the corporate strategies and continues to remain value for money. Therefore, at times, the Council will dispose of surplus and underutilised sites.

- 1.2. The policy and process regulating the review of underutilised assets was determined by Executive in December 2022. Assets that are identified as potentially being underutilised are reviewed through the Asset Management Review Group (AMRG) using the process identified in the policy and where there is no service requirement or financial value in retaining the site, they are considered surplus and recommended for sale.
- 1.3. This report details the sites that have recently been through this process and confirmed as not required to be retained. Accordingly, they will be recommended to Executive for disposal per the Council's Asset Disposal Policy.

2. Executive Summary

- 2.1. The asset management function is to align the Council's property portfolio to meet service strategies, to contribute to the Corporate Plan and carbon neutral commitments. Part of this function is to review sites to ensure they continue to have a beneficial purpose. Where this does not appear to be the case sites are shared through the Asset Management Review Group (AMRG).
- 2.2. Capital receipts are an important funding source for the capital programme, as where sites are surplus the sale of the assets provides funding for capital projects, and this is more beneficial than financing the programme through borrowing. With interest rates higher than in the recent past, it is important that the Council releases underutilised assets.
- 2.3. The AMRG has considered the sites detailed in the appendices and confirmed that there is no longer a requirement the Council to retain them.
- 2.4. The asset management team, therefore, have a responsibility to identify options to progress them to the open market, to ensure compliance with Council governance and statutory obligations.
- 2.5. This report lists the sites that are recommended for disposal, together with a supporting summary for each site.

3. Recommendations

3.1. It is recommended that:

- i) The Place & Environment Scrutiny Commission review the sites detailed in the appendices to the report and provide any comments in relation to the report.

3.2 Reasons for Recommendations:

- These sites have been confirmed as underutilised and surplus through the Asset Management Review Group and provide opportunities to sell on the open market to obtain capital receipts. These capital receipts contribute to the funding of the capital programme.
- There are controls through the planning process, including consultation associated with the planning process, for the community to be engaged in the outcome of the development.
- Bringing sites forward for development contributes to North Northants area housing supply and to regeneration of their respective areas.
- Progressing these sites will result in the Council reducing the revenue holding costs.
- Any developments will be regulated with building regulations including those supporting accessibility and the requirement for adherence to energy and sustainability requirements.

3.3 Alternative Options Considered:

- The sites could be retained but they are not contributing to the corporate plan, and Councils are encouraged not to retain sites unless they achieve a return on the holding, ie a service use or an income on the investment.
- Alternative uses have been considered through the AMRG, which includes service area representatives, who confirmed the sites will not meet their needs and/or are not financially viable for their requirements.
- A review of the markets including land values and planning policy shows that there are viable options for development of these sites and, once developed, these uses will contribute to employment and community opportunities for North Northamptonshire

4. Report Background

- 4.1. Asset management includes a process of review to ensure the portfolio achieves the Council's objectives and the property and land holding remains value for money.
- 4.2. The Council adopted a Disposal Policy in December 2022, this included a process whereby underutilised and surplus sites are systematically reviewed to determine whether the holding should be retained. Councils are encouraged to bring underutilised sites forward to the wider economy, to enable external parties to utilise them for economic, social and environmental opportunities.
- 4.3. The sites identified in this report have been through the adopted review process and confirmed not to be contributing to the Corporate Plan and therefore are being recommended for disposal on the open market.

5. Issues and Choices

- 5.1. The Council has an extensive general fund portfolio which has a book value over £660m and includes leisure centres, schools, social services facilities, parks and open spaces. The portfolio must adapt to meet service requirements; to meet higher standards of environmental regulations and our carbon reduction commitment.
- 5.2. Energy surveys and condition surveys continue to be received and these identify that substantial investment will be required in retained assets in order for them to continue to meet service outputs in a safe and energy efficient manner.
- 5.3. This requirement to continue to invest in projects requires the Council to release sites that are not significantly contributing to a service requirement or, in the case of the investment portfolio, are not providing a good return of income.
- 5.4. The Council has set a draft budget including capital receipt targets of £2,759,400 for 24/25 and £2,628,400 for 25/26, so it is important to release underutilised sites to contribute to these receipts; failure to do so would put the capital receipt targets at risk.
- 5.5. The issue for the Council therefore is to continue to identify sufficient sites to obtain the capital receipts, and if these receipts are exceeded this will lead to less requirements for borrowing. Sites such as these being recommended for sale are not providing a valuable return on the holding but will obtain a capital receipt.
- 5.6. The land sites, appendix A & B will be brought forward marketed as sales conditional upon planning, which will ensure the Council obtains best consideration for the sites. The closed care home is also likely to be a

conditional sale. The recommendation to Executive provides for the exact terms to be agreed with the Executive Member for Highways, Travel & Assets.

6. Next Steps

- 6.1. Feedback from the Scrutiny Commission will be considered as part of the Executive Paper due to be reported in February 2024.
- 6.2. Subject to Executive approval, the sites recommended for progression to sale will be processed by the asset management team to procure professional advice on marketing and valuation; they will ensure the sites are marketed widely. The land sites will be conditional sales to ensure the Council obtains maximum value from the sites. Beech Close will be further analysed to identify the best way of maximising the sale whilst balancing this against the substantial holding costs.
- 6.3. Sites recommended for disposal will be prepared for market including a sale guide price and a marketing period will be determined in consultation with agents. The agents are procured following a tender process.
- 6.4. The agents will ensure marketing is completed for a minimum of two months and make recommendations to the asset team who will review the offers before making a recommendation to the Council.
- 6.5. The Executive Member for Highways, Travel & Assets and Assistant Director for Assets & Environment will review the recommendation and determine the bid to progress through to conveyance.
- 6.6. The Asset Team, working with Legal and Finance, will progress the sites through to completion.

7. Implications (including financial implications)

7.1. Resources, Financial and Transformation

- 7.1.1. These sites incur revenue holding costs, direct costs particularly Beech Close, including security, inspections, business rates or council tax, and reactive repairs. The sites are not secured as long-term holdings. If the Council were to retain longer term, then insurance representatives would need to be consulted on additional security measures, so costs would increase further.
- 7.1.2. None of these sites achieve any revenue income.
- 7.1.3. Professional fees will be recovered from the capital receipt, to include legal, disposal consultant, agency, planning permission fees and any other costs directly incurred as a result of bringing the site forward.

7.2. Legal and Governance

- 7.2.1. The Local Government Act S123 requires a council to obtain best consideration that can reasonably be obtainable and marketing these sites for

a minimum of two months through relevant agency methods will ensure the opportunity is widely advertised and bidders have the to submit a commercial bid for the site(s).

7.2.2. Legal will be instructed for the conveyance.

7.2.3 The Council's financial procedure rules require assets to be marketed on the open market unless there are exceptional circumstances specific to the site whereby the only reasonable option is to sell by private treaty. A council may dispose of a site in this way subject to obtaining market value.

7.3. Relevant Policies and Plans

7.3.1. HM Treasury Guide, Managing Public Money, Annex 4.15 Asset Management, sets out best practice to ensure disposals achieve market price and further, that surplus corporate assets should be disposed within three years.

7.3.2. The Housing and Planning Act 2016 (2) S208 sets a limit of two years from determination of surplus.

7.3.3. These proposals will assist the Council in delivering its fiduciary responsibilities and assist the Council in meeting its commitments in the Corporate Plan including Safe and Thriving Places and Modern Public Services.

7.4. Risk

7.4.1. The recommendations above ensure the Council mitigates the risks associated with holding vacant property surplus property.

7.4.2. A marketing campaign for all relevant sites provides transparency and gives opportunity for the wider market to tender. This mitigates the risks of challenge.

7.5. Consultation

7.5.1. Ward Members feedback on the sites has been sought as part of the disposal process.

7.6. Consideration by the Executive

7.6.1. This report has not been considered by an Executive Advisory Panel.

7.7. Equality Implications

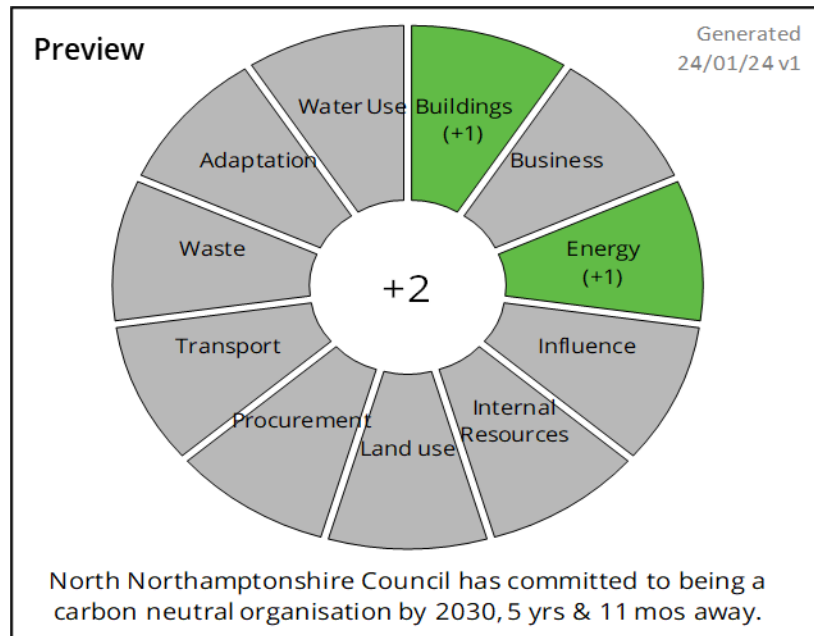
7.7.1. An Equality Screening Assessment has been completed and confirms there are no negative impacts on one or more equality groups.

7.8. Climate Impact

7.8.1. The Council, having declared a climate change and environment emergency in June 2021, is committed to reducing its climate impact both within its own

Council buildings and in working with businesses and the wider community to achieve net zero energy emissions. Disposal of the sites with buildings would directly reduce the Council's carbon footprint. Any developments would be required to meet the energy standards contained within the building regulations.

7.8.2. The Council's Climate Change Impact Assessment Infographic is provided below:



7.8.3. Two sites are fields, the other site is a closed care home, unfit for occupation. The closed care home cannot be retrofitted and is not viable for the service to develop. This reduction in sites will support the carbon reduction commitment due to the council using less energy supplies. The closure of the site and discontinuance of using the carbon boiler will reduce the Council's energy demand.

7.9. Community Impact

7.9.1. This proposal has no direct community impact.

7.10. Crime and Disorder Impact

7.10.1. Vacant sites can be the target of antisocial behaviour and vandalism. These proposals will facilitate development, and this will have a positive impact on crime and disorder.

8. Background Papers

8.1. Asset Disposal Policy and Process:
<https://www.northnorthants.gov.uk/communities-assets-and-grants/asset-disposal-policy>