

CABINET

DATE	8 th March 2023
REPORT OF	Councillor Stephen Harness - Portfolio Holder for Finance, Resources and Assets
RESPONSIBLE OFFICER	Sharon Wroot, Executive Director Place and Resources
SUBJECT	Property and Land Asset disposals
STATUS	Open
FORWARD PLAN REF NO.	CB 03/23/08

CONTRIBUTION TO OUR AIMS

The disposal of property and land assets across the Borough will facilitate income opportunities from capital receipts and remove ongoing revenue obligations for those assets (that do not return a viable commercial income or that are or are proposed as surplus to the Council's operational requirements).

The savings generated from disposals will support the current financial constraints the Council is facing at this time. The intention is to be able to use capital receipts to fund transformation costs within the Council. There is specific criterion for the flexible use of capital receipts which allows the Council to use capital receipts for revenue costs. This primarily allows the Council to fund one-off costs of transformation with a requirement to achieve ongoing savings as a result of that activity.

The proposal within the report, will enable the Council to progress individual disposals of property and land assets that is consistent with Council policy which contributes to the strategic priorities of 'Stronger Economy', 'Stronger Communities'.

The Council is further considering a number of interlinked property rationalisation plans including disposals that would see the collective annual revenue expenditure reduce from holding a reduced number of assets, coupled with achieving capital receipts through disposal, ensures we meet our determination to be a modern, efficient and effective Council.

EXECUTIVE SUMMARY

This report seeks authority for the Council to dispose of a number of property and land assets, that provide a low commercial return and/or that are surplus to the Council's requirements. A list of the proposed property and land assets for consideration is outlined at section 1.5 which mirrors the recent budget scrutiny documentation/meetings, as well as other property and land assets which are being considered as outlined at Appendix One. This list is closed due to commercial sensitivity.

The list of property and land assets includes those that could be progressed with relative ease, without the need for conditions. There are others that have grant

funding conditions associated with Housing delivery, with sites already allocated within the Local Plan.

Other property and land assets will be considered where there are other opportunities being explored to support alternative service delivery, or where it is concluded the property or land asset offers little benefit should the Council continue to own and remain responsible for it.

The property and land assets will be subject to a full appraisal by appropriate officers, ensuring any proposal to progress a disposal is appropriate. The evaluation process will also include whether there are any byelaws, covenants or restrictions that would prevent disposal or if suitable mitigation against such conditions, could still result in assets being disposed.

RECOMMENDATIONS

It is recommended that Cabinet:

1. Approves the principle of the disposal of property and land assets that either provide a low commercial return and/or are deemed surplus to the Council's requirements as set out within this report and as outlined within Appendix One, supported by the reasoning as set out in this report;
2. Delegates authority to the Executive Director Place and Resources in consultation with the Portfolio Holder for Finance, Resources and Assets to dispose of the assets identified in this report at the Executive Director's discretion and on such terms as the Executive Director thinks fit, and to ensure that all necessary actions are conducted in order to approve detailed terms as appropriate, and thereafter complete such disposal;
3. Delegates to the Assistant Director Law and Governance (Monitoring Officer) authorisation to complete and execute all requisite legal documentation in relation to the matters outlined above.

REASONS FOR DECISION

There are a number of property and land assets that the Council hold which may be considered for disposal that provide a low commercial return and/ or proposed as surplus to the Council's requirements. The disposal of property and land assets across the Borough will facilitate income opportunities from capital receipts.

1 BACKGROUND AND ISSUES

- 1.1 Where the Council are the freehold owners of property and land assets across the Borough, consideration should be given as to whether there is an opportunity for potential disposal, ensuring all known details have been appropriately considered and assessed by relevant workstreams.
- 1.2 Any opportunity that would be considered would range from those property and land assets that provide a low commercial return or benefit from vacant possession which are surplus or proposed as surplus. The property and land assets that are not being considered include highway, amenity, open space or parks and recreation grounds.
- 1.3 The property and land assets included in the disposal programme will be

considered against a number of factors, including (but not exhaustive): low occupancy rates; rack rented (unlikely to see further rental growth); declining market; high void costs, including Business Rates; management intensive; loss making; underutilised and long leasehold interest resulting in interest in freehold acquisition.

1.4 The proposed programme of property and land asset disposals will allow the Council to use capital receipts to fund transformation costs. There is specific criterion to the flexible use of capital receipts policy that allows the Council to use capital receipts for revenue costs. This is primarily to enable the Council to fund one-off costs of transformation with a requirement to achieve ongoing savings as a result of that activity.

1.5 The following table provides a first Tranche of property and land assets currently being marketed for disposal or being considered as outlined as part of the recent Budget proposals:

	Welholme Galleries
	Strand Street MUGA/ Skate Park
	Land at Battery Street (no 32)
	Land at Humberville Road
	Land adjacent to 9 Ashby Close & 19 Glenfield Road
Currently Marketing	Land r/o Cleethorpes Business Centre
	Land adjacent to Immingham Business Units
	Land at Southview Humberston
	Former Bursar Street Primary School & Nursery
	Plot C Alexandra Road, Grimsby
	Former Grant Street Public house (O'Neil's)
	10 Town Hall Street
	Former Matthew Humberstone School Playing Field (part Housing; part Extra Care)
Conditional (subject to grant funding)	Former Western School Playing Fields (Extra Care)
	Former Western School Site – inc. Playing Fields and surplus land to r/o Grange Primary
	Former Weelsby Avenue Depot
Future Marketing	Former Lindsay Lower School Playing Field
	The Civic
	Second Avenue Playing Fields
	Land at Cartergate
Under review	Molson Centre
	Former Poplar Road Depot
	Land at Cromwell Road
	Land at Scartho Road

1.6 Further property and land assets that are under review which are currently operational and/ or have existing decisions approved for use or are subject to formal tenancy agreements with third parties are outlined in a Closed Appendix to this report as these assets need further analysis and as such are currently considered to be sensitive in nature. These property and land assets should be considered against the benefits of a capital receipt with the strategic reasons in holding property and land assets that are unable to be resourced fully to meet operational use or return a viable commercial income in supporting Council services. Any proposal will need to demonstrate that disposals meet the condition of 'best price reasonably obtainable' as per section 123 of the Local

Government Act 1972.

- 1.7 When considering the disposal of property and assets, the Council will, where appropriate, ensure any appropriation of assets from their current use will be part of a formal consultation procedure to ensure decision makers are appraised of all necessary implications. This will be identified as part of the outcome of both project team and board recommendations including service workstreams in Estates, Legal, Highways, Planning, Heritage and Conservation and Ecology to demonstrate the disposal of the asset will not have any detrimental impact on the local community, area or environment.
- 1.8 Further to the above, once identified, property and land assets may be taken forward individually or in tranches for potential disposals. However, all property transactions will be appropriately captured by way of an Officer Decision Record (ODR) by the Executive Director Place and Resources and the Portfolio Holder for Finance, Resources and Assets.
- 1.9 Ward Councillors will be engaged as part of the disposal process.

2 RISKS AND OPPORTUNITIES

- 2.1 The risk to the Council in progressing with a series of property and land disposals, once Officers have identified and assessed each property or land asset, is considered minimal given the type of assets being considered.
- 2.2 The Council will seek the 'best price reasonably obtainable' when seeking to achieve a capital receipt to meet s123 of the Local Government Act 1972. Any disposal will ultimately remove the financial commitments of the Council.
- 2.3 Future risks will be passed to and remain with the new owners following completion of disposals in respect to the operational costs, as well as investment opportunities.
- 2.4 There are identifiable environmental sustainability implications to consider as a result of the proposal, as set out in section 7 of this report.
- 2.5 Any future redevelopment of property and land will require advice from statutory consultees through the Planning process, where any issues would be raised and addressed accordingly.

3 OTHER OPTIONS CONSIDERED

- 3.1 To do nothing would see associated costs and obligations continue to fall to the Council for those property and land assets that provide a low commercial return, or which are or are proposed as surplus to the Council's operational portfolio. This is not considered a viable option for the Council to continue to hold such assets where there is little or no benefit in support of the Council's strategic priorities.
- 3.2 Freehold or Leasehold disposal will be considered on all potential property and land asset disposals as there may be proposed uses whereby a leasehold disposal would be more appropriate, or if the Council needs to retain a level of control of the use or future requirements of the property or land asset or its surroundings.

4 REPUTATION AND COMMUNICATIONS CONSIDERATIONS

There are positive reputational implications for the Council resulting from the decision to support a number of property and land asset disposals across the Borough. Opportunities for disposals of property and land assets that provide a low commercial return or offer no positive impact to our communities should be offered for disposal. The Council's communications service has been briefed of the proposal and will issue any information requirements, as necessary.

5 FINANCIAL CONSIDERATIONS

- 5.1 The proposal outlined within the report supports the Council's key priorities of 'stronger economy and stronger communities', by enabling disposals to encourage others to use and possibly enhance property and land assets that cannot be fully realised by the Council or that offer little other benefit, leading to missed opportunities for operating and improving assets for the benefit of the Borough.
- 5.2 The maintenance costs of the property and land assets will be financed through resources obtained by new owners. Any future investment will be subject to owners using their own resources which will remove the financial commitments from the Council.
- 5.3 The savings generated from disposals will support the significant financial constraints the Council is facing at this time and as outlined in the recent Budget. Savings will be provided from ongoing revenue costs as well as the ability to use capital receipts to fund transformation costs. There is specific criterion to the flexible use of capital receipts policy that allows the Council to use capital receipts for revenue costs. This is primarily so that the Council can fund one-off costs of transformation with a requirement to achieve ongoing savings as a result of that activity.
- 5.4 Disposals from holding property and land assets no longer required for operational use is consistent with the Council's policy to contribute to improved value for money and supports the financial objective and our determination to be an efficient and effective Council.

6 CHILDREN AND YOUNG PEOPLE IMPLICATIONS

The property and land assets, subject to the proposals outlined within this report being agreed, will have no impact to Children and Young People as there are no services or activities affected by the opportunities from potential disposals.

7 CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

The recommendations outlined within this report have been considered so far as the impact on carbon reduction and increasing biodiversity.

7.1 Carbon Off-setting

In December last year, the Council committed to accelerating progress on achieving carbon net zero by 2030, 10 years earlier than previously agreed.

The Council have six (6) workstreams within its carbon roadmap towards achieving this goal, specifically referencing assets and fleet.

There will be significant challenges to achieve carbon neutrality within some of the

properties held by the Council, Town Halls for example. Therefore, the opportunity of disposal will explore off-setting opportunities.

Such opportunities exist where retained land / woodland / increased tree planting and other nature-based solutions could be explored. However, an assessment of the portfolio should be undertaken strategically as to how this is achieved as the right trees need to be planted in the right locations, to ensure there are no unnecessary maintenance and management activities being created impacting on already stretched resources or planting the wrong trees that are simply going to become diseased and die.

Land in the form of fields and woodlands are preferred over street tree planting or parks as it enables a greater number of trees to be planted in one location which take less maintenance and management than small pockets. Established woodlands surround new plantation, helping create green corridors, protecting and enhancing our habitats.

Trees however take at least five (5) years before they begin to store carbon, hence there is a need to move quickly and focus on established woodlands, i.e. Bradley Woods, resulting in a less cost-effective option than a greater investment in our own buildings and fleet. All avenues need to be explored including a full cost analysis.

7.2 Biodiversity Net Gain

In addition to the above, in November this year, the Environment Act 2021 introduced an obligation that all new developments will be required to provide 10% biodiversity net gain.

This can be either on site, off site or purchased from a national grid. This is equally applicable to all new Council developments. There are opportunities as well as challenges that come with this:

- If we have insufficient land to provide 10% biodiversity net gain on our own developments, it is likely we will have to purchase land or credits from others that may prove costly. It is estimated that each biodiversity unit could cost between £12,000 - £50,000.
- If we have land, we can either use it for our own developments or could look at selling credits to other developers, who have insufficient land and need to provide biodiversity net gain, at a fee in the region of the above.

8 CONSULTATION WITH SCRUTINY

There has been no consultation with Scrutiny to date on this report however the subject matter has been discussed in budget scrutiny meetings. Furthermore, Economy Scrutiny are due to meet on 28th Feb 2023 to discuss the report and make any recommendations.

9 FINANCIAL IMPLICATIONS

The capital receipts that will be generated through the proposed property and land asset disposals will enable the Council to utilise the flexible use of capital receipts policy to fund transformation costs from capital receipts over the next two financial years.

10 LEGAL IMPLICATIONS

10.1 As referenced in the above report, the Local Government Act 1972, s123, provides that the Council may dispose of land in any manner it sees fit, subject to the constraint that (except in the case of leases for less than 7 years) disposal must be for the best consideration reasonably obtainable.

10.2 Constitutionally, the Executive Director Place and Resources enjoys delegations to deal with property assets, save where key decision threshold is met which would trigger a Cabinet decision. This report and the delegations sought would see that delegation extended to cover the disposal of identified assets (either individually or collectively) beyond that threshold. Such decisions will be in consultation with the Portfolio Holder and be subject to completion of an Officer Decision Record.

11 HUMAN RESOURCES IMPLICATIONS

There are no direct HR implications.

12 WARD IMPLICATIONS

This proposal has the potential to impact on all Wards.

13 BACKGROUND PAPERS

Individual key decisions that have already taken place in respect to the disposal of property and land as listed within this report are included as background papers.

Land at Western

Land at South View, Humberston

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