

# Business and Property Committee

Item No.....

<b>Report title:</b>	<b>Disposal, Acquisition and Exploitation of Properties</b>
<b>Date of meeting:</b>	<b>15 May 2018</b>
<b>Responsible Chief Officer:</b>	<b>Executive Director of Finance and Commercial Services</b>
<b>Strategic impact</b> Proposals in this report are aimed at supporting Norfolk County Council (NCC) priorities by exploiting properties surplus to operational requirements, pro-actively releasing property assets with latent value where the operational needs can be met from elsewhere and strategically acquiring property to drive economic growth and wellbeing in the County.  One of the key strategic actions within the Asset Management Plan is a sharp focus on maximising income through adoption of a more commercial approach to property.	

## Executive summary

As part of corporate management of property and a systematic approach to reviewing the use and future needs of property assets for service delivery there is a continued emphasis on minimising the extent of the property estate retained for operational purpose. However, on occasion there will be the requirement to acquire or reuse an individual property to support a service to delivers its aims.

By adopting a “single estate” approach internally, and sharing property assets with public sector partners through the One Public Estate programme, the Council is aiming to reduce net annual property expenditure by £4.25million over the next four years (2018/19 to 2021/22).

Consideration is also given to suitability of surplus property assets for use or redevelopment to meet specific service needs that could improve quality of services for users, address other policy areas and/or improve financial efficiency for the County Council, for example, facilitating the supply of assisted living accommodation and other housing solutions for people requiring care, undertaking re-development to support jobs and growth.

This means that as well as continuing with the rationalisation of the operational property estate to reduce the number of buildings used by the County Council, a more commercial approach is being adopted over the sale or redeployment of surplus property assets.

### **Recommendations:**

**Business and Property (B&P) Committee are asked to:**

- (i) Endorse the key principles forming the policy on the treatment of retained land and sites following the conversion of schools to academies.**

- (ii) Formally declare the Land at Stibbard Road, Fulmodeston surplus to County Council requirements and instruct the Head of Property to dispose of the property. In the event of a disposal receipt exceeding delegated limits the Head of Property in consultation with the Executive Director of Finance & Commercial Services and Chair of B&P Committee is authorised to accept the most advantageous offer and report the fact at a subsequent B&P Committee meeting.**
- (iii) Agree to the acquisition of a licence for 3 years for 16 dedicated and 14 hot desks at South Norfolk House, Cygnet Court, Long Stratton for a fee of £31,500 per annum(p.a.).**
- (iv) Agree to the leasing of the Queens Road Land, Norwich to Sentinel House Buildings Ltd for a 30-year term at £2,000 p.a.**
- (v) Formally declare the Land adjacent Ashleigh Infant School, Wymondham surplus to County Council requirements and instruct the Head of Property to dispose of the property. In the event of a disposal receipt exceeding delegated limits the Head of Property in consultation with the Executive Director of Finance & Commercial Services and Chair of B&P Committee is authorised to accept the most advantageous offer and report the fact at a subsequent B&P Committee meeting.**

## **1.0 Introduction**

- 1.1 The Council actively manages its property portfolio in accordance with the adopted Asset Management Plan. Property is held principally to support direct service delivery, support policy objectives, held for administrative purposes or to generate income. Property is acquired or disposed of as a reaction to changing service requirements, changing council policies or to improve the efficiency of the overall portfolio.
- 1.2 The County Council challenges the use of its property on an ongoing basis. In the event of a property asset becoming surplus to an individual service need there are internal officer processes to ascertain whether other service areas have an unmet need that could be addressed by re-using the property asset for that service. This may lead to a change of use of individual properties, for example, an office building may be reused for operational service delivery. Any proposals for retention are only agreed if supported by a robust business case showing the benefits to the County Council and are funded from approved budgets. This assessment will also consider whether a property could be offered at best consideration to public sector or third sector partners.
- 1.3 The above assessments are carried out by the Corporate Property Officer (the Head of Property) in consultation with the Corporate Property Strategy Group (CPSG). Once it is confirmed there is no further County Council requirement the Business and Property Committee is asked to formally declare property assets surplus or re-designate for alternative purposes.

- 1.4 The Corporate Property Officer reviews options for maximising income from surplus properties usually by open market sale to obtain the best consideration possible. These will range from selling immediately on the open market (to the bidder making the best offer overall), enhancing the value prior to sale, strategic retention for a longer-term benefit through to direct development of the land and buildings and selling/letting the completed assets, in the expectation of enhanced income for the Council.
- 1.5 For properties to be sold immediately there is sometimes a need to consider selling directly to a specific purchaser instead of going to the open market. This may be justified where the third party is in a special purchaser situation and is willing to offer more than the assessed market value. Conversely this might be to a purchaser who is in a unique position of control for the unlocking of the full latent value of the Council owned site (ransom situation). A direct sale without going to market can also be justified if there are specific service benefits or a special partnership relationship which is of strategic value with service/community benefits.
- 1.6 In making recommendations for direct sale without going to market, or direct property development, the Corporate Property Officer will consider risks, opportunities, service objectives, financial requirements and community benefits.

## **2.0 Policy on the treatment of retained land and sites following the conversion of schools to academies**

- 2.1 On occasion parts of NCC sites are disposed of with the result that part of the site remains in the ownership of the County Council. Typically, this situation arises when a community/voluntary controlled/voluntary aided/foundation school converts to an academy, however, a similar scenario could conceivably arise with the non-school's property portfolio.
- 2.2 This policy will address, in the main, the school situation but will be applied equally if a similar set of circumstances arise with a non-schools site and will therefore for the present be described as it affects school sites and acknowledges the unintended consequences of schools becoming academies.
- 2.3 During the initial phases of a school conversion to academy status questions will arise around which parts of a school site will transfer. The expectation of the Secretary of State is that all areas used by the predecessor school will transfer to the Academy Trust. There may however, be instances where that is inappropriate. The preferred approach by the County Council would be for a proposed academy school to take on all parts of a school site. However, the new academy will in the majority of cases, take the parts of the site that relate to education uses and "leave behind" those parts that are not required for education. In most situations it's the decision of the proposed academy as to which parts of an existing school site they wish to take on. Fundamentally, each case is considered on its merits.
- 2.4 Some examples of other uses on school sites include:

- Pre-school.
- Theatre.
- Leisure centre.
- Woodland.
- Excess areas of playing field not required by the academy.

Plus, scout huts, Reserve Forces and Cadets Association huts and potentially other local/community arrangements

- 2.5 Whilst a school remains a community school there are arrangements in place to manage any relationships with 3<sup>rd</sup> parties, use of shared facilities and utilities, access arrangements and any costs arising have generally been born by Children's Services. Wherever possible, Children's Services seek to place costs arising with the third party and only subsume them when there has been no alternative, there is no identified budget for these costs.
- 2.6 Several potential issues arise in the event of retained parts of school sites which while not causing wide spread problems for the County Council have on occasion have caused concerns to be raised and include:
- Identification of who/which department in the council has responsibility for the retained site/buildings.
  - Budgets for maintenance/management are hard to identify.
  - Identification of who can sign off on any surplus property declarations and subsequent decommissioning processes (in accordance with existing policies/processes/procedures).
  - The apparent absence of a council policy/strategy as to why a third party has occupied part of a school site/building.
  - "Land locking" sometimes arises where there is no direct access to other NCC property/public highway.
  - Lack of up to date formal/enforceable agreements on the use of shared facilities, utilities, access, etc.
  - The disposal of a retained part of a school site may not be achievable despite the County Council declaring such sites surplus to their use.
- 2.7 It appears there is little provision in the legislation for a proposed academy to agree arrangements for the management of parts of school sites retained by NCC.
- 2.8 There is no doubt in some settings there are local arrangements that are working well. However, where there is an apparent lack of knowledge/interest and possibly good will local management of some retained sites is becoming difficult. This has come in to sharp focus where retained sites have been declared surplus by the council and it wishes to divest itself of these sites.

2.9 To address this a set of key principles is proposed for retained parts of school sites that affect existing and proposed academy community/voluntary controlled/voluntary aided/foundation schools:

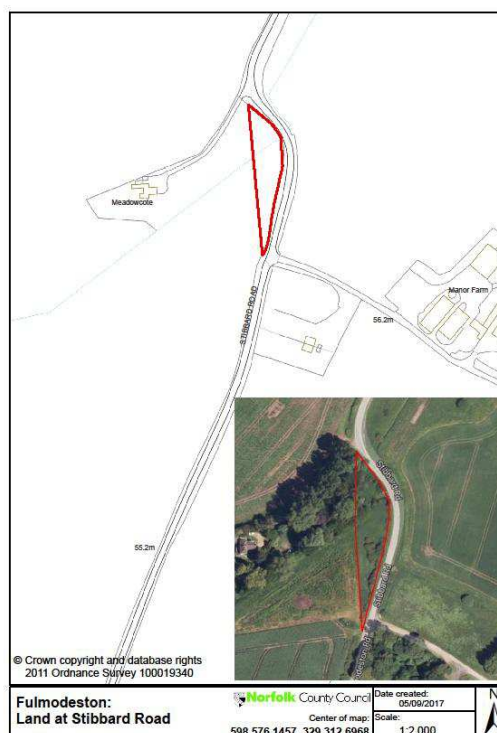
- (i) As far as is practicable encourage the proposed Academy to take on all parts of the school site currently used by the existing school.
- (ii) Where land is retained by NCC but may be required for future expansion of a school the aim would be to lease this land to the school for an interim period.
- (iii) For retained parts of school sites a summary is shared with the proposed Academy that includes details of the uses on these retained sites, information on current arrangements and obligations that require access over or through academy land/buildings and details of any shared facilities and utilities.
- (iv) Proposed Academy Trusts are informed of the general principle that NCC retained sites are subject to periodic review with a possible outcome the site may be disposed of to a third party at best consideration.
- (v) The retained parts of school sites remain the responsibility of Children's Services, until such time there is agreement with Corporate Property team the site can transfer to their custody. There will be the requirement to identify a revenue budget to ensure statutory and periodic maintenance is undertaken and security is maintained for these retained sites.

2.10 B&P Committee are asked to endorse the key principles forming the policy on the treatment of retained land and sites following the conversion of schools to academies

## 3.0 Proposals

### Fulmodeston - Land at Stibbard Road

- 3.1 This property was acquired as part of a highway scheme but was not directly utilised.
- 3.2 The site is approximately 1,664m<sup>2</sup> (0.411 acres/0.1664 hectares) in size.
- 3.3 The site was declared surplus by Community and Environmental Services 4 December 2017. Following a review by the Head of Property in consultation with CPSG it has been confirmed that the site is not required for NCC service use.
- 3.4 B&P Committee is asked to formally declare the Land at Stibbard Road, Fulmodeston surplus to County Council requirements and instruct the



Head of Property to dispose of the property. In the event of a disposal receipt exceeding delegated limits the Head of Property in consultation with the Executive Director of Finance & Commercial Services and Chair of B&P Committee is authorised to accept the most advantageous offer and report the fact at a subsequent B&P Committee meeting.

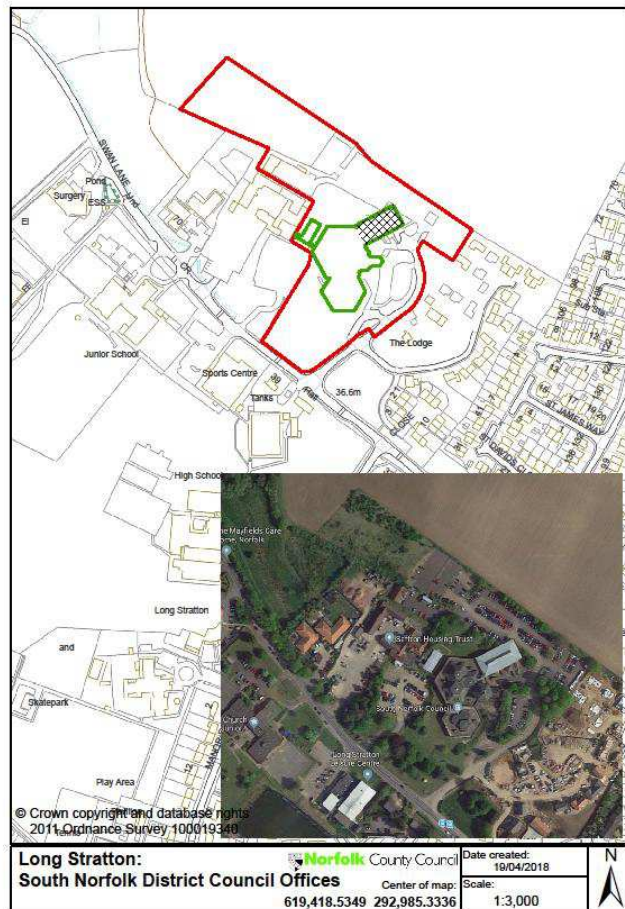
### **Long Stratton - South Norfolk District Council Offices, South Norfolk House, Cygnet Court**

3.5 Norfolk County Council Children's Services currently occupy space at South Norfolk District Council's (SNDC) offices in Long Stratton, as part of the integrated Early Help Hub, which was launched in 2014. The Early Help Hub brings together staff from South Norfolk Council, Norfolk County Council, Police and other public and voluntary sector organisations in a formal way to deliver better outcomes for families and individuals in need.

3.6 The current occupation provides for up to 21 NCC full time equivalents (FTE) staff to work from SNDC's offices on an unallocated hot desking basis in the dedicated Early Help Hub. The occupation is not formally documented but was approved by Children's Services (before Corporate Property Team was formed) and the annual cost of £30,000 has been met by the Children's Services department.

3.7 SNDC now wishes to relocate the Early Help Hub into a different part of their building, and the opportunity is being taken to formalise NCC's occupation of the SNDC space. A formal licence agreement is proposed, which is in keeping with the partnership nature of the operation.

3.8 It is proposed that NCC take a new licence on space within the main SNDC building (South Norfolk House) for a term of 3 years. This will provide 16 dedicated desks in an open plan office for NCC staff, on an all-inclusive basis plus access to 14 hot-desks. The licence fee will be £31,200 p.a. The licence fee will include furniture, telephones, computer screens, access to meeting rooms, car parking, reception and post handling services and staff welfare facilities. The licence fee will be met by Children's Services.





- 3.9 The proposed new licence fee is £1,200 p.a. more than the current licence fee. However, currently 21 (FTE) NCC staff work from the Early Help Hub, and this proposal provides accommodation to increase to 42 FTE staff after the move. Therefore, the unit cost per FTE reduces from £1,428 p.a. to £714 p.a.
- 3.10 B&P Committee is asked to agree to the acquisition of a licence for 3 years for 16 dedicated and 14 hot desks at South Norfolk House, Cygnet Court, Long Stratton for a fee of £31,500 p.a.

### **Norwich – Queens Road Land (4109/035)**

- 3.11 This land is owned by Norfolk County Council and was acquired for a highway scheme that never progressed.
- 3.12 The adjacent land owner, Sentinel House Buildings Ltd, wish to lease the land to provide a new footpath to connect to their proposed redevelopment of Sentinel House to the public highway.
- 3.13 The land is a grass verge, with a grounds maintenance liability and generates no value for NCC. Terms have been agreed to lease this land to Sentinel House Buildings Ltd with NCC having the right to break the lease if it is required for a future highways scheme.
- 3.14 The proposed lease is for 30 years, at a rent of £2,000 p.a. paid in 10-year blocks in advance i.e. £20,000 at the commencement of the lease and then every 10 years thereafter. The lessee will be responsible for the Council's legal fees.



- 3.15 B&P Committee is asked to agree to the leasing of the Queens Road Land, Norwich to Sentinel House Buildings Ltd for a 30-year term at £2,000 p.a.

## Wymondham – Land adjacent Ashleigh Infant School (7117/026C)

3.16 This property is owned by Norfolk County Council and amounts to 3,698m<sup>2</sup> (0.914 acres/0.3698 hectares) in area.

3.17 The site was declared surplus by Children's Services 20 November 2017 as it is not required by the adjacent school. Following a review by the Head of Property in consultation with CPSG it has been confirmed that the site is not required for NCC service use.

3.18 B&P Committee is asked to formally declare the Land adjacent Ashleigh Infant School, Wymondham surplus to County Council requirements and instruct the Head of Property to dispose of the property. In the event of a disposal receipt exceeding delegated limits the Head of Property in consultation with the Executive Director of Finance & Commercial Services and Chair of B&P Committee is authorised to accept the most advantageous offer and report the fact at a subsequent B&P Committee meeting.



## 3.0 Financial Implications

3.1 Decisions in this report will ultimately result in sale proceeds which will support funding of the Capital Programme or the repayment of debt. Other financial implications include:

- Reduction in property expenditure and financial efficiency through reduction in the number of sites and buildings retained.
- Generating revenue income/capital receipts from the exploitation of surplus property assets.
- Disposal and development costs to fund planning and assessment work. The cost of these will be funded from future receipts.

## 4.0 Issues, risks and innovation

4.1 For disposals and acquisitions in the usual way the legal implications are around the parties agreeing to the terms of the agreement for each acquisition and disposal and entering a contract.

## 5.0 Background



5.1 There are several strands forming the strategic background to these proposals, namely:

- The overall Council's priorities under the Norfolk Futures Strategy of:
  - Safer Children and Resilient Families.
  - Promoting Independence for Vulnerable Adults.
  - Smarter Information and Advice.
  - Towards a Housing Strategy.
  - Digital Norfolk.
  - Local Service Strategy.
  - Commercialisation.
- Norfolk County Council Asset Management Plan 2016-19.
- The adoption of an updated property savings plan, that calls for savings of £4.25m over the next four years.
- The Norfolk One Public Estate Programme that is supporting the joint strategic exploitation of the combined public-sector property estate.
- The medium term financial strategy includes commercialisation of NCC property assets as a priority to help diversify the Council's funding.

5.2 Strategic asset management is focussed on:

- Releasing properties that are costly, not delivering services efficiently or in the wrong location.
- Exploiting the latent value of the property estate with an emphasis on using the retained estate more intensively or identifying opportunities to generate revenue income or increasing the capital value.
- Reducing future maintenance liabilities and reducing the overall carbon footprint.
- Directing spend on "core" property assets that are to be retained over the long term.

5.3 There are several key targets in the prioritised work plan in the Asset Management Plan that support these proposals:

- Ongoing implementation of the property savings plan.
- Continued focus on property rationalisation.
- Property commercialisation.
- Reduce cost of retained property.
- Ongoing implementation of a 3-year disposals programme, allied with seeking opportunities for development.
- Surplus Highways land – implement disposals of packages of land parcels no longer required for road schemes.
- Deliver strategy to promote surplus/fringe sites for housing.

## **Officer Contact**

If you have any questions about matters contained in this paper please get in touch with:

**Officer Name:**  
Simon Hughes

**Tel No:**  
01603 222043

**Email address:**  
[simon.hughes@norfolk.gov.uk](mailto:simon.hughes@norfolk.gov.uk)



If you need this report in large print, audio, Braille, alternative format or in a different language please contact 0344 800 8020 or 0344 800 8011 (textphone) and we will do our best to help.