

# Business and Property Committee

Item No.....

<b>Report title:</b>	<b>Disposal, Acquisition and Exploitation of Properties</b>
<b>Date of meeting:</b>	<b>4 September 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, or 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) Formally declare the land East of Hargham Road, Attleborough 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

- (ii) Formally declare the land at A143 (area A and Area B), Brockdish surplus to County Council requirements and instruct the Head of Property to dispose of the property. In the event of a disposal receipt(s) 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) Formally declare the land at Kestrel Avenue, Costessey 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.
- (iv) Formally declare the land at Shrub Cottage, Long Stratton 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.
- (v) Formally declare the land opposite Mill Farm, Litcham Road, Mileham 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.
- (vi) Formally declare the land at Gravel Pits, Needham 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.
- (vii) Formally declare the Strips of land at Old Lane, Reepham 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.**

- (viii) Formally declare Elm Road, Thetford 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.
- 1.7 The recommendations for all disposals, acquisitions and exploitation of NCC property in this report follow detailed assessment by officers of the range of options available. The recommendation for each property is based on existing policies and strategies and judged to provide the best return to the council in financial terms and, where appropriate, taking account of community and economic benefits.

## 2.0 Proposals

### Attleborough – Land East of Hargham Road (3002/037)

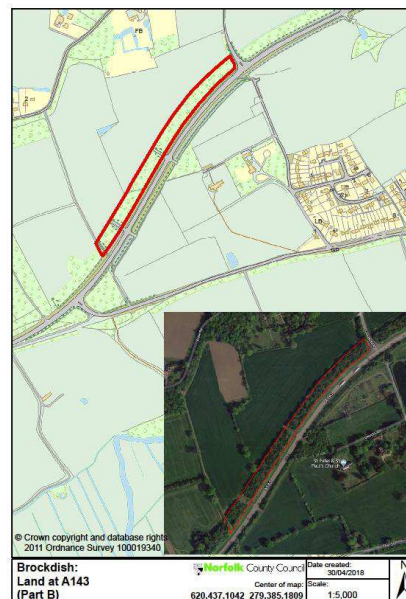
- 2.1 This land is owned by NCC and forms part of the County Farms estate. The land area is approximately 6.7 hectares (16.6 acres).
- 2.2 The land has been promoted for residential development in the local plan and it is anticipated NCC will submit an outline planning application in the autumn of 2018.
- 2.3 The land is tenanted until October 2018.
- 2.4 The County Farms team have reviewed this land and have confirmed that it is no longer required for operational purposes.
- 2.5 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.
- 2.6 B&P Committee is asked to formally declare the land East of Hargham Road, Attleborough 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

### **Brockdish – land at A143 (Area A (70160/23A) and Area B (7016/23B))**

- 2.7 These two areas of land were acquired by NCC for a highway scheme but not directly utilised. Area A is approximately 1.6 hectares (4.0 acres) in area and area B is 1.79 hectares (4.4 acres).
- 2.8 These properties were declared surplus by Community and Environmental Services on 23/5/2018. Following a review by the Head of Property in consultation with CPSG it has been confirmed that both properties are not required for NCC service use.
- 2.9 It is proposed to dispose of these two areas of land by way of public auction.
- 2.10 B&P Committee is asked to formally declare the land at A143 (area A and Area B), Brockdish surplus to County Council requirements and instruct the Head of Property to dispose of the property. In the event of a disposal receipt(s) 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.



### **Costessey – Land at Kestrel Avenue (7028/042)**

- 2.11 This property was originally acquired by NCC for education purposes, the surrounding land has been developed out for housing. The land area is approximately 0.076 hectares (0.19 acres).



2.12 This property was declared surplus by Children's Services on 20/11/2017. Following a review by the Head of Property in consultation with CPSG it has been confirmed that the property is not required for NCC service use.

2.13 The Head of property has been in contact with the Town Council to ascertain if they are interested in purchasing the land at full market value. However, if there is no agreement then it is proposed to dispose of this land by way of public auction.

2.14 B&P Committee is asked to formally declare the land at Kestrel Avenue, Costessey 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.



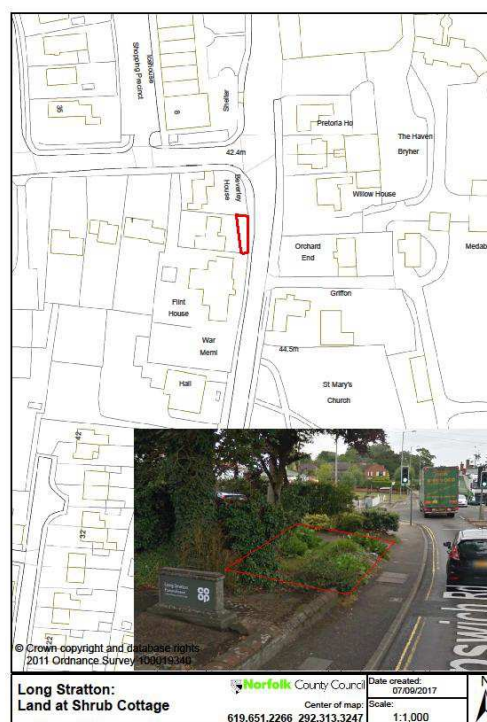
### Long Stratton - Land at Shrub Cottage

2.15 This property was acquired by NCC for a highway scheme but not directly utilised. It is approximately 54m<sup>2</sup> in area.

2.16 This property was declared surplus by Community and Environmental Services on 4/12/2017. Following a review by the Head of Property in consultation with CPSG it has been confirmed that the property is not required for NCC service use.

2.17 It is proposed to dispose of this land by way of public auction.

2.18 B&P Committee is asked to formally declare the land at Shrub Cottage, Long Stratton 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.

### **Mileham – land opposite Mill Farm, Litcham Road**

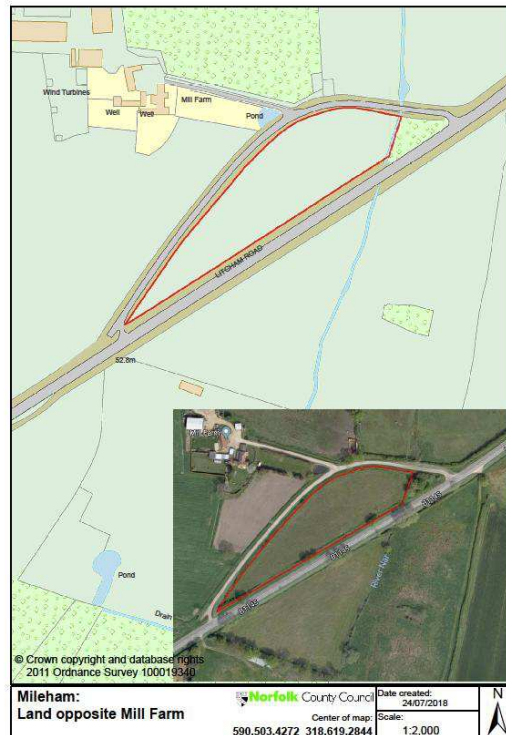
2.19 The property edged red on the plan forms part of the County Farms estate, the site area is 1.0 hectares (2.48 acres).

2.20 The County Farms team have reviewed the property and have confirmed that it is no longer required for operational purposes.

2.21 Following a review by the Head of Property in consultation with CPSG it has been confirmed that the property is not required for NCC service use.

2.22 It is proposed to dispose of this land by way of public auction.

2.23 B&P Committee is asked to formally declare the land opposite Mill Farm, Litcham Road, Mileham 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.



### **Needham - Land at Gravel Pits (7073/013)**

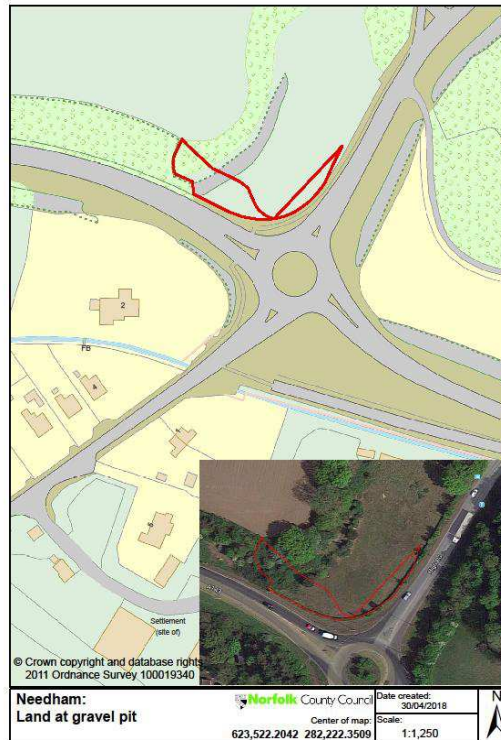
2.24 This property was acquired by NCC for a highway scheme but not directly utilised. It is approximately 873m<sup>2</sup> in area.

2.25 This property was declared surplus by Community and Environmental Services on 23/5/2018. Following a review by the Head of Property in consultation with CPSG it has been confirmed that both properties are not required for NCC service use.

2.26 It is proposed to dispose of this land by way of public auction.

2.27 B&P Committee is asked to formally declare the land at Gravel Pits, Needham surplus to County Council requirements and instruct the Head of Property to

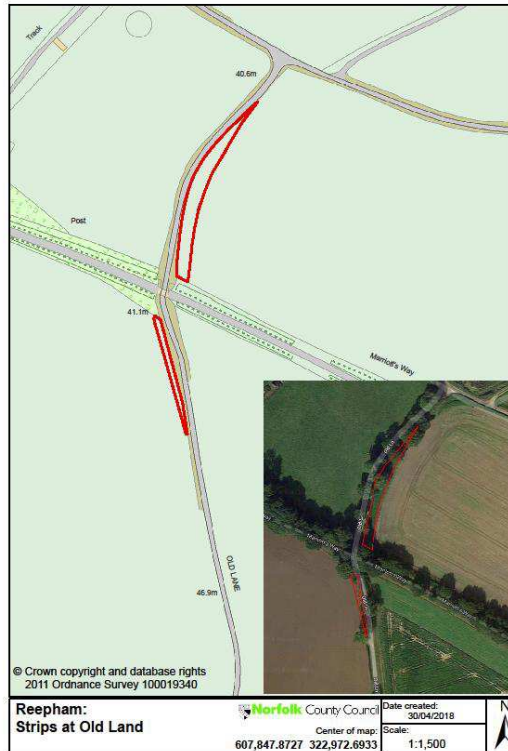
dispose of the property. In the event of a disposal receipt exceeding delegated limits the Head of Property in consultation with the Executive Director of Finance & Commercial Services and Chair of B&P Committee is authorised to accept the most advantageous offer and report the fact at a subsequent B&P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



### Reepham - Strips of land at Old Lane (5047/025)

- 2.28 These strips of land were acquired by NCC for a highway scheme but not directly utilised. They amount to approximately 0.09 hectares (0.23 acres) in area.
- 2.29 These strips of land were declared surplus by Community and Environmental Services on 29/5/2018. Following a review by the Head of Property in consultation with CPSG it has been confirmed that they are not required for NCC service use.
- 2.30 It is proposed to dispose of these two strips of land by way of public auction.
- 2.31 B&P Committee is asked to formally declare the Strips of land at Old Lane, Reepham 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.





### Thetford - Elm Road (3099/022)

- 2.32 This property was acquired by NCC in the 1960's. The property has been utilised by both Children's and Adult Services. Overall the site area is approximately 0.57 hectares (1.4 acres) in area.
- 2.33 Children's Services declared it surplus for their use on 9/8/2011. Subsequently the property was used by Adult Services. They declared it surplus for their use 29/4/2013. The property has remained empty ever since.
- 2.34 Adult Social Care have explored various options for the reuse of the site, however no firm proposals have come forward.
- 2.35 Following a review by the Head of Property in consultation with CPSG it has been confirmed that the property is not required for NCC service use.



- 2.36 This property incurs a significant cost per year in security costs alone. Despite this the property has suffered a lot of vandalism and is in a very poor state of repair.
- 2.37 The Head of Property has considered several options that has included disposal with or without planning permission, self-development (via Repton), or leasing out and concludes that this site should be disposed of by way of public auction thereby mitigating future liabilities of retaining the site.
- 2.38 B&P Committee is asked to formally declare Elm Road, Thetford 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 Repton Property Developments Ltd**

- 3.1 Committee will recall that previously it has been reported that the Land north of Norwich Road, Acle will be offered to Repton. Work is ongoing to assess the value; however, any sale of land will not proceed until Repton has procured its development services provider. The provider will act for Repton in the purchase of any sites from NCC.
- 3.2 Repton is working with Cushman and Wakefield to procure the development services provider and it is anticipated tenders will be sought during September 2018 with the appointment of the preferred partner during Autumn 2018.

### **4.0 Financial Implications**

- 4.1 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.

### **5.0 Issues, risks and innovation**

- 5.1 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.

### **6.0 Background**

6.1 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.

6.2 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.

6.3 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:

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