

# Business and Property Committee

Item No.....

<b>Report title:</b>	<b>Disposal, Acquisition and Exploitation of Properties</b>
<b>Date of meeting:</b>	<b>18 October 2017</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 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 a particular 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 a further £4.2 million over the next three years.

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 agree to:**

- (i) Formally declare the land at Vicarage Road, Deopham 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 bid and report the fact at a subsequent B&P Committee meeting.

- (ii) B&P Committee is asked to formally declare parts of the former Hethersett fire service headquarters site and edged red on the plan (area A to the north east and area B south west of the retained operational fire station) surplus to County Council requirements and instruct the Head of Property to dispose of both areas. In the event of disposal receipts 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 offers and report the fact at a subsequent B&P Committee meeting.  
For the avoidance of doubt an operational fire station will remain in Hethersett.
- (iii) Formally declare the land at Norwich Road, Kirstead 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 bid and report the fact at a subsequent B&P Committee meeting.
- (iv) Formally declare the land at School Road, Necton surplus to County Council requirements and instruct the Head of Property to dispose of the property either on the open market or to Repton Property Developments Ltd. 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 bid and report the fact at a subsequent B&P Committee meeting.
- (v) Formally declare the former Lakenham First School site, Hospital Lane site surplus to NCC use and authorise the Head of Property in consultation with Director of Finance and Commercial services to agree a sub-lease on the best terms possible and report the fact at a subsequent B&P Committee meeting.
- (vi) Authorise the Head of Property to implement the disposal of 2 sites by way of lease on Scottow Enterprise Park for use as battery storage facilities on terms to be agreed. In the event of the disposal values 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 proposal and report the fact at a subsequent B&P committee meeting.

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| <p>(vii) <b>Formally declare the Former Landfill Tip (Burlingham Estate), South Walsham surplus to County Council requirements and authorise the Head of Property to negotiate with the adjoining owner to dispose of the property at market value. In the event of a disposal receipt exceeding delegated limits the Head of Property in consultation with the Executive Director of Finance &amp; Commercial Services and Chair of B&amp;P Committee is authorised to accept the most advantageous bid and report the fact at a subsequent B&amp;P Committee meeting.</b></p> |
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## **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 a particular 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 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 Proposals

### Deopham – Land at Vicarage Road

- 2.1 This land is owned by NCC and is 10,615m<sup>2</sup> (2.62 acres/1.06 hectares) in size.
- 2.2 It was acquired for use as a school playing field but was not used for that purpose. The land has been let under an Agricultural Holdings Act 1986 tenancy for grazing.
- 2.3 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.
- 2.4 The Head of Property advises there is little prospect to exploit this land. South Norfolk District Council does not have a current housing or employment allocation for Deopham and the site's only potential would be as a housing exception site for affordable houses. In the event of a freehold disposal there will be an appropriate claw back provision to recover any uplift in values should there be a future change of use.
- 2.5 B&P Committee is asked to formally declare the land at Vicarage Road, Deopham 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.



## Hethersett – Office accommodation and ancillary accommodation at former fire and rescue service headquarters, Norwich Road (excluding the operational fire station)

2.6 The overall site is approximately 11,600m<sup>2</sup> (2.87acres/1.16hectares) in area and comprises:

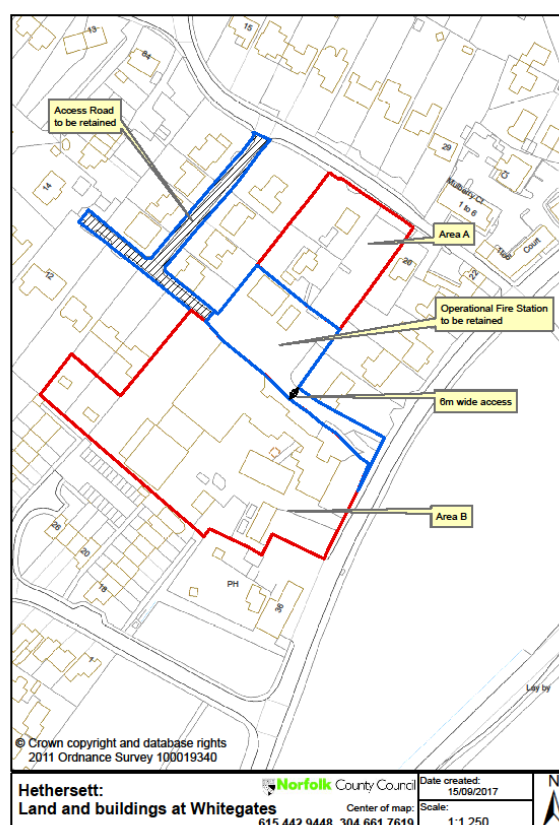
- Redundant office accommodation, formally occupied by the headquarters support functions.
- Vehicle workshop.
- Control room.
- Industrial cleaning facility (uniform cleaning).
- Meeting rooms.
- 3 former dwellings used for ancillary purposes including housing IT equipment, storage and offices.
- Operational fire station (to be retained).

2.7 The former house at the front of the site that previously accommodated the fire service headquarters function is grade II listed.

2.8 The majority of the fire and rescue service headquarters functions have relocated to the Operations and Communication Centre (Wymondham) to form a joint headquarters with Norfolk Constabulary. The vehicle workshop and ancillary functions are in the process of being relocated to other council owned sites. The fire service control room is being moved to the Operations and Communication Centre to form a joint police and fire control room.

2.9 These parts of the site, edged red on the plan (excluding the operational fire station (edged blue)) have been declared surplus to Community and Environmental Services use June 2017. Following a review by the Head of Property in consultation with CPSG it has been confirmed that these parts of the overall site are not required for use by other NCC service.

2.10 For the avoidance of doubt an operational fire station will remain in Hethersett. Once the surplus parts of the site are severed the operational fire station will retain dedicated access to Norwich Road for fire appliances and to Whitegates Close at the rear of the fire station for smaller vehicles, (edged blue on plan).



- 2.11 B&P Committee is asked to formally declare parts of the former Hethersett fire service headquarters site and edged red on the plan (area A to the north east and area B south west of the retained operational fire station) surplus to County Council requirements and instruct the Head of Property to dispose of both areas. In the event of disposal receipts 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 offers and report the fact at a subsequent B&P Committee meeting.

### **Kirstead – Woodland, Norwich Road**

- 2.12 This property was acquired as part of a highway scheme to bypass Kirstead and is approximately 12,285m<sup>2</sup> (3.04 acres, 1.23 hectares) in size.
- 2.13 It was planted as woodland and maintained using a Forestry Commission grant from 1994 but this expired in 2004.
- 2.14 The property was declared surplus by Community and Environmental Services on 4 October 2016. Following a review by the Head of Property in consultation with CPSG it has been confirmed that the site is not required for use by other NCC services.
- 2.15 B&P Committee is asked to formally declare the land at Norwich Road, Kirstead 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.



### **Necton – Land at School Road**

- 2.16 Necton first school closed in 2007. The school buildings are retained by the School's Trust.



2.17 The former school playing field is owned by NCC and is 4,743m<sup>2</sup> (1.17 acres/0.47 hectares) in size.

2.18 The playing field was declared surplus by Children's Services November 2008. Following a review by the Head of Property in consultation with CPSG it has been confirmed that the site is not required for use by other NCC services.

2.19 The Corporate Property Team are working with NPS to obtain outline planning permission to reuse the site for housing. As part of the options for disposal this site may be considered appropriate for direct development by the Council via its newly created property development company.



2.20 B&P Committee is asked to formally declare the land at School Road, Necton surplus to County Council requirements and instruct the Head of Property to dispose of the property either on the open market or to Repton Property Developments Ltd. 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.

### **Norwich – Former Lakenham First School site, Hospital Lane**

2.21 This property is leased in from the Trustees of Anguish's Educational Foundation for a term ending in December 2066.

2.22 The property formally accommodated the Lakenham First School and Nursery which closed August 2007. This school was amalgamated with Lakenham Middle School to become the Lakenham Primary School and was re-provisioned on another site that opened in September 2007.

2.23 The building is grade II listed and is approximately 1,235m<sup>2</sup> in area on a site of approximately 10,790m<sup>2</sup> (2.6 acres/1.079 hectares).

2.24 The property since 2008 has been sublet to The Norfolk Initiative Steiner School on a Tenancy at Will on the basis the property was surplus to Children's Services requirements.

- 2.25 The Norfolk Initiative Steiner School are now seeking to regularise their occupation and wish to agree a formal lease. In accordance with prevailing governance arrangements the Head of Property in consultation with CPSG reviewed the property and it was confirmed there is no requirement for use by other NCC services.
- 2.26 The Corporate Property Team with support from NPS are currently negotiating the best possible terms.
- 2.27 B&P Committee are asked to formally declare the former Lakenham First School site, Hospital Lane site surplus to NCC use and authorise the Head of Property in consultation with Director of Finance and Commercial services to agree a sub-lease on the best terms possible and report the fact at a subsequent B&P Committee meeting.

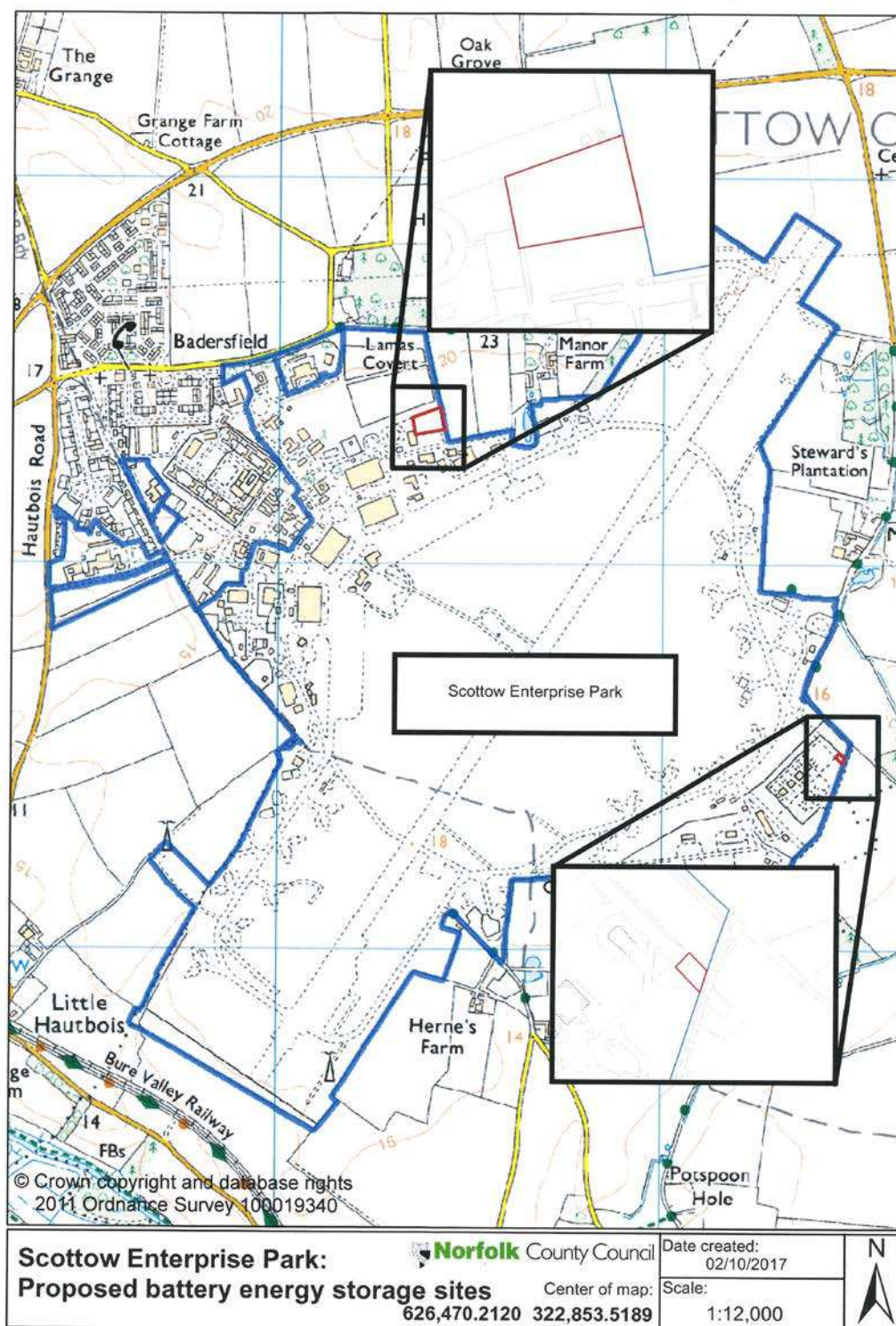


### Scottow Enterprise Park – battery energy storage facility

- 2.28 Norfolk County Council were approached by Scottow Moor Solar 2 Limited (the developer who built out and operate the existing solar photo voltaic (PV) array at Scottow) as they have identified an opportunity to install battery energy storage facilities. This will enable the storage of electricity generated by the existing solar farm which will then be distributed at times of high demand or when the solar farm itself is not generating electricity. This developer currently holds the grid connection agreement for the solar PV array.
- 2.29 Two sites on the Scottow Enterprise Park have been identified as suitable for the proposed battery storage facilities, as outlined in red on the plan, either or sites both may be utilised.
- 2.30 The council retained external consultants, experienced in this commercial area, to commence negotiations with the developer on the basis they will procure the necessary planning consents and construct the facilities. This will involve the entering of an option agreement and a construction lease. On completion of the construction the proposal is for a 20 year lease to operate the battery energy storage facilities

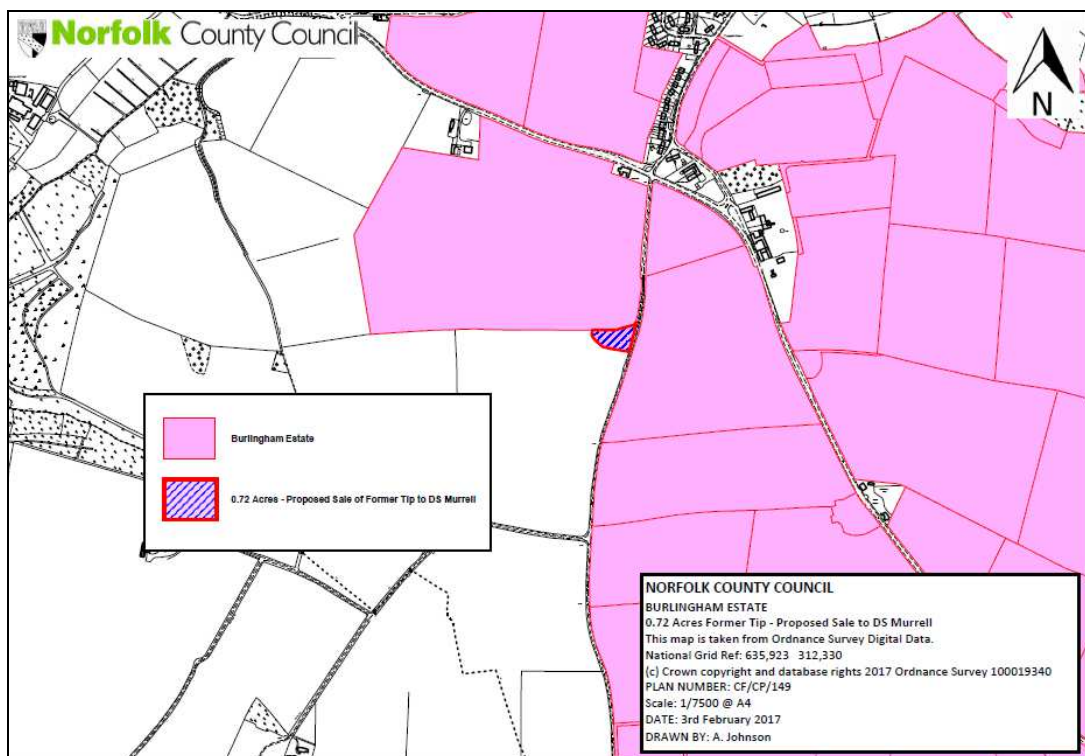


- 2.31 B&P committee is asked to authorise the Head of Property to implement the disposal of 2 sites by way of lease on Scottow Enterprise Park for use as battery energy storage facilities on terms to be agreed. In the event of the disposal values exceeding delegated limits the Head of Property in consultation with the Executive Director of Finance & Commercial Services and Chair of B&P Committee is authorised to accept the proposal and report the fact at a subsequent B&P committee meeting.



## South Walsham – Former Landfill Tip (Burlingham Estate)

- 2.32 The field corner comprising 0.72 acres (shown hatched blue below) was previously used for landfill and borders County Farms Land (shaded pink).
- 2.33 This field corner has been declared surplus by the County Farms Team. Following a review by the Head of Property in consultation with CPSG it has been confirmed that the site is not required for use by other NCC services.
- 2.34 The adjacent owner has approached the council to purchase this field corner. The same owner is also a County Farms Tenant occupying the field immediately to the North.
- 2.35 This field corner is reported as being a source of vermin that is causing crop damage. The adjacent owner has cited this as a key reason for the approach to purchase the site so as to allow him to put in vermin control measures.
- 2.36 B& P Committee is asked to formally declare the Former Landfill Tip (Burlingham Estate), South Walsham surplus to County Council requirements and authorise the Head of Property to negotiate with the adjoining owner to dispose of the property at market value. 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 bid 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 Councils priorities of **Excellence in Education, Real Jobs, Good Infrastructure and Supporting Vulnerable People**.
- Norfolk County Council Asset Management Plan 2016-19.
- The adoption of an updated property savings plan, that calls for £4.2m of savings for the next three 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.
- Ongoing implementation of a 5-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.
- Develop options for “top 5” sites with development potential.
- Deliver strategy to promote surplus/fringe sites for housing.

## Officer Contact

If you have any questions about matters contained or want to see copies of any assessments, eg equality impact assessment, please get in touch with:

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