

Business and Property Committee

Item No.....

Report title:	Disposal, Acquisition and Exploitation of Properties
Date of meeting:	5 March 2019
Responsible Chief Officer:	Executive Director of Finance and Commercial Services
Strategic impact 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 within the Council 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 the suitability of surplus property assets for reuse or redevelopment to meet specific service needs that could improve the 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 is asked to:

- (i) Agree to the disposal of Herondale, Bridewell Lane, Acle to Norse Care Ltd and authorise the Head of Property to agree the terms of the disposal in

consultation with the Executive Director of Finance & Commercial Services and Chair of B&P Committee/Portfolio Holder and report the agreement at a subsequent Committee/Cabinet meeting.

- (ii) Agree to the sale of the freehold interest in the Hethel Engineering Centre to Hethel Innovation Ltd for £2,700,000.
- (iii) Agree to the freehold transfer of the 17 care homes (listed in the table) to Norse Care Ltd at £1 each and authorise the Head of Property to agree the details of the transfer in consultation with the Executive Director of Finance & Commercial Services and Chair of B&P Committee/Portfolio Holder.
- (iv) Formally declare the land adjoining East Harling Fire Station (3042/013) 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/Portfolio Holder is authorised to accept the most advantageous offer and report the fact at a subsequent Committee/Cabinet meeting.
- (v) Formally declare the 15 former highway landholdings as listed in **Appendix 2** surplus to County Council requirements and instruct the Head of Property to dispose of the land parcels. In the event of a disposal receipt for each land parcel exceeding delegated limits the Head of Property in consultation with the Executive Director of Finance & Commercial Services and Chair of B&P Committee/Portfolio Holder is authorised to accept the most advantageous offers and report the fact at a subsequent Committee/Cabinet meeting.
- (vi) Formally declare Land at Hardingham Road, Hingham 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/Portfolio Holder is authorised to accept the most advantageous offer and report the fact at a subsequent Committee/Cabinet meeting.
- (vii) Agree to the leasing of Loddon Library Annexe, Church Plain (7066/027) to Loddon Parish Council for 15 years at a rent of £6,000 per annum on the terms agreed.
- (viii) Agree to the leasing of part of the site at Roydon Primary School to UK Power Networks for 99 years to accommodate a new electricity substation.

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 this 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

Acle – Herondale, Bridewell Lane (5001/016)

- 2.1 Business and Property Committee, at their meeting on 8 September 2017, resolved to formally declare Herondale surplus to Council requirements and instruct the Head of Property to bring forward as appropriate proposals for disposals or exploitation at a future Committee meeting.
- 2.2 Previously Norse Care Ltd had viewed the property and confirmed it did not meet their requirements at the time. Following the committee decision Officers reviewed alternative uses for the site, however no suitable use had been determined.
- 2.3 Broadland District Council on 16 January 2019 re-listed Herondale as an asset of community value, the listing period will expire 15 January 2024.
- 2.4 Norse Care Ltd have subsequently renewed their interest in acquiring the site.
- 2.5 B&P is asked to agree to the disposal of Herondale, Bridewell Lane, Acle to Norse Care Ltd and authorise the Head of Property to agree the terms of the disposal in consultation with the Executive Director of Finance & Commercial Services and Chair of B&P Committee/Portfolio Holder and report the agreement at a subsequent Committee/Cabinet meeting.



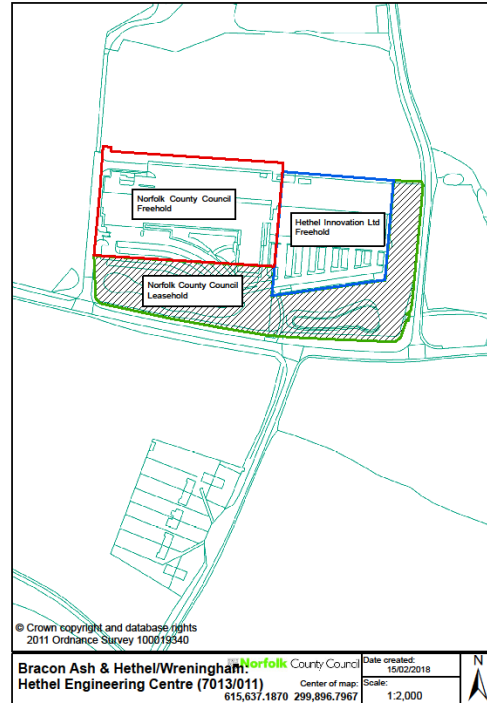
Bracon Ash & Hethell/Wrenningham - Hethel Engineering Centre (7013/011)

- 2.6 Business and Property Committee, at their meeting on 14 March 2018, agreed the following resolution:

“AGREED to the sale of their freehold interest in the Hethel Engineering Centre for £3,000,000 and assign the leasehold interest in the site to Hethel Innovation Ltd.”
- 2.7 Subsequently discussions have been held between NCC and Hethel Innovation Limited (HIL) in respect of the freehold interest and a revised sale price of £2,700,000 has been agreed. This variance has arisen due to the unusual and complex nature of the asset and its related legal agreements, which makes direct comparison with similar transactions very difficult. Furthermore, the assumptions around the future maintenance of the buildings

and the treatment of the Centre's income and expenditure have been confirmed.

- 2.8 The Head of Property believes that a sale at the revised sum of £2,700,000 continues to represent best consideration for the asset given the potential contingent maintenance obligations at the property and due to the economic development outcomes, that the centre will continue to generate over future years, with no further reliance upon NCC funding for these activities going forward. With HIL being wholly owned and controlled by NCC, any future financial surpluses arising within HIL because of the lower sale price may be reinvested into economic development activity within Hethel Engineering Centre (HEC) or through other activity delivered by HIL on NCC's behalf. Surpluses may also be returned to NCC if required.



- 2.9 B&P Committee is asked to agree to the sale of the freehold interest in the Hethel Engineering Centre to Hethel Innovation Ltd for £2,700,000.

17 Care Homes leased to Norse Care Ltd

- 2.10 All 17 care homes, as listed in the table (site plans in **appendix 1**), are owned freehold by NCC and each are let to Norse Care Ltd, in accordance with a lease dated 10 October 2013, on a on a full repairing and insuring basis for a 25-year term commencing 1 April 2011, ending on 31 March 2036. Each lease constitutes the entire agreement for the property and supersedes any previous agreements.
- 2.11 Norse Care Ltd (company number 07445484) was incorporated 19 November 2010 and is wholly owned by Norse Group Ltd which in turn is wholly owned by NCC.
- 2.12 The lease granted an option to Norse Care Ltd to acquire the reversion i.e. take a transfer of the freehold. Norse Care Ltd can exercise the option in one of two circumstances:
- (i) By serving notice within an option period identified in the lease as “the period from and including 1 September 2035 up to and including 28 February 2036.” In this situation the transfer would then occur after 31 March 2036, or

- (ii) By serving notice within three months of the property being closed as an “Existing Residential Home” by NCC. In this situation the transfer will take place 20 working days after the date of serving the option notice.

In each scenario the consideration for each property will be £1.

	Location	Name	Address	UPRN
1	Attleborough	St Edmunds	Surrogate Street, Attleborough NR17 2AW	3002/018
2	Brundall	Springdale	Cucumber Lane, Brundall NR13 5QY	5013/011
3	Chedgrave	Beauchamp House	Proctor Road, Chedgrave NR14 6HN	7025/012A
4	Dereham	St Nicholas House	Littlefields, Dereham NR19 1BG	3025/034
5	Downham	High Haven HFE	Howdale Road, Downham Market PE38	2022/018A
6	Fakenham	Cranmer House	Norwich Road, Fakenham, Norwich NR21	1029/021
7	Heacham	Rebecca Court	9 Staithe Road, Heacham King's Lynn	2037/012
8	Long Stratton	Harker House	Flowerpot Lane, Long Stratton NR15 2TS	7067/012A
9	Mundesley	Munhaven	Munhaven Close, Mundesley NR11 8AR	1071/013A
10	North Walsham	Rose Meadow	64 Yarmouth Road, North Walsham, NR28	1074/019
11	Norwich	Bishop Herbert	34 Globe Place, Vauxhall St. Norwich NR2	4113/014
12	Norwich	Ellacombe	Ella Road, Norwich NR1 4BP	4114/02
13	South Wootton	Woodlands	Grimston Road, South Wootton, King's	2045/090A
14	Stalham	Sydney House	Brumstead Road, Stalham NR12 9BJ	1093/017
15	Swaffham	Westfields	Westfields Road, Swaffham PE37 7HE	3097/014
16	Terrington St	Burman House	Burman House, Mill Road, Terrington St	2079/014
17	Watton	Linden Court	Church Walk, Watton Thetford IP25 6ET	3104/020

- 2.13 Therefore, under the terms of the lease in the event an individual property is decommissioned, and the site sold during the lease the disposal proceeds would be retained by Norse Care Ltd to purchase and build a new care home(s). In the eventuality the lease expires before a property is decommissioned the freehold title will pass to Norse Care Ltd.
- 2.14 As a consequence of these lease terms each care home has a book value of £1 and at the end of the lease NCC will “loose” the freehold to its wholly owned company. There is no practicable reason for this situation to remain and it is proposed to formally transfer the freehold for each property to Norse Care Ltd at a consideration of £1 each to reflect its book value.
- 2.15 This proposal is a continuation of the process commenced in 2011 to outsource these facilities to Norse Care Ltd and on this basis the local Members have not been consulted.
- 2.16 B&P is asked to agree to the freehold transfer of the 17 care homes (listed in the table) to Norse Care Ltd at £1 each and authorise the Head of Property to agree the details of the transfer in consultation with the Executive Director of Finance & Commercial Services and Chair of B&P Committee/Portfolio Holder.

East Harling – Land adjoining Fire Station (3042/013)

- 2.17 This parcel of land (edged red on plan) is owned by NCC and has an approximate area of 513m².
- 2.18 Community and Environmental Services have confirmed the site is not required for their purposes.
- 2.19 Following a review by the Head of Property in consultation with CPSG it has been confirmed that the land is not required for NCC service use.
- 2.20 It is proposed to dispose of this parcel of land by open market sale either through auction or by tender.
- 2.21 The Division Member has been informed of this proposed disposal.
- 2.22 B&P is asked to formally declare the land adjoining East Harling Fire Station (3042/013) 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/Portfolio Holder is authorised to accept the most advantageous offer and report the fact at a subsequent Committee/Cabinet meeting.



Former Highways Land Holdings

- 2.23 The Council's property portfolio includes a number of land parcels that were acquired by NCC for highway schemes but were not directly utilised. In **Appendix 2** are tabulated 15 sites that fall in to this category.
- 2.24 All 15 sites have been declared surplus by Community and Environmental Services. Following a review by the Head of Property in consultation with CPSG it has been confirmed that all 15 sites are not required for NCC service use.
- 2.25 The savings in property costs from disposal of these holdings is likely to be small, however, their continued ownership does require management and there are risks of periodic expenditure to deal with grounds maintenance, fly tipping and health and safety works.
- 2.26 Based on initial disposal work and unsolicited enquiries received it is expected that there will be interest from adjoining landowners and other interested parties to acquire some of the land parcels however it is proposed to dispose

of these sites through open market sale by auction or tender. It is anticipated some land parcels will be disposed of individually whilst others will be combined to form larger lots.

- 2.27 The Division Members have been informed of the proposed disposals.
- 2.28 B&P is asked to formally declare the 15 former highway landholdings as listed in **Appendix 2** surplus to County Council requirements and instruct the Head of Property to dispose of the land parcels. In the event of a disposal receipt for each land parcel exceeding delegated limits the Head of Property in consultation with the Executive Director of Finance & Commercial Services and Chair of B&P Committee/Portfolio Holder is authorised to accept the most advantageous offers and report the fact at a subsequent Committee/Cabinet meeting.

Hingham – Hardingham Road Land (7055/011)

2.29 This parcel of land (edged red on plan) was acquired by NCC as part of a larger area of land which was used for Adult Social Care.

2.30 The adjacent care property was sold; however, this parcel of land was retained by the County Council.

2.31 The site area is approximately 398m².

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

2.33 It is proposed to dispose of this parcel of land by open market sale either through auction or by tender.

2.34 The Division Member has been informed of this proposed disposal.

2.35 B&P is asked to formally declare Land at Hardingham Road, Hingham 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/Portfolio Holder is authorised to accept the most advantageous offer and report the fact at a subsequent Committee/Cabinet meeting.



Loddon Library Annexe, Church Plain (7066/027)

2.36 The annex is part of a larger building, owned freehold by Norfolk County Council that accommodates Loddon Library and is the subject of a lease with Loddon Parish Council and Loddon Preservation Trust, shown edged red on the attached plan. The tenant uses the space for offices and community activities and for other such purposes as may be approved by the Landlord.

2.37 The lease expired on 31st August 2018 and the tenant is currently holding over. In the interim NPS, on behalf of the County Council, has negotiated a new lease and agreed terms with Loddon Parish Council based on a market rent. Loddon preservation Trust no longer wish to hold the lease jointly and this change has been agreed.

- 2.38 The terms are:
- (i) 15-year term commencing 1st September 2018.
 - (ii) Rent of £6,000 per annum.
 - (iii) Rent review in year 2 and thereafter on the 5th and 10th year of the term.
 - (iv) Fully repairing and insuring lease.



2.39 The Division Member has been informed of this proposed transaction.

2.40 B&P Committee is asked to agree to the leasing of Loddon Library Annexe, Church Plain (7066/027) to Loddon Parish Council for 15 years at a rent of £6,000 per annum on the terms agreed.

Roydon - Primary School, Manor Road (7082/011)

2.41 Children’s Services are progressing a capital project to develop new classrooms to increase Roydon School to a 420-place primary.

2.42 The larger school requires additional electricity supply capacity which will be met by the installation of a new substation.

2.43 To accommodate the new equipment, it is necessary to grant a lease of part of the site, adjacent to the boundary, to Eastern Power Networks.

For thsi

- 2.44 It is proposed the lease will be for a 99-year term at a peppercorn to reflect the substation is being constructed as a direct requirement of the capital project.
- 2.45 B&P is asked to agree to the leasing of part of the site at Roydon Primary School to UK Power Networks for 99 years to accommodate a new electricity substation.



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 a property savings plan, that calls for savings of £4.25m over the next four years (2018/19 to 2021/22).
- 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 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.
- Deliver strategy to promote surplus/fringe sites for housing.

Officer Contact

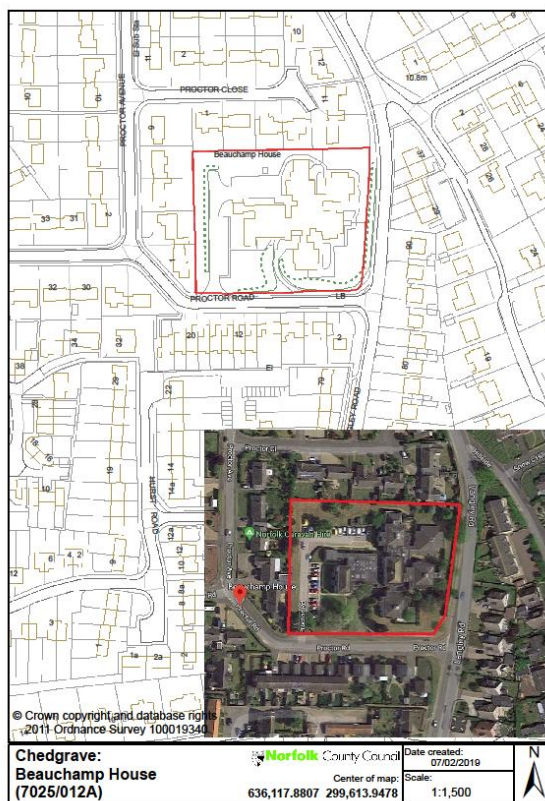
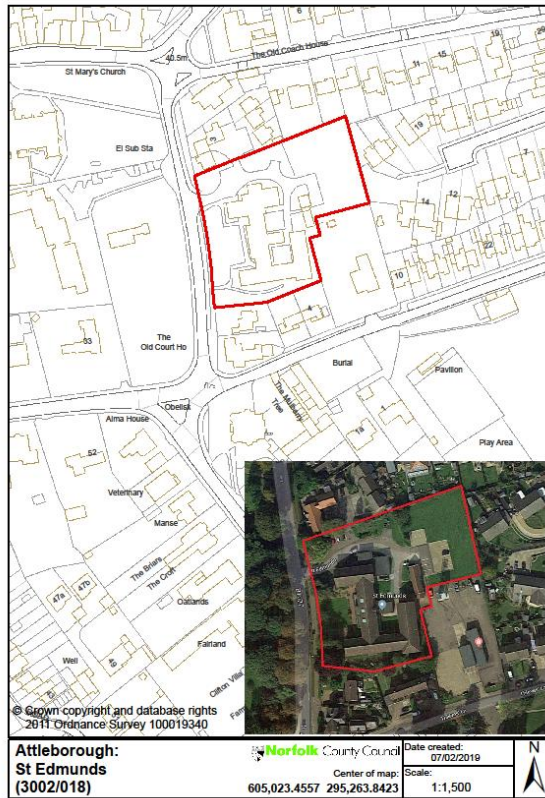
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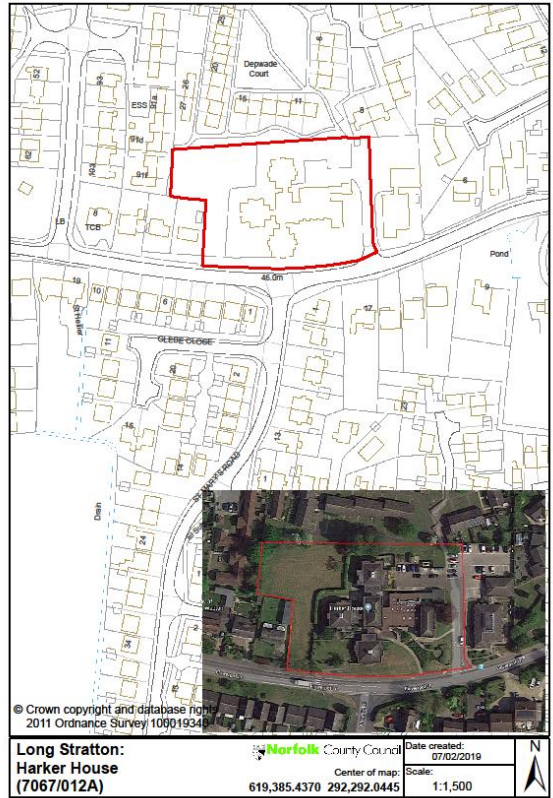
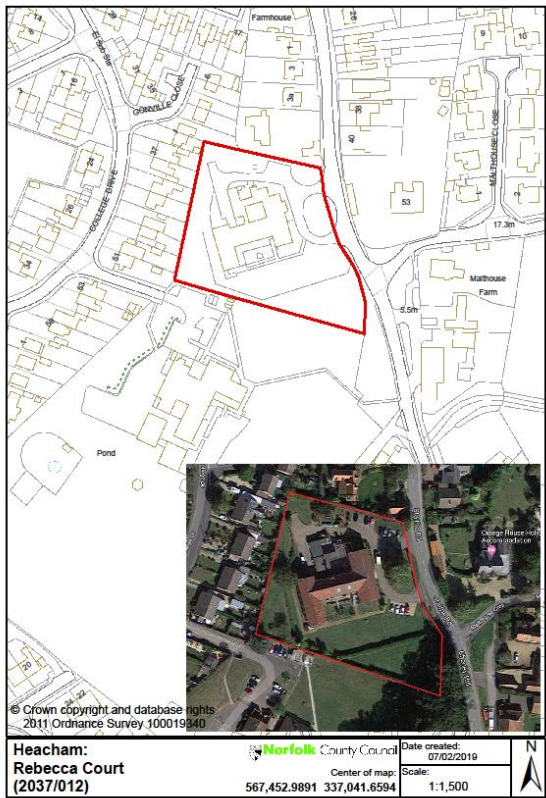
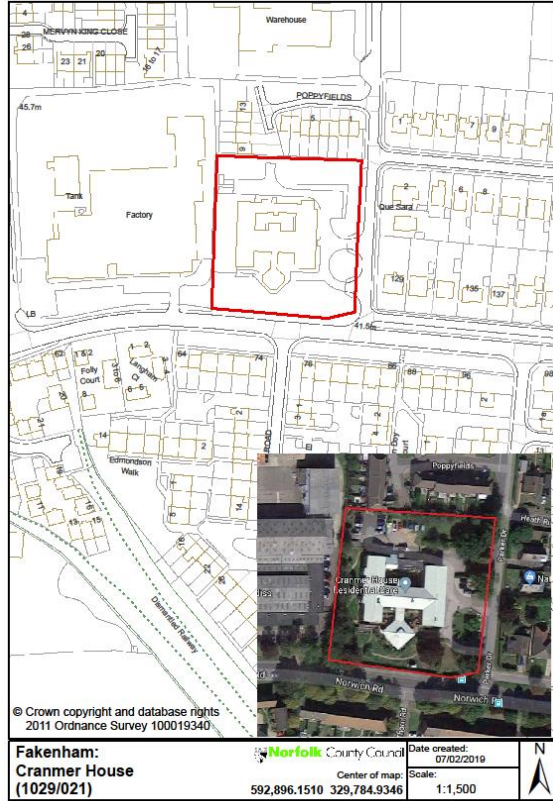
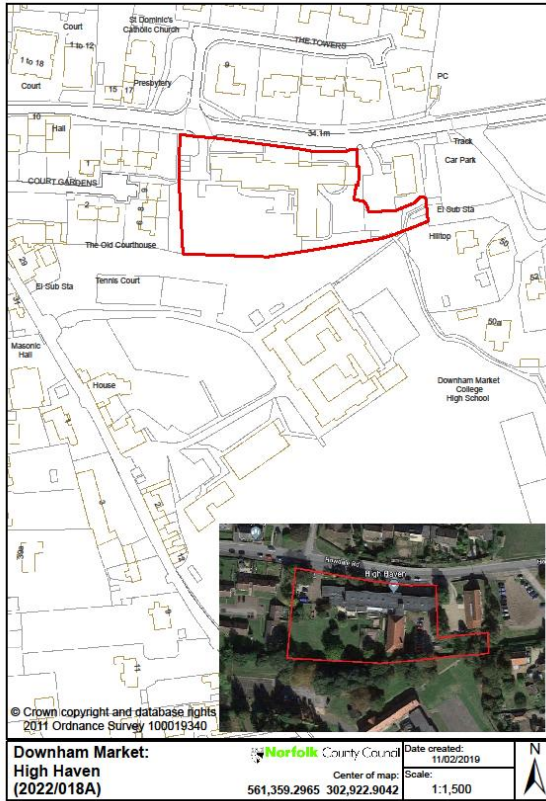
Officer Name:	Tel No:	Email address:
Simon Hughes	01603 222043	simon.hughes@norfolk.gov.uk

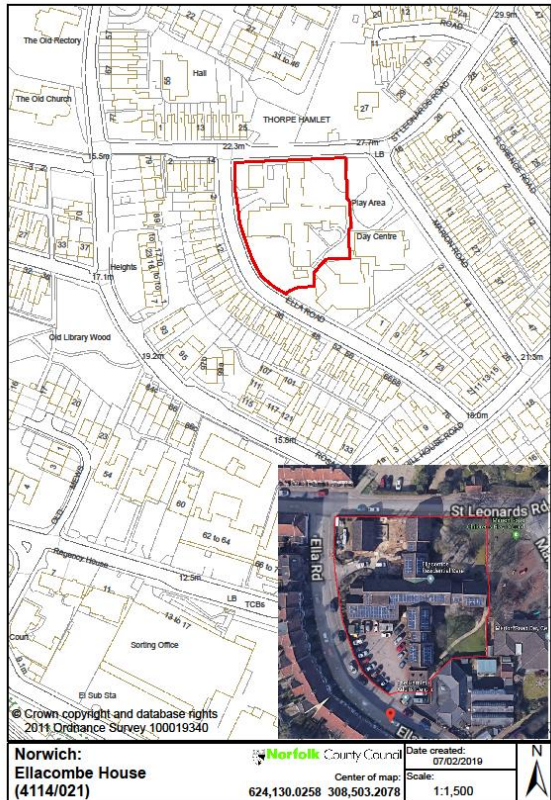
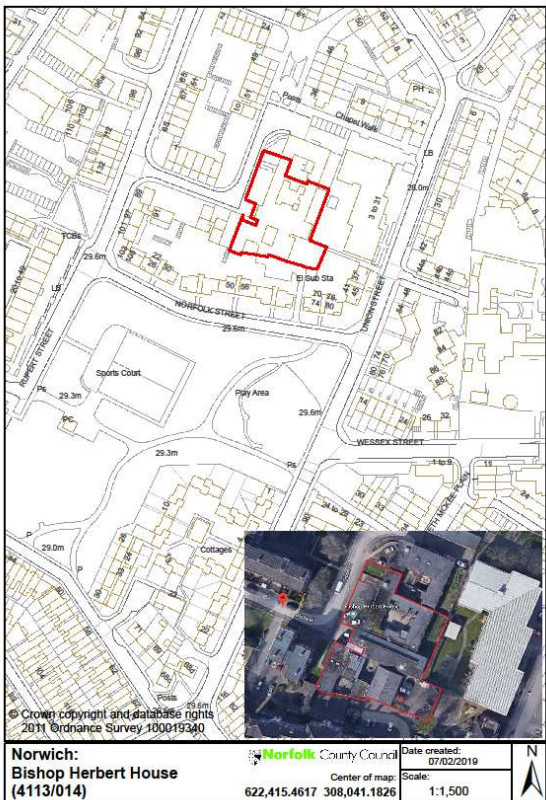


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Appendix 1 – Care Homes









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2011 Ordnance Survey 100019340

**South Wootton:
Woodlands
(2045/090A)**

Norfolk County Council Date created: 08/02/2019
Center of map: 564,778.7183 322,246.9918
Scale: 1:1,500



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**Stalham:
Sydney House
(1093/017)**

Norfolk County Council Date created: 08/02/2019
Center of map: 636,904.4937 325,600.1579
Scale: 1:1,500



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**Swaffham:
Westfields
(3097/014)**

Norfolk County Council Date created: 08/02/2019
Center of map: 581,880.6406 308,475.2070
Scale: 1:1,500



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**Terrington St John:
Burman House
(2079/014)**

Norfolk County Council Date created: 08/02/2019
Center of map: 553,742.9074 314,125.3880
Scale: 1:1,500



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Watton:
Linden Court
(3104/020)

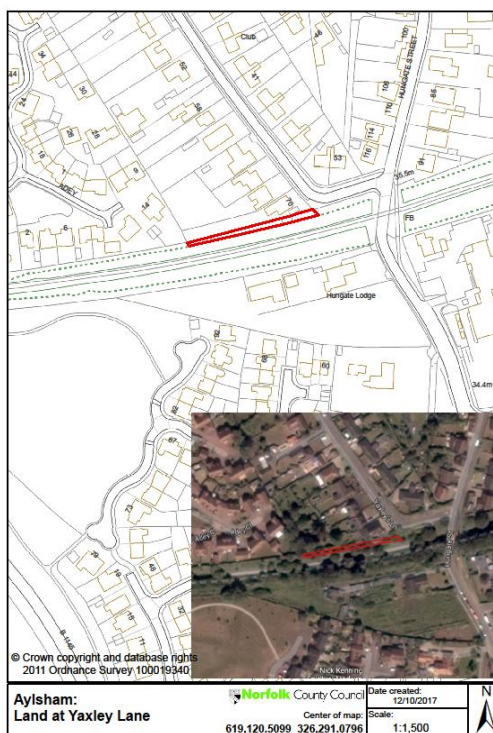
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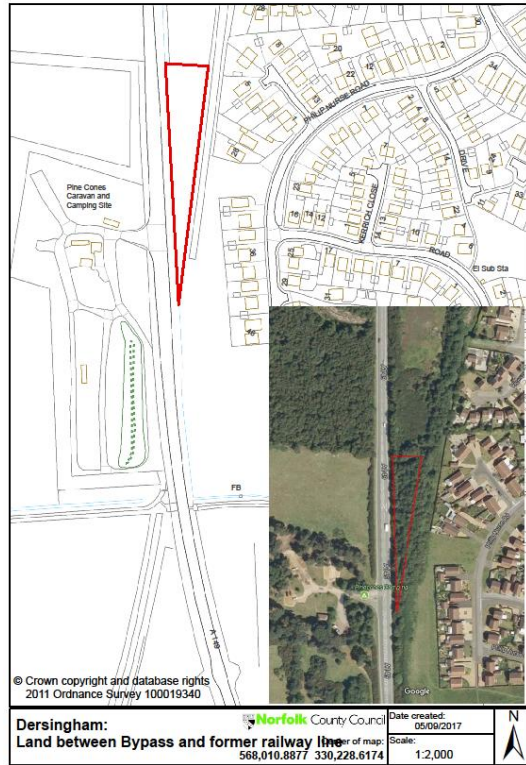
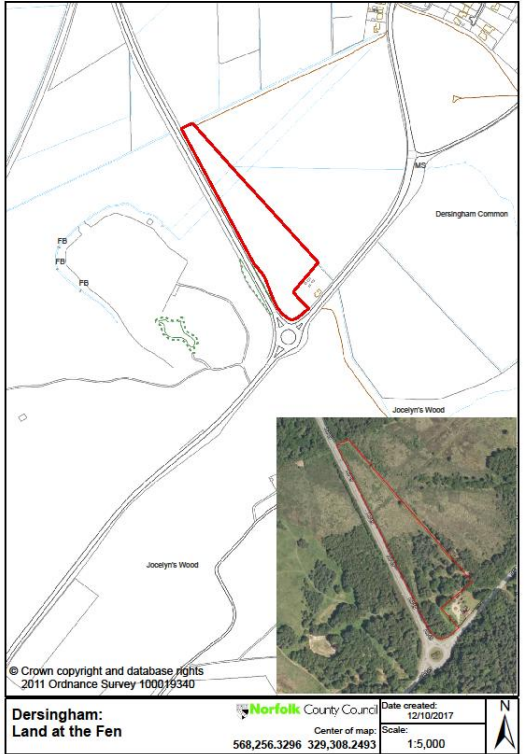
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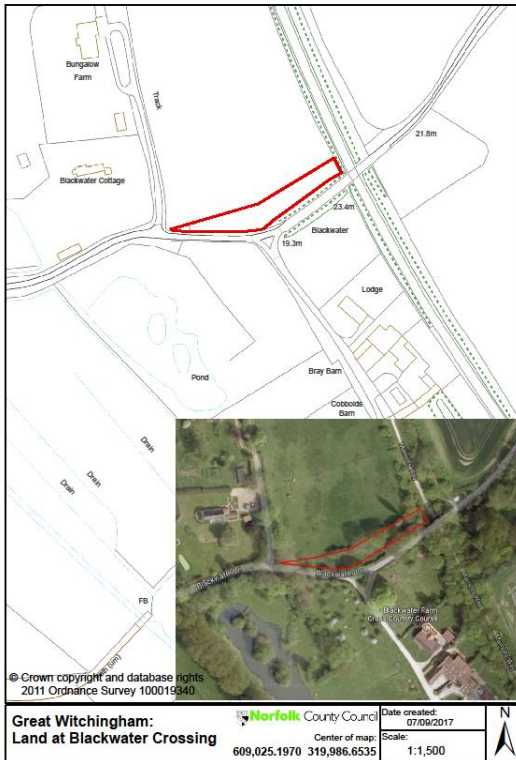


Appendix 2 - Former Highways Land

Highway land assets declared surplus to County Council use (CPSG has confirmed no NCC service use)					
Parish/Town	Site Name	Site Area (m ²)	Declared Surplus by Service Dept	Service Dept.	CPSG Date
Aylsham	Land at 70 Yaxley's Lane	255	11/01/2019	CES	01/02/2019
Aylsham	Land at 70 Hungate Street NR11 6EA	42	11/01/2019	CES	01/02/2019
Bacton	Land at Milk Bottle Cottage	4	04/12/2017	CES	07/03/2018
Brundall	Land at 38 Postwick Lane, NR13 5RQ	22	11/01/2019	CES	01/02/2019
Dersingham	Land at The Fen Nature Reserve	26207	11/01/2019	CES	01/02/2019
Dersingham	Land adj Bypass	2948	11/01/2019	CES	01/02/2019
Great Witchingham	Land at Blackwater Lane/Marriotts Way crossing	995	11/01/2019	CES	01/02/2019
Great Yarmouth	Land at Tar Works Road	176	11/01/2019	CES	01/02/2019
Hainford	Land at Buxton Road	157	11/01/2019	CES	01/02/2019
Hethersett	Land at 1 West Croft	41	04/12/2017	CES	07/03/2018
Hindringham	Land at 2 Bowling Green Lane	19	04/12/2017	CES	07/03/2018
Horning	Land at Horning Falgate	3616	11/01/2019	CES	01/02/2019
Norwich	Land at A140 Bridge	2868	11/01/2019	CES	01/02/2019
Stow Bedon	Land adjoining Pingo Trail	5134	11/01/2019	CES	01/02/2019
Toft Monks	Land opposite School	1063	11/01/2019	CES	01/02/2019





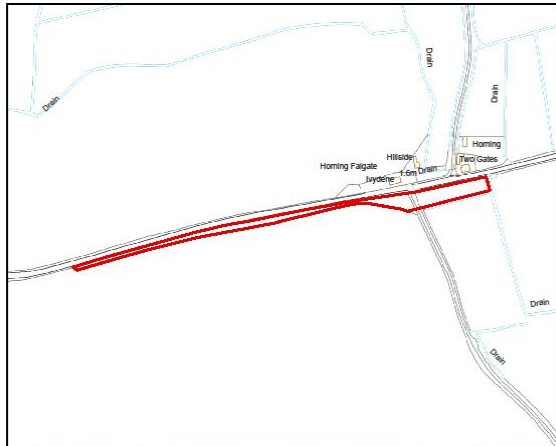




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Hindringham:
Land at 2 Bowling Green Lane

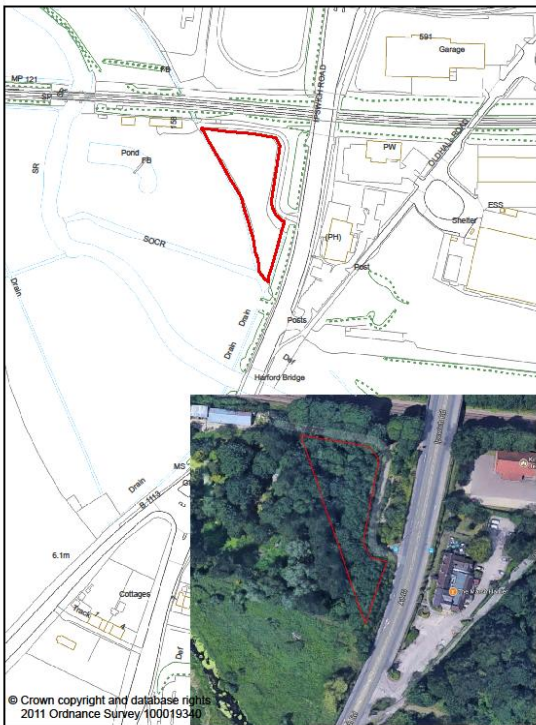
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Horning:
Land at Horning Falgate

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Norwich:
Land at A140 Bridge

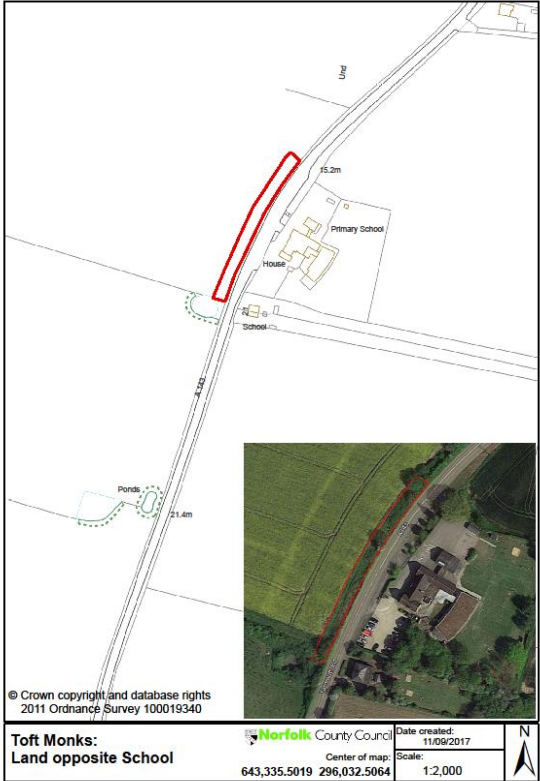
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Center of map: 622,019.2330 305,056.1826
Scale: 1:2,000



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Stow Bedon, Pingo Trail:
Surplus land

Norfolk County Council Date created: 05/10/2017
Center of map: 594,073.4775 296,428.7324
Scale: 1:2,000



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Toft Monks:
Land opposite School

Norfolk County Council
Center of map:
643,335.5019 296,032.5064

Date created:
11/09/2017
Scale:
1:2,000

