

Business and Property Committee

Item No.....

Report title:	Disposal, Acquisition and Exploitation of Properties
Date of meeting:	6 November 2018
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 are asked to:

- (i) **Formally agree to the leasing of the roof area of Northgate Community Primary School, Great Yarmouth to Solar for Schools CBS Limited for a**

term of 25 years at a rent of a peppercorn per annum (if demanded).

- (ii) Formally declare the Land at Church Lane, Potter Heigham surplus to County Council requirements and instruct the Head of Property to dispose of the property to an affordable housing developer (Housing Associations and other registered social landlords). 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) Formally declare the Land at Market Lane, Salthouse surplus to County Council requirements and instruct the Head of Property to dispose of the property to an affordable housing developer (Housing Associations and other registered social landlords). 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) Agree to the transfer of the Land abutting Barnby Road, Scottow Enterprise Park at nil consideration to Coltishall Barnby Residents Company Ltd
or
In the event of a substantive objection the land to be transferred to Buxton with Lamas Parish Council.**

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.

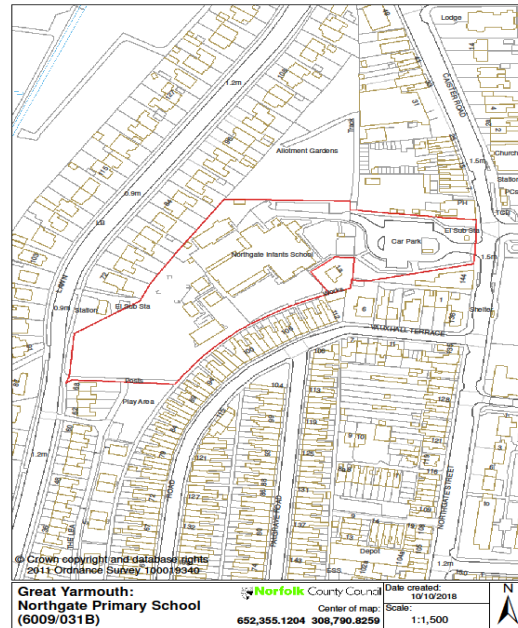
- 1.4 The Corporate Property Officer reviews options for maximising income from surplus properties usually by open market sale to obtain the best consideration possible. These will range from selling immediately on the open market (to the bidder making the best offer overall), enhancing the value prior 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

Great Yarmouth – Northgate Community Primary School (6009/031B)

- 2.1 Northgate Community Primary School is owned by NCC on a site amounting to 1.34 hectares (3.31 acres) in area.
- 2.2 It is proposed to enter in to a lease with Solar for Schools CBS Ltd (company number RS007364) where by the company will install, free of charge, solar panels on the roof of the school building.
- 2.3 The School governors will enter in to an agreement to buy the electricity generated at a specified rate.
- 2.4 Solar for Schools CBS Limited is registered with the Financial Conduct Authority as a community benefit society and is registered at Companies

House as a Registered Society. Each school that participates in the scheme becomes a member with voting rights. The company raises money from investors through the issue of social impact bonds with their revenue coming from the purchase of power agreements and income from feed in and export tariffs.



- 2.5 The terms of the lease are the grant of a lease for 25 years at a peppercorn rent. This is the standard model for this sector where by the provider leases the roof at nil rent and the building occupier receives cheaper electricity. For the latter to charge the former a rent would only increase the cost of electricity supplied, therefore the model is based on nil rent and hence this is considered to be the market rent for such transactions.
- 2.6 The company will install, maintain, manage and insure the solar panels. NCC will have the right to require the panels be removed at the end of the lease. Should the property ceased to be a school the lease can be determined.
- 2.7 B&P Committee is asked to formally agree to the leasing of the roof area of Northgate Community Primary School, Great Yarmouth to Solar for Schools CBS Limited for a term of 25 years at a rent of a peppercorn per annum (if demanded).

Potter Heigham - Land at Church Lane

- 2.8 The property (part of field nr 83), edged red on the plan, forms part of the County Farms estate, the site area is 0.45 hectares (1.7 acres).
- 2.9 North Norfolk has an acute need for housing and North Norfolk District Council have confirmed that the needs register includes qualifying households on their housing list using the local allocations agreement for this and the adjoining parish demonstrating significant need for affordable housing in the area. This site has the potential to help address this situation.
- 2.10 The County Farms team have reviewed the property and have confirmed that it can be readily removed from operational use without detriment to the remaining holding.
- 2.11 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.

2.12 An initial investigation has been undertaken with North Norfolk District Council to ascertain options for an alternative use for the site. They confirm the site lies outside of the Potter Heigham settlement area and could only be brought forward for development as an exception site for affordable housing.

2.13 The County Council has undertaken initial investigations with Victory Housing Trust who confirm the site is viable for affordable housing to meet local needs.

2.14 It is proposed to undertake a negotiation for a direct sale with Victory Housing Trust, however if agreement cannot be reached it is then proposed to undertake a tender exercise restricted to affordable housing developers (Housing Associations and other registered social landlords).



2.15 B&P Committee is asked to formally declare the land at Church Lane, Potter Heigham surplus to Council requirements and instruct the Head of Property to dispose of the property to an affordable housing developer (Housing Associations and other registered social landlords). 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.

Salthouse – Land at Market Lane (1083/033)

2.16 The property (field nr 26), edged red on the plan, forms part of the County Farms estate, the site area is 0.28 hectares (0.7 acres).

2.17 The topography of the site is challenging and as result has not been used for farming operations, remaining vacant for several years, and is overgrown.

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

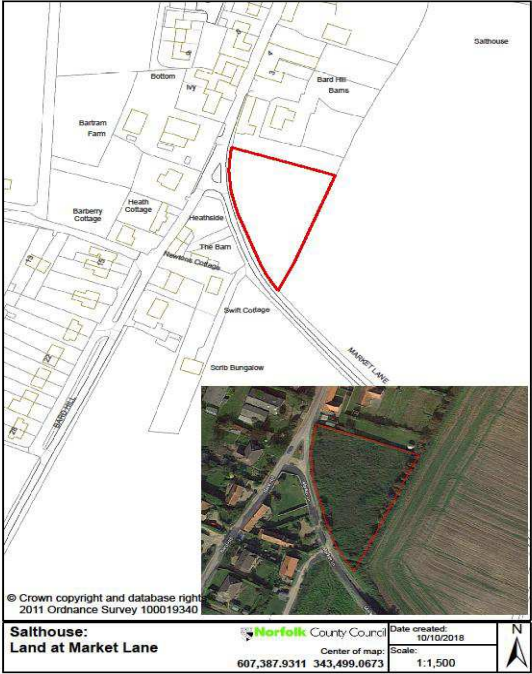
2.19 Following a review by the Head of Property in consultation with CPSG it has been confirmed that the property is not required for NCC service use.

2.20 An initial investigation has been undertaken with North Norfolk District Council to ascertain options for an alternative use for the site. They confirm the site lies outside of the Salthouse settlement area and could only be brought forward for development as an exception site for affordable housing.

2.21 It is understood Broadland Housing Association have, for several years, been interested in acquiring this site to help meet the acute need for affordable housing in North Norfolk. They are currently undertaking a viability assessment and will share the results with the County and District Councils.

2.22 North Norfolk District Council have confirmed that the needs register has 39 households that qualify for their housing list using the local allocations agreement for this and the adjoining parish demonstrating significant need for affordable housing in the area.

2.23 It is proposed to undertake a negotiation for a direct sale with Broadland Housing Association, however if agreement cannot be reached it is then proposed to undertake a tender exercise restricted to affordable housing developers (Housing Associations and other registered social landlords).



2.24 B&P Committee is asked to formally declare the Land at Market Lane, Salthouse surplus to County Council requirements and instruct the Head of Property to dispose of the property to an affordable housing developer (Housing Associations and other registered social landlords). 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.

Scottow Enterprise Park (1084/013B) – Land abutting Barnby Road

2.25 Policy and Resources Committee at their meeting on 17 February 2017 resolved to declare the Former Officer’s Mess site surplus to Council use and authorised its disposal.

2.26 The disposal work for the whole of the Formers Officer’s Mess site is in progress.

2.27 Part of the site on the north side abutting Barnby Road (hatched on the plan) and amounting to 793m² in area has been the subject of a separate negotiation undertaken in 2013 between NPS and Buxton with Lamas Parish Council. From the available evidence it appears the County Council offered to transfer the land for community use at nil consideration as it was determined

at the time this would mitigate the costs of maintaining this area of land. This area of land is excluded from the sale of the Former Officer's Mess site.

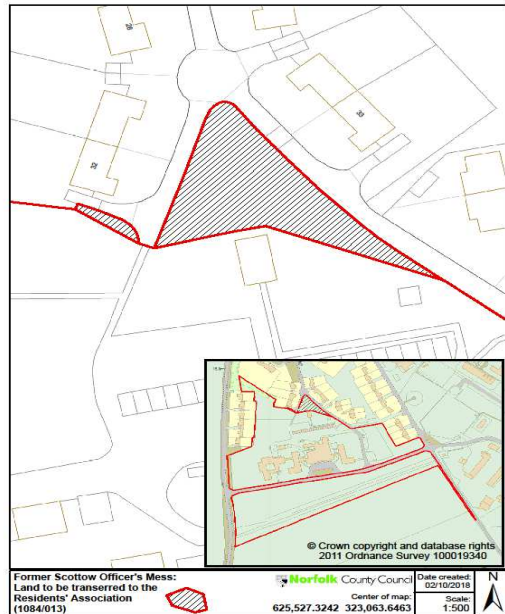
2.28 The market value for this land is considered to be nil to reflect that access is over 3rd party land, it will be covenanted as amenity land for community use with an obligation to maintain it, and will be subject to an overage agreement giving NCC a proportion of any increase in value on change of use, which NCC would, in any event, need to consent to.

2.29 Because of the proposed agreement between NCC and Buxton with Lamas Parish Council, the Coltishall Barnby Residents Company Ltd (no.06231132) have been maintaining and using the land, at their expense, ever since.

2.30 The initial proposal was to transfer the land to the company but at the time it had only a limited track record and it was preferred to transfer the land to Buxton with Lamas Parish Council. The parish council at their meeting on 9 September 2013 resolved to approve the transfer in principle.

2.31 On investigation it has been determined that the actual legal transfer was not formally agreed or transacted. This proposal is aimed at regularising the decision and arrange for the transfer to be completed thereby honouring the original decision to transfer this small area of land for use by the local community.

2.32 Subsequently Coltishall Barnby Residents Company Ltd has requested the land be transferred to them rather than the parish council, on the basis that the company now has a longer track record and is in a financially stronger position than it was in 2013.



2.33 Buxton with Lamas Parish Council were consulted on 8 October 2018 and are due to consider the issue at their meeting on 26 November 2018. It is anticipated the parish council will have no objection to the land being transferred to Coltishall Barnby Residents Company Ltd. Therefore, on this basis of no objection, it is proposed to transfer the land to Coltishall Barnby Residents Company Ltd. However, in the event of a substantive objection then it is proposed to transfer the land to Buxton with Lamas Parish Council.

2.34 The transfer document will include a covenant to restrict the land to community use and will include an overage clause to cover off any future change of use. Each party will pay their own legal fees.

- 2.35 B&P Committee are asked to agree to the transfer of the Land abutting Barnby Road, Scottow Enterprise Park at nil consideration to Coltishall Barnby Residents Company Ltd
or
In the event of a substantive objection the land to be transferred to Buxton with Lamas Parish Council.

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 (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

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

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