

North Tyneside Council Report to Cabinet 12 October 2015

ITEM 6(c) Strategic Property Update
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Portfolio(s): Housing and Transport
Finance and Resources

Cabinet Member(s): Cllr J Harrison
Cllr R Glindon

Report from Service Area: Commissioning and Investment

Responsible Officer: Mark Longstaff, Head of Commissioning and Investment (Tel: 643 8089)

Wards affected: Chirton & Camperdown

PART 1

1.1 Executive Summary

The Strategic Property Group (SPG) has undertaken a review of the Authority's operational depot estate. This has included the consideration of a number of options for potentially rationalising and investing in the estate to reduce risk, ongoing liabilities and property costs.

Following the initial scoping exercise, three options were originally presented to the SPG linked to the operational depot estate. They were:

- part refurbishment of the depot at the Killingworth Site;
- new depot at a central site, and
- do minimum.

The SPG considered the three initial options and concluded that the 'do minimum' option was not something that should be explored further. Officers were therefore asked to do further exploratory and feasibility work to better understand the detail behind the remaining two options as well as engaging with the market. This would confirm any commercial interest in the potential acquisition of the Killingworth Site by a 3rd party and help inform future decision making arrangements.

Officers have now concluded this work and following discussions at the September 2015 meeting of the SPG, it is anticipated that two options for rationalising the estate will be put forward to Cabinet for consideration early in 2016. If Cabinet is minded to approve one of the options, the matter will be referred to Full Council for consideration because of the financial implications associated with both of them.

The ability to dispose of the two assets referred to in this report is key to which option can be recommended to Cabinet for approval.

This report therefore asks Cabinet to declare the two assets surplus, in principle, to the Authority's requirements at this early stage. This will allow Officers to invite offers from interested parties through appropriate methods of marketing in advance of the options being considered by Cabinet in the New Year to help inform the final decision for the operational depot estate.

1.2 Recommendation

It is recommended that Cabinet:

1. declare, in principle, the land at High Flatworth and the Killingworth Site (as identified in the report) surplus to the Authority's requirements; and
2. authorise the Head of Commissioning and Investment in consultation with the Head of Law and Governance to seek formal interest in these proposed surplus sites from potential purchasers.

1.3 Forward plan

Twenty eight days notice of this report has been given and it first appeared on the Forward Plan that was published on 7th September 2015.

1.4 Council plan and policy framework

The report is relevant to the following priorities set out in the Our North Tyneside Plan 2014 - 2018:

Our places will be places that people like living in and will attract others to visit and live.

Our economy will have the right conditions to support investment and create new jobs, especially apprenticeships.

1.5 Information

Background

- 1.5.1 Through its Technical Services Partnership with Capita, the Authority has been exploring opportunities to rationalise its operational depot estate in order to reduce property costs and ongoing liabilities for the Authority.
- 1.5.2 At the same time, this review will also assist the Authority to help deliver essential improved operational efficiencies through the occupation of fit for purpose accommodation that is health and safety compliant and flexible to meet the changing needs of the following service areas:-
 - Street Cleansing;
 - Waste Management;
 - Grounds Maintenance;
 - Construction and Building Maintenance; and
 - Highway Maintenance.
- 1.5.3 By rationalising the depot estate, this will ensure that the Authority can continue to deliver high quality environmental services to its residents and to businesses located within the Borough.

1.5.4 It is therefore proposed that a report outlining the options for the rationalisation of the depot estate be presented to Cabinet for consideration early in 2016. Currently two options have been identified although if others become available these options will be reported to Cabinet as well.

Options for rationalisation

1.5.5 Both of the current two options to be presented to Cabinet in early 2016 will promote the sale of the area of land at High Flatworth, North Shields as shown by the dark outline on the plan attached at Appendix 1. The sale of this site will realise a capital receipt that could be used to assist in delivering a final depot solution if Cabinet is minded to recommend one of the options for further consideration by Full Council.

1.5.6 This vacant land currently comprises an area measuring approximately 2.47 hectares in size. It is the upper area of land immediately west of the playing fields at High Flatworth. These playing fields are not included within the disposal area and are protected by a Sport England restriction. Given its location at the southern end of Tyne Tunnel Trading Estate in North Shields the disposal land may be suitable for employment use.

1.5.7 One of the options that will be presented to Cabinet will promote the sale of the existing Killingworth Site. This property has already been the subject of a soft market testing exercise which has resulted in three parties expressing an interest in the site. It is therefore likely to be suitable for ongoing employment use.

1.5.8 In order to ensure that the Authority will be in a position to move forward when the matter is considered by Cabinet and then Council, it will be necessary to secure confirmed interest in the properties from the market.

1.5.9 It is therefore proposed that they are declared surplus, in principle, to the Authority's requirements in order to allow Officers to secure formal interest in the properties from potential purchasers through appropriate methods of marketing.

1.5.10 Marketing the two sites will not commit the Authority to their disposal. Any confirmed interest received for the properties will be used to help inform Cabinet when it considers an appropriate depot solution.

1.6 Decision options

The following decision options are available for consideration by Cabinet.

Option 1

Cabinet may approve the recommendation at paragraph 1.2 of this report and authorise both properties being declared surplus, in principle, to the Authority's requirements.

Option 2

Cabinet may approve the recommendation at paragraph 1.2 of this report in respect of either one of the properties and authorise that property being declared surplus, in principle, to the Authority's requirements.

Option 3

Cabinet may not approve the recommendation at paragraph 1.2 of this report and not authorise the properties being declared surplus, in principle, to the Authority's requirements.

Option 1 is the recommended option.

1.7 Reasons for recommended option

Option 1 is considered the best way to ensure that a future meeting of Cabinet is fully informed regarding the potential disposal of these properties when considering future rationalisation options for the operational depot estate.

1.8 Appendices

Appendix 1: Plan showing the land at High Flatworth, North Shields by means of black outline.

Appendix 2: Plan showing the Killingworth Site by means of black outline.

1.9 Contact officers

Mark Longstaff, Head of Commissioning and Investment, Tel 0191 643 8089

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Niall Cathie - Strategic Property Manager – Tel. 0191 643 6517

Ian Lillie – Property Asset Manager – Tel 0191 643 6143

Alison Campbell - Senior Business Partner – Tel. 0191 643 7038

1.10 Background information

The following background papers and research reports have been used in the compilation of this report and are available for inspection at the offices of the author.

1. Council's land ownership records.
2. Meeting notes of the Strategic Property Group.

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

Any capital receipts from the sale of Authority owned properties would contribute to financing the Authority's Investment Plan.

2.2 Legal

Any disposals in relation to these properties will be progressed and completed in compliance with the Authority's Financial Regulations and applicable legislation.

Section 123 of the Local Government Act 1972 allows the Authority to dispose of land which is surplus to requirements. The Authority must achieve best value when disposing of its land.

Any future decision that may be taken by the Authority in respect of its operational depot estate will not be prejudiced by taking the action outlined in this report in respect of these two properties. The Authority can therefore decide to retain these properties within its ownership following the marketing exercise should it wish to.

2.3 Consultation/community engagement

The potential to declare the properties detailed in this report surplus in principle to the Authority's requirements has been considered by the Strategic Property Group and cleared to take forward for formal consideration by Cabinet.

The Strategic Property Group also receives monthly update reports on the Depot Rationalisation Project.

The Investment Programme Board is fully sighted on this project and receives regular progress update reports.

Public consultation will be undertaken as part of the normal planning process in respect of any future development proposals for the properties.

2.4 Human rights

There are no human rights implications directly arising from this report.

2.5 Equalities and diversity

There are no equality and diversity implications directly arising from this report.

2.6 Risk management

Risks associated with the potential sale of these properties have been considered. At this stage, it is felt no specific risk needs to be added to the Directorate risk register.

2.7 Crime and disorder

Where a property is brought forward for redevelopment, crime and disorder issues will be considered as part of the normal planning process.

2.8 Environment and sustainability

Where a property is brought forward for redevelopment, environment and sustainability issues will be considered as part of the normal planning process.

PART 3 - SIGN OFF

- Deputy Chief Executive
- Head of Service
- Mayor/Cabinet Member(s)
- Chief Finance Officer
- Monitoring Officer
- Head of Corporate Strategy