



Classification	Item No.
Open / Closed	

Meeting:	Cabinet
Meeting date:	24 th November 2020
Title of report:	Accelerated Land and Property Disposals Programme
Report by:	Paul Lakin, Director of Regeneration & Capital Growth
Decision Type:	Key Decision
Ward(s) to which report relates	All wards

Executive Summary:

The Council wishes to take active steps to rationalise its land and property portfolio (collectively referred to in this report as land assets). Many of its land assets are being seen as surplus to the requirements of the Council and are non-strategic (not of benefit to retain within the Council's ownership); and continue to need a continuous injection of revenue funding to maintain them with currently very limited staffing resources to properly manage them.

Key strategic sites which are sites critical to the Council's wider regeneration proposals or sites specifically held for redevelopment purposes will be dealt with outside of this proposal due to their strategic importance.

This report therefore details a proposal to undertake a process to reduce the Council's land assets through a combination of both general and managed disposals and controlled disposals via an accelerated disposals programme. The report also details how this programme will be developed and implemented, as well as seeking approval for the resources required to ensure its success.

Recommendation(s)

That:

- The disposal of agreed surplus land assets via an accelerated land and property disposals programme is approved.
- Approval is given to ring-fence a proportion of the capital receipts (arising from the sale of the Council's land assets) to employ an officer to work alongside an external agent on a fixed-term contract of initially 2 years to project manage the work; and a resource for all legal matters connected with the disposals.
- The Council's existing Land & Property Disposals Strategy be used in order to ensure a clear and transparent decision-making process to declare land assets surplus to the Council's requirements.
- Cabinet approve each phase of land assets (which will include a detailed schedule of all assets for sale) for disposal and delegation is given to the Interim Head of Property & Asset Management/Director of Economic Regeneration & Capital Growth to manage the disposals

Key considerations

Background

There are many benefits to having an accelerated disposals programme:

- **Local economy:** Developed sites would likely generate a combination of capital receipts (upon sale) and ongoing additional revenue e.g. Business Rates and Council Tax. There will also be the opportunity for increased business growth by selling smaller sites for commercial industrial use.
- **Creation of additional local jobs/small business space:** We have previously received requests and disposed of small parcels of land that have resulted in either new SMEs being built or expansion of existing businesses. This proposed disposals programme will build on this previous success and contribute to the Greater Manchester Spatial Framework (GMSF) by helping to bring additional employment into the borough.
- **Improved highway curtilage:** Sites within close proximity to the highway being developed by roadside developers that are prepared to invest in the borough e.g. Clear Channel (one of the world's leading outdoor advertising companies) that is looking for additional locations in Bury for its digital advertising boards and a potential new trend of drive-through eateries and coffee shops.
- **New housing:** This disposals programme will contribute to our commitment to developing housing on brownfield land. Some of the land assets that may be disposed of are likely to attract small-scale housing developments. Such sites will again be complimentary to the GMSF and will provide additional housing that will contribute to the overall need for an increased housing supply (including affordable housing) into the borough. Smaller sites should

be attractive to SME housebuilders who are likely to build the property types we are short of to meet the Borough's housing needs e.g. bungalows.

- **Resources:** Over the longer-term this project will create capacity for the Property & Asset Management team to focus on the Council's strategic land assets and key regeneration sites. It will help reduce our cost base and ensure that we can manage our assets more safely, in part because we will be holding a much simpler portfolio that will reduce our compliance requirements and health and safety risks.

In addition to the above, this proposal will be a key strand in delivering the Neighbourhood Asset Review and One Public Estate programme; both of which seek to consolidate our joint land holdings with our public sector partners into a smaller number of sites. This joint approach is a key objective for the relaunched Bury Strategic Estates Group – this proposal will feature on its agenda.

The Council's Land & Property Disposals Strategy

This existing strategy (attached to this report) will provide a framework for which to strategically manage the land disposals at a corporate level and will be used as part of this proposal.

Whilst this strategy has been operating successfully for a number of years, it has not been used properly over the last 2-3 years due to the lack of resources to use it to its full potential by the Property & Asset Management team.

Current Challenges

The input of limited Council resources to deal with the constant ongoing individual requests from individuals or third parties looking for opportunities to purchase our land assets are often very disproportionate to the outcome.

There is a cost to maintain the Council's assets and failure to manage them properly could cause a potential health and safety risk, as well as a reputational risk to us as the landowner. Additional staffing resources will be needed to effectively manage the property assets if we decided to retain our existing portfolio of land assets.

We do not currently have a marketing strategy in place and this makes for an inefficient and lengthy disposal process on a case by case reactive basis when having to individually advertise land assets after the decision has been made to declare them surplus. This proposal makes for a significantly better co-ordinated approach to disposal.

The proposal

The necessary resources will be secured to ensure the success of the project by appointing a project manager, property lawyer and procuring a retained property agent.

Work has already started to prioritise a Phase 1 list for disposal in accordance with the Council's Land & Property Disposals Strategy, noting that:

1. The controlling Council department will have to agree that the asset is surplus to requirements.
2. Legal title will have to be checked for covenants, restrictions etc
3. Any encroachments will have to be dealt with.
4. Any objections received via mandatory Public Open Space advertising will need to be considered.

A manageable number of land assets will offered to the market by the property agent on a phased basis to maximise on the capital receipts due to their extensive knowledge of the market; but there will also be an option to take the asset to auction. There has been lots of previous successes with taking a land asset to auction in the past where it has sold for a lot more than the guide price.

Certain property assets could be sold subject to planning permission being achieved to avoid them being sold for land-banking purposes, as this helps secure the Council against inappropriate future uses of the land. However, introducing conditions can sometimes complicate the sale, suppress demand and reduce the sale price, so this will need to be carefully considered throughout the process. We will also need the support of the property lawyer to develop a strict process that allows the Council to act if the property asset was not successfully developed within a reasonable amount of time.

Further manageable phases of lists of land assets will be developed on an ongoing basis during the lifetime of the programme and managed using the same process. This ongoing process of identifying land assets, alongside disposal and working with the Operations department will ensure that there is a guaranteed pipeline of disposals to meet the savings target as detailed below.

The Property & Asset Management team also have a historical list where agreement to dispose of land assets has previously been made but not progressed due to a different decision then being made to retain them. Along with the above, this can be revisited and disposals progressed.

This proposed disposals programme will look to combine the disposal of land assets in conjunction with proposals that the Operations department has for disposing of surplus land assets for community use. The list of disposals can also be worked up with the list of sites in connection with the ongoing land disposals programme already in existence that is being managed by the Parks and Countryside service.

Resources

Project Manager – will be appointed on initially a 2-year fixed-term basis to manage the programme and deliver the objectives of the proposal, who will sit within the Property & Asset Management team.

Property Lawyer – the proposal will need a dedicated legal resource to undertake the necessary legal matters and the Council's Legal Services do not have capacity. We will need to massively increase the level of property transactions to manage a large

number of disposals over a 2 – 3 year period. This person will sit within the above team but be accountable to the Team Leader (Environment) within Legal Services.

Property Agent – a retained and experienced property agent(s) will be appointed to ensure that best value is achieved, including arranging for ground conditions surveys, planning matters etc where required. This will be procured under a single procurement contract.

The Property & Asset Management team will be accountable and ensure successful delivery of the programme, as well as its officers supporting its implementation.

Financial implications

It is anticipated that capital receipts of up to £8m can be generated from which the costs of disposing of the assets, including those set out in the report will be met. In addition to this, the Council already has costs of c£1.6m that have been incurred in preparing land and buildings for disposal that will need to be met in accordance with previous decisions.

Since 2016, local authorities have been provided with the flexibility to use capital receipts to support expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs. This opportunity is reflected in the Council’s 2020/21 capital strategy alongside the option of using the receipts to support the capital programme as a means of reducing borrowing requirements. Receipts cannot however be used to fund the ongoing costs of service delivery.

The flexibility of the use of receipts will need to be considered in the context of the Council’s financial strategy to ensure that it can best support the Council in delivering its priorities and transforming the way in which it delivers its services.

This programme is focused on creating a single and streamlined process for managing the disposal of the Council’s surplus land assets and promoting new regeneration and housing on our surplus sites.

The above costs will be off-set in the longer-term by revenue savings on estate management.

Implementation

The following table sets out the key milestones and expected delivery timescales:

Milestone	Timeline
Cabinet approval for accelerated disposals programme	November 2020
Project team recruited	November – February 2021
Property agents procured and retained	November – February 2021
First phase of sale sites agreed	March 2021

Milestone	Timeline
Marketing of sites commences, including taking sites to auction	April 2021
Final bids for Phase 1 sites received	June 2021
Processing of land sales	July 2021 to November 2021
Phase 2 Sites identified (and further phases)	May 2021 onwards

Governance

This proposal will ensure that clear governance is in place:

1. Each phase of identified assets for disposal will go through the Land & Property Disposals Strategy process
2. Each phase of identified sites will be agreed by Cabinet
3. There will be prior liaison with ward members
4. For assets that have been deemed to need a conditional sale agreement e.g. planning permission, the sale will not proceed until all conditions have been met
5. A strategic disposal process will be considered for assets that have strategic importance to ensure best value is achieved

Other alternative options considered

Option 1

To implement the proposed disposals programme as outlined above but without using a proportion of capital receipts to cover the fixed-term contracts etc; noting that a budget would need to be found to cover such costs.

Option 2

Do nothing which will result in the Council having to find ongoing revenue to maintain assets that are deemed surplus to requirements; as well as minimal in-house resources available to manage a large-scale programme.

Community impact / Contribution to the Bury 2030 Strategy

Community groups or other parties may express an interest in acquiring land assets from the Council. It may be that in the event that a sale price is not secured that a community transfer could be considered.

The community will benefit from some assets being transformed from possibly unused pieces of land that have been difficult to maintain over the years, to land that is of benefit to the local community e.g. small-scale residential developments.

Equality Impact and considerations:

This proposal does not adversely affect equality.

24. *Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:*

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*
25. *The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.*

Assessment of Risk:

Risk / opportunity	Mitigation
Failure to generate target receipts	This can be mitigated in Year 1 through the addition of the Fire Station site into the project plan. This is project to raise a net-receipt in the region of £800k to £1m. Other sites capable of generating a large receipt will be identified throughout the programme
Recession leads to lower land values and receipts	In this event, a larger disposal programme would be required to meet targets
Cabinet fails to agree to place more significant assets up for sale and/or doesn't agree to dispose of some sites that are capable of generating large capital receipts	If only very small land holdings are included it may be difficult to meet targets. It will require a few larger sites to be included in the programme if targets are to be met
Land and property disposals are notoriously labour intensive and are at risk of not being favoured within a community	Agree sales schedules with Members and in particular ward members where they might be impacted and consider disposing to a community group via community asset transfer, subject to conditions being satisfied

Risk / opportunity	Mitigation
Purchase fails to meet obligations placed on an agreed disposal and a dispute breaks out	Strict legal process in place that allows the Council to act if the agreed obligations weren't met within an agreed timescale

Consultation:

- Members/Ward Members on the lists of assets per phase
- Senior management as per the Disposals Strategy 2013
- Members of the public as required
- Existing service users where applicable

Legal Implications:

The legal implications associated with the proposed land sales are recognised within the report along with the additional legal resource required.

In addition, recruitment to the proposed posts will need to follow the correct governance/approval route.

Financial Implications:

The current pipeline of sites indicates that c£8m in capital receipts can be generated from which £0.6m is likely to be needed to drive forward the programme. In addition to this, the Council has already incurred costs of c£1.6m in previous financial years to prepare sites for disposals with the agreement that these would be met from capital receipts. These costs will be a further 'first call' on the receipts generated. Any receipts in excess of this and the opportunity they provide will need to be considered in the context of the Council's financial strategy. Consideration of the flexibilities allowed to support projects that will deliver service transformation and a reduction in costs will need to be taken into account.

Regular monitoring and reporting of the process will be needed to ensure that receipts are delivered within anticipated timescales and that the Council does not incur costs without seeing the benefit of receipts. As part of the development of the governance arrangements for the capital programme, monitoring of capital receipts will be factored into the quarterly monitoring reports to Cabinet.

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Background papers:

Land & Property Disposals Strategy



Disposal Strategy
071013.docx

Please include a glossary of terms, abbreviations and acronyms used in this report.

Term	Meaning
One Public Estate programme	A national programme designed to create economic growth (new homes and jobs), deliver more integrated, customer-focused services, whilst generating efficiencies through capital receipts and reduced revenue costs
Neighbourhood Asset Review	A GMCA initiative designed to support the devolution agenda/support to bid for funding, to assist in better delivering local public services to address future needs, by appraising public sector assets in context to local community need, and in association with public sector service providers and their ambitions for improved health and community outcomes