

Report to:	Cabinet	Date of Meeting:	5 November 2020
Subject:	Phase 1 Asset Disposals		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	(All Wards);
Portfolio:	Cabinet Member - Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	Yes	Included in Forward Plan:	Yes
Exempt / Confidential Report:	No but the information appearing in Appendix 1 of the Report is NOT FOR PUBLICATION by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended). The Public Interest Test has been applied and favours the information in Appendix 1 being treated as exempt.		

Summary:

Cabinet at its meeting on 9 January 2020 approved the Asset Maximisation Report that detailed those assets that would make up the first phase of potential Asset Disposals.

The Recommendations from Cabinet are detailed below;

- (i) Approve the disposal of the assets detailed within the report with a view to generating capital receipts to support the Growth and Investment Programme and the Council's Framework for Change Programme;
- (ii) Provide the authority for Officers to negotiate terms and conditions for each disposal in line with normal delegations set out in the Council's Asset Disposal Policy;
- (iii) Note that a progress update will be provided to Cabinet in April 2020.

In accordance with recommendation iii) the purpose of this report is to provide an update on the progress of Asset Disposals for information purposes.

The proceeds from asset disposals would be used to fund the Cost of Change budget from the Framework for Change 2017 programme which has already been incurred and for which a short term funding solution was put in place (for cashflow purposed only), to raise capital receipts in order to fund the Growth and Strategic

Investment Programme and to fund the cost of change budget for Framework for Change 2020 as approved at Budget Council in February 2020.

Recommendation:

That Cabinet:

- i) Note the contents of this update report on progress of the Asset disposals

Reasons for the Recommendation:

- (i) As requested at Cabinet on 9 January 2020 under recommendation iii)

Alternative Options Considered and Rejected: (including any Risk Implications)

There are no alternative options to be considered

What will it cost and how will it be financed?

(A) Revenue Costs

There are no revenue implications arising from this report

(B) Capital Costs

All financial implications are referenced in the report

Implications of the Proposals:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

Resource Implications (Financial, IT, Staffing and Assets): Property and Facilities Management will work alongside Legal and Democratic Services to complete the work.
Legal Implications: The Chief Legal and Democratic Officer will complete legal documentation for each disposal.
Equality Implications: There are no Equality implications.

Contribution to the Council's Core Purpose:

Protect the most vulnerable: Not applicable.
Facilitate confident and resilient communities: Disposal of sites will in some instances facilitate redevelopment to provide new housing in the Borough, including forms of affordable housing to benefit local communities.

Commission, broker and provide core services: Progressing the disposals will support a number of Council service priorities including economic regeneration and the provision of Housing (including Affordable Housing)
Place – leadership and influencer: The disposal programme will support the Council’s objectives e.g. delivery of the Local Plan and to maximise the capital sums available in order to contribute to both the Framework for Change, ‘Cost of Change Budget’ and the first phase of projects within the Growth and Investment programme.
Drivers of change and reform: Not applicable.
Facilitate sustainable economic prosperity: The draft disposal strategy is phased over a three year period and is critical to facilitating the delivery of the wider Growth Programme and individual economic development projects.
Greater income for social investment: Not applicable
Cleaner Greener: Not applicable

What consultations have taken place on the proposals and when?

(A) Internal Consultations include:

The Executive Director Corporate Resources and Customer Services (FD 6163/20) and the Chief Legal and Democratic Officer (LD4355/20) have been consulted and their comments included in the report.

(B) External Consultations

Not applicable

Implementation Date for the Decision

Following the expiry of the “call-in” period for the Minutes of the Cabinet Meeting.

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Appendices:

Appendix 1 – Summary update on progress of the asset disposals in the Disposal Programme

Background Papers:

Not applicable

1.0 Introduction

- 1.1 As part of the Framework for Change Programme set out and agreed by Council in March 2017, the Asset Maximisation project was identified as part of the Public Sector Reform list of projects that would help the Council meet its stated objectives and deliver financial sustainability.
- 1.2 A key feature of the Asset Maximisation project was that assets would be identified as supporting operational activity, having heritage value, being required for economic growth purposes or would be considered for disposal.
- 1.3 Cabinet at its meeting on 9 January 2020 approved the Asset Maximisation Report that detailed those assets that would make the first phase of potential Asset Disposals. In doing so the following recommendations were approved
 - (i) Approve the disposal of the assets detailed within the report with a view to generating capital receipts in order to support the Growth and Investment Programme and the Council's Framework for Change Programme;
 - (ii) Provide the authority for Officers to negotiate terms and conditions for each disposal in line with normal delegations set out in the Council's Asset Disposal Policy;
 - (iii) Note that a progress update will be provided to Cabinet in April 2020.
- 1.4 The proceeds from asset disposals would be used to fund the Cost of Change budget from the Framework for Change 2017 programme which has already been incurred and for which a short term funding solution was put in place (for cashflow purposed only), to raise capital receipts in order to fund the Growth and Strategic Investment Programme and to fund the cost of change budget for Framework for Change 2020 as approved at Budget Council in February 2020.
- 1.5 The list of prospective disposal assets agreed by Cabinet in January includes a range of sites identified in the Local Plan for housing development, vacant and under-utilised assets, and assets that have been previously been allocated to the Council's Housing Development Company, Sandway Homes Limited. The initial list of sites for disposal to be included in the first phase of the Council's disposal programme is shown in paragraph 1.6 below. It should be noted that those Assets numbered 5 6 7 and 11 denoted by asterisks have been removed for reasons detailed below.
- 1.6 Phase 1 Disposal Assets

1	Meadow Lane, Ainsdale (Sandway Homes)		
2	Barton's Close, Crossens (Sandway Homes)		
3	Z Blocks, Buckley Hill Lane, Netherton (Sandway Homes)		
4	Land at Holgate, Thornton		
5	Grange Land, Lunt		
6	Ainsdale ATC and Meadows, Sandbrook Road, Ainsdale, Southport		
7	Brooklea House Hostel and ATC, Pendle Drive Litherland		
8	St Wifreds High School		
9	Land at Isle of Wight Farm, Bentham's Way, Southport		
10	Bootle High School Copy Lane, Netherton		
11	Ainsdale Hope, Sandringham Road, Ainsdale Southport		
12	Pavilion Buildings, Lord Street, Southport		
13	Coffee House Bridge		
14	Vine House, Kepler Street, Seaforth		
15	Holy Trinity School, Lonsdale Road, Formby **		
16	25 Crosby Road North, Crosby *		
17	18 Great Georges Road, Waterloo *		
18	255/257 Knowsley Road, Bootle *		

Holy Trinity School** numbered 15 is no longer a disposal site following its inclusion as "local greenspace" in the Formby Neighbourhood Plan whilst the three properties* numbered 16, 17 and 18 are being considered as to their most appropriate use to support the Council's temporary housing needs. On this basis they have been removed from the Asset Disposals.

- 1.7 Significant work has been done on a number of the assets and negotiation of terms and conditions for some of these are at a stage where legal documentation can be entered into for these. These are part detailed below and in Appendix 1 to this report
- 1.8 Meadow Lane Ainsdale**
- 1.9 Transfer of the site to Sandway Homes Limited was completed on 21 September 2020 for the sum of £1,491,000 plus VAT including grant funding. This corresponds with the original forecast set out in the January 2020 report.
- 1.10 The site will be developed by the Company for 48 houses with an anticipated start on site of November 2020. The works on site are programmed to be completed by February 2022 and the sales of the houses completed by July 2022.
- 1.11 The Council receives the capital receipt within 24 months or the date upon which the last dwelling is sold.

2.0 Barton's Close Crossens

2.1 The Transfer of the site to Sandway Homes is expected to complete imminently for the sum of £575,000 plus VAT which corresponds with the original forecasted receipt

2.2 The site will be developed by the Company for 30 houses. Anticipated start on site November 2020 with the works completed November 2022 and sales of houses completed by April 2023. The Council receives the capital receipt within 24 months or the date upon which the last dwelling is sold

3.0 Z Blocks, Buckley Hill Lane Netherton

3.1 The site will be transferred to Sandway Homes Limited for £166,000 plus VAT. Transfer documents have been sent to the Company by the Council and completion is expected shortly. This corresponds with the forecasted receipt in January 2020

3.2 A planning application has been submitted for the development of the site for 70 houses. Subject to the receipt of planning permission the anticipated start on site is March 2021 with works completed by November 2022 and sales completed by April 2023. The Council receives the capital receipt within a period to be agreed or upon the sale of the last house.

4.0 Land at Holgate

4.1 Detailed in Appendix 1

5.0 Grange Land Lunt

5.1 Detailed in Appendix 1

6.0 Ainsdale ATC

6.1 This is a negotiated sale of vacant land and premises to Riverside Housing Group who occupy premises nearby for housing development for a specialist respite facility that comprises 90 units of extra care accommodation, 20 shared ownership houses, 20 affordable rented houses and wheelchair bungalows.

6.2 Initial discussions with Riverside were on the basis that the Council would demolish the premises on site at its expense leaving a cleared site for sale. However Riverside have now confirmed that they will undertake the demolition. In this respect principal terms and conditions have been provisionally agreed

6.3 Adult Social Care have submitted a Stage1 capital funding bid to NHS England and Riverside have been providing supporting information for this bid. If the bid is successful there would be external funding to support this element of the

scheme. As part of the funding application the Council will gift the area of land that will house the Respite Unit to Riverside Group.

7.0 Brooklea ATC and Hostel Pendle Drive

7.1 Detailed in Appendix 1

8.0 St Wilfrid's High School

8.1 This is a negotiated sale in conjunction with the RC Archdiocese to Bellway Homes Limited for residential development. Both parties' own part of the land that forms the site of the old High School. The Council has exchanged legal documentation for the sale of its interest in the site with Bellway subject to Section 77 Consent from the Secretary of State for residential development.

8.2 Following a resubmission of its application Section 77 approval has been granted by the Secretary of State and confirmed in August 2020. The proceeds to be paid by Bellway for the site will be split between the RC Archdiocese and the Council, with the Council's share being earmarked for a number of Schools' projects.

8.3 The capital receipt is subject to a S.106 of £300,000 to be applied pro rata to the RC Archdiocese and Council, based upon land area. The Planning Committee provided feedback on the original proposed S.106 and its inability to cover the costs of the provision of those sports facilities being lost. At their request, negotiations took place and an additional financial contribution by the Council of £300,000 was agreed making a total of around £600,000.

9.0 Land at Isle of Wight Farm Southport

9.1 Detailed in Appendix 1

10.0 Bootle High School Browns Lane

10.1 This is a Council owned vacant site with part earmarked for residential development in the Local Plan. As the School has been closed for more than 10 years there is no requirement for Secretary of State consent. A sketch scheme has been designed by the Council's Architects for development of the site for 58 residential units on a site of 4.36 acres or thereabouts. A pre application enquiry has been submitted to Planning for comments and to establish the type of surveys required

10.2 The Council has appointed a number of Consultants to undertake the various technical surveys and site surveys that will be required before a planning application can be submitted. To date reports have been received for the topographical survey the preliminary Ecology Appraisal Transport Statement and

Travel Plan Drainage Strategy Ground Investigations and Geo Tech. A planning application will be submitted once all these surveys are to hand.

- 10.3 The Council will look to sell the site with the benefit of a Planning consent so that all parties are bidding on the same basis.

11.0 Ainsdale Hope

- 11.1 This is a Council owned site designated as residential in the Local Plan. The area totals 22.61 acres or thereabouts and includes operational Council offices for training purposes. As the site adjoins the local Nature Reserve it is anticipated that the area for development may reduce depending on surveys of its relationship with the Reserve.

12.0 Pavilion Buildings Southport

- 12.1 Detailed in Appendix 1

13.0 Coffee House Bridge Bootle

- 13.1 There is nothing further to report on this particular disposal. The legal documentation has been entered into with SAFE Regeneration who have five years from February 2020 to complete due diligence and meet the milestones and programme set out in the Building Lease.

14.0 Vine House Seaforth

- 14.1 Vine House is an empty block of flats in the Seaforth area. The Council have tried on a number of occasions to sell the premises and accepted an offer which was reported to Cabinet Member for Regulatory Compliance and Regulatory Services and approved in January 2018. Instructions for disposal of the premises are with the Legal Department.

15.0 Holy Trinity School

- 15.1 No Longer a disposal site as designated local in local greenspace in Formby Neighbourhood Plan.

16.0 Best Consideration

- 16.1 The Council is under an obligation to ensure that any offers received for its assets' represents "best consideration" in accordance with Section 123 of the Local Government Act 1972 (as amended). As such, all work and subsequent negotiations and offers must be undertaken and considered in this context.

- 16.2 The estimated receipt values set out in Appendix 1 are gross figures and do not include for reductions for cost of sale / disposal e.g. Surveys, Agent's fees and administration costs.
- 16.3 The Council ensures it receives best consideration for its assets by following the provisions set out in the Asset Disposal Policy. Where necessary valuations are commissioned from external Valuers to assess market value. Terms of Transfer include overage clauses where necessary to protect against development for a more valuable use and onward disposal without having undertaken any works.
- 16.4 On some of the sites the Council will commission technical surveys submit applications for pre application advice and where appropriate obtain Planning consent as a means of de risking any offers it receives for assets. Forecasted and anticipated receipts are detailed in Appendix 1 for each of the Assets.
- 16.5 The Asset Disposal Policy provides the framework for the governance of this area of Council business and was referenced in the Cabinet Report on 9 January 2020. Included within that policy are the following delegations and all decisions will be made in accordance with that document;

Value: < £100,000 – Decision delegated to Head of Corporate Resources

Value: £100,001 to £500,000 – Decision made by Cabinet Member Regulatory, Compliance and Corporate Services

Value: > £500,001 – Decision made by Cabinet.

17.0 Summary

- 17.1 This report provides an update on progress arising from the first phase of the Asset Review that is an integral part of the Public Sector Reform project Asset Maximisation. The disposal programme will enable the Council to support development on these sites, particularly in respect of delivering housing in accordance with the Local Plan and the generation of capital receipts in order to support the Council's Growth and Investment programme and the Cost of Change budget within the Framework for Change programme