

TITLE OF REPORT: LAND AND PROPERTY REVIEW

REPORT OF THE HEAD OF FINANCE, PERFORMANCE AND ASSET
MANAGEMENT
EXECUTIVE MEMBER: COUNCILLOR T.W. HONE

1. SUMMARY

- 1.1 To provide an update on land and property disposals between 2011 and 2016. **Five** sites have been sold for housing which have generated **£5.85 million** of capital receipts with 43 homes constructed and around a further 23 expected (see table 1). **Three** sites have been sold for other purposes and have generated receipts of **£110,000** (see table 2). **Three** sites have been leased.
- 1.2 To provide an update on progress made in relation to land and property that have previously been approved for disposal. The progress with these **14** sites is detailed in table 4.
- 1.3 To seek approval to investigate disposal options for **three** new sites, as detailed in table 5.

2. RECOMMENDATIONS

- 2.1 That Cabinet notes the details of the land and property disposals from 2011-2016.
- 2.2 That Cabinet notes that options for the sites previously approved for disposal as listed in Table 4 of the report are still being progressed.
- 2.3 That Cabinet declares the sites identified in table 5 of the report as surplus to the Council's requirements, disposal options for these sites should be investigated in more detail and that Cabinet are advised about them as appropriate.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To provide an update on land and property disposals between 2011 and 2016.
- 3.2 To provide capital receipts to help fund the Council's capital programme, or to generate income through providing market housing for rental.
- 3.3 To facilitate the provision of new housing through the use of Council owned land that might otherwise remain of limited benefit to the community.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Retaining the land and property.

5. FORWARD PLAN

- 5.1 This report contains a recommendation on a key decision that was first notified to the public on the Forward Plan on 29 July 2016.

6. CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS

- 6.1 This report provides an update on earlier property disposals identified in 2011 and more recently. Consultation for these was carried out at the time with the appropriate Area Committees.
- 6.2 There is no plan to consult again on the previously approved list of potential property disposals that are identified under section 8.4 of this report. Should Cabinet agree to recommend additional property disposals listed under section 9 then the appropriate Area Committees will be consulted on these new sites.

7. BACKGROUND

- 7.1 The District Council owns a number of sites and buildings that were identified for potential disposal in a report to Cabinet on 22 March 2011.
- 7.3 Land and property sales for the period 1 April 2011 to 31 March 2016 have provided capital receipts totalling **£5.96 million**. These are listed in sections 8.1 and 8.2 below.

8. SITES AND PROPERTIES IDENTIFIED IN THE 2011 REPORT

- 8.1 The following sites have been sold of for the purpose of building housing:

Table 1

Site	Acres	Sold to	£ receipt	Number of homes
Dark Lane, Sandon	0.6	Howard Cottage (October 2013)	£165,000	6 affordable homes
Templar Lane, Preston	0.5	Howard Cottage (March 2014)	£219,000	6 affordable homes
Lloyd Way, Kimpton	2.7	Croudace Homes (June 2015)	£4,823,000	31 homes (including 5 affordable and 3 shared ownership)
Lumen Road, Royston	0.6	Aldwyck Housing (March 2016)	£512,000	Requires decontamination work. Circa 15 homes expected.
Meadow Way, Therfield	0.8	Aldwyck Housing (March 2016)	£127,000	8 affordable homes

- 8.2 The following sites have been sold of for other purposes:

Table 2

Site	Sold to	£ receipt	Purpose
Site of Pelican House, Letchworth	Greene King (February 2012)	£100,000	Land sold to the long leaseholder Greene King to allow conversion into a Tesco Express.
Garden Land to the rear of 181 Baldock Road, Letchworth	Resident	£575	Garden land

Site	Sold to	£ receipt	Purpose
Rear of High Street, Kimpton. Garden Land	Residents (2013 to 2015)	£7,530	To extend gardens
Dark Lane, Sandon	Resident	£4,000	Garden land and woodland

8.3 The following sites have been leased:

Table 3

Site	Leased to	Details
Letchworth Town Hall	North Herts College	In September 2012 for 25 year term
Baldock Town Hall	Baldock Town Hall Ltd	In August 2013 for 99 years. To facilitate community use.
Kits Lane, Wallington	Rushden and Wallington Parish Council	In December 2015 for 25 years at peppercorn rent. For use as public land.

8.4 The following sites were approved, but have not yet been disposed of:

Table 4

Site	Acres	Details
Icknield Way, Letchworth	2.5	Most of the site (2.2 acres) is subject to a 999 year lease from Letchworth Garden City Heritage Foundation (LGCHF). The remaining 0.3 acres is owned freehold. To negotiate terms with LGCHF, and then look to jointly market.
Land between Radburn Way and Baldock Road, Letchworth	2.6	Following Cabinet decision in September 2015, to be marketed in partnership with Hertfordshire County Council (HCC owns the adjacent Freeman House site).
Yeomanry Drive, Baldock	1.8	A suitable site for housing. This site could be suitable for development as market housing through a Local Authority Trading Company.
Ivel Court and Jackmans Community Centre, Letchworth	0.6	Current use is for car parking and informal amenity space. There have been discussions with North Hertfordshire Homes, who own the adjacent property. There could be an opportunity for joint redevelopment with NHH of the wider area.
The Snipe, Weston	3.2	Cabinet agreed in principle (March 2016) to the sale for market and affordable housing. The Baldock and District Area Committee were consulted on 6 June 2016. It supported the proposed development of 25 houses, subject to a recommendation that, as a condition of the sale contract, vehicle access to the subject land was from Hitchin Road only. Valuation to be carried out, terms to be negotiated with North Hertfordshire Homes and a further report to Cabinet to follow.
Rear of 17-43 Clare Crescent, Baldock	1	Former allotment site that is currently land-locked. If adjacent land is developed then there may be an opportunity.
Garages and access, Garrison Court, Hitchin		To be marketed in 2017.
Cranborne Avenue / Hawthorn Close, Hitchin	0.7	Currently used as amenity land. Part of the site could be developed whilst retaining the amenity use on the remainder. Might suit housing for first time buyers or self build.
Passingham Avenue, Hitchin	1.6	Made up of three sites that are currently used as open space. Some of the site could be developed whilst retaining the existing informal amenity use on the rest. Might suit housing for first time buyers or self build.
Windmill Close, Barkway	1.2	Site subject to an outstanding Village Green application. Agreement with Barkway Parish Council to transfer approximately half the open space to the Parish subject to withdrawal of the Village Green application with the remainder to be sold for residential development.

Site	Acres	Details
Highover Road, Letchworth	0.1	There is an electricity sub-station on the site. May be suitable for one dwelling but could be difficult to develop. To look at opportunities if they come along.
Gernon Road, Letchworth		A number of properties on adjacent sites include Town Lodge and Letchworth Museum. Currently the properties are required for operational purposes during the District Council Office refurbishment. Town Lodge and the Museum are likely to be available from late 2017. Other property owned by Letchworth Garden City Heritage Foundation and HCC.
King James Car Park, Royston		A number of adjoining sites add up to about 3.4 acres. The land and buildings are in various public sector ownership including NHDC, HCC, Police and Health. Ongoing discussions are taking place to explore which sites might be made available for redevelopment.

9. ADDITIONAL SITES AND PROPERTY

9.1 These sites have been identified as suitable for disposal.

Table 5

Site	Acres	Details
North End, Kelshall	0.1, 0.3 and 1.5	Three sites, of which the two smaller ones are let to the residents of numbers 1 and 9 North End. The larger site is farm land next to number 12 North End that was let to a local farmer. This has but has now returned to the District Council. The smaller sites could be suitable for starter homes or self build subject to planning. The larger site could be relet for commercial or agricultural uses or perhaps released for further housing subject to planning.
Francis Road, Hinxworth	1	Currently let for grazing by way of an annual licence. May be suitable for starter homes, self build or market housing subject to planning.
Hill View, Rushden	0.4	Next to number 10 Hill View. Currently let under a garden licence. May be suitable for starter homes, self build or market housing subject to planning.

9.2 Sites requiring a further report

Table 6

Site	Acres	Details
The Green, Newnham	0.6 & 1.8	The 0.6 acre site was not declared surplus in 2011. Following consultation with the Chairman of Newnham and Caldecote Parish Council it is proposed to review the options for this 0.6 acre site alongside part of another District Council owned 1.8 acre site in Newnham. This will be the subject of a report back to Cabinet at a later date on both sites.

10. THE SELF-BUILD AND CUSTOM HOUSEBUILDING ACT 2015

10.1 The Self-Build and Custom Housebuilding Act 2015 came into effect on 1 April 2016 and places a duty on local authorities in England to keep and have regard to a register of people who are interested acquiring serviced plots of land for self build or custom build projects in their area in order to build houses for those individuals to occupy as homes. There are currently 29 individuals on the Register.

- 10.2 Self-build projects are defined as those where someone directly organises the design and construction of their own home. This could include traditional DIY self-build home to projects where the self-builder employs someone to build their home for them. Community-led projects can also be defined as self-build.
- 10.3 Custom build homes are where you work with a developer as an individual or a group to help deliver your own home. The developer may help to find a plot, manage the construction and arrange the finance for your new home. This is more of a hands-off approach but your home will be tailored to match your individual requirements.
- 10.4 The definition of a “serviced” plot is currently defined by the regulations as a plot with access to a public highway and connections for electricity, water and waste water.
- 10.5 The District Council must have regard to the register in the following functions: Planning, housing, the disposal of any land of the authority and regeneration.
- 10.6 The current Council policy is to dispose of land to either Registered Social Landlords or through the open market. This minimises the up-front costs that the District Council incurs. The extent to which sites are developed prior to disposal will be reviewed on a site by site basis. Any up front costs incurred should generally be more than covered by an increase in market value of the site. This could include developing the site so that it had serviced plots. It is likely that this would mainly apply to smaller sites that are already close to these amenities. If sites were disposed of in this way then they would be marketed to those people on the register, with the intention of achieving best consideration.

11. LEGAL IMPLICATIONS

- 11.1 Cabinet has within its terms of reference to oversee the provision of all the Council’s services other than those functions reserved to the Council.
- 11.2 To the extent that a disposal of land is proposed by this report, Cabinet has within its terms of reference to disposal of land or buildings where the purchase price, premium or initial rent (after the expiry of any rent free period) exceeds £250,000 but does not exceed £2,500,000. The Strategic Director of Finance Policy and Governance has delegated authority to dispose of land or buildings for less than £250,000, and full Council has within its terms of reference to dispose of land for a price exceeding £2,500,000.
- 11.3 The Contract Procurement Rules and specifically Appendix I apply to the sales of land or property. If Cabinet were to agree to dispose of any land, the marketing and disposal of the land would need to be carried out within the remit of the Contract Procurement Rules.
- 11.4 Section 123 of the Local Government Act 1972 allows a Council to dispose of land in any manner it wishes provided that the consideration is the best that can be reasonably obtained unless the Secretary of State consents to the disposal.
- 11.5 Under Section 123(2) the Secretary of State has issued a general consent for disposals at less than best consideration that can reasonably be obtained. This permits such disposals where:

- (a) the undervalue does not exceed £2,000,000; and
- (b) it is likely to achieve (in the whole or part of NHDC's area) any one or more of the following objects:
 - (i) the promotion or improvement of economic well-being;
 - (ii) the promotion or improvement of social well-being;
 - (iii) the promotion or improvement of environmental well-being.

If the proposed disposal proceeds at an undervalue then it can do so under this general consent.

- 11.6 Sections 123(2A) and 127(3) of the Local Government Act 1972 require a local authority wishing to dispose of open space to advertise its intentions in a local newspaper for 2 consecutive weeks and to consider objections. Authorities should carry out these procedures before making any final decisions.
- 11.7 There may be specific legal implications relevant to the sale of each individual property e.g. covenants on Title, easements and third party rights. Legal Services will advise on these matters in relation to individual sites during the disposal process.

12. FINANCIAL IMPLICATIONS

- 12.1 The disposal of assets can lead to a reduction in ongoing costs, such as building and grounds maintenance. For land assets the costs saved are generally very low. This means that it can be better to hold these until the opportunity to achieve best consideration arises. Disposal via long-term lease would mean that the lessee takes on responsibility for maintenance and generates revenue income, although this is often quite low. Disposal via sale generates capital receipts that can be used to fund the Council's capital programme.
- 12.2 Capital spend up to 2019/20 is forecast to be £33.2 million. Of this, £4.8 million is expected to be funded from capital receipts. Some of this will come from the existing balance of funding, but there is an assumption that £4.0 million of receipts will be generated over the period. If these capital receipts are not generated then the Council will need to identify alternative funding sources (e.g. borrowing).
- 12.3 The current version of the Medium Term Financial Strategy estimates that the Council will need to make £2.75million of revenue savings over the period 2017/18 to 2020/21. These savings can be achieved either by reducing costs or increasing income. One idea for generating income is to use the Council's land assets for the provision of market housing to rent which generates income. There needs to be a balance between generating capital receipts and holding land to generate revenue income.

13. RISK IMPLICATIONS

- 13.1 The disposal of assets removes the risks that are inherent in holding land and property. For example, the responsibility for maintenance of buildings, security of the site and insurance liabilities that may arise. It also gives the opportunity for a better use of the site than what it is currently being used for, such as community use or the provision of housing. However, there are likely to be different views as to what is the best use of the site.

- 13.2 There are risks around getting the best consideration for the asset when it is disposed of. Where the disposal is linked to a change in use for the site (e.g. housing), then the value will depend on the likelihood that planning permission is granted. Best consideration does not mean the best possible price, and is likely to be linked to other outcomes, such as the provision of affordable housing or a community use. Where a sale or lease value that is less than full market value is agreed (e.g. with sales to housing associations on the basis that affordable housing will form part of the scheme), the Council will put measures in place to ensure that the non-financial outcomes are delivered.
- 13.3 There are risks in using our land assets to generate income from market housing. There is work underway to assess and find ways to manage these risks. Some of this risk is inherent, but is reflected in the expected returns that will be generated from this activity.
- 13.4 Developing sites prior to disposal incurs additional up front costs. Whilst these costs should be more than recovered through an increase in the sale price achieved, there is a risk that this will not happen (e.g. resolving planning concerns).

14. EQUALITIES IMPLICATIONS

- 14.1 The Equality Act 2010 came into force on the 1 October 2010. The Act created a new Public Sector Equality Duty, which came into force on the 5 April 2011. There is a general duty, described in 8.2, that public bodies must meet, underpinned by more specific duties which are designed to help meet them.
- 14.2 In line with the Public Sector Equality Duty, public bodies must, in the exercise of its functions, give **due regard** to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 14.3 Any land that is offering potential for new housing may benefit the wider community. Amongst the community, to benefit, there may be those who exhibit a protected characteristic. The proposed sale of land has potential positive equality implications for the community. If Section 106 criteria are applied to any sales, then this could further provide benefits to the wider community.

15. SOCIAL VALUE IMPLICATIONS

- 15.1 As the recommendations made in this report do not constitute a public sector contract, the measurement of "social value" as required by the Public Services (Social Value) Act 2012 need not be applied, although equalities implications and opportunities are identified in the relevant section at paragraphs 12.

16. HUMAN RESOURCE IMPLICATIONS

- 16.1 There are no human resource implications arising from this report.

17. CONTACT OFFICERS

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18. BACKGROUND PAPERS

- 18.1 Cabinet report, 22 March 2011 (Minute 124)
- 18.2 Cabinet report, 24 June 2014 (Minutes 20 & 21)
- 18.3 Cabinet report, 29 September 2015 (Minute 63)
- 18.4 Cabinet report, 15 December 2015 (Minute 83)
- 18.5 Cabinet report, 30 March 2016 (Minute 11)