

Blaby District Council
Council

Date of Meeting 20 February 2020
Title of Report **Asset Disposals/Developments (Various sites)**
This is a Key Decision and is on the Forward Plan.
Lead Member **Cllr. Maggie Wright - Finance & Assets (Deputy Leader)**
Report Author Neighbourhood Services & Assets Group Manager
Corporate Priority A Place to Live

1. What is this report about?

- 1.1 To seek authority to dispose of assets surplus to the Council's requirements to realise either the monetary value or development potential.

2. Recommendation(s) to Council

- 2.1 That Council approve the disposal of the Land at Stamford Street, Glenfield (LT384375).
- 2.2 That Council authorise the addition of £150,000 to the capital programme for 2020/21 to complete the renovations to the Grange, Narborough.
- 2.3 That Council approve the disposal of land at College Road, Whetstone (LT384726).
- 2.4 That Council approve the disposal of the assets known as 4 Woodside Close, Narborough and 43 New Street, Blaby.
- 2.5 That delegated authority is given to the Strategic Director (Section 151) in consultation the Finance & assets Portfolio Holder to finalise the matters at 2.1, 2.2, 2.3 & 2.4

3. Reason for Decisions Recommended

- 3.1 The recommendations seek to reduce maintenance costs and liability and either secure best value for the assets or enhance their value and use within the community.
- 3.2 Once the Compulsory Purchase Order procedure is complete the ownership of the two properties transfers, (referred to at 2.4 above) to the Council. The suggested delegated authority will allow action to be taken to ensure the houses are brought back in to habitable use as soon as possible.

4. Matters to consider

4.1 Land at Stamford Street, Glenfield LE3 8DL (approx. 678 sq. m)

Background

Members may recall that within the Car Park Update Report to Council of 25 June 2019 it was agreed to dispose of this car park, however if this could not be achieved by the 1 September then it would be retained and utilised for a pay and display car park.

Since then a number of options have been considered. The Council have offered the land to both the Parish Council and the local secondary school, both of whom have declined the offer.

The Council have received a number of expressions of interest to purchase the land from members of the public through to private businesses.

The land has been valued at £75,000 and in the event of onward disposal; a restrictive covenant on future development would be imposed.

The car park is deemed not to have potential for development due to the presence of underground services.

Recommendation

It is recommended that the site be offered for sale either through a sealed bid process or marketed through a local property agent rather than look to retain the site and utilise as a pay and display car park.

Cost Savings and Capital Implications

	2020/21	2021/22
Revenue Cost Savings	£5,250 (6 months)	£10,500 Full Year
Capital Receipt	Up to £75,000	

An element of cost savings of approximately £10,500 per year will result due to the cessation of car parking enforcement and maintenance costs.

Land at Station Road Glenfield, currently utilised as car parking, is now being considered for development purposes and will be subject to a future report to Council.

4.2 Renovations at The Grange, Narborough

Background

The Grange is the site of the former National Westminster Bank on Coventry Road, Narborough.

The Council previously approved £200,000 funding in April 2019 for the renovation of the Grange into four apartments with a view to retaining the four apartments for market rent to generate an income stream.

Since the initial cost estimates were provided a range of detailed pre-construction surveys have been undertaken and final designs agreed. Consequently more accurate costs have now been provided by the contractor.

The total cost of the renovation is expected to be £350,000 including project management costs. A review of the business case has been completed and whilst there is no net profit expected from a straight sale of the apartments there is an opportunity to generate £30,000 in income per year.

Recommendations

The report therefore seeks approval for investment of an additional £150,000 to complete the renovation of The Grange in order to provide for a long term investment and help meet local housing needs for small scale rented accommodation.

Cost Savings and Capital Implications

	2020/21	2021/22
Revenue Cost	£2,975 - £25,772	£2,975 - £25,772
Revenue Income		£30,000
Capital Cost	Total £350,000	

Note: The £350,000 investment is the total cost relating to the renovation work. This report seeks approval for the additional amount of £150,000 to add to the £200,000 approved by Council in April 2019.

The revenue implications arising from this capital investment will vary dependent upon the source of financing. Should the Council borrow to fund the capital cost the resulting revenue cost would be £25,772 per annum, reducing to £2,975 should the cost be internally funded (i.e. capital receipts or reserves).

The Strategic Director (Section 151) in consultation with the Finance & Assets Portfolio Holder will determine the most cost effective source of funding.

4.3 Land at College Road between 86 and 88 College Road, Whetstone (approx. 762 sq m)

Background

This is an area of public open space within a former Local Authority development of predominantly terraced and semi-detached residential housing.

The site is surrounded by housing on all sides and is not utilised or maintained as open space. The immediate access between adjoining properties owned by East Midland Homes (EMH), is narrow and in the opinion of the valuer would restrict the size of vehicle which could be parked within the site.

The land is valued at £250 if restricted to public open space and potentially between £95,000 and £120,000 if a change of use was permitted to allow residential development for two dwellings. Planning permission for two dwellings, suitable access, tree clearance and mains services connected need to realise these values.

Due to the access being narrow and the land adjoining the access not being within Blaby District Council ownership it is not considered viable as a development opportunity for the Council.

As such, the site would lend itself to being developed by EMH and discussions have taken place with a number of social housing providers as to their appetite to develop the site for social housing.

Recommendation

It is recommended that the site be offered for sale to EMH to develop the site for social housing and so help meet the Council's priority to provide affordable housing. Delegated authority is sought for the Strategic Director (S151 Officer), in consultation with the Finance & Assets Portfolio Holder, to finalise the arrangements to ensure the Council obtains best value.

Cost Savings and Capital Implications

	2020/21	2021/22
Revenue Cost Savings	Nil	Nil
Capital Receipt	Up to £95,000	

Note: It is anticipated that the capital receipt will be significantly less than market valuations but would deliver two affordable units.

4.4 Properties Transferred as a Result of Compulsory Purchase Orders

Background

At its meeting in March 2019, the Cabinet Executive approved the use of the Compulsory Purchase procedures and powers for the properties at 4 Woodside Close, Narborough and 43 New Street, Blaby.

4 Woodside Close came to the end of the General Vesting period and transferred in to the Council's ownership on 1 December 2019 and 43 New Street will come to the end of the vesting period and transfer to the Council's ownership on the 1 May 2020.

Once the sale of the properties have been completed, the Council is required, when a claim is made by the previous owner, to make a payment to the former owner. The value of the property is taken from the date the property came into the Council's ownership and not necessarily the price for which it is disposed.

Once the properties have been sold, the Council must make the following payments to the former owners:

- The full market value of the property on the date ownership transferred to the Council (the vesting date); and
- A basic loss payment representing the lower of 7.5% of the market value on the vesting date or £75,000.

Depending upon the market value and eventual sale price, there may be a net cost to the Council arising from the Compulsory Purchase action. For example, if the market value was £100,000 then the compensation payable would amount to £107,500 (market value plus 7.5% basic loss payment). Therefore, if the sale price were to be less than £107,500, the Council would be required to meet the difference.

In order to minimise the risk to the Council and to ensure the houses are brought back in to habitable use at the earliest opportunity, Officers are recommending disposal of the properties as soon as possible after the properties have come into the Council's ownership.

Recommendation

That delegated authority is given to the Strategic Director (Section 151) to dispose of the assets known as 4 Woodside Close, Narborough and 43 New Street, Blaby.

5. What will it cost and are there opportunities for savings?

5.1 All cost implications are dealt with in the body of the report.

6. What are the risks and how can they be reduced?

6.1

Current Risk	Actions to reduce the risks
That land is underutilised by the Council.	Disposal or development now will maximise our income opportunities and remove maintenance obligations.
That the Council has not followed procedures correctly with regard to the transfer of monies following Compulsory Purchase action.	Advice has been sought to ensure the correct legal process has been followed. Timely disposal of the assets will ensure the properties are brought back into habitable use as soon as possible.

7. Other options considered

- 7.1 For item 4.1 (Stamford Street car park) and (Station Road car park) the option to retain one or both car parks for the purposes of converting to pay and display was discounted on the basis that the revenue costs associated with enforcement and maintenance will exceed income. The option to dispose of Station Road car park was discounted on the basis it would forego any future development potential.
- 7.2 For item 4.2 (The Grange) previous options were considered by Council in April 2019 and were discounted. This included the options to let on a commercial basis which was discounted due to lack of demand and modest rent levels. The option to dispose on the open market was rejected as it would mean the Council foregoing a long term investment opportunity.
- 7.3 For item 4.3 (College Rd) the option to retain the land was considered. However, the proposed disposal will maximise the Council's priority to provide affordable housing and remove an ongoing maintenance liability.
- 7.4 For item 4.4. no other options were considered as it is appropriate that the properties are disposed of and returned back into habitable use as soon as possible.

8. Other significant issues

- 8.1 In preparing this report, the author has considered issues related to Human Rights, Legal Matters, Human Resources, Equalities, Public Health Inequalities, and Climate Local and there are no areas of concern.

9. Appendix

- 9.1 Appendix A – Stamford Street car park, Glenfield
- 9.2 Appendix B – Station Road car park, Glenfield
- 9.3 Appendix C – College Road, Whetstone

10. Background paper(s)

- 10.1 Car Park Update – Council 25 June 2019
- Asset Disposals Various Sites – Council 9 April 2019
- Empty Homes & Enforcement Action – Cabinet Executive 19 March 2018

11. Report author's contact details

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