

Report To: STRATEGIC PLANNING AND CAPITAL MONITORING PANEL

Date: 12 March 2018

Reporting Officer: Robin Monk – Director of Place

Subject: CORPORATE ASSET MANAGEMENT PLAN UPDATE

Report Summary: The attached report is intended to update members of the Strategic Planning and Monitoring Capital Panel with progress on the disposal of the Council's surplus assets, anticipated capital receipts that will be realised and investment that is required to maintain those buildings being occupied and retained or dilapidations arising from the termination of leases.

Recommendations: That Strategic Capital Panel Members review the contents of the report and RECOMMEND to Executive Cabinet the:

1. Approval of the list of disposals identified in **Appendix 1**;
2. Capital schemes on corporate buildings detailed in section 3 of the report totalling £63,330.76
3. Agreement that a detail business case and strategy for the use of funds set out in section 3 will be brought back to Members, setting out how these resources will be prioritised and informed by the Estates Strategy and Asset Management Plan, to ensure effective use of limited resources and once approved, thereafter these requirements will be summarised and reported to Strategic Capital Panel on a regular basis.

Links to Community Strategy: To support the delivery of the objectives of the Community Strategy.

Policy Implications: Expenditure in line with financial and policy framework. To assist in delivering a balanced budget and support the sustainability of the local economy.

Financial Implications: Substantial work has been undertaken in recent years to vacate, market and dispose of a number of sites of land and buildings that are surplus to requirements. The schedule of properties identified as under consideration for sale at **Appendix 1** will allow the Council to reduce its asset portfolio further and thereby avoid the on-going revenue costs associated with these properties.

(As authorised by the Section 151 Officer)

Progress with actual and forecast realisation of capital receipts from asset disposals need to be closely monitored. The Council's Capital Programme assumes that over £52 million will be realised from the sale of land and buildings between 2017 and 2020 to fund proposed capital investment over the next three years. Section 2 of this report notes that the disposal of sites at auction is currently suspended awaiting the planning review of Public Open Space which will inform Members of the value of sites and which in council ownership, might then be available for disposal. The conclusion of this review will inform the level of capital receipts available to fund

the Capital Programme. Any significant reduction to the forecast level of capital receipts will require reassessment and reprioritisation of the Capital Programme.

The Three Year Capital programme includes earmarked resource of £3 million for the Refurbishment of Capital Assets and £2m for Property Assets Statutory Compliance works, as set out in section 3 of this report. Works to date have been reported to the Strategic Planning and Capital Monitoring Panel retrospectively as completed. The use of these funds should be determined by the Council's Estate Strategy and Asset Management Plan. A more detail business case and strategy for the use of these funds should be presented to Members, setting out how these resources will be prioritised and informed by the Estates Strategy and Asset Management Plan, to ensure effective use of limited resources.

Legal Implications:
(As authorised by the Borough Solicitor)

The Council must ensure that it complies with its Property Disposal Policy when identifying for sale and selling land and buildings. Importantly there needs to be a clear strategy for the disposal of land so that there is a clear business rationale for selling land particularly if the Council is receiving rental income from any potential disposal site so that any returns for capital are not less than the rental incomes less any liability. The report needs to set out clearly any loss of such income.

Risk Management:

The ownership and use of property carries with it a number of risks including health and safety, economic, financial, service delivery, statutory compliance and maintenance risks. It is therefore proposed to develop a risk register as part of the strategic review of the Councils assets to identify and manage risks.

Access to Information:

Any further information can be obtained from the report author Robin Monk, Executive Director of Place who can be contacted on:



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1. INTRODUCTION

- 1.1 A report detailing progress on the disposal of assets, realisation of capital receipts and assets requiring investment, was considered at the last meeting of the Strategic Capital Panel.
- 1.2 This report is intended to provide members of the Panel with a further update.

2. DISPOSAL OF ASSETS

Disposal Strategy

- 2.1 In the financial year 2016/17 the total sales achieved amounted to £3,929,550. The Asset disposal process continues at pace with a sum of £4,380,567 achieved since 1 April 2017.
- 2.2 Sale of the former Samuel Laycock school site completed 22 February 2018. The former Littlemoss school site is now subject to an agreement for lease with the Laurus Trust for the construction of a new free school. Planning has been approved for the former Mossley Hollins school site and is still being processed for the former Hartshead school site. Offers have been received to purchase the former Hartshead school site and these are currently being evaluated.
- 2.3 A review of open space is being undertaken to determine both the value of sites and which are in council ownership to inform Cabinet to determine a strategy of retention and disposal. The review should be complete in May 2018 with a view to seeking governance and the wider consultation with elected members.
- 2.4 Properties being actively marketed for sale or lease will be advertised on the Council's website, in addition to the marketing agent's websites. Where potential disposals will impact on tenants, for example sale of garage or garden plots, which have become too expensive to administer, written notification will be given to tenants in advance for the proposed sale and the tenant will be given the opportunity to purchase.
- 2.5 Leased Buildings - As reported at previous meetings of the Panel, the Council's policy is to terminate leases it has for buildings owned by others and to relocate services to surplus space in Council owned properties, where this delivers value for money, to reduce the revenue cost of operating and occupying buildings.

Appendix 1 lists those properties and assets identified in the Strategic Planning & Capital Monitoring Panel of 5 September 2016 which are in the process of being sold. The list also includes sites currently being proposed as suitable for development with the Greater Manchester Pension Fund and also sites under consideration by New Charter Housing

Appendix 2 lists the Capital Receipts realised since 1 April 2017.

Appendix 3 details briefly additional property work carried out by the team and achievements of note, such as securing increase at Rent reviews in favour of the Council, serving of break notices, any lease renewals and properties of note acquired.

3. INVESTMENT IN CIVIC AND CORPORATE BUILDINGS

- 3.1 A capital resource of £2 million over 3 years has been allocated in respect of Property Assets Statutory Compliance. This money will be used to ensure that our property assets comply with all statutory building compliance issues e.g. fire regulations, asbestos management, electrical checks etc. Money spent on these requirements will be summarised and reported to Strategic Capital Panel on a regular basis.

During October to December 2017 a total of £63,330.76 has been expended on a range of risk mitigation. This includes £35.5k on remedial works emanating from fire risk assessments, £5.3k on asbestos remediation and £22.5k on various reactive remediation works required in relation to other statutory requirements.

- 3.2 A capital resource of £3million over 3 years has been allocated in respect of Refurbishment of Capital Assets. This money is intended to be used to fund minor refurbishments of council buildings e.g. structural remodelling, replacement of essential infrastructure. Works funded by this capital will be deemed to be assisting the Council in its stated priority of the maximisation of use of the Councils building assets.
- 3.3 A detail business case and strategy for the use of funds will be brought back to Members, setting out how these resources will be prioritised and informed by the Estates Strategy and Asset Management Plan, to ensure effective use of limited resources and money spent on these requirements will be summarised and reported to Strategic Capital Panel on a regular basis.

4. RECOMMENDATIONS

- 4.1 As stated on the report cover

APPENDIX 1

Assets currently under consideration for sale

Asset ref	Property Address	Town
3590 & 3591	Former Hartshead High School site, Lees Road	Ashton
2593	Land at former Katherine House, Katherine Street / Bentinck Street - Overage payment	Ashton
2751	Land at Cavendish Street / Moss Street East / Cotton Street East - Overage payment	Ashton
2202	Two Trees School Site	Denton
1263, 1264 & 1266	Land at Kynder Street / Duke Street / Market Street - Overage payment	Denton
1806	Droylsden Canalside	Droylsden
3908	Plots A & B Hattersley IE	Hyde

Assets under discussion with Pension Fund / NCH

Asset ref	Property Address	Town
4619	Land at Queens Road / Fern Lodge Drive	Ashton
3169	Old Street / Dale Street East, AUL	Ashton
188 & 3789	Land at Morningside / Fairfield Avenue	Droylsden
2547	Land at Leigh Street	Hyde
3070	Land at Leigh Fold	Hyde
4629	Land at former Flowery Fields School, Old Road	Hyde
2385	Land at Arnside Drive	Hyde
3984	Mossley Hollins, Huddersfield Road	Mossley

APPENDIX 2

Completed Sales since 1 April 2017

Asset ref	Property Address	Town	Completion Date	2017/2018 Completed Sales £
2763	Land adj to Lidl Supermarket	Ashton	29/06/2017	£21,600
1163	Land on John Street East, (rear of 25-27 Trafalgar Square)	Ashton	30/06/2017	£25,000
2355	Land at Oaken Clough / Oldham Road	Ashton	25/05/2017	£86,000
2457	Land on Vine Street	Ashton	16/06/2017	£5,000
2358	Wellington Works, Wellington Road / Uxbridge Street - Overage payment	Ashton		£270,264
1179	Land north of Lindisfarne Road	Ashton	23/08/2017	£160,000
1136	Land at Sunnyside, rear of 236-244 Newmarket Road	Ashton	15/08/2017	£25,000
2747	Land adj to 39 Uxbridge Street	Ashton	15/08/2017	£29,000
190	Land at Williamson Lane / Ashton Hill Lane	Droylsden	24/05/2017	£40,000
743	Land on Bailey Street	Droylsden	13/10/2017	£33,010
3472	5 Dain Close	Dukinfield	21/06/2017	£3,000
3497	64 Jeffreys Drive	Dukinfield	05/05/2017	£3,990
2517	8 Shepley Close	Dukinfield	27/09/2017	£3,300
3386	4 Hall Green Close	Dukinfield	15/08/2017	£3,950
3472	20 Belvedere Drive	Dukinfield	14/07/2017	£3,615
3472	4 St John Street	Dukinfield	14/07/2017	£4,025
3472	8 Belvedere Drive	Dukinfield	25/08/2017	£3,890
3393	5 Moravian Close	Dukinfield	28/07/2017	£3,570
3491	24 Harold Avenue	Dukinfield	14/07/2017	£4,140
3472	7 Ogden Gardens	Dukinfield	15/09/2017	£4,220
3385	7a Old Road	Dukinfield	16/10/2017	£4,050
3451	10 Concord Way	Dukinfield	17/08/2017	£3,155
3472	28 James Close	Dukinfield	18/05/2017	£3,960
3386	15 Old Street	Dukinfield	08/01/2018	£3,875
3472	31 Vicarage Drive	Dukinfield	04/12/2017	£4,075
3514	Land rear of 51 Wedneshough Green	Hollingworth	09/06/2017	£1,000
2264	Land at Captain Clarke Rd	Hyde	01/12/2017	£320,000
2262	Land at Broadway	Hyde	20/12/2017	£300,000
2591	Rydal House	Hyde	23/01/2018	£270,000
2438	Land at Pitt Street (2)	Hyde	08/05/2017	£55,000
2671	Land corner of Markham Street / Dow Street	Hyde	09/06/2017	£80,000
	8 Buckland Grove	Hyde	19/12/2017	£26,520
4114	Land at Nield Street	Mossley	24/05/2017	£191,000
3998, 3999 & 4546	Land between Greaves Street, Cross Street & Stockport Road	Mossley	15/11/2017	£40,000
4126	Land at Stamford Road (opposite	Mossley	15/08/2017	£40,000

Asset ref	Property Address	Town	Completion Date	2017/2018 Completed Sales £
	80 to 94)			
	19 Brooklands Close	Mossley	26/05/2017	£26,500
3881	Melbourne Street Car Park	Stalybridge	20/11/2017	£325,000
4058	Land at Acres Lane / Cecil Street	Stalybridge	07/08/2017	£10,000
4057	Land at Cecil Street / Acres Lane	Stalybridge	07/08/2017	£5,000
2733	Former Samuel Laycock school, Mereside	Stalybridge		£700,000
2378	Land at Lake Road - Overage payment	Stalybridge		£179,031
3947	Land at Wakefield Road / Carter Street - Overage payment	Stalybridge		£135,963
4314	Land at Wakefield Road (next to 387)	Stalybridge	24/05/2017	£22,000
4232	Land at junction of Spring Street / Stamford Street	Stalybridge	24/05/2017	£11,000
3848	Bayley Street Industrial Estate	Stalybridge	26/01/2018	£775,000
	M60/M66 Highways Settlement	Various	23/10/2017	£111,051
	Residential ground rents under £1K value	Various	12/12/2017	£4,813
	Total			£4,380,567

APPENDIX 3

Leases Completed since 1 April 2017:

Council land/property	Location	Rental income per annum (£)
New Leases to Tenants		
Unit 1 Plantation Industrial Estate	Ashton	£21,312 pa
Unit 8a Plantation Industrial Estate	Ashton	£13,000 pa
Unit 8b Plantation Industrial Estate	Ashton	£12,350 pa
Unit 5 Plantation Industrial Estate	Ashton	£25,360 pa
Unit 3 Plantation Industrial Estate	Ashton	£18,000 pa
Tenant Lease renewals		
Mast on land at Stockport Road	Hyde	£3,750 pa
Waterloo Childrens Centre	Ashton	£15,000 pa
Land at Wilshaw Lane	Ashton	£1,000 pa
Former Littlemoss School – Agreement for Lease	Droylsden	Peppercorn

Other Transactions /works of note completed by the Estates Team since 01 April 2017:

- Terminal Dilapidations claim against the Council at Greencroft House, Hyde - Lease expired 20 April 2017. Original claim of £86,647, Revised claim received in the region of £60K. Negotiations ongoing.
- Aeroworks 5 Adair Street, Manchester – Break date of 03 June 2016 exercised on behalf of Greater Manchester Public Health Network (GMPHN). Awaiting claim from the Landlord
- M60/M66 Highways Settlement – In addition to the receipt of £111k we also received £70K commuted sum in lieu of the cost of laying out replacement open space

Rent Reviews: (increases above £1,000 p.a.) since 1 April 2017

Hyde Physiotherapy Centre, Parsonage Street, Hyde	Rent Review 22.05.17	£3,250 pa increase
Land at Northend Road, Stalybridge	Rent Review 17.05.17	£2,200 pa increase
Kids Club at Corrie Primary School, Denton	Rent Review 21.04.17	£1,311 pa increase
Land at Broadway	Rent Review 10.10.17	£2,500 pa increase
Land at Great Norbury Street / Robert Street, Hyde	Rent Review 13.11.17	£2,135 pa increase
Land at 2 Wood Street, Dukinfield	Rent Review 21.12.17	£1,350 pa increase
Land at Hadfield Street, Dukinfield	Rent Review 21.12.17	£1,625 pa increase