

10 April 2013		Appendix B
Cabinet		
ASSET MANAGEMENT DELIVERY PLAN PROGRESS		
Report of: Councillor J Kent, Leader of the Council		
Wards and communities affected: All	Key Decision: Yes	
Accountable Head of Service: Ian Rydings, Head of Asset Management		
Accountable Director: Martin Hone, Director of Finance and Corporate Governance		
This report is public		
Purpose of Report: To update Cabinet on the second meeting of the Member Strategic Property Working Group, and for Cabinet to consider and agree recommendations from that meeting.		

EXECUTIVE SUMMARY

This report proposes a number of property disposals and other property related decisions in pursuit of the Council's adopted asset management strategy.

1. RECOMMENDATIONS:

That Cabinet;

- 1.1 Agree two property disposals previously deferred by Cabinet, as described in detail in Section 3.1, namely**
 - a strip of a larger Council landholding in Baker Street, Orsett, and;
 - a Council owned car park in King Street Car Park, Stanford le Hope which forms the parking element of a mixed use commercial and residential scheme which has received planning permission.
- 1.2 Agree the further disposal and other property related decisions set out in Sections 3.2 and 3.3.**

- 1.3 **Agree to transfer the freehold of the Beehive, West Street Grays to the current long leaseholder, Thurrock CVS, as set out in Section 3.4.**
- 1.4 **Agree to the extension of the option for Dr Devaraja to purchase the former Graham James Infant school for the development of new surgery facilities, for a further 3 month period as described in Section 3.5.**

2. INTRODUCTION AND BACKGROUND:

- 2.1 At its meeting in July 2012, Cabinet agreed to establish a strategic property member working group consisting of:
- the Leader of the Council,
 - Portfolio Holder for Regeneration, Highways and Transportation,
 - Portfolio Holder for Transformation and Community, and
 - Two members of the opposition group, to be nominated by the Leader of the Opposition.
- 2.2 The key purpose of the cross party working group is to consider the detail of potential asset disposals and other property issues. The working group first met in September 2012, proposing a draft Terms of Reference which were agreed by Cabinet at its meeting on the 17th October 2012. The Working Group met for the second time in March 2013, hearing updates on the progress of property disposals and considering further disposal proposals. Cabinet is now requested to approve the disposal of a number of properties considered at the meeting, and to make a number of further property related decisions recommended by the Working Group.
- 2.3 In addition to considering disposals considered by the Member Working Group, Cabinet is also asked at this time to;
- authorise the disposal of the freehold retained by the Council in the Voluntary Sector headquarters building at the Beehive, West Street, Grays, for nil consideration, and to
 - extend the option to purchase the former Graham James Infant School, previously granted by cabinet to Dr Devaraja for the development of new surgery facilities, for a further 3 months.

3. ISSUES, OPTIONS AND ANALYSIS OF OPTIONS:

- 3.1.1 The Member Working Group, meeting on the 14th March 2013 considered two disposal decisions previously deferred by Cabinet:
- a strip of a larger Council landholding in Baker Street, Orsett, and
 - a Council owned car park in King Street Car Park, Stanford le Hope which forms the parking element of a mixed use commercial and residential scheme which has received planning permission
- 3.1.2 There was general agreement by the Working Group on the sale of the land in Baker Street, and it is therefore recommended that this land is sold at a

negotiated price to the developer of a neighbouring site in order to enable gas trench protection from contamination from the Council's site adjacent, and acceptable rear and side garden areas for the properties in part of the development.

3.1.3 Regarding the car park site in Stanford le Hope, the Opposition Members on the Working Group requested that they have opportunity to discuss the potential sale at their group meeting and report back. They have now done this and have observed that they do not feel able to support the disposal for the following reasons:

- “The (Opposition) Group remain unconvinced that the sale of the land would lead to the strategic regeneration that the Stanford village area requires. In an increasingly challenging environment for small town centres, the Group feel that the current granted planning permissions are not conducive to a redevelopment which will see our regeneration ambitions delivered for Stanford-le-Hope.
- There is a Neighbourhood Planning Group - driven by local residents and the local community forum - which is working on the construction of Neighbourhood Plan which would encompass this area. The Neighbourhood Plan, when voted on after public inquiry, would sit within the Local Development Framework and will clearly define the expectations of the local people for this site. We support this process and feel that to agree a disposal of the single most important regeneration site in Stanford-le-Hope at this stage would be premature and detrimental the creation of the Neighbourhood Plan.
- We are aware of approaches having been made by other major landowners in the area and do not feel that potential alternative options have been adequately explored.
- The price offered for the sale of the site (£350,000) does not represent an adequate return given the primarily commercial nature of the proposed development.”

3.1.4 Notwithstanding these observations, the officer recommendation remains to dispose of the site for the negotiated sum of £350,000, on condition that the site continues to provide the same number of free parking spaces for shoppers in Stanford le Hope as it does currently. The reason for this recommendation is as follows:

- As well as a single supermarket commercial unit, the development will provide 22 new units of accommodation in the town centre, at least 2/3 of which will be affordable housing,
- The scheme which has received planning consent maintains the same number of shoppers parking spaces as is currently provided by the Council's land ownership. It is to be a condition of the sale that these are maintained as free to shoppers as is currently the case.
- Independent valuation advice commissioned by the Council was the starting point for the negotiations which have led to the recommended sale price of £350,000 which will be further independently assessed to ensure that it represents best value.

- Notwithstanding that the planning consent for the scheme was given some months ago in the summer of 2012, no approaches have been received from other developers wishing to develop the site
- The receipt of a capital sum of £350,000 will make a valuable contribution to the Medium Term Financial Strategy especially in the context that the disposal will enable the provision of much needed affordable housing units in the west of the borough while the land also continues to play the role it does currently in providing free shoppers parking,

3.2 Further properties and sites were also considered by the Working Group and as a consequence the following further disposal and disposal related recommendations are made.

3.2.1 A Council owned, tenanted farm in South Ockendon known as Street Farm, be marketed for disposal, with reference being made back to the Working Group and Cabinet before a sale is approved.

3.2.2 Former Treetops School, Dell Road, Grays:

- The existing buildings on the site be demolished as soon as possible, and
- Work be carried out to prepare the site for disposal on the best terms for the Council.

3.2.3 A vacant site at the junction of Dell Road and Orsett Road, Grays; work be carried out to prepare this site for disposal on the best terms for the Council.

3.2.4 Dilkeswood and Whiteacre, two vacant sites in Daiglen Drive, South Ockendon, be progressed as follows:

- the existing building on the Dilkeswood site be demolished as soon as possible,
- work be carried out to prepare both these adjacent sites for disposal on the best terms for the Council,

3.2.5 Purfleet Industrial Park; this former Development Corporation property be marketed for disposal on the best terms for the Council.

3.2.6 Peaceful Row Lorry Park, London Road, West Thurrock; subject to consultation with ward members, this property be disposed of at market value to a commercial bidder, conditional on planning permission being achieved.

3.3 The Working Group also considered other sites where the present appropriate action is not considered to be disposal. Cabinet is also requested to note and agree these actions.

3.3.1 Belmont Road former allotments, Grays; this site be further investigated for additional primary school facilities required in the west of Grays, together with:

- additional access from the Chafford Hundred area if achievable and,

- additional residential development if achievable.

3.3.2 Adult Education Centre and former Council Club, Richmond Road, Grays:

- the vacant and derelict buildings on the site be demolished as soon as possible, and,
- opportunities to re-provide Adult Education services at purpose built and more suitable property be investigated.

3.3.3 Culver Centre, South Ockendon; Officers seek to progress the re-provision of services provided from this operational building, so that this site may be disposed of in the longer term.

3.3.4 Jack Lobley School, Tilbury:

- the vacant and derelict buildings on site be demolished as soon as possible, and
- the possibility of a non-school educational development being proposed by an academy be noted and further investigated.

3.3.5 Hogg Lane, Grays; as Cabinet had already sought further assurances on the potential of this site being used for health purposes, the result of these enquiries be awaited before the future of the site is further considered.

3.3.6 Station House, Grays; this building be retained at present in connection with the wider regeneration of the Grays Station area.

3.3.7 No 2, Dock Road, Grays; consideration be given to alternative uses for this small site originally acquired for a road scheme which will not now proceed.

3.3.8 Grays Yacht Club; officers to respond to the Yacht Club's offer to purchase the site to determine whether agreement could be reached on a sale value.

3.3.9 No's 64 – 82 Argent Street; officers further investigate the interest of the tenant in purchasing the site.

3.3.10 Leatherland Lodge, South Ockendon and Bennett Lodge, Chadwell St Mary; officers further investigate the leaseholder's expressed interest in purchasing the freeholds.

3.4 The Beehive, West Street, Grays.

3.4.1 This building provides headquarters, meeting room and operational facilities for a number of Thurrock's voluntary agencies, including Thurrock Council for Voluntary Services ("CVS"). In March 2003 the CVS took out a 99 year lease on the purpose built property, for a consideration of £525,000. This premium was paid from grant funding from the East of England Development Agency. At this time the price paid was considered to be below market value; the value of the building then being estimated at £700,000, with the notional balance

representing a subsidy from the Council. The Council retain the freehold of the property.

3.4.2 The CVS have now requested the transfer of the freehold to them, so that their organisation can demonstrate its independence from the Council, and enjoy complete security over the land it occupies. Although the freehold is valued by the Council for asset purposes at £1, arguably if exposed to a marketing exercise it could realise more. However, the value remains a reasonably nominal sum, estimated by the Council's retained valuers as in the region of £5,000.

3.4.3 In view of the above, Cabinet are requested to agree to the transfer of the freehold to the Beehive to Thurrock CVS, for nil consideration.

3.5 Graham James former Infant School, Stanford le Hope

3.5.1 At its meeting held on the 7th March 2012, Cabinet agreed to sell the site of this former school premises to Dr Devaraja for the development of new surgery facilities. One of the conditions to the sale was that completion and full payment was made by no later than the 29th March 2013. This was to ensure that the capital receipt was accrued during the financial year 2012/13, to the benefit of the Medium Term Financial Strategy.

3.5.2 Contracts were exchanged in December 2012 requiring Dr Devaraja to trigger an option to complete the sale by the 29th March 2012, but due to changes being made by the Dr to his proposed development, in consultation with planners, planning consent was not achieved until March 2013. As a consequence, the financial arrangements necessary to complete the deal were not in place by the required date and the option was not triggered. Dr Devaraja has requested, via his advisers, that the option be renewed to enable the purchase to go ahead.

3.5.3 Although the impact of the delay so far is not financially significant to the Council, it is a concern that Dr Devaraja has had an express intent to develop new surgery facilities at this site for more than 5 years, and has not yet got to a position to be able to complete. It is therefore recommended that Cabinet agree to the restoration of the option for a further 3 month period, during which time completion of the sale would be expected to be managed. If the option is not triggered during this extended period it is suggested that officers be required to look at any alternative options for the disposal of this vacant site.

4. REASONS FOR RECOMMENDATION:

4.1 These decisions are recommended in pursuit of the Council maintaining proactive management of its property portfolio following the high level principles of the asset management strategy; that property be:

- managed strategically to support corporate aims and objectives.
- held and managed in support of service delivery.
- used to provide Value for Money and deliver efficiencies and savings for the future.

- procured and managed in a way that minimises the impact on the environment.
- used to support the regeneration of the Borough.
- used to support the activities and development of Thurrock's communities and the Council's partners.

5. CONSULTATION (including Overview and Scrutiny, if applicable)

5.1 This activity is in pursuit of the Asset Management Delivery Plan agreed by Cabinet in February 2012. This Plan was developed with senior officers at Head of Service level, and presented and discussed with the Members of Cabinet, the Chief Executive and Directors.

5.2 It is made clear in the report where recommendations are the outcome of the second meeting of the member strategic property working group. The matter has not been to Overview and Scrutiny, but ward members have been made aware of the recommendations which relate to the disposal of sites and have been invited to comment.

6. IMPACT ON CORPORATE POLICIES, PRIORITIES, PERFORMANCE AND COMMUNITY IMPACT

6.1 Management of the Council's land and property portfolio clearly has a far reaching impact on corporate policies, priorities, performance and the community. The Council's overall policy intentions and corporate priorities will be kept uppermost in consideration as the strategy is implemented. The high level policy objectives of the strategy are aimed to ensure alignment with Council and community aspirations.

7. IMPLICATIONS

7.1 Financial

Implications verified by: **Martin Hone, Director of Finance and Corporate Governance**

Telephone and email: **01375 652412**
mhone@thurrock.gov.uk

The implementation of the asset review and any investment required in community hubs and the Civic Offices would be subject to separate reports and any costs and income included in the Medium Term Financial Forecast. The income from the sale of any assets would be capital receipts and could only be used for capital investment and not to fund revenue activities.

The council has been criticised in the annual value for money conclusion by the Audit Commission for the past few years for not having a robust and embedded asset management plan. The Council is now considered to be in a much more sustainable position with an agreed general strategy, a specific Asset Management Delivery Plan and governance arrangements in place to implement these.

7.2 **Legal**

Implications verified by: **Alison Stuart**
Telephone and email: **01375 652040**
astuart@thurrock.gov.uk

There are no specific legal implications directly arising from the implementation of the Asset Management Delivery Plan at this stage of the process. As the plan is implemented, including carrying out property disposals, and researching and implementing specific joint venture plans, further specific legal advice should be sought to ensure that the Council is meeting its obligations and is acting lawfully and complies with the Council's Constitution.

The Council's actions in disposing of land are subject to statutory provisions in particular powers under:

- section 123 of the Local Government Act 1972 to dispose of land using whatever method it chooses as long as it meets its overriding duty to obtain the best consideration that can be reasonably obtained for the land;
- section 32 of the Housing Act 1985 (as amended) to dispose of land held for the purposes of Part II of that Act

7.3 **Diversity and Equality**

Implications verified by: **Samson DeAlyn**
Telephone and email: **01375 652472**
sdealyn@thurrock.gov.uk

The Asset Management Delivery Plan is a key strategy relating to the Council's ownership, use and management of land and property. The strategy has the potential to impact significantly on the lives and wellbeing of people from minority groups. The alignment of the strategy with the Community Strategy, and the commitment to high level objectives including the management of property to support the well-being of the Borough's communities, will go some way to ensuring that any potential negative impacts are mitigated as far as practicable.

The disposal of properties which are vacant and surplus which is proposed in this report is not considered to have a meaningful impact on diversity and equality issues. However, the report also proposes the eventual disposal of some properties which are currently in operational use and these have the potential to have significant impact on members of the community and of staff. Consequently it is vital that these proposals are considered in the light of individual equality impact assessments to ensure that not only are adverse impacts avoided, but that the needs of those from minority groups are addressed.

7.4 **Other implications (where significant) – i.e. Section 17, Risk Assessment, Health Impact Assessment, Sustainability, IT, Environmental**

No other relevant implications

BACKGROUND PAPERS USED IN PREPARING THIS REPORT (include their location and identify whether any are exempt or protected by copyright):

Previous Cabinet papers on strategic asset management issues;

- 22nd February 2012;
<http://democracy.thurrock.gov.uk/CmisWebPublic/Binary.ashx?Document=18619>
- Appendix to report of 22nd February 2012 – Asset Management Delivery Plan;
<http://democracy.thurrock.gov.uk/CmisWebPublic/Binary.ashx?Document=18620>
- 11th July 2012;
<http://democracy.thurrock.gov.uk/CmisWebPublic/Binary.ashx?Document=19112>

APPENDICES TO THIS REPORT:

None.

Report Author Contact Details:

Name: Ian Rydings

Telephone: 01375 652238

E-mail: irydings@thurrock.gov.uk