



Classification	Item No.
Open	

<b>Meeting:</b>	Cabinet
<b>Meeting date:</b>	Wednesday 30 <sup>th</sup> June 2021
<b>Title of report:</b>	Accelerated Land and Property Disposals Programme – Phase 2
<b>Report by:</b>	Councillor Eamonn O’Brien <i>Leader/ Cabinet Member for Finance and Growth</i>
<b>Decision Type:</b>	<b>Key Decision</b>
<b>Ward(s) to which report relates</b>	All wards

### **Executive Summary:**

The Council wishes to take active steps to rationalise its land and buildings, hereafter referred to as property assets. Many of its property assets are being seen as surplus to the requirements of the Council.

Further to the Cabinet report that approved the Council’s Accelerated Land and Property Disposals Programme on 24<sup>th</sup> November 2020, a Phase 1 list of sites was approved at Cabinet on the 24<sup>th</sup> March 2021. This report identifies the Phase 2 list of sites and seeks approval for the property asset disposals.

There are 29 sites that are part of Phase 2 which are detailed in this report at Appendix A. It is also proposed that additional land is included to 1 site from the Phase 1 list for disposal which are detailed in Appendix B.

## **Recommendation(s)**

### **That:**

- Approval is given for disposal of the Phase 2 property assets that are surplus to requirements.
- Approval is given for the inclusion of additional land to 1 site from the Phase 1 list.
- Acceptance that the Brownfield Housing Fund will assist with disposal options for the sites identified as housing development sites.

## **Key Considerations**

### **Background**

A Cabinet report was approved on the 24<sup>th</sup> November 2020 which provided an overview on the Accelerated Land and Property Disposals programme including identifying some of the key benefits:

- Local Economy – Capital Receipts, Business Rates, Council Tax
- Creation of additional local jobs/ small business space
- Improved highway curtilage – potential use for digital marketing
- New housing
- Resources – reduction in cost base
- Reducing the Councils exposure to health and safety risks associated with holding vacant property assets
- Permanent release of revenue costs associated with holding vacant property assets

On the 24<sup>th</sup> March 2021 Cabinet approved the disposal of 20 Phase 1 property assets that were surplus to requirements. The Cabinet Report noted that some of these property assets are benefitting from the Brownfield Housing Fund which will assist in de-risking the delivery of new homes.

### **Current Challenges**

There are limited Council resources to deal with the constant requests from individuals or third parties looking for opportunities to purchase our property assets. Phase 2 will continue the programme to bring in the required resources to comprehensively allow the Council to dispose of its chosen property assets in a strategic and co-ordinated way, and via a manageable phased approach.

There is a cost to maintain the Council's assets and failure to manage them properly could cause a potential health and safety risk, as well as a reputational risk to the Council as the landowner.

## The Proposal

### List of Property Assets/Progress

The following 29 Phase 2 property assets are recommended for disposal. Further details on the sites can be found in Appendix A.

ADDRESS	SERVICE USER
Land between 205-211 Bury Old Road, Prestwich	Leisure - Landscaped Area
Broad Oak, off Broad Oak Lane and Bridge Hall Lane, Bury	Property
Land rear of 115 Outwood Road, Radcliffe	Housing
Former Millwood School, Fletcher Fold Road, Bury	Children's Services - Former School
Land at Fitzgerald Close/Venwood Road, Prestwich	STH
Land adjacent to 65 Turks Road, Radcliffe	STH
Land at Chesham Road/Hilton Street, Bury	Leisure - Landscaped Area
8 Albert Close	Leisure
Rye Croft	Leisure
Philips Park - Stable building & Orangery	Leisure
Outwood Radcliffe Banking	Leisure
Springside View (Part)	Leisure
Sherringham Drive	Leisure
Dareham Close No 2	Leisure
Dareham Close No 9 + 11	Leisure
Holbeach Close Walkway	Leisure
Holland Street/North Street	Leisure
Holland Street/Hutchinson Street	Leisure
Dean Street	Leisure
Spring Lane Whittaker Street	Leisure
Bevis Green	Leisure
Barrett Estate Limefield	Leisure
Greengate Lane/Warwick Street	Leisure
Richard Birch Street/Taylor Street	Leisure
Bond Street/Queen Street	Leisure
Back Laurel St, East Bury	Leisure
Salford Street	Leisure
Bury New Rd Brightmet	Leisure
Shirebrook Drive/Whittaker Street	Leisure

In addition to the Phase 2 sites above, additional land will be included in the disposal site boundary for the following Phase 1 site. Further details on the amendments can be found in Appendix B.

<b>ADDRESS</b>	<b>SERVICE USE</b>
Additional Land between Fern Street Garage and Peel Brow	Leisure

### **Process for Disposal**

An operational process map has been established that sets out a fair and consistent process, including governance route that will be followed for each disposal.

This revised operational process map is as a result of a review of the existing Council’s Disposals Strategy 2013. It incorporates some of the existing principles for disposal of the 2013 strategy but also realigns it with the current priorities and structure of the Council.

Disposal of the property assets will be through a range of methods – land transaction, auction, marketed through an agent, community asset transfer etc. There will be a variety of property assets disposed of and it is important that there is a range of available disposal options, as not all property assets will benefit from being disposed of in the same way.

The management of each disposal will be delegated to the Head of Property & Asset Management/Director of Economic Regeneration & Capital Growth, as per approval given at Cabinet on 24<sup>th</sup> November 2020.

There will be a continuous active review of the Council’s property assets that will include communication and consultation with key officers in all departments to help determine and prioritise property assets that are identified as surplus to requirements. This will establish the future phases of property asset disposal in line with Council strategies, requirements and expectations.

### **Future Strategy**

Although this report focuses on Phase 2 of the Council’s Accelerated Land and Property Disposal Programme, it is part of an ongoing piece of work that will include future phases of property assets for disposal over (at least) the next 2-3 years. A Phase 3 list is currently being considered and developed.

Officers have established a strategy for the identification of future property assets. A template for property review has been formulated to prioritise assets for disposal, alongside a matrix and criteria to help with developing the strategy.

Identification of property assets for disposal will be on a rolling programme of phases that will be identified by the Programme Manager for the programme. All future phases (like this first phase) will be manageable phases to ensure the success of the programme.

### **Programme Management**

The following table sets out the key achievements since the Cabinet approval in November 2020:

<b>Milestone</b>	<b>Timeline</b>	<b>Achieved</b>
Cabinet approval for accelerated disposals programme	November 2020	Yes
Interim Programme Manager appointed (support from GMCA)	January 2021	Yes
Phase 1 list circulated internally (for Expressions of Interest as per process map)	February 2021	Yes
Cabinet Approve Phase 1 Programme	March 2021	Yes
Appointment of Property Lawyer and Property Agent	April 2021	No – June for property Lawyer. August for property agent
Marketing of sites commences, including taking sites to auction	April 2021	No – likely to be August/ September in line with auction dates and retained agent appointment

The Property Lawyer post’s is currently being re-advertised and it is anticipated that an appointment will be made in June 2021. The Property Agent resource will be part of a retained agent service that the BGI department will procure and manage – the brief for the invitation to tender has been agreed and it is hoped that a suitable property agent will be in place by August 2021. The Homes England Framework is being used for this procurement process and has two stages. The first stage is for Expressions of Interest and the second stage is a formal invitation to tender.

Work is also underway to secure a programme manager for the duration of the programme by June/July 2021, noting that the current programme manager is interim but will stay in post until the recruitment process is complete to ensure that no momentum is lost with the programme.

### **Community impact / Contribution to the Bury 2030 Strategy**

Community groups or other parties may express an interest in acquiring land assets from the Council. It may be that if a sale price is not secured that a community transfer could be considered.

The community will benefit from some assets being transformed from possibly unused pieces of land that have been difficult to maintain over the years, to land that is of benefit to the local community e.g. small-scale residential developments.

## Equality Impact and considerations:

This proposal does not adversely affect equality.

24. *Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:*

*A public authority must, in the exercise of its functions, have due regard to the need to -*

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*
  - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*
  - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*
25. *The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.*

## Assessment of Risk:

<b>Risk / opportunity</b>	<b>Mitigation</b>
Recession leads to lower land values and receipts	In this event, a larger disposal programme would be required to meet targets. The Council may wish to remarket land and property disposals that do not meet anticipated returns.
Land and property disposals are notoriously labour intensive and are at risk of not being favoured within a community	Agree sales schedules with Members and in particular ward members where they might be impacted and consider disposing to a community group via community asset transfer, subject to conditions being satisfied

<b>Risk / opportunity</b>	<b>Mitigation</b>
Purchaser fails to meet obligations placed on an agreed disposal and a dispute breaks out	Strict legal process in place that allows the Council to act if the agreed obligations were not met within an agreed timescale
Resources to undertake the land and property disposals are not put in place in a timely manner	Recruit the necessary personnel in accordance with the key milestones and expected delivery timescales

## **Consultation:**

Key Council officers (through the Council's Asset Working Group and the Executive Budget Holders Asset Board) have already been consulted on the list of property assets recommended for disposal, as part of the governance process for this disposals programme.

A 10 Stage Governance route process has been established which includes periods of consultation for Council Officers to identify constraints on the property assets development or disposal and where necessary declare an Expression of Interest and prepare a business case for Property Assets identified as surplus to requirements that they wish to retain and utilise.

Also, as part of the agreed governance process, respective Ward Members have been consulted on the property assets that are being recommended for disposal that are in their ward. There were no comments made in relation to any of the property assets identified for disposal.

Comments have been helpfully received from Highways on some of the property assets that will be carefully considered and fed into next stages of the work that will involve preparing the assets for disposal.

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## **Legal Implications:**

There are no legal implication arising from this report, but legal input will be required in relation to the proposed disposals. The dedicated legal post will be recruited to in line with the Council's recruitment and selection policies and compliance with relevant equality duties.

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## **Financial Implications:**

The Council is undertaking a review to rationalise its surplus land and property assets and received a report back in November 2020 which included phase 1 of those property assets. This report now includes those assets identified as phase 2.

The previous report identified that the total pipeline of sites indicates that c£8m in capital receipts can be generated.

A maximum of 4% of capital receipts can be offset against cost of sales, and this amount will be maximised, as appropriate, to limit any costs against the Council's revenue budget. £0.6m is likely to be needed to drive forward the programme primarily through the appointment of a programme manager, property agent and property lawyer. These posts will form part of the cost associated with selling the assets and therefore can be allocated to the capital receipts. However, the amount chargeable is capped by Government legislation so consideration needs to be given to potential revenue implications of those costs of sale that exceed the 4% limit.

There are further capital costs of £1.6m that have already been incurred related to this programme and while these costs have been funded in 2020/21, they have increased the Council's borrowing need and this will need to be offset by the receipts once they are realised.

Any capital receipts in excess of the costs above, and the opportunity they provide, will need to be considered in the context of the Council's financial strategy.

The Council has also secured Brownfield Land Grant which will support and fund some of the costs associated with the programme. This funding is however time limited and the proposals therefore need to be progressed at pace to avoid any of the grant funding being returned.

Regular monitoring and reporting of the process will be needed to ensure that receipts are delivered within anticipated timescales and that the Council does not incur costs without seeing the benefit of receipts and also to mitigate against the risk of clawback of grant monies. As part of the development of the governance arrangements for the capital programme, monitoring of capital receipts and the progress against the disposal programme will be factored into the quarterly monitoring reports to Cabinet.

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**Background papers:**

APPENDIX A – Phase 2 list of property assets (attached)

APPENDIX B – Additional land for Approved Phase 1 Property Assets (attached)

Approved Accelerated Land and Property Disposals Programme Cabinet Report 24<sup>th</sup> November 2021 (referenced in this report)

**Please include a glossary of terms, abbreviations and acronyms used in this report.**

Term	Meaning