

Report of:	James Bromiley, Strategic Director of Finance, Governance & Support Councillor Nicky Walker, Executive Member for Finance & Governance
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Submitted to:	Executive Sub Committee for Property- 19 December 2018
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Subject:	Hemlington Lane - Proposed Freehold Disposal [PART A]
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Summary

Proposed decision(s)
That Executive approves the proposal to proceed with the disposal of the Council's freehold interest in land at Hemlington Lane as detailed within Part B of this Report.

Report for:	Key decision:	Confidential:	Is the report urgent?¹
Decision to dispose of Council held property.	Yes – exceeds the £150K financial threshold.	No	No

Contribution to delivery of the 2018-22 Strategic Plan		
Business Imperatives	Physical Regeneration	Social Regeneration
The proposal to dispose of the subject land supports the Council's Housing Growth Programme and helps to underpin its Medium Term Financial Plan.	The development of the land with residential dwellings will bring a currently surplus, vacant and underutilised Council held asset into far more positive future use.	The development of new dwellings will improve the local housing stock in Kader Ward and help to generate further inward investment across Middlesbrough.

Ward(s) affected
Kader

What is the purpose of this report?

1. The purpose of the report is to consider the proposal to dispose of the Council's freehold interest in land at Hemlington Lane, and seek approval to proceed with the sale of the property for the purposes of residential development.

Why does this report require a Member decision?

2. The proposal relates to the disposal of an asset deemed to be surplus at a value in excess of the £150K threshold.

Report Background

3. Situated on the junction of Hemlington Lane and Ladgate Lane, the subject site is located within a primarily residential area of the town.
4. Shown edged on the plan attached in Appendix I, the subject property comprises a vacant residential development site of @ 2.96 Acres [1.19 Ha] with an access on Hemlington Lane and significant frontage to Ladgate Lane.
5. The site is undulating in terms of its topography, and has areas of mature and semi-mature trees to both its boundaries with Ladgate Lane to the north, and the A174 to the south.
6. The site was previously held and used as farmland prior to its acquisition under CPO powers in 1970, for the purpose of constructing the A174 Parkway. Following the construction of the A174 Parkway in 1974, the land was subject to a tree planting scheme and has subsequently been owned by Middlesbrough Council up to the present day.
7. The subject site has the benefit of an outline planning consent for residential development and includes an area of public highway that has been 'stopped up'.
8. Having been deemed surplus to operational requirements [please see the Asset Disposal Business Case attached as Appendix III to PART B of this report], the subject parcel of land was advertised for sale on the open market for a period of 7 weeks during the months of June & July 2017, via national, regional, local and digital media.
9. A total of 4 tenders were submitted by 3 different bidders in response to the Council's marketing exercise. Following the grant of approval by the Executive Sub-Committee For Property on 22nd November 2017, the party that submitted the highest placed tender [ranked by price] was appointed as the preferred bidder.
10. Due to the preferred bidder's subsequent failure to deliver a satisfactory exchange of contracts by the deadline set out by the previous Executive Sub-Committee decision, the Council formally withdrew from the proposed transaction to dispose of the land on 25th May 2018, and subsequently moved to open discussions with the highest placed under bidder ranked by price.
11. Further negotiation with the under bidder has resulted in them increasing their original tender proposal to a price level acceptable to the Council – as set out within Part B of this report.

What decision(s) are being asked for?

12. That Executive approves the sale of the property in accordance with the recommendations made in this report.

Why is this being recommended?

13. In order to meet the Council's requirement to generate capital receipts, increase annually recurring revenue streams and to bring the parcel of land into a far more beneficial use in the future.

14. The proposal will help increase the supply of available housing stock locally in Kader Ward, whilst also generating further inward investment in Middlesbrough.

15. The proposal supports delivery of the Council's Medium Term Financial Plan.

Other potential decisions and why these have not been recommended

Re-use for operational purposes

16. No Council operational service requirement has been identified.

Other uses

17. Although the site is capable of being used for other purposes, future use for the development of residential dwellings is preferred – an Outline Planning Consent confirming this was granted by the Local Planning Authority in September 2015, and currently is in the process of being renewed.

Do nothing

18. The property would remain in its present state. Whilst the subject site would be retained for potential future Council use, the liability and responsibility for maintaining and holding the property would remain with the Council in the interim.

Impact(s) of recommended decision(s)

Legal

19. The property will be disposed of freehold with vacant possession in accordance with standing protocol.

20. The recommendation does not create any specific legal issues, although the actions recommended and any subsequent steps would all need to be undertaken within the Council's legal framework.

Financial

21. The Council would receive a capital receipt plus fees, without the need to incur any further marketing costs.

The Mayor's Vision for Middlesbrough

22. The decision will align with the Mayor's Vision for Middlesbrough to be a town that people want to live in, with quality housing for all means, whether they are to buy or rent.

Policy Framework

23. The proposals do not require any change to the Council's existing policy framework.

Ward

24. The property is situated in the Kader Ward and the respective Ward Members have been consulted on the potential to dispose of the property.

25. Members will be consulted on any subsequent proposal made as part of the normal planning process.

Equality and Diversity

26. A Level 1 (Initial Screening) Impact Assessment (IA) accompanies this report, attached as Appendix II.

27. The impact assessment identified that the proposal would have a positive impact on the local community as it would make it more likely that the property, which is vacant and surplus to Council needs, was brought back into a more beneficial future use.

28. The impact assessment that was undertaken found that there were no concerns that the proposal could have an adverse impact. In addition, the Council's development control planning process would also serve to ensure that any future use proposed would be appropriate for the local area.

Risk

29. The proposal to dispose of the subject land will remove the Council's financial liability and legal responsibility for maintaining and holding the property in the future.

30. The proposal to dispose of the subject land supports the Council's Housing Growth Programme and helps to underpin its Medium Term Financial Plan.

Actions to be taken to implement the decision(s)

31. Subject to Executive Sub-Committee approval, the Council moves to:

- a. Formally appoint the under bidder as preferred bidder.
- b. Proceed with the disposal of the subject property to the under bidder as detailed in Part B of this report.

Appendices

Appendix I Site Plan

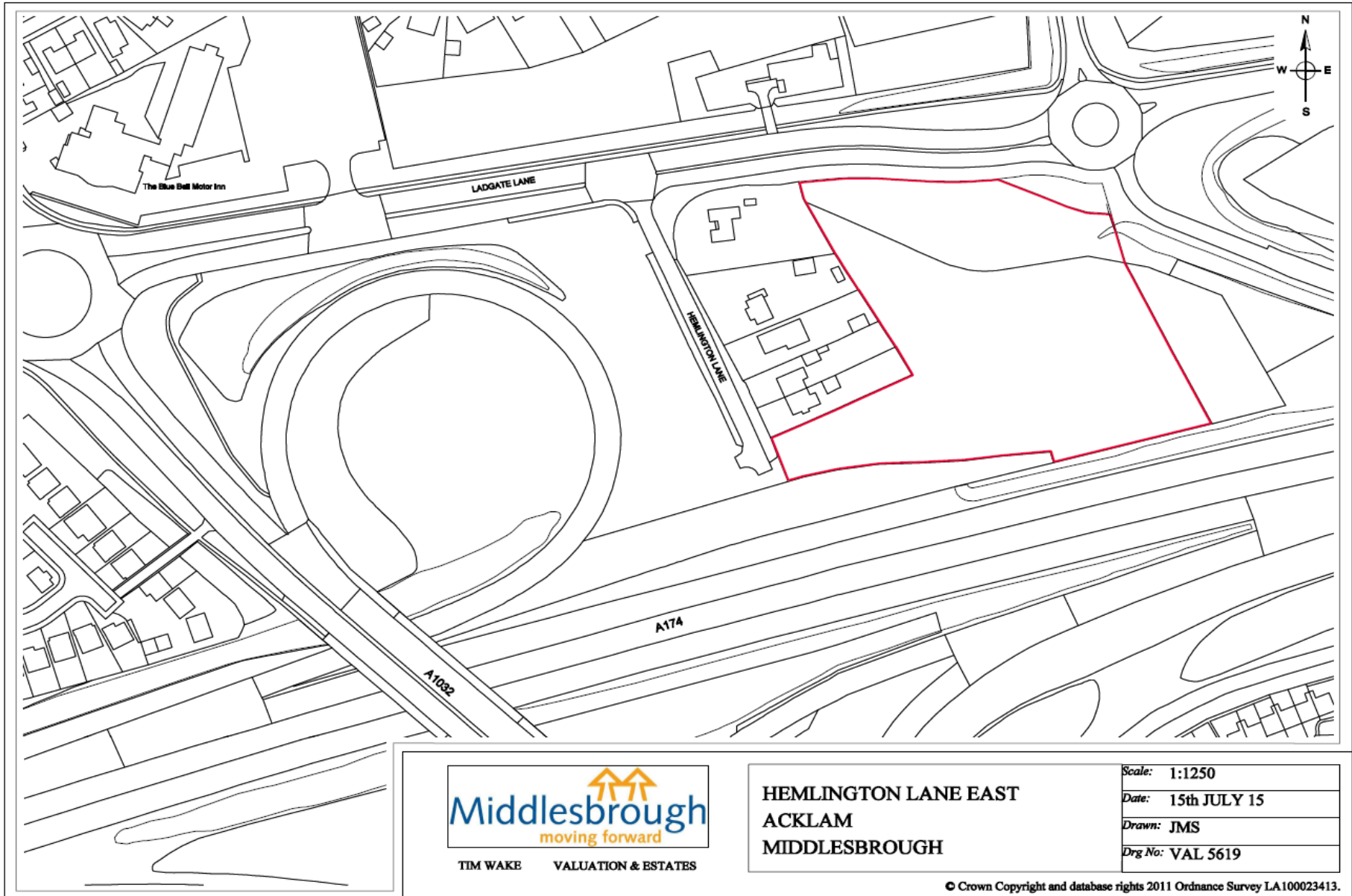
Appendix II Impact Assessment Level 1: Initial screening assessment

Background papers

Body	Report title	Date
Executive Sub-Committee For Property	Land East Of Hemlington Lane, Middlesbrough TS8 9DW; Proposed Freehold Sale – Part A	22 nd November 2017

Contact: David Velemir, Principal Valuer
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Appendix I – Site Plan



Appendix II - Impact Assessment Level 1: Initial screening assessment

Subject of assessment:	Disposal of the Council's freehold interest in the land at Hemlington Lane, Middlesbrough TS8 9DW			
Coverage:	Service specific			
This is a decision relating to:	<input type="checkbox"/> Strategy	<input type="checkbox"/> Policy	<input type="checkbox"/> Service	<input type="checkbox"/> Function
	<input type="checkbox"/> Process/procedure	<input type="checkbox"/> Programme	<input type="checkbox"/> Project	<input type="checkbox"/> Review
	<input type="checkbox"/> Organisational change	<input checked="" type="checkbox"/> Other (please state) Asset management		
It is a:	New approach:	<input type="checkbox"/>	Revision of an existing approach:	<input checked="" type="checkbox"/>
It is driven by:	Legislation:	<input type="checkbox"/>	Local or corporate requirements:	<input checked="" type="checkbox"/>
Description:	<p>Key aims, objectives and activities To assess the impact of the proposal to dispose of Council property deemed to be surplus to operational requirements.</p> <p>Statutory drivers (set out exact reference) The Local Government Act 1972 Section 123, as amended by the Local Government Planning and Land Act 1980 Section 118 Schedule 23 Part V.</p> <p>Differences from any previous approach The parcel of land has stood unused ever since work to construct the A174 Parkway Trunk Road was completed in 1974. There are no Council staff, or services that will be affected by the disposal as proposed. Future use will be for residential development.</p> <p>Key stakeholders and intended beneficiaries (internal and external as appropriate) The Council, preferred bidder and the local community.</p> <p>Intended outcomes The proposed disposal of the subject site would:</p> <ul style="list-style-type: none"> • generate a significant capital receipt for the Council; • help meet the borough's housing requirement; • create new jobs within the borough; • remove the Council's liability for future holding costs, responsibility for, and maintenance of the property, and • help stimulate further development in the local area, and bring the subject property back into a more positive future use. 			
Live date:	Monday 26 th November 2018			
Lifespan:	Not applicable			
Date of next review:	Not applicable			

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<p>Human Rights</p> <p>Could the decision impact negatively on individual Human Rights as enshrined in UK legislation?*</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>It is considered that the disposal of the subject property will not impact negatively on individual human rights as the proposal represents a significant and positive enhancement for the local and wider area, which outweighs the loss of the parcel of land. This assessment has been made taking into account:</p> <ul style="list-style-type: none"> the fact that the property is vacant, and that no Council staff or services will be affected by the disposal as proposed; the new jobs that future re-use of the property will create, and the potential for this proposal to stimulate further economic development within the borough.
<p>Equality</p> <p>Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?*</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The Council has a duty to consider the impact of the proposed decision on relevant protected characteristics, to ensure it has due regard to the public sector equality duty. Therefore, in the process of taking decisions, the duty requires the Council to have due regard to the need to:</p> <ol style="list-style-type: none"> eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act; advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it, and foster good relations between persons who share a relevant protected characteristic and persons who do not share it. <p>Consideration of this duty has shaped the proposals. The property is vacant and fulfils no specific function, purpose or service. In accordance with this position, access to and delivery of Council services will not be affected by the proposed disposal.</p> <p>Due to the subject property being located within close proximity to the areas of recreational open space provided along Ladgate Lane, it is considered that the proposal will not have a disproportionate adverse impact on a group, or individuals, because they hold a protected characteristic. Evidence used to inform this assessment includes engagement to date with relevant Council departmental teams and the proposed purchaser, together with analysis of the terms and conditions that will be incorporated within the proposed sale.</p>

*Consult the Impact Assessment further guidance appendix for details on the issues covered by each of these broad questions prior to completion.

Screening questions	Response			Evidence
<p>Community cohesion</p> <p>Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>There are no concerns that the proposal could have an adverse impact on community cohesion.</p> <p>Evidence used to inform this impact assessment includes the potential for bringing this property back into a far more beneficial future use than that being provided under the current ownership and management arrangement.</p>
<p>The Mayor's Vision For Middlesbrough</p> <p>Could the decision impact negatively on the achievement of the vision for Middlesbrough?*</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The disposal of this property is intended to facilitate regeneration, and as such, it is considered that it will contribute <i>positively</i> towards the Middlesbrough 2025 Vision, specifically in respect of Aim 2 ('a learning town, in which families and communities thrive), where one of the priorities is for more people to be working.</p> <p>This assessment has been made taking into account the new jobs that will be created in the Borough by bringing this property back into a far more beneficial future use.</p>
<p>Organisational management / Change Programme</p> <p>Could the decision impact negatively on organisational management or the transformation of the Council's services as set out in its Change Programme?*</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>No tangible relationship between the disposal of the property and the organisational management of the Council, or the transformation of its services (as set out in its Change programme), have been identified.</p>
<p>Next steps:</p> <p>➡ If the answer to all of the above screening questions is No then the process is completed.</p> <p>➡ If the answer of any of the questions is Yes or Uncertain, then a Level 2 Full Impact Assessment must be completed.</p>				

Assessment completed by:	David Velemir	Head of Service:	Ian Wright
Date:	26/11/2018	Date:	26/11/2018