

Appendices:

Annex A – C



NORTHAMPTON
BOROUGH COUNCIL

CABINET REPORT

Report Title	Asset Management Disposals
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AGENDA STATUS: PUBLIC

Cabinet Meeting Date:	16 th December 2020
Key Decision:	Yes
Within Policy:	No
Policy Document:	Yes
Service Area:	Economy & Assets
Accountable Cabinet Member:	Cllr Tim Hadland, Regeneration & Enterprise
Ward(s)	Castle Ward, Talavera Ward,

1. Purpose

- 1.1 Proactive asset management includes identifying property to retain for operational, investment and regeneration purposes, but also includes identifying property considered suitable for disposal to achieve a capital receipt, the receipt to be invested in the capital programme.
- 1.2 The reasons for disposal are many and varied, it could be that the net income received does not provide value for money (considering non recoverable costs such as repairs and management) or it could be to support regeneration, releasing an asset for others to fund refurbishment and development.
- 1.3 This report considers several property and land assets together with information on each one, for Cabinet to consider and determine the outcome.

2. Recommendations

It is recommended that:

- 2.1 Cabinet delegates authority to the Acting Director of Economy and Assets, in consultation with the Borough Secretary, Chief Finance Officer and Cabinet

Member for Regeneration and Enterprise to agree the terms and conditions and complete the disposals of the following property and land:-

2.1.1 Albion House

- To facilitate a major centre for leather to be established in Northampton the site will be sold by private treaty to an established charitable foundation.
- The foundation has experience and financial credibility to refurbish the site and is committed to incorporate the Leather Museum, the Conservation Centre, the major leather Livery Companies and the well-established education departments and design schools within the University and colleges.
- The site will be sold at market value determined by an independent RICS registered valuer.
- The building will be sold as seen with the leases remaining in place but with the licence to occupy terminated and the site cleared of council storage material.
- The buyer to pay for council's reasonable professional fees.

2.1.2 Sub Station Land, Vulcan Works

- To transfer the proposed substation site to Western Power at a nominal fee for the location of a permanent electricity substation for powering the council owned property named Vulcan Works, supporting the Council owned project.
- The Council have agreed to be responsible for Western Powers reasonable legal costs and disbursements which are accounted for as part of the project budget.

2.1.3 Sub Aqua Club

- To sell the building and land to by private treaty to the current tenant at market value as determined by a RICS registered valuer.
- The buyer to pay for council's reasonable professional fees.

2.2.1 Cabinet approves the use of £70,000 of capital receipt money to be used as match funding towards the development of a mountain bike centre and general outdoor facility at Delapre.

3. Issues and Choices

3.1 Report Background

3.1.1 The Council has substantial property and land holdings acquired over many years. There is a duty to regularly review the assets to consider whether they provide value for money, for instance do they provide a reasonable net return of income if held for investment purposes, and/or do they continue to support the Corporate Strategy.

3.2.1 Where property is identified as no longer meeting the objectives noted above, it is considered surplus, and the Council has a responsibility to bring

opportunities forward for other parties to develop to support investment in Northampton.

- 3.1.2 The property and land below have been identified as surplus to the Councils requirements and Cabinet are asked to consider the information in this report and determine whether to retain the asset or agree that the asset is surplus for the reasons outlined herein and to dispose of the asset as recommended at paragraph 2.1 above.

3.2 Albion House

- 3.2.1 The property fronting onto Victoria Promenade known as Albion House, Albion Place, is situated on the land next to St Johns Car Park. It is a four-storey concrete framed office estimated to have been constructed in the 1970s.
- 3.2.2 The age and poor condition of the property has led to weak demand for lettings and a substantial part of it remains vacant. The building is partially occupied by several tenants on the ground floor and third floors, with parts used as storage for use for Democratic Services and Regeneration functions.
- 3.2.3 Albion House sits in the Cultural Quarter on the most direct pedestrian route connecting the town centre to the University of Northampton Waterside Campus. The Cultural quarter is home to the Northampton Museum and Art Gallery, the Royal & Derngate Theatre, NN Contemporary Art, Northampton Filmhouse, and 78 Derngate designed by Charles Rennie Mackintosh.
- 3.2.4 Given its location Albion House will make a natural home for the for a major centre for leather to be established, which will incorporate the Leather Museum, the Leather Conservation Centre and crafting workshops.
- 3.2.5 The University have confirmed that this type of centre would support design studies for the University and colleges, with the centre providing a space for students of leather to take part in training courses – ranging from leather making and crafting skills, through to vocational training opportunities and apprenticeships, through to specialist training in areas of leather making at HNC, HND and Degree level, and research programmes at postgraduate level.
- 3.2.6 The Council does not have the resources, expertise or funding to develop a centre of this nature and has decided the best way to support this initiative is to sell the site by private treaty to an experienced and credible charitable foundation. There would be no funding passed to the foundation through this transaction and the foundation will buy the site at market value.,
- 3.2.7 The emerging planning policy (NLPP2) shows that Albion House sits within the Town Centre Boundary which are covered by Policy 7, 8 and 11 –
- Policy 7, Supporting Northampton Town Centre – “In the town centre, as defined on the policies map, the Council will continue to support proposals and schemes which contribute positively towards the range of retail, leisure and serviced based offers, to accommodate the

changing role of Northampton's town centre and to improve visitor experience."

- Policy 8, Regeneration Opportunities – "The Council will continue to support schemes which will contribute positively towards the regeneration of the town centre, particularly where the schemes provide a balanced mix towards meeting the requirements for town centre uses and housing delivery whilst respecting and enhancing the heritage assets." "In addition, the Council will also support the regeneration of sites within the Central Area, which will deliver opportunities for housing and economic development for the benefit of Northampton's Residents and investors."
- Policy 11, Development of Main Town Centre Uses – "The Council supports the development of an appropriate mix of main town centre and residential uses in the town centre and the Central Area. Where suitable and viable sites are not available for main town centre uses in the town centre, support will be given for appropriate edge of centre sites that are well connected to the town centre."

3.3 Sub Station Land located on Fetter Street as part of Vulcan Works Creative Hub – 34-38 Guildhall Road, Northampton, NN1 1EW

3.3.1 The Vulcan Works Creative Hub is a £14m regeneration project in the heart of Northampton's Cultural Quarter aiming to facilitate knowledge exchange, encouraging networking and enable collaboration within the creative industry for businesses and individuals. The cultural hub is made up of office space, workshops and co-working spaces.

3.3.2 There will be 68 units ranging from c10m² to c100m² for small and medium sized businesses to use with other ancillary spaces and facilities once the works are complete.

3.3.3 Due to the size and the number of businesses who will be using these units, the existing power supply is not enough. Therefore, a new electricity substation is required to ensure there is enough power to support the whole building. An area of land has been identified between the main Vulcan Works building and the stand alone 'St John's Block' for the substation site. The transfer to Western Power is effectively a disposal and requires Cabinet approval. The area of land is annexed to this report.

3.3.4 Emerging planning policy (NLPP2) for the Vulcan Works sits within Policy 15 (Enterprise Zone and Safeguarded Employment Areas) –

- "To facilitate the creation of new jobs, attract inward investment and deliver economic prosperity to Northampton residents and investors, the Council will:
 - Safeguard all existing employment sites, including the Enterprise Zone, as shown on the Policies Map, for employment use within the office, general industrial and warehousing and distribution sectors. Employment generating uses which are ancillary to and/or support the wider employment operations will also be supported if evidence associated with need is provided

- Support the change of use to alternative non-employment-generating uses only if evidence can be provided to demonstrate that the existing use and other employment-generating uses are no longer viable. Evidence to be supplied includes detailed marketing over a minimum of 12 months which shows that the applicant has actively and extensively marketed the site for employment use.”

3.4 Sub Aqua Club (Building/Land)

- 3.4.1 The Council is the freehold owner of this site which was leased to trustees of the Northampton Sub Aqua Club from 6th January 1986 for a term of 999 years, amounting effectively a virtual freehold disposal. A lease of this length, being similar to a freehold interest contains fewer restrictions and prohibitions than in a shorter-term lease. This type of lease is no longer encouraged as a suitable type of tenure for Local Authorities.
- 3.4.2 The British Sub Aqua club has used the site for the last 30 years as a ‘Member Only’ diving club with other branches of the organisation spread across the country. Originally the club had 145 paying members at the start of the original lease, and now have 9, 4 of which are trustees and 5 are paying. The club are having cashflow problems and don’t have the funds to continue to operate or to maintain the building.
- 3.4.3 In 2018 British Sub Aqua Club approached the Council with a pre-application to reduce the size of the Aqua Club and to convert the residual amount to include 3 dwellings under the reference PA/2018/0225, which was subsequently rejected. The club felt that a smaller facility and the proceeds of the dwellings may sustain the club but this development was not supported by the Council.
- 3.4.4 The steady decline in numbers has continued, there is no appetite by members to be trustees to run the club. Membership dwindled to a small number and the lack of funds or interest in the facility led the trustees to accept it is no longer viable and assigned the lease of the building over to Foster Development Projects Ltd in June 2020.
- 3.4.5 Foster Development Projects Ltd notified the Council of the assignment pursuant to the provisions of the lease. The Councils consent to an assignment only being required under the provisions of the lease during the last seven years of the term.
- 3.4.6 The lease provides no income for the Council. The use of the property was determined by the Trustees of the club as no longer being sustainable and the Trustees determined to assign it to a development company, which did not require consent from the Council.
- 3.4.7 The Developer will be required to get planning permission for any change of use or redevelopment of the site, it is for the planning department, and the

consultation process provided for as part of the Planning regime, to determine land use.

- 3.4.8 Estate Officers have reviewed the information and conclude that there is no strategic benefit for the Council in retaining a lease of this type, it is not the Councils objective to prevent regeneration.
- 3.4.9 Northampton's Local Planning Policy 2 (Emerging Planning Policy) shows the site fall within Policy 24 Open Space, Sports and Recreation (Providing Open Spaces) and Policy 19 Neighbourhood Centres which state –
- Policy 24, Providing Open Spaces -“New development must ensure that open spaces defined on the Policies Map are sustained and enhanced.
 - All new housing developments of 0.2 ha or sites accommodating 6 dwellings or more will be required to contribute to open space provision.”
 - Policy 19, Neighbourhood Centres – “In supporting the retention of neighbourhood centres, any proposals that would result in the loss of a centre will need to demonstrate the following”:
 - There is an existing neighbourhood centre within a 400m radius
 - A viability assessment, to include robust marketing and evidence of community interest, has been undertaken which provides evidence that it is not viable for the parade to continue operating.
- 3.4.10 It is recommended to sell the freehold to Foster Development Projects Ltd, for them to comply with planning policy as part of any redevelopment. The site would be sold at market value as determined by a RICS registered valuer.

3.5 Hardingstone Bike Park

- 3.5.1 This project would see the conversion of a disused nine hole golf course, which forms part of the lease with Delapre Golf Club, into a mountain bike centre and general outdoor facility. The project will retain all the natural features and use the open areas of the “fairways” to construct nine downhill mountain bike runs of varying difficulty from beginner level to expert, complemented by a learn to ride area.
- 3.5.2 Footpaths and nature trails would be included in the design to make use of the more natural areas. The bike park and the golf course would benefit from sharing the facilities such as the car park, café and shop, there will be a synergy of sport options which will help sustain both offerings.
- 3.5.3 This project has been successful in getting through the first stage of Places to Ride funding, this funding offers 50% match for schemes up to £500,000. If the scheme was above this figure, then the costs above £500,000 would need to be fully met elsewhere.
- 3.5.4 The Stage 2 application into the Places to Ride (PtR) fund is due on the 16th January 2021. For this submission it is required to have a fully funded scheme with only the match required from the PtR fund being required.

3.5.5 The NBC submissions proposes the development of a bike park with an estimated cost of £500,000, meaning that £250,000 will be bid for through the Places to Ride scheme. NBC will need to fund the other 50% of funds. To date £150,000 has been allocated from S106 with £15,000 from existing budgets and £15,000 to be raised through fund raising. In order to proceed the project needs to secure further match of £70,000 which will enable the application to the next stage to be made.

3.6 Issues

3.6.1 The Council has limited resources and has already identified its strategic priorities for regeneration and housing projects over the medium term.

3.6.2 The savings targets required over the medium term will require asset management to contribute to these savings by identifying assets that either:-

- Do not provide value for money.
- Do not comply with the Council Energy Policy
- Do not comply with the Corporate Plan and strategic projects identified as part of this plan.

3.6.3 It is likely that more assets will be brought forward for disposals to make savings and or contribute to capital receipts.

3.7 Choices (Options)

3.7.1 The Council could choose to retain the assets identified in this report and not proceed with the disposal of some or all of them which would not support regeneration.

3.7.2 The Council can choose to proceed as stated in the recommendation and by doing so create opportunities for external parties to contribute to economic development and regeneration, albeit controlled through Planning Policy. The sale of the assets would obtain capital receipts to support the capital programme and Hardingstone Bike Park project.

4. Implications (including financial implications)

4.1 Policy

4.1.1 The disposals are in line with the Corporate Plan.

- A Stronger Economy – Driving growth whilst preserving the towns heritage and creating a vibrant and thriving town, i.e. – Making the town a destination of choice for all and protect, enhance and promote our heritage.
- Resilient Communities – Empowering local people, i.e. – Build stronger and more resilient communities, empower communities to develop their areas.

- Exceptional services to be proud of – Putting the customer first, i.e. – Make the best use of our assets.

4.1.2 The recommendations in this report do not set policy or have implications on existing policies set.

4.2 Resources and Risk - Finance

4.2.1 To ensure the Council achieves value for money a market valuation will be completed for Albion House and the Sub Aqua Club.

4.3 Legal

4.3.1 Section 123 of the Local Government Act 1972 (LGA 1972) enables the Council to dispose of land held by it in any manner they may wish, including sale of a freehold interest, granting a lease, or assigning subject to the caveat that except with consent of the Secretary of State, the Council shall not dispose of land under Section 123 LGA 1972 for a consideration less than best, that can be reasonably obtained.

4.3.2 As noted above the Council has a statutory and fiduciary duty to obtain best consideration for the disposal of land and buildings in its ownership and it is noted above that save for the planned disposal of land at Fetter Street to facilitate a substation to support the Council's Vulcan Creative Hub, the proposed disposals of the Council's assets will all be subject to a RICS valuation and sold at market value.

4.3.3 With respect to the disposal the land at Fetter Street to facilitate a substation, the General Disposal Consent Order 2003 provides consent for the Council to dispose of land for less than best consideration (without seeking the consent of Secretary of State) where for example, the Council may consider a disposal at less than best will help secure the promotion or improvement of the economic, social or environmental wellbeing of its area. However, in all cases disposal at less than best consideration is subject to a condition that the undervalue does not exceed £2,000,000 (2 Million Pounds)

4.3.4 Pursuant to the issues identified in paragraph 3.2.4 above under s.122 (1) Local Government Act 1972 a Council may appropriate by agreement land which belongs to the Council but is no longer required for the purpose for which it is currently held to enable the land to be used for a different Council purpose.

4.3.5 Cabinet as part of the decision-making process have a duty to consider and co-operate with the West Northamptonshire Unitary Council.

4.4 Equality and Health

4.4.1 There are no equality or health impacts resulting in the disposal of the surplus assets.

4.5 Consultees (Internal and External)

4.5.1 Legal, Assets, Planning, Environmental, Finance and Community Officers.
Ward Councillors.

4.6 How the Proposals deliver Priority Outcomes

4.6.1 The proposals are aligned to the Corporate Plan and the priority to make best use of our assets and provide value for money. The recommendations in this report will deliver against the following strategic outcomes within the Corporate Plan, using public money effectively, empowering local people and keeping the town and people safe.

4.7 Environmental Implications (including climate change issues)

4.7.1 There are no environmental implications identified.

4.8 Other Implications

4.8.1 There are no other implications in this report.

5. Background Papers

5.1 Cabinet Report 9th September 2020 – Asset Management Disposals

5.2 Attached annexes for reference, listed A – C.

6. Next Steps

6.1 Subject to the recommendations being approved officers would progress the transfers as documented in the recommendation above.

Kevin Langley
Acting Director Economy and Assets