

# Forest Heath District Council

(This report is a key decision. This report has been subject to appropriate notice of publication under the Council's Access to Information Rules)

**Report of the Cabinet Member for Resources, Governance and Performance**

**CABINET**

**9 APRIL 2013**

**CAB13/083**

## **ASSET MANAGEMENT PLAN REVIEW – 1-3 OUTFALL COTTAGES, LAUREATE SCHOOL ROAD, NEWMARKET** (Key Decision Reference: JAN13/06)

### **1. Summary and reasons for recommendation(s)**

- 1.1 The Council owns 1-3 Outfall Cottages which are located on a site of approximately 0.55 acres. All 3 cottages are now empty. The Council has no further use for 1-3 Outfall Cottages and these are now surplus to service requirements of the Council.
- 1.2 In line with asset management practice, a range of options for the future use of the land and buildings have been considered, which includes housing, crèche, industrial, veterinary surgery and school.
- 1.3 The Schools Organisation Review has resulted in a need for Suffolk County Council to provide additional primary places in Newmarket. Laureate Primary School has been identified as one location where the school may be expanded. The Outfall Cottages site could form an extension to the school and in principle interest to acquire the Council land has been confirmed by the county council.
- 1.4 This report considers how the land may be sold, in the circumstances of the particular interests and uses identified and proposes, using the provisions of the General Disposal Consent 2003 if necessary, to give priority to allow the expansion of Laureate School.

### **2. It is recommended that Cabinet:**

- 2.1 Declares 1-3 Outfall Cottages, Newmarket surplus to Council requirements;**
- 2.2 Give Suffolk County Council a time limited opportunity to make their best offer for 1-3 Outfall Cottages to enable expansion of Laureate School through negotiating a purchase or acceptable land swap.**
- 2.3 If a satisfactory deal cannot be agreed in a reasonable timescale with Suffolk County Council, the disposal by informal tender be undertaken to the interests identified in this report and any other suitable parties that come forward.**

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### **3. How will the recommendations help us meet our strategic priorities?**

**Economic Growth** – by making a Council asset available through a sale to a third party whose use will potentially aid economic growth in Newmarket.

**Efficient and Effective Council** – by reducing the revenue costs associated with having to deal with security and the consequences of anti-social behaviour. Also, by deriving a capital receipt for the asset which is of no longer use to the Council.

### **4. Key issues**

#### **4.1 Background**

4.1.1 The Council owns 1-3 Outfall Cottages which are located on a site of approximately 0.55 acres. The net developable area, excluding a broad unadopted pedestrian way from Willie Snaith Road, is around 0.45 acre. The ownership plan is attached as appendix 1, based on the Land Registry title.

4.1.2 The parcel of land to the front of the cottages, extending to Willie Snaith Road was sold in 2005 to the adjoining company on the western side, Diasma Ltd. It is currently unused. Land to the east is owned by Unisurge International and has been developed recently as 2 modern units. The site also adjoins Laureate Community Primary School. Vehicular access to Outfall Cottages is from Laureate School Road, accessed from Exning Road.

4.1.3 With the exception of the adjoining school playing fields and the undeveloped frontage land, the Cottages are surrounded by industrial units.

#### **4.2 Current position**

4.2.1 All 3 cottages are now empty, the final tenant leaving in May 2012. The services have been disconnected, the properties have been cleared and all windows have been boarded up. The Council has hired high security shutters to secure all the openings in the building and the cost is in excess of £500 per month, plus the cost of weekly inspections and emergency call-outs. There has been theft of lead from the roof and repeated break-ins. It would therefore be beneficial to try and release the Council from this liability as soon as possible.

4.2.2 The Council has no further use for 1-3 Outfall Cottages and these are now surplus to service requirements of the Council.

### 4.3 Highways considerations

4.3.1 The Council land available to create a separate access from Willie Snaith Road is only wide enough for a pedestrian and cycleway. Access for any development would therefore have to be from Laureate School Road. Although Laureate School Road is adopted highway as far as the boundary of the Outfall Cottages site, it is a poor single carriageway of around 3.5m for approximately 150m from Laureate Gardens, and it has no surface footpath or lighting. Additionally, there are electricity posts along the road, contained in the wide verge.

4.3.2 Suffolk County Highways has advised that for any of the options being considered which will increase vehicular flows, the highway will have to be improved. The minimum acceptable requirements are a raised shared surface road of 4.1m with 2 passing places, to reduce the priority of motor vehicles. A cycleway will also be required to link through to Willie Snaith Road. These improvements could be a substantial cost to the redevelopment of the land.

### 4.4 Planning guidance

4.4.1 The land is currently allocated as industrial. In planning terms, if County Highways supports in principle the options being considered below, using improved vehicular access off Laureate School Road, the planning authority would also probably support these options, subject to detailed consideration.

### 4.5 Options appraisal

4.5.1 In line with asset management practice, a range of options for the future use of the land and buildings have been considered as follows:

- Private or affordable housing
- Crèche/sale to adjoining owner
- Industrial/sale to adjoining owner
- Veterinary surgery
- School

#### 4.5.2 Option 1 – private or affordable housing

The properties are in need of significant refurbishment and modernisation although they are thought to be structurally sound. It would not be appropriate for the Council to let these units directly and the costs of refurbishment are high compared against the estimated net rental income. There would also be the risk for individual sitting tenants to use statutory provisions to purchase the units at discounted prices. Equally, the location of the site will influence both house prices and land values if the site is marketed for private housing.

With regard to affordable housing, the site is currently under-developed. There are opportunities to increase the density either by retaining the 3 units and building additional ones, or by demolishing the cottages and redeveloping the whole site. A total of around 7 units would be appropriate. While a desktop analysis indicates that the Council could be expected to achieve a positive land value if the site is offered to a Registered Provider, because of the high costs of road improvements, this value would be reduced significantly by these exceptional costs.

**Sell for housing use is not a favoured option.**

#### 4.5.3 **Option 2 – crèche/sale to adjoining owner**

An adjoining owner has confirmed that Outfall Cottages could be used as a private facility for the company's own staff, and use the top floor of the cottages as a hospitality suite. This would have a positive effect of creating some spaces in existing nurseries in Newmarket. Road improvements would not be necessary if the site is accessed from the company's adjoining premises.

It is not felt that Outfall Cottages is the best location if the Council wanted to facilitate a new crèche available to the public.

**Sell to an adjoining owner for private use is a recommended option.**

#### 4.5.4 **Option 3 – industrial**

Demand as a stand alone industrial site is not likely to be possible due to the requirement to use Laureate School Road. However, a sale to an adjoining owner would benefit from already having access to Willie Snaith Road, thus avoiding any difficulties or costs of providing an alternative vehicular access. The adjoining owner has expressed interest in the site.

**Sell to an adjoining owner for industrial use is a recommended option.**

#### 4.5.5 **Option 4 – veterinary surgery**

Interest has been confirmed from a veterinary practice which would either renovate Outfall Cottages or build new. The sale would be subject to obtaining planning permission. While the Council could expect to achieve a positive commercial land value, this sum is likely to be influenced by the costs of road improvements.

**Sell for use as a veterinary surgery is a recommended option.**

#### 4.5.6 **Option 5 – school**

The Schools Organisation Review has resulted in a need for Suffolk County Council to provide additional primary places in Newmarket. Laureate Primary School has been identified as one location where the school may be expanded. The Outfall Cottages site could form an extension to the school and in principle, interest has been confirmed to acquire the Council land.

Although the Council is not a direct provider of education services, the sale of Outfall Cottages for school use represents an unique opportunity to facilitate the expansion of Laureate School, and could therefore be treated as the favoured option. Negotiations concerning land values for school use have not yet been held, although the county council is aware that there are other competing interests and uses.

**Sell for use as an extension to Laureate School is the favoured option.**

## 4.6 Considerations for sale

- 4.6.1 The asset management review and options appraisal indicate that with the exception of the use for a veterinary surgery, the interests are from adjoining owners, and therefore are 'special purchasers' which have no other options to expand in this vicinity. There is unlikely to be additional interest from other veterinary practices. The costs of highways improvements to Laureate School Road and the current adverse national economic conditions are likely to limit any speculative bids for the land, if it is advertised on the open market.
- 4.6.2 It is therefore proposed that the land should be offered by way of informal tender to the interests identified. However, it should be recognised that because of the range of interests, and the purchase offers to most of the potential bidders a one-off opportunity to expand on adjacent land, this gives additional value to each special purchaser. Consequently the range of bids may be wide, particularly if they include public service as well as private sector interests.
- 4.6.3 The General Disposal Consent (Circular 06/03, 2003) gives authorities freedom to exercise discretion in the disposal of their land at less than the best price (s123 of the Local Government Act 1972), on grounds of the promotion or improvement of economic, social and/or environmental wellbeing of the area (now amended to a "General Power of Competence" under the Localism Act 2011). It applies to sales at undervalue of up to £2 million. If, therefore, the Council favours the particular use as an extension to Laureate School, that could be provided for by applying the provisions of the General Disposal Consent to identify the amount of undervalue being proposed.
- 4.6.4 Alternatively, the Council could chose to give Suffolk County Council priority to bid for the land, rather than inviting bids in an informal tender process. In this case, the value of the land could be established through negotiation and if necessary, the provisions of the General Disposal Consent applied if the price does not represent market value for competing commercial uses.
- 4.6.5 If a negotiated sale to Suffolk County Council is approved, a price will need to be agreed and approved by both councils within a short time period, to minimise the time the site remains unused in the ownership of FHDC. This negotiated sale could also, potentially, take the form of an appropriate land-swap between the two authorities.

## 5. Other options considered

- 5.1 All options have been identified in section 4 of this report.

## 6. Community impact

- 6.1 **Crime and disorder impact** *(including Section 17 of the Crime and Disorder Act 1998)*

- 6.1.1 There is no adverse impact on crime and disorder.

- 6.2 **Diversity and equality impact** *(including the findings of the Equality Impact Assessment)*

6.2.1 None.

**6.3 Sustainability impact** *(including completing a Sustainability Impact Assessment)*

6.3.1 Outfall Cottages are surplus to the Council's requirements and sale is proposed. There are no impacts on sustainability.

**6.4 Other impact** *(any other impacts affecting this report)*

6.4.1 No other impacts have been identified.

**7. Consultation** *(what consultation has been undertaken, and what were the outcomes?)*

7.1 Discussions have been held with adjoining owners and other parties to establish their interest in the Outfall Cottages site.

7.2 Consultations have been made to establish the range of appropriate uses for the site and highways requirements.

**8. Financial and resource implications** *(including asset management implications)*

8.1 The Council is currently incurring costs of approximately £8,500 a year keeping the premises safe and secure. Officers are also frequently inspecting the premises. The houses are deteriorating from lack of use.

8.2 The capital receipt from a sale cannot be estimated until either negotiations are held with Suffolk County Council or the site is offered by informal tender.

**9. Risk/opportunity assessment** *(potential hazards or opportunities affecting corporate, service or project objectives)*

<b>Risk area</b>	<b>Inherent level of risk</b> (before controls)	<b>Controls</b>	<b>Residual risk</b> (after controls)
	High/Medium/Low		High/Medium/Low
A satisfactory price cannot be agreed with Suffolk County Council, and within reasonable time frames	Medium	Early negotiations be undertaken; the Council can apply the provisions of the General Disposal Consent 2003. FHDC has other interested parties and can therefore look to them to achieve a satisfactory price.	Low
Other adjoining owners do not bid for the site	Low	Informal tender process inviting bids be undertaken as soon as possible	Low
Outfall Cottages become dangerous before sale	Low	Continue to keep secure and safe. Demolish if unanticipated deterioration occurs.	Low

**10. Legal and policy implications**

10.1 The sale will be undertaken to comply with section 123 of the Local Government Act 1972, amended, if necessary by the General Disposal Consent (Circular 06/03, 2003).

**11. Ward(s) affected**

11.1 Severals.

**12. Background papers**

12.1 None

**13. Documents attached**

13.1 Appendix 1 – Ownership Plan