

Agenda



Cabinet Member for Finance & Resources

Date: Wednesday, 16 November 2016

Time: Not required

Venue: Not required

To: Councillor M Whitcutt

Item		Wards Affected
1	<u>16 Charles Street, Newport NP20 1JU</u> (Pages 3 - 8)	Stow Hill
2	<u>Alexandra Road, former WC's</u> (Pages 9 - 14)	Pillgwenlly
3	<u>Requests to Purchase Council owned Land at Granville Street</u> (Pages 15 - 22)	Stow Hill
4	<u>Former Pillmawr Road Depot, Malpas</u> (Pages 23 - 28)	Malpas
5	<u>Westmark Development - Sale of Freehold Interest</u> (Pages 29 - 34)	Pillgwenlly

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Date of Issue: 8 November 2016

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Report

Cabinet Member for Finance and Resources

Part 1

Date: 17 November 2016

Item No: 1

Subject 16 Charles Street, Newport NP20 1JU

Purpose To seek approval from the Cabinet Member for Finance and Resources to declare the subject property surplus and to dispose of the property.

Author Housing and Assets Manager

Ward Stow Hill

Summary The Service Area have under a separate report declared the property surplus to their requirements for the existing use of providing Adult Education. This report seeks to declare the property surplus to Council requirements and to dispose of the property on the best terms achievable.

Proposal Declare the property surplus and seek to dispose on the open market.

Action by Newport City Council with Newport Norse.

Timetable Immediate

This report was prepared after consultation with:

- Property Services Manager, Newport City Council
- Estates Team Leader, Newport Norse
- Property Services Manager, Newport Norse
- Head of Regeneration, Investment and Housing, Newport City Council
- Culture & Continuing Learning Manager
- Head of Finance – Chief Finance Officer
- Head of Law and Regulation – Monitoring Officer
- Head of Business and People Change

Signed

1. Background

- 1.1 Charles Street is situated in the City Centre and connects Stow Hill with Commercial Street and has provided a location for city centre Adult Community Education since the year 2000.
- 1.2 The building was acquired under the Education Elementary Act 1879 and due to its architectural interest was listed a number of years ago. During the 1980's, a two storey extension was erected to the rear of the property. Title searches suggest that there is no restriction for retaining educational functions at the property.
- 1.3 The property extends to a net internal floor area of approximately 9,000 sq ft (840 sq m) of accommodation which is predominantly in cellular rooms over three floors in the original building and as stated above, over two floors to the rear. This is a suitable arrangement for classroom based activities which is the existing core function of this building.
- 1.4 The Service Area have considered the merits of providing Adult Education from this location including diminishing grants to run the Service, running costs and the style of the building. As a result, it is their recommendation to move the Service to a focused Community delivery through the network of Community Centres situated throughout the city.
- 1.5 Assuming the Service Area proceed with vacating this property; the Council are required to consider the future of the property.
- 1.6 To ensure all options are considered, it is intended to highlight this premises to other Council services. If no sustainable proposal emerges, the premises will be sold.

2. Financial Summary

	Year 1 (Current) £	Year 2 £	Year 3 £	Ongoing £	Notes including budgets heads affected
Costs					This figure has been provided by the Service Area as the annual Building Operating Cost. When the Service Area vacate, there will be holding costs included in this figure but also additional security costs.
(Income)				63,818	
Net Costs (Savings)					
Net Impact on Budget					

3. Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
City Centre property is vulnerable to vandalism and anti-social behaviour	H	H	Due to its location, it is recommended that the property be fully secured in particular to the rear which faces a Park where known anti-social behaviour occurs.	Newport CC and Newport Norse
The Service Area fully vacate and the property be immediately disposed of as soon as practicably possible	M	M	The Service Area retain financial responsibility for the property until disposal is achieved and agree with Newport Norse a vacating date so that the property can be disposed of with vacant possession.	Newport CC and Newport Norse
Property does not sell and we are forced to hold until sale forthcoming	H	M	Newport Norse to present the property to the Market at the earliest opportunity to obtain expressions of interest and engage with the Council's legal department to ensure all conveyancing documentation is prepared.	Newport CC and Newport Norse

4. Links to Council Policies and Priorities

- Council's Corporate Plan
- Asset Management Plan
- Property Rationalisation programme

5. Options Available

- 5.1 Offer the property to other Council Department for future occupation and appropriation.
- 5.2 Declare the property surplus to Council requirements and seek to dispose of the property on the open market to achieve best value and a capital receipt for the Council and minimise holding costs.

6. Preferred Option and Why

- 6.1 Option 2. Disposing of the property at the earliest opportunity will save the Service Area's property budget full year costs and will contribute to the Council's Capital programme for reinvesting in retained Council buildings.

- 6.2 Other Council services have been contacted and have confirmed that at present the property does not present a viable opportunity for development within the areas they cover confirming the option to dispose of the property at the earliest opportunity as being the preferred option.

7. Comments of Chief Financial Officer

- 7.1 The proposed option will benefit the Council by generating a capital receipt which can be reinvested in other capital programme priorities. Achieving a disposal as soon as possible is desirable in order to eliminate the burden of the ongoing revenue costs associated with vacant properties such as anti-social behaviour, rough sleepers and arson.
- 7.2 The property has stopped being used by the service but the property must be sold by March 2017 to avoid the Council being liable for further business rates payments.
- 7.3 There are extensive repairs and maintenance requirements required to bring it up to current DDA standards, these would need to be taken into account if the Council would wish to continue the use in another Service Area.

8. Comments of Monitoring Officer

The proposed action is in accordance with the Council's statutory powers under section 122 and 123 of the Local Government Act 1972. The property was originally acquired under the Education Acts for educational purposes but is no longer required for Adult Education functions. Therefore, the property can be re-appropriated from educational use under section 122. If the property is not required for alternative Council functions, then it can be declared surplus to requirements and disposed of. Although the property was originally acquired under Education statutory powers, there is no restrictive covenant attached to the land or any resulting trust that would prevent the property from being sold on the open market. The Council would have a statutory duty under section 123 to ensure that any sale of its freehold interest secured the best value for the property.

9. Staffing Implications: Comments of Head of People and Business Change

There are no staffing or equalities issues arising from the report.

The report notes the potential risk for anti-social behaviour which would have an environmental/social impact in the area.

10. Comments of Cabinet Member

Cabinet Member has approved the report.

11. Local issues – Comments of Ward Members

Councillor Miqdad Al-Nuaimi:

The report makes it clear there is benefit in the proposed action and so I have no objection to it.

Councillor Kevin Whitehead:

Can we be assured that as is encouraged by the Welsh Government, those assets deemed surplus to requirements by local authorities, and in this instance Newport City Council, will be considered for use by interested Community Groups? I ask the question having twice been turned down for surplus Council assets in my Bettws Ward which would've had a positive impact on our children in particular within our Community, a Community that lost a boxing club and youth club with a combined membership of approximately 150 kid's.

Cabinet Member Response:

The Council often receives requests to transfer property assets which have been declared surplus to Community Organisations. The Council weighs these proposals against criteria that have been considered by its Corporate Strategy and Asset Management Group. This approach has provided a clear and consistent basis for assessment, and has enabled the Council to reach a reliable

conclusion. It is not clear that an application from a Community Group would be consistent with the circumstances set out in these reports, should such an application be received, this process would be followed and the application considered

12. Scrutiny Committees

N/A.

13. Equalities Impact Assessment

This paper has been prepared and is attached to Cabinet Member Report prepared for both Culture, Leisure and Sport Cabinet Member and the Finance and Resources Cabinet Member in May 2016.

14. Children and Families (Wales) Measure

N/A.

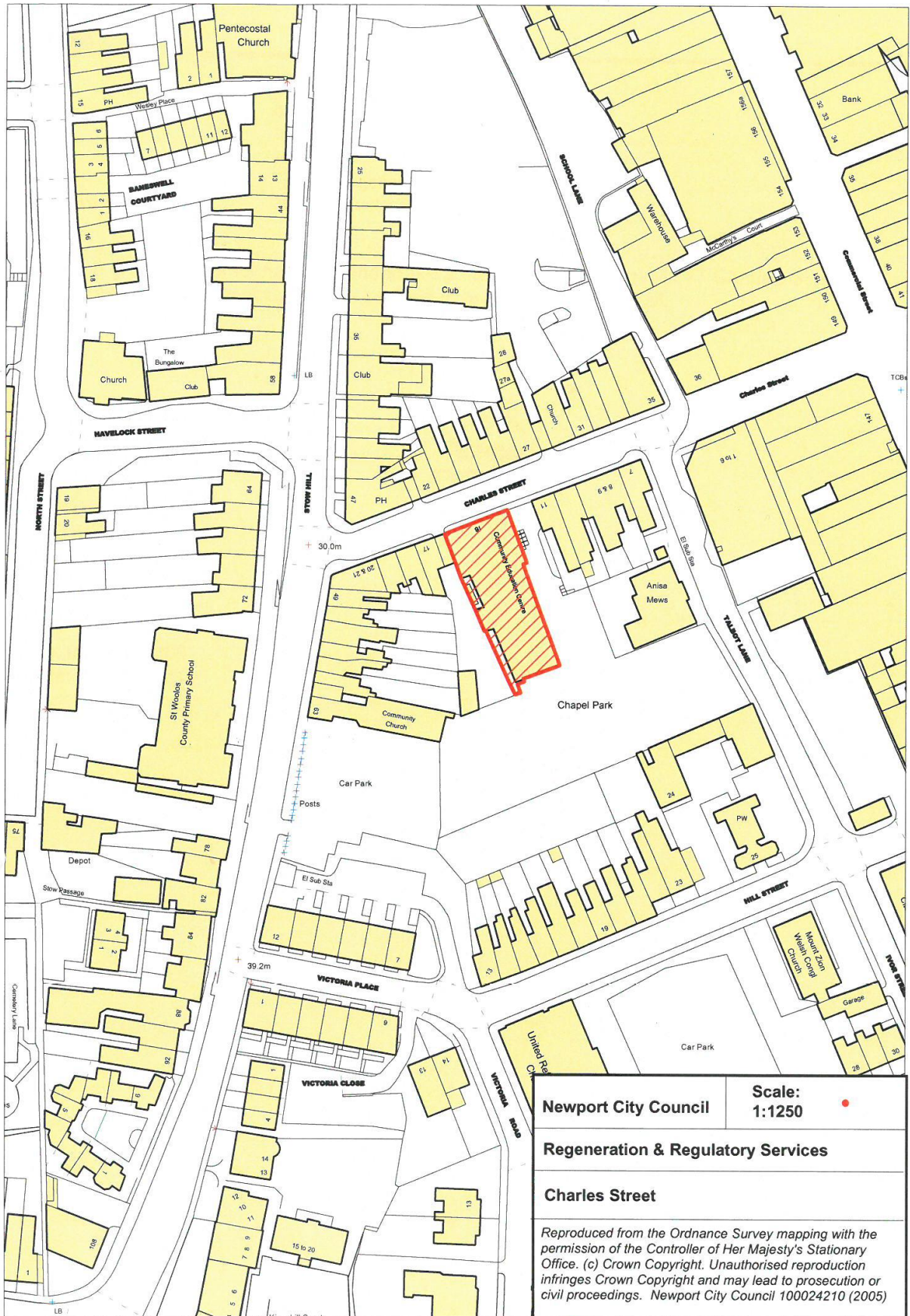
15. Consultation

None.

16. Background Papers

Plan attached.

Dated: 17 November 2016



Newport City Council	Scale: 1:1250
Regeneration & Regulatory Services	
Charles Street	
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Report

Cabinet Member for Finance and Resources

Part 1

Date: 17 November 2016

Item No: 2

Subject Alexandra Road, former WC's

Purpose To seek approval from the Cabinet Member for Finance and Resources to declare the subject premises surplus and to dispose of the premises.

Author Housing and Assets Manager

Ward Pillgwenlly

Summary The premises subject to this report closed operationally over 10 years ago and is not required for direct delivery of Council services. It is a listed building and will require refurbishment to be capable of use.

Proposal **Declare the premises surplus and seek to dispose of it. This offers the best chance to bring the premises back into use. It will also generate a small capital receipt for the Council and avoid future revenue costs.**

Action by Newport City Council with Newport Norse.

Timetable Immediate

This report was prepared after consultation with:

- Property Services Manager, Newport City Council
- Estates Team Leader, Newport Norse
- Estates Portfolio Officer, Newport Norse
- Property Services Manager, Newport Norse
- Head of Regeneration, Investment and Housing, Newport City Council
- Head of Finance – Chief Finance Officer
- Head of Law and Regulation – Monitoring Officer
- Head of People and Business Change

Signed

1. Background

- 1.1 The land and building subject to this report was managed operationally by the Council for many years. It operated as a public convenience until it was closed around 10 years ago, due to vandalism and misuse.
- 1.2 It is a listed building with many interesting architectural features. It is however, in very poor condition physically and would require significant investment if it was to be brought back into use. Service managers have confirmed there are no plans to utilise this premises and it serves no purpose operationally. The approach most likely to bring the premises back into use therefore is to offer it for sale, in anticipation of a purchaser being able to invest in the premises.
- 1.3 The nature of the premises and its formal listing reduces the range of possible uses to which it might be put. It is noted however that in other parts of the Country, former WC's have been turned into a range of imaginative alternative uses, including residential, café and gallery uses.
- 1.4 There was an approach in March 2016 from 2 local residents, expressing an interest in converting the structure into an ice cream parlour but this was not pursued at that time.
- 1.5 Investigations in connection with this report have revealed that the Council does not have formal title to the premises. A process is underway with the Land Registry, seeking to rectify this situation. Any future disposition of the premises therefore is predicated on this formal legal process being concluded successfully.
- 1.6 It is not considered appropriate to seek planning permission for the land prior to sale due to its location, value and range of potential uses.

2. Financial Summary

	Year 1 (Current) £	Year 2 £	Year 3 £	Ongoing £	Notes including budgets heads affected
Costs (Income)					There is no income or regular maintenance costs associated with ownership of the subject premises. The sale will realise a small capital receipt for the Council.
Net Costs (Savings)					
Net Impact on Budget					

3. Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Land Registry may decline the request to register the Council's interest	H	L	Legal officers preparing a thorough case, supported by statutory declarations, for consideration by the Land Registry	Newport CC and Newport Norse
Other prospective purchasers may complain if the Council deals with an individual exclusively.	L	H	Marketing will allow all prospective purchasers to bid.	Newport Norse
Premises may be advertised and not sold	H	M	Premises will be advertised widely. Low reserve price will be applied	Newport Norse and Agents

4. Links to Council Policies and Priorities

- Asset Management Plan
- Property Rationalisation programme

5. Options Available

- 5.1 Take no action
- 5.2 Declare the premises surplus and seek to dispose of it.

6. Preferred Option and Why

- 6.1 Declare the premises surplus and seek to dispose of it. This offers the best chance to bring the premises back into use. It will also generate a small capital receipt for the Council and avoid future revenue costs.

7. Comments of Chief Financial Officer

The premises have no economic or strategic value to the Authority, so any disposal would be beneficial by generating a capital receipt (if over £10k) to be reinvested in capital programme priorities or to generate a modest one-off source of revenue income (if under £10k). There are no ongoing revenue cost liabilities associated with the premises, so officers should be satisfied to wait for the outcome of the legal process with the Land Registry before any disposal contract is entered into.

Capital receipts are a corporate resource and are currently allocated to 21C school's programme, which attracts WG match funding. This is reviewed by Cabinet periodically.

8. Comments of Monitoring Officer

The proposed action is in accordance with the Council's legal powers under Section 122 and 123 of the Local Government Act 1972, to re-appropriate surplus assets for disposal. The public toilets are no longer required for operational purposes and do not have any alternative uses. Therefore, they can be appropriated for asset management purposes, declared surplus to the Council's requirements and offered for sale on the open market. This would generate a small capital receipt and reduce ongoing maintenance and security costs. However, the options for refurbishment and alternative uses are limited due to the buildings being listed. Also, the Council needs to perfect the legal title to the land by applying to be the registered owner on grounds of possessory title, before any disposal can be completed.

9. Staffing Implications: Comments of Head of People and Business Change

There are no staffing or equalities issues arising from the report.

10. Comments of Cabinet Member

Cabinet Member has approved the report.

11. Local issues – Comments of Ward Members

Cllr Omar Ali - I would be supportive of disposal of the toilets on Alexandra Road. They are a complete eye sore and people are constantly dumping rubbish around it / drug taking.

Councillor Kevin Whitehead:

Can we be assured that as is encouraged by the Welsh Government, those assets deemed surplus to requirements by local authorities, and in this instance Newport City Council, will be considered for use by interested Community Groups?. I ask the question having twice been turned down for surplus Council assets in my Bettws Ward which would've had a positive impact on our children in particular within our Community, a Community that lost a boxing club and youth club with a combined membership of approximately 150 kid's.

Cabinet Member Response:

The Council often receives requests to transfer property assets which have been declared surplus to Community Organisations. The Council weighs these proposals against criteria that have been considered by its Corporate Strategy and Asset Management Group. This approach has provided a clear and consistent basis for assessment, and has enabled the Council to reach a reliable conclusion. It is not clear that an application from a Community Group would be consistent with the circumstances set out in these reports, should such an application be received, this process would be followed and the application considered.

12. Scrutiny Committees

N/A.

13. Equalities Impact Assessment

N/A.

14. Children and Families (Wales) Measure

N/A.

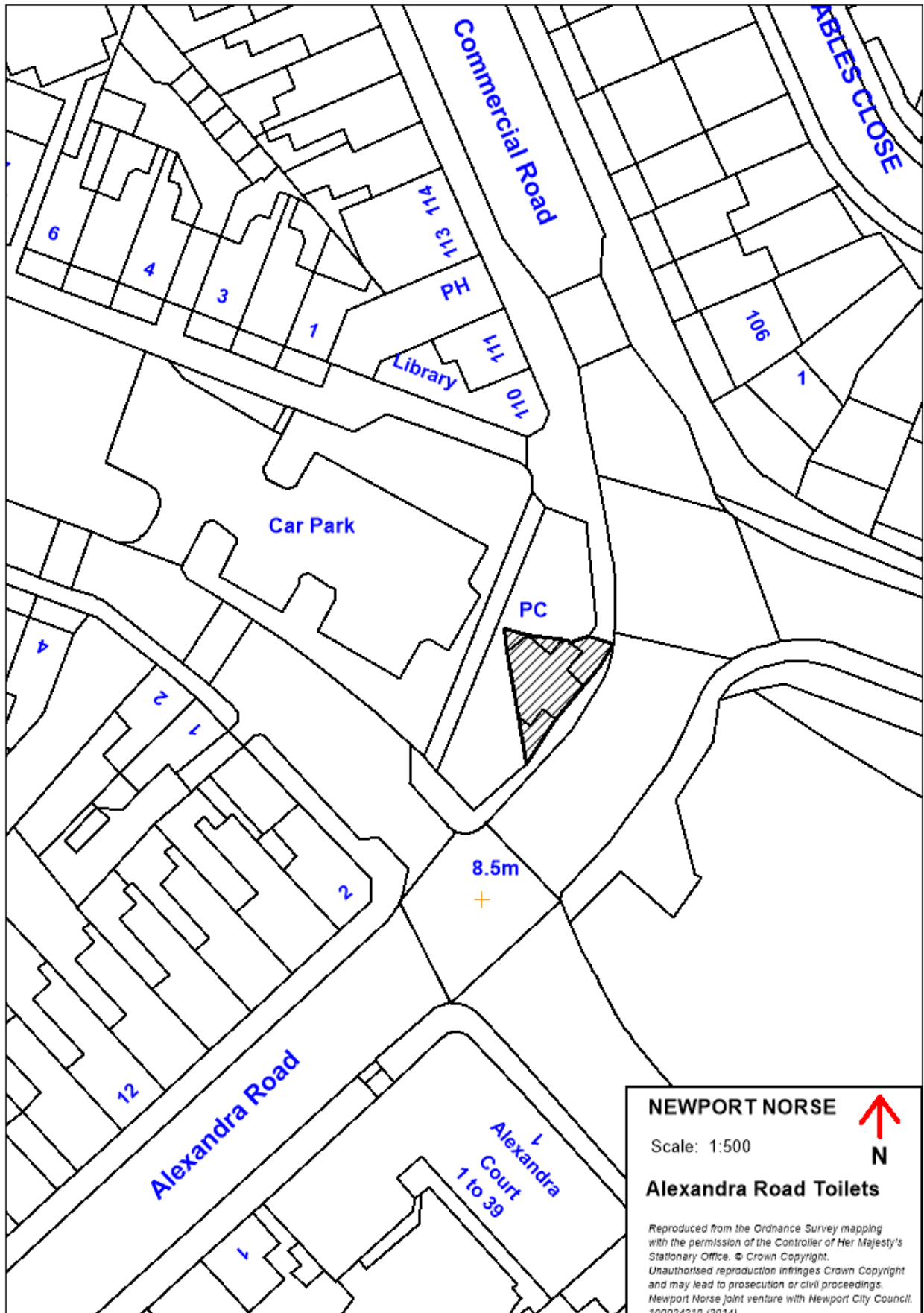
15. Consultation

15.1 None.

16. Background Papers

16.1 Plan attached.

Dated: 17 November 2016



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Report

Cabinet Member for Finance and Resources

Part 1

Date: 17 November 2016

Item No: 3

Subject Requests to Purchase Council owned Land at Granville Street

Purpose To consider recent proposals and to determine the most appropriate course of action in respect of this Council Asset.

Author Housing and Assets Manager

Ward Stow Hill

Summary The land subject to this report is owned freehold by the Council but is subject to a series of long term leases to local businesses. Two of the lessees have independently brought forward proposals to purchase all or parts of the site. The report sets out details of the proposals and sets out the merits of the various options.

Proposal Offer the freehold interest in all areas within the asset held on lease/easement to the respective lessees. If any lessee declines to purchase the freehold it could be offered to another purchaser.

Action by Head of Regeneration, Investment and Housing

Timetable Immediate

This report was prepared after consultation with:

- Property Services Manager, Newport City Council
- Estates Team Leader, Newport Norse
- Estates Portfolio Officer, Newport Norse
- Property Services Manager, Newport Norse
- Capital Strategy and Asset Management Group
- Head of Street Scene and City Services
- Head of Regeneration, Investment and Housing
- Corporate Strategy and Asset Management Group
- Head of Finance (Chief Finance Officer)
- Head of Law and Regulation (Monitoring Officer)
- Head of People and Business Change

Signed

1. Background

- 1.1 The Council is the freehold owner of the subject land, which is identified on the plan attached to this report.
- 1.2 Most of the land is subject to a series of lease, brief details of which are summarised below. It should be noted that the leases terms are contractually binding but do not conform in all respects to the terms that would be negotiated in the current property market.
- 1.3 Coincidentally, there have been approaches by two of the existing lessees, requesting independently that they be allowed to purchase some or all of the Council's freehold interest. Brief details of these requests are set out below.
- 1.4 Lessee 1
Lessee 1 is the proprietor of a business, operating from the site. He has requested to purchase the two parcels of land he currently holds on lease. He states the reason for this request is principally to secure the long term future for the business, especially as other land in the vicinity has been sold.
 - 1.4.1 He states also that securing the freehold would enable him to invest in the business, including updating plant and to undertake improvements/refurbishment of the premises themselves.
 - 1.4.2 Lessee 1 has indicated the level of sum he is minded offer for the land he currently occupies, subject to the existing leases.
- 1.5 Lessee 2
Lessee 2 is the owner of premises on Lower Dock Street, as well as certain plots within the subject land. She has requested to be allowed to purchase all of the land shown edged on the plan, ie including that let to third parties. Lessee 2 states the reasons for this request are partly to secure her own leasehold interests and to be in a position to bring forward comprehensive redevelopment proposals at the end of the lease terms.
- 1.6 If the Council is not minded to agree this request, Lessee 2 would instead wish to purchase the two parcels she holds on lease and the unlet land adjacent. She has identified a number of reasons for this request, including the opportunity to extend the existing business onto the unoccupied land. Lessee 2 states she would find it more convenient to raise funding against a freehold title and she has indicated she would be more willing to invest in the premises, should she own the freehold.
- 1.7 For information, the parcels held by Lessee 2 are subject to sub-leases to another business.
- 1.8 Lessee 2 has chosen not to specify the level of consideration she has in mind for the acquisition of these assets.
- 1.9 This asset is not used by the Council for direct service delivery and the terms of the respective leases means it is unlikely to be available for operational use in the foreseeable future. The current uses make a positive contribution to the local economy in providing employment opportunities and services to local people. This position is unlikely to be affected whether the site remains in Council ownership or is owned freehold by others.
- 1.10 The leases give neither party the right to compel the sale/purchase of the freehold interest. Any agreement therefore will be a matter of negotiation and eventually choice for all parties.
- 1.11 There are no staffing issues raised by this report, other than the opportunity to redeploy management and administrative resource, should a sale proceed.

1.12 Under the circumstances it is not considered appropriate to apply for planning permission in respect of the premises.

2. Comments of the Head of Street Scene and City Services

2.1 The George Street Granville/Street junction improvement recently undertaken required some of the land under consideration although this was not progressed due to cost and scheme time constraint.

2.2 Although no specific proposals exist, it is anticipated that future improvement works or metro proposals will require some additional land. Any sale must, therefore, include a satisfactory buy back clause should land be required for highway purpose.

3. Financial Summary

3.1 Details of the current leases are set out below. The number referencing is identified on the plan accompanying this report.

Table 1 – Summary of existing Leases at Granville Street

Ref	Lease Summary
1	Lease dated 1 December 1962. Term 99 years from 1 April 1963 (expiring 2062).
2	Lease dated 8 October 1991. Term expiring 31 March 2076.
3	Lease dated 8 November 1962. Term 99 years from 1 October 1962 (expiring 2061).
4	Lease dated 1 October 1962 (as 5 below). Term 99 years from 1 July 1962 (expiring 2061).
5	Lease dated 1 October 1962 (as 4 above). Term 99 years from 1 July 1962 (expiring 2061).
6	Lease dated 12 January 1977. Term 99 years from 1 July 1976 (expiring 2075).
7	Council land subject to 2 easements for services/emergency access. Term 21 years from 12 July 2001 (expiring 2022).
Total Rental Income	1,895

3.2 It can be seen therefore, this asset generates only a modest rental income and there are limited opportunities to increase the rent within the foreseeable future. In some years, the management costs of holding this asset may exceed the revenue income generated.

3.3 In the absence of any overriding policy or operational considerations, the choice between continuing to receive a revenue income and selling some/all of the interest to generate a capital receipt will largely be a matter of financial comparison. Any sale therefore should reflect the potential marriage value of the transaction, rather than the investment value only.

3.4 Should it be decided to proceed with a sale of all or some of these interest, Newport Norse will liaise with the Head of Finance to ensure the market value negotiated also achieves the best position from a financial management perspective.

4. Risks

<i>Risk</i>	<i>Impact of Risk if it occurs* (H/M/L)</i>	<i>Probability of risk occurring (H/M/L)</i>	<i>What is the Council doing or what has it done to avoid the risk or reduce its effect</i>	<i>Who is responsible for dealing with the risk?</i>
<i>Not all lessees will proceed with the purchase, resulting in a fragmented ownership pattern.</i>	<i>L</i>	<i>H</i>	<i>If negotiations stall the Council could reopen discussions at a future time or, subject to approval, offer the freehold of residual parcels to third parties.</i>	<i>Newport Norse</i>

** Taking account of proposed mitigation measures*

5. Links to Council Policies and Priorities

- 5.1 Proposals support the Council's Asset Management Plan and the Corporate Financial Strategy.
- 5.2 The proposals will help encourage investment, support local businesses and assist development of local businesses.

6. Options Available

6.1 Broadly, options are:

1. Retain the freehold interest in this asset and continue to manage the leases as currently.
2. Agree to sell the freehold of the whole site to Lessee 2.
3. Agree to sell the freehold of the premises occupied under lease/easement respectively by Lessee 1 and Lessee 2.
4. Offer the freehold interest in all areas within the asset held on lease/easement to the respective lessees. If any lessee declines to purchase the freehold it could be offered to another purchaser.

6.2 Note:

- i) In respect of options 2, 3 and 4 above, the land would be sold on terms to be recommended by Newport Norse, in consultation with the Head of Finance and agreed by the Head of Law and Regulation.
- ii) In respect of options 3 and 4, there is the possibility that a fragmented freehold ownership would result if not all lessees wished to proceed with a purchase.

7. Preferred Option and Why

- 7.1 Offer the freehold interest in all areas within the asset held on lease/easement to the respective lessees. Any disposal would be on financial terms beneficial to the Council and incorporate safeguards regarding future road improvement proposals.
- 7.2 Sale of these assets will enable the Council to generate a capital receipt and avoid management costs for low income premises. It also should encourage the proprietors of these premises to invest in their businesses.
- 7.3 It would appear equitable to allow all operating businesses the opportunity to purchase the freehold of the premises they occupy.

8. Comments of Chief Financial Officer

The preferred option is the most equitable in terms of opportunity for all lessees to purchase their respective freeholds. The resulting generation of capital receipts will benefit the Authority by increasing funds available to reinvest in capital programme priorities, but the total amount receivable is subject to a number of variables including number of lessees taking up the offer and whether market value can be achieved for each property.

These properties are currently generating a small rental income with little opportunity to increase in the medium term. This together with any associated management costs as landlord, make the option to retain the freehold less desirable than disposal. Each proposed sale should be assessed on an individual basis, comparing the net present value of the remaining rental income due against the purchase price offered.

9. Comments of Monitoring Officer

Any sale of this land would be in accordance with the Council's legal powers to dispose of land under Section 123 of the Local Government Act 1972. The land is already the subject of a number of long leases which generate only a modest ground rent but the Council has a statutory duty to ensure that, if it disposes of its freehold interest, it secures the best price.

10. Staffing Implications: Comments of Head of People and Business Change

The report responds to proposals from existing leaseholders to purchase the freeholds for the site at Granville Street. The site consists of commercial properties and is not used for direct Council service delivery. The report notes that the asset provides a base for economic activity and employment and that this would likely continue regardless of whether the freehold is sold or retained. There are no direct human resources implications other than through a reduction in administrative costs if the freehold were to be sold.

11. Comments of Cabinet Member

11.1 Cabinet Member has approved the report.

12. Local issues – Ward Members

Councillor M Al-Nuaimi:

My observations in respect of "Requests to Purchase Council owned Land at Granville Street"

Not having all the information relating to the preferred option in respect of the above, I find it difficult to support the preferred course of action. The parcels of land are situated in an important part of the city centre close to good communications and so they may be attractive for existing businesses expansion as well as new businesses who might like to locate. It is also not clear as to what level of capital receipts can be obtained through the disposition of the freehold titles.

Until 2008 the council followed a policy of not disposing off land just because it's not generating enough income. Economic regeneration or housing needs were considered important factors in maintaining ownership of land parcels. I would be far more supportive of council disposing of a parcel(s) of land against a definite plan to expand rather than a tentative one. Then some public benefit can be achieved by the council.

In summary I advise not to dispose of the freehold unless we have firm undertakings about future expansion of business(s).

Cabinet Member Response:

The existing leasehold ownerships and terms of the respective leases makes it most unlikely that a comprehensive redevelopment scheme could be brought forward without the use of Compulsory Purchase Order powers. This would be an extremely expensive and complex process. It is not considered that such a course will be pursued in the foreseeable future.

The motivation to sell the land is to support the development of these businesses. The two business owners have indicated that the reasons to purchase the freehold interest include justifying their investment in the business, to make raising funds less expensive and to secure the premises as a long term premise. There are no specific commitments to date and it is therefore anticipated that, agreeing the freehold sales will support development of these businesses.

The level of capital receipt for each prospective sale has still to be negotiated. The report notes however, that any sale sum will, in addition to being a full market value, be subject to confirmation from the Head of Finance that it is a better return to the Council than continuing to receive rent. If a satisfactory sum is not agreed, the sales will not proceed. In this way, the Council's financial position will be safeguarded. The principle of freehold sale is considered on a case by case basis. On this occasion, the opportunity to support these businesses and improve the Council's position financially is considered as the sufficient reason to agree the request to allow the purchase of the freehold.

Councillor Kevin Whitehead:

Can we be assured that as is encouraged by the Welsh Government, those assets deemed surplus to requirements by local authorities, and in this instance Newport City Council, will be considered for use by interested Community Groups? I ask the question having twice been turned down for surplus Council assets in my Bettws Ward which would've had a positive impact on our children in particular within our Community, a Community that lost a boxing club and youth club with a combined membership of approximately 150 kid's.

Cabinet Member Response:

The Council often receives requests to transfer property assets which have been declared surplus to Community Organisations. The Council weighs these proposals against criteria that have been considered by its Corporate Strategy and Asset Management Group. This approach has provided a clear and consistent basis for assessment, and has enabled the Council to reach a reliable conclusion. It is not clear that an application from a Community Group would be consistent with the circumstances set out in these reports, should such an application be received, this process would be followed and the application considered.

13. Scrutiny Committees

N/A.

14. Equalities Impact Assessment

N/A.

15. Children and Families (Wales) Measure

N/A.

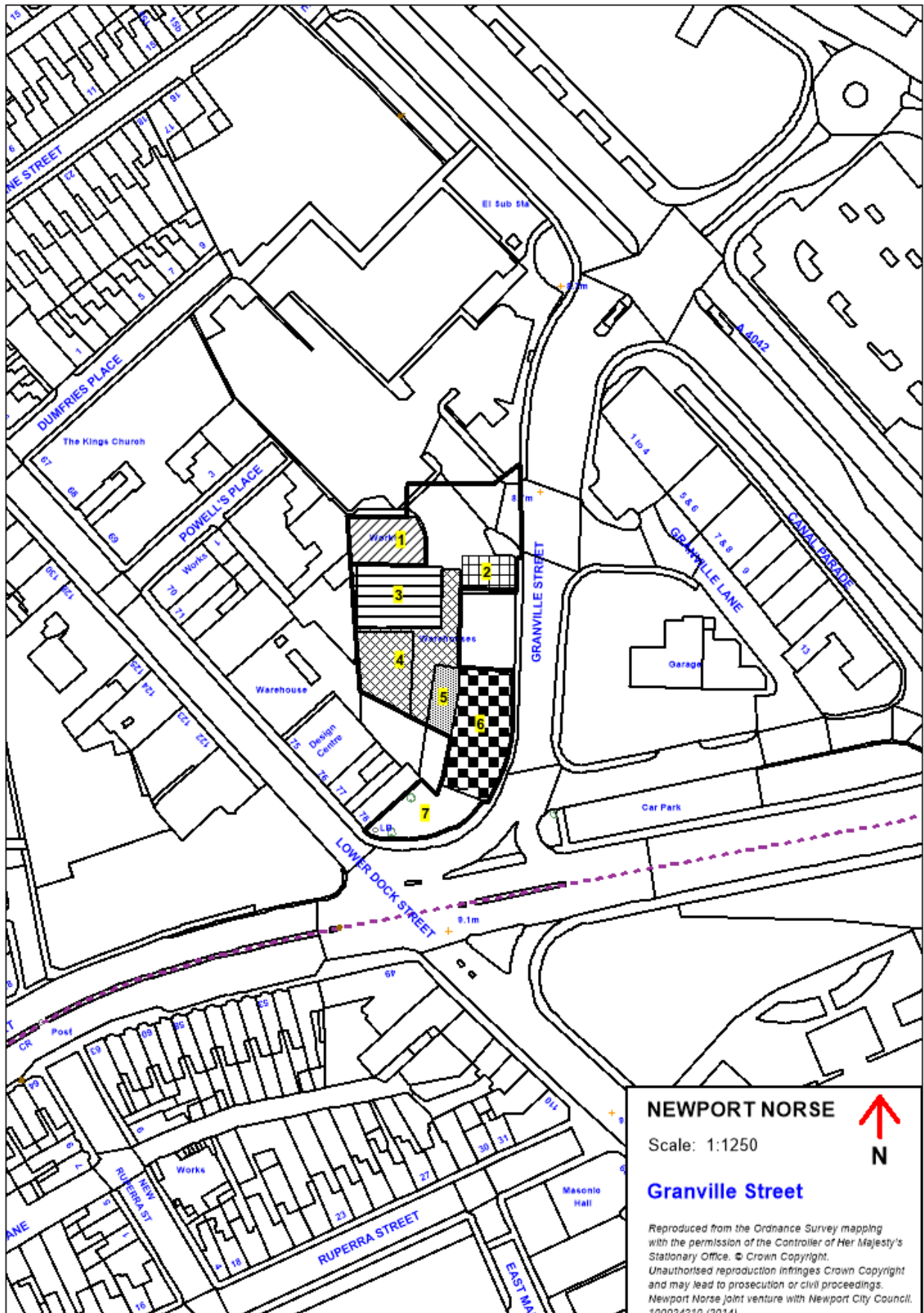
16. Consultation

N/A.

17. Background Papers

Site plan attached.

Dated: 17 November 2016



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Report

Cabinet Member for Finance and Resources

Part 1

Date: 17 November 2016

Item No: 4

Subject Former Pillmawr Road Depot, Malpas

Purpose To seek a decision from the Cabinet Member for Finance and Resources to declare the subject premises surplus and agree it be offered for sale.

Author Housing and Assets Manager

Ward Malpas

Summary The land subject to this report is owned by the Council but has not been used actively for many years. It is not anticipated there will be an operational need for the premises and therefore it could be declared surplus and sold.

Proposal **Declare the premises surplus to requirements and seek to sell the premises, with the benefit of outline planning permission for residential use.**

Action by Newport City Council with Newport Norse.

Timetable Immediate

This report was prepared after consultation with:

- Property Services Manager, Newport City Council
- Estates Team Leader, Newport Norse
- Estates Portfolio Officer, Newport Norse
- Property Services Manager, Newport Norse
- Head of Regeneration, Investment and Housing, Newport City Council
- Head of Finance – Chief Finance Officer
- Head of Law and Regulation – Monitoring Officer
- Head of People and Business Change

Signed

1. Background

- 1.1 The Council is the freehold owner of the land shown edged and hatched on the plan appended to this report. It can be seen the site is situated behind private housing fronting onto Pillmawr Road and is adjacent to the grounds of Malpas Church in Wales Junior School. Access is via a private driveway from Pillmawr Road.
- 1.2 The site was previously used as a works depot but as a result of service reorganisation, that use ceased and the land has not been used since. The buildings were demolished in 2011.
- 1.3 The land and access is overgrown with vegetation and the boundary fencing stands next to a number of mature trees. Local residents have complained about the condition of the land from time to time, which is then cleared.
- 1.4 The site has potential as a residential development site and there have been a number of unsolicited enquiries from potential purchasers over recent years.
- 1.5 Initial advice from technical officers is that a change of use to residential is likely to be acceptable in principle but the width of the access is likely to limit this to a single dwelling. To clarify the planning permission and to consolidate value of the site, the Council could apply for outline planning permission for a single dwelling.
- 1.6 This property asset serves no operational, service or practical purpose in its current condition and this situation is not expected to change. The site becomes overgrown and unsightly from time to time, requiring the Council to undertake clearance works. Disposal will allow the land to be brought into active use.

2. Financial Summary

	Year 1 (Current) £	Year 2 £	Year 3 £	Ongoing £	Notes including budgets heads affected
Costs (Income)					<p>The only maintenance costs associated with ownership of the subject land is the cost of occasional site clearance.</p> <p>An application for change of use is estimated to cost around £2,500 plus VAT</p> <p>Sale of the land will realise a capital receipt for the Council.</p>
Net Costs (Savings)					
Net Impact on Budget					

3. Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Other users of the access road may complain if the Council deals with the applicant exclusively.	L	H	Recommendation is to decline the request to purchase this land.	Newport Norse

4. Links to Council Policies and Priorities

- Asset Management Plan
- Property Rationalisation programme

5. Options Available

- 5.1 Take no action and continue to hold the premises vacant.
- 5.2 Declare the premises surplus to requirements and seek to sell the premises.
- 5.3 Declare the premises surplus to requirements and seek to sell the premises, with the benefit of outline planning permission.

6. Preferred Option and Why

- 6.1 Declare the premises surplus to requirements and seek to sell the premises, with the benefit of outline planning permission. This will entail an initial cost but it is anticipated the enhanced value will more than repay the costs involved.

7. Comments of Chief Financial Officer

- 7.1 The proposed action will eventually benefit the Council by generating a capital receipt, particularly as the land in question is of no economic or strategic value to the Authority.
- 7.2 Officers must ensure they work diligently to secure the best possible sale price which will justify the initial cost of the outline planning permission.
- 7.3 Capital receipts are a Council resource and are regularly reported to Cabinet in the Capital programme review reports. Receipts are currently earmarked to 21C school's programme which attract match funding from WG. This is reviewed and confirmed by Cabinet periodically.

8. Comments of Monitoring Officer

The proposed action is in accordance with the Council's legal powers under Section 122 and 123 of the Local Government Act 1972, to re-appropriate surplus assets for disposal. The depot is no longer required for operational purposes and does not have any alternative uses. Therefore, the property can be appropriated for asset management purposes, declared surplus to the Council's requirements and offered for sale on the open market. The Council has a statutory duty under Section 123 of the Act to secure the best price reasonably obtainable for the land and, to secure the best market value, it is

recommended that the Council should seek outline planning consent for residential use prior to the land being offered for sale.

9. Staffing Implications: Comments of Head of People and Business Change

There are no staffing or equalities issues arising from the report.

10. Comments of Cabinet Member

Cabinet Member has approved the report.

11. Local issues – Ward Members

Councillor Kevin Whitehead:

Can we be assured that as is encouraged by the Welsh Government, those assets deemed surplus to requirements by local authorities, and in this instance Newport City Council, will be considered for use by interested Community Groups? I ask the question having twice been turned down for surplus Council assets in my Bettws Ward which would've had a positive impact on our children in particular within our Community, a Community that lost a boxing club and youth club with a combined membership of approximately 150 kid's.

Cabinet Member Response:

The Council often receives requests to transfer property assets which have been declared surplus to Community Organisations. The Council weighs these proposals against criteria that have been considered by its Corporate Strategy and Asset Management Group. This approach has provided a clear and consistent basis for assessment, and has enabled the Council to reach a reliable conclusion. It is not clear that an application from a Community Group would be consistent with the circumstances set out in these reports, should such an application be received, this process would be followed and the application considered.

12. Scrutiny Committees

N/A.

13. Equalities Impact Assessment

N/A.

14. Children and Families (Wales) Measure

N/A.

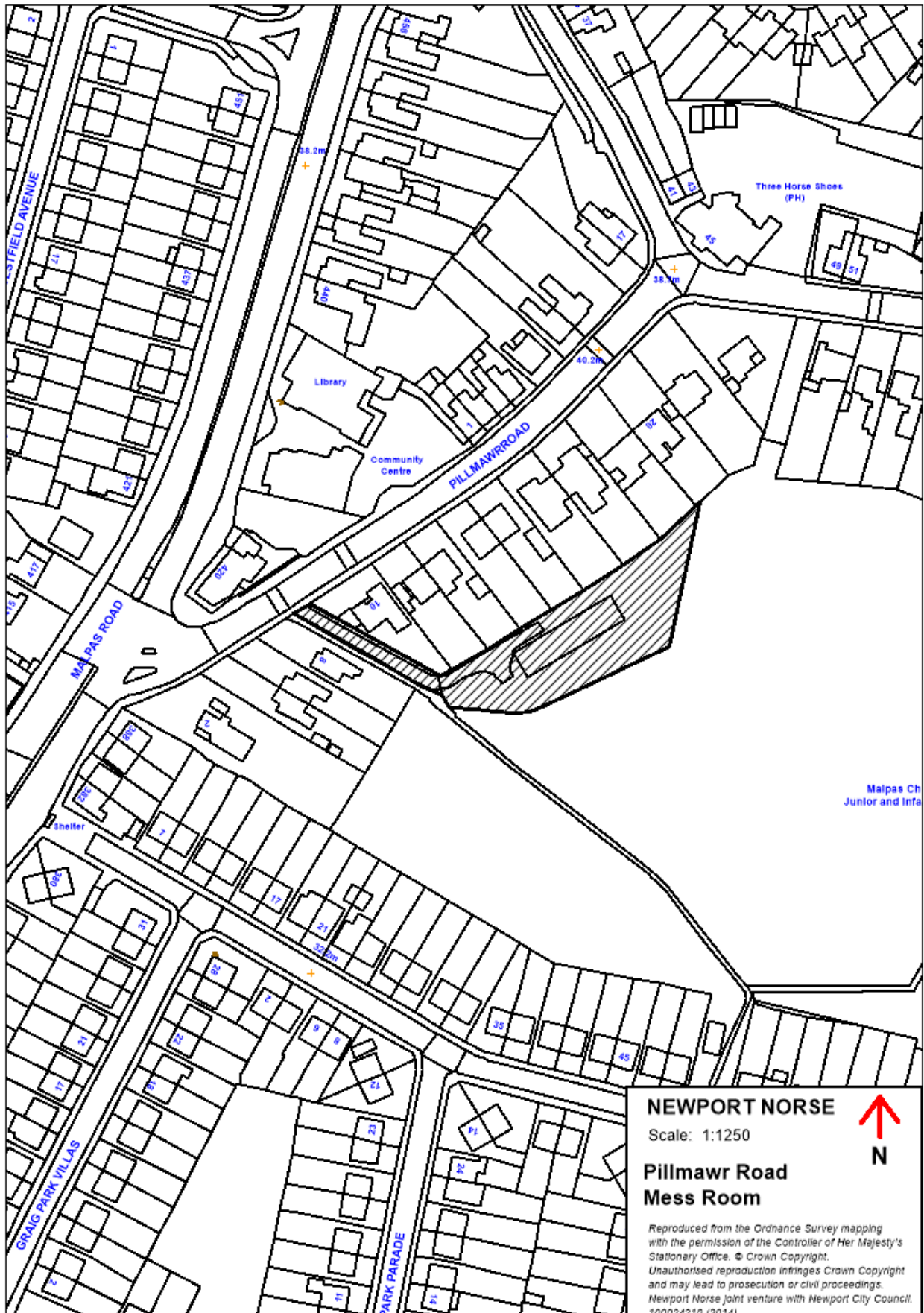
15. Consultation

None.

16. Background Papers

16.1 Plan attached.

Dated: 17 November 2016



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Report

Cabinet Member for Finance and Resources

Part 1

Date: 17 November 2016

Item No: 5

Subject Westmark Development – Sale of Freehold Interest

Purpose To seek approval from the Cabinet Member for Finance and Resources to negotiate the disposal of the freehold interest in the above premises.

Author Housing and Assets Manager

Ward Pillgwenlly

Summary The land subject to this report form part of the Old Town Dock development area, brought forward as a Joint Venture Development with Welsh Government. The land is subject to a lease to Westmark Developments Ltd. The Lessee has requested to purchase the freehold interest in the site.

Proposal **Dispose of the freehold interest in the land on terms to be agreed by the Head of Law and Regulatory Services. This action will produce a capital receipt for the Council, help to facilitate delivery of the final phase of this development and avoid potential revenue costs.**

Action by Newport City Council with Newport Norse.

Timetable Immediate

This report was prepared after consultation with:

- Property Services Manager, Newport City Council
- Estates Team Leader, Newport Norse
- Estates Portfolio Officer, Newport Norse
- Property Services Manager, Newport Norse
- Head of Regeneration, Investment and Housing, Newport City Council
- Head of Finance – Chief Finance Officer
- Head of Law and Regulation – Monitoring Officer
- Head of Business and People Change

Signed

1. Background

- 1.1 The Council is the freehold owner of the land shown edged and hatched on the plan appended to this report. The land comprises part of the Old Town Dock development area, which was brought forward under a joint venture between NCC and Welsh Government. The scheme comprises a series of residential flats, arranged in a series of blocks/phases. The Developer was Westmark Developments Ltd.
- 1.2 Development of the site was undertaken through documentation comprising an agreement for lease, followed by a lease dated 13 April 2012, of 150 years duration. The grant of lease was subject to payment of a premium but there is only a nominal rent payable under the lease. There is no mechanism to review the rental payments for the duration of the whole term. The lease remains in force and is the tenure owned by Westmark.
- 1.3 The Development has delivered the first phases of the scheme but the final phase has not yet been constructed.
- 1.4 Agents to Westmark have approached the Council to enquire whether the Council is willing to sell the freehold interest in the premises. The reason given for the request is that Westmark is considering the sale of its interest and would anticipate the land would be more attractive to prospective developers as a freehold purchase. Clearly, it would support several Council policy objectives if the final phase of the proposed development was constructed.
- 1.5 The land currently performs no operational or service delivery function. Its continuing ownership by the Council could entail management costs from time to time.
- 1.6 Due to the terms of the lease, the investment value of the Council's freehold interest is a nominal sum. That said, the potential to increase marketability would somewhat increase the value of the Council's interest, albeit to a limited extent.
- 1.7 Officers from Welsh Government have been consulted. There is no objection in principle, to the sale of the freehold interest in the land but the sum agreed will need to be independently confirmed to represent the full market value.

2. Financial Summary

	Year 1 (Current) £	Year 2 £	Year 3 £	Ongoing £	Notes including budgets heads affected
Costs (Income)					The sale of the land will realise a capital receipt for the Council.
Net Costs (Savings)					
Net Impact on Budget					

3. Risks

- 3.1 There are no risks associated with this proposed land sale.

4. Links to Council Policies and Priorities

- Asset Management Plan

- Property Rationalisation programme

5. Options Available

- 5.1 Take no action.
- 5.2 Dispose of the freehold interest in the land on terms to be agreed by the Head of Law and Regulatory Services.

6. Preferred Option and Why

- 6.1 Dispose of the freehold interest in the land on terms to be agreed by the Head of Law and Regulatory Services. This action will produce a capital receipt for the Council, help to facilitate delivery of the final phase of this development and avoid potential revenue costs.

7. Comments of Chief Financial Officer

As the land in question is part of the Joint Venture agreement with Welsh Government, the capital receipt generated by a disposal must be shared rather than be banked wholly by Newport City Council. In this instance the split has been agreed as 60% to WG and 40% to NCC. Decisions on what reinvestment will take place in Newport using their proportion are yet to be made by WG. This could be delivery of the final phase of the development or any other promoted scheme. The Council's proportion will be reinvested into the capital programme in the same way as any other capital receipt.

8. Comments of Monitoring Officer

The proposed action is in accordance with the Council's legal powers to dispose of land under Section 123 of the Local Government Act 1972. This joint venture land has already been sold to Westmark under the terms of a 150 year development lease. However, they have requested that the Council sells its freehold reversionary interest in the land, to improve the marketability and investment value of the site. Because the long lease is at a nominal rent and the Council's reversionary interest does not revert for 150 years, the capitalised value of the freehold interest would not be significant, but this would be an opportunity to secure a higher capital sum from the current owners/developers as the sale of the freehold would enhance the value of their investment.

9. Staffing Implications: Comments of Head of People and Business Change

There are no staffing or equalities issues arising from the report.

10. Comments of Cabinet Member

Cabinet Member has approved the report.

11. Local issues – Ward Members

Councillor O Ali:

I would be supportive of disposal.

Councillor Kevin Whitehead:

Can we be assured that as is encouraged by the Welsh Government, those assets deemed surplus to requirements by local authorities, and in this instance Newport City Council, will be considered for use by interested Community Groups? I ask the question having twice been turned down for surplus Council assets in my Bettws Ward which would've had a positive impact on our children in particular within our Community, a Community that lost a boxing club and youth club with a combined membership of approximately 150 kid's.

Cabinet Member Response:

The Council often receives requests to transfer property assets which have been declared surplus to Community Organisations. The Council weighs these proposals against criteria that have been considered by its Corporate Strategy and Asset Management Group. This approach has provided a clear and consistent basis for assessment, and has enabled the Council to reach a reliable

conclusion. It is not clear that an application from a Community Group would be consistent with the circumstances set out in these reports, should such an application be received, this process would be followed and the application considered.

12. Scrutiny Committees

N/A.

13. Equalities Impact Assessment

N/A.

14. Children and Families (Wales) Measure

N/A.

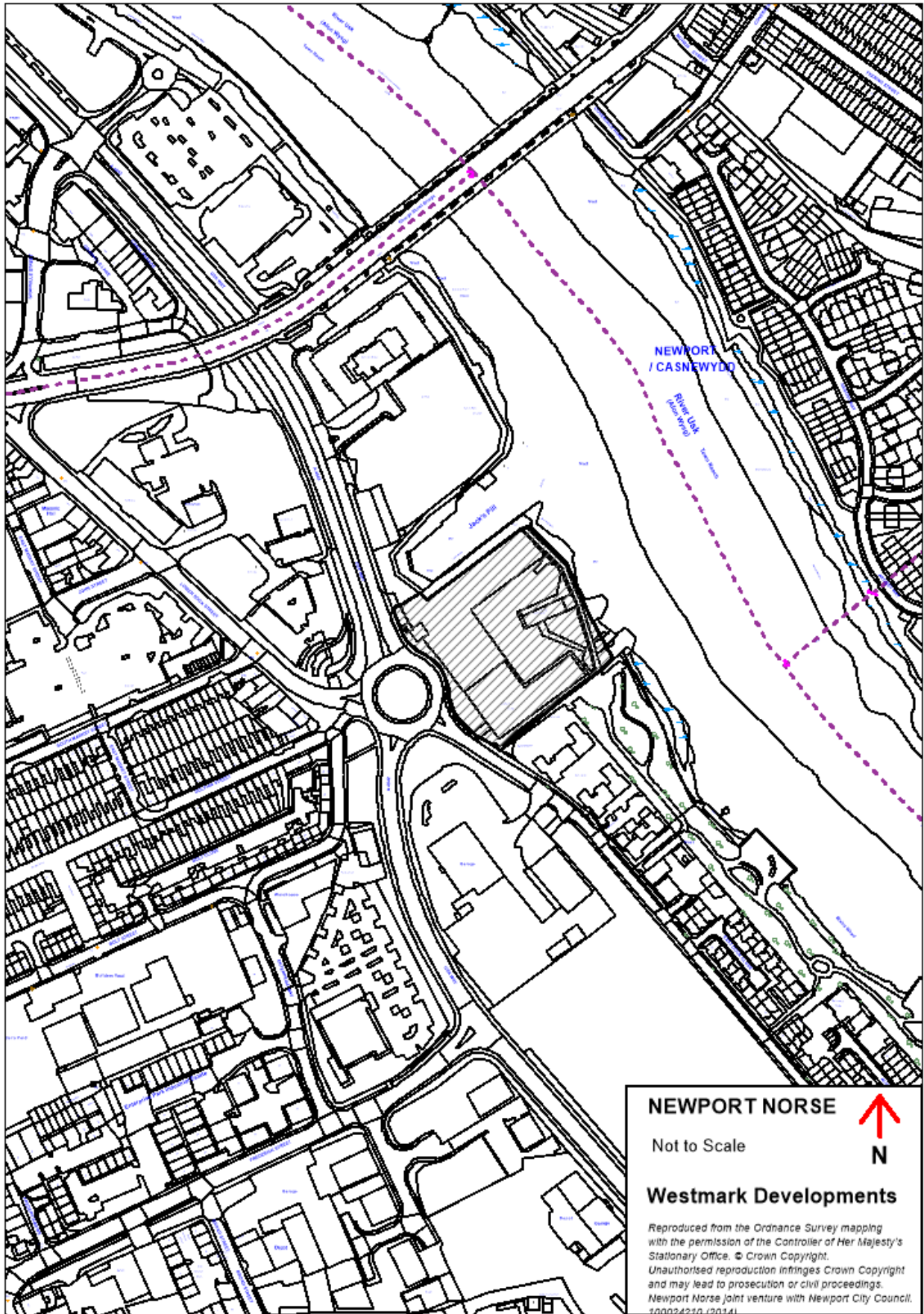
15. Consultation

None.

16. Background Papers

Plan attached.

Dated: 17 November 2016



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