

SLOUGH BOROUGH COUNCIL

REPORT TO: Cabinet **DATE:** 15 October 2018
CONTACT OFFICER: Stephen Gibson, Project Manager, Regeneration
(For all enquiries) (01753) 875852
WARD(S): All
PORTFOLIO: Leader of Council and Cabinet Member for Regeneration and Strategy - Cllr Swindlehurst

PART I **KEY DECISION**

PROPOSED DISPOSAL ASSETS

1 Purpose of Report

- 1.1 In the report to Cabinet dated 28 May 2018, Cabinet agreed to consider a report in October 2018 that would make recommendations for the disposal of assets to reduce the Council's future borrowing requirements.
- 1.2 The purpose of this report is to make recommendations on a programme of disposal over the period to April 2020. Since some of the sites are subject to an option to Slough Urban Renewal ("SUR"), this report simultaneously seeks approval to negotiate the release of the options.

2 Recommendation(s)/Proposed Action

The Cabinet is requested to resolve:

- (a) That it be reaffirmed that all properties and land detailed in section 5.5 of the report are declared surplus.
- (b) That it be noted that the financial implications and estimated sales prices detailed in confidential Appendix One.
- (c) That it be agreed to dispose of land at Alpha Street, land at 150-160 Bath Road, a wedge of former public space Mercian Way, the site of the former Maria Cowland centre and land at Belfast Avenue (see sections 5.4 – 5.6) as shown in Appendix Four to Appendix Eight to the Housing Revenue Account ("HRA") for full market value to assemble land to develop a pipeline of up to 152 social and/or affordable housing properties within 4 years.
- (d) That subject to (c) above, agree that the total price should be reduced by the value of land at Trelawney Avenue (see sections 5.7 – 5.8), which will be transferred to the General Fund to develop the proposed health-led hub.

- (e) That delegated authority be given to the Director of Regeneration, following consultation with the Director of Finance & Audit and the Leader of the Council to agree final valuations in relation to the proposed disposals described in (c) above and the proposed land swap in section 2.4.
- (f) That delegated authority be given to the Director of Regeneration, following consultation with the Director of Finance & Audit and the Leader of the Council to approve any non-financial terms for the proposed disposals.
- (g) That in the event that the HRA decides that it would not purchase some or all of the sites, delegate authority to the Director of Regeneration, following consultation with the Director of Finance & Audit and the Leader of the Council, to take all appropriate action to dispose of the assets listed above for the best consideration reasonably available.
- (h) That delegated authority be given to the Director of Regeneration following consultation with the Council's section 151 Officer to seek the determination of the current SUR option agreement over land at Weekes Drive and Alpha Street. This delegated approval will include authority to agree all terms, including (but not limited to) the removal of SUR's charge over the sites and (where appropriate), agree and pay SUR's abortive costs and approve the final disposal.
- (i) That approval be provided for Asset Management to liaise with and agree **draft** terms with the third parties who are likely to have a special interest in the various assets referred to in Confidential Appendix Two.
- (j) That it be noted that Asset Management will present an update report on the Asset Disposal Programme to Cabinet by February 2019 regarding sites with a third party interest and/or regenerative benefit.

3. **The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan**

The creation of expediently delivered high quality new housing will increase council tax receipts and provide an income stream that can be used to contribute towards the provision of front line services.

3a. **Slough Joint Wellbeing Strategy Priorities**

Disposing of sites to the HRA will ensure that the Council increases the supply of affordable new build homes and make a material contribution to realising the objectives of the Housing Strategy. Should the HRA determine that it does not wish to acquire the sites, selecting a tenderer with a track record of delivery will ensure that the new housing is delivered expediently, creating local employment opportunities.

3b. **Five Year Plan Outcomes**

Working expediently to deliver the site into the market place is addressing the five year plan outcomes through:

- **Outcome 2** – High quality new homes will attract residents who are likely to manage their own care needs,
- **Outcome 3** – High quality new homes will encourage people to live, work and stay in Slough.

- **Outcome 4** – Increasing the supply of new homes will directly contribute towards our residents having access to good quality homes.

4 **Other Implications**

a) Financial

See Appendix One (contains exempt information)

Risk Management

Risk	Mitigating action	Opportunities
Legal – compliance with s.123 of the Local Government Act 1972	An open market competitive informal tender will ensure that the best land value is achieved.	Land speculators and other unsuitable bidders can be removed via the tender review process.
Human Rights	No risks identified	
Health and Safety	No risks identified	
Employment Issues	No risks identified	
Equalities Issues	No risks identified	
Community Support	No risks identified	Selling land to the HRA to provide social and affordable instead of disposing to a private developer will be viewed positively.
Communications	No risks identified	
Community Safety	No risks identified	
Finance – No profit share revenue or interest on loan notes for sites that would otherwise have been developed via SUR.	The Council will still receive full market value for land.	The land receipt is received within 12 months rather than being linked to the completion and sale of a scheme.
Timetable for Delivery – schemes are delayed	SUR have been unable to progress the small sites listed in 5.5, therefore no risks are anticipated.	
Project Capacity	No risks identified	
Governance	No risks identified	
Performance	No risks identified	

b) Human Rights Act and Other Legal Implications

Local authorities are generally under a duty to comply with Section 123 (2) of the Local Government Act 1972, with regard to land held in the General Fund, as is the case here, which requires that except with the consent of the Secretary of State a Council shall not dispose of land under this section for a consideration less than the best that can reasonably be obtained.

The possible need for Secretary of State consent will need to be considered on a site-by-site basis.

c) Equalities Impact Assessment

There are no equalities issues associated with this report.

e) Property Issues

As mentioned above, Section 123 (2) of the Local Government Act 1972 prevents the Council from disposing of land for less than the “best that can reasonably be obtained” without the consent of the Secretary of State. The sites can be marketed at the earliest opportunity.

5. Supporting Information

Background

- 5.1 On 28 May 2018, Cabinet approved a report that recommended the purchase of a Strategic Asset, which has since been disclosed as the Council’s future corporate headquarters at 25 Windsor Road. In approving that report, Cabinet agreed to remodel St Martins Place into a mix of social and affordable housing. To reduce the Council’s borrowing costs, Cabinet also agreed to consider a report by October 2018 that recommended the disposal of various non-operational/surplus Council-owned assets.
- 5.2 Whilst some of the disposals proposed in this report are straightforward internal transactions between the General Fund and HRA, the report also seeks Cabinet to consider the potential for selling other income generating assets, some of which are leased to community groups. In all cases, the General Fund is required to secure best consideration.
- 5.3 In partnership with a local developer and with the support of Slough Clinical Commissioning Group and local GP’s, the Council is continuing to develop proposals for a mixed-use project at Trelawney Avenue. This project, which will provide a health-led hub and circa 30 properties for rent (a mix of affordable and private rented properties), will be the subject of a separate report to Cabinet later this year. Since the land at Trelawney Avenue is owned by the HRA, the redevelopment of this site was the catalyst for the proposed property transactions set out below.

Proposed Land Disposal of Land to HRA

- 5.4 In order to facilitate the proposed health-led hub at Trelawney Avenue and create a pipeline of Council-built social and affordable housing, officers have been discussing the potential of a property transaction between the General Fund and HRA. This approach supersedes a previous Cabinet decision to redevelop these sites via SUR, which would have seen the resulting properties sold at open market prices.
- 5.5 The General Fund and HRA have jointly commissioned the District Valuers Office (“the DV”) to undertake an independent valuation of six sites.

Asset	Description	Comment
Alpha Street site	This General Fund (GF) site is currently being used as a temporary car park (19 spaces). The site has been optioned to Slough Urban Renewal (SUR), which has secured planning permission for a 14 unit site to deliver affordable housing commuted from the hotels-led development.	In order to do so, the Council will require SUR to release the option.
Land at 150 – 160 Bath Road	SBC demolished a terrace of two storey Victorian town houses in 2014 to accommodate the Bath Road widening scheme. The remaining land was left without vehicular access and the acquisition of further land needed to create access was completed in December 2016 .Whilst the intention was to develop via the GF small sites strategy, this asset has not been optioned to SUR. The site has been valued on the basis of a capacity study that indicates that a block of 8 flats 2 x 3 bedrooms and 6 x 2 bedrooms).	

Land at Mercian Way	The site was formerly public open space but was severed from the main area when Mercian Way extended for the new development to the east. The site has been valued on the basis of a capacity study that indicates 5x3 bedroom houses.	
Former Maria Cowland Centre site	The site was formerly a community hall which has now been demolished. The site has been valued on the basis of a capacity study commissioned by the Council that indicates 12 x 1 & 2 bedroom flats over 4 floors.	
Land at Belfast Avenue	This site has planning permission (Planning Application Ref: P/17086/000) for the construction of 12 new dwellings comprising 14 properties 5 x 2 beds, 6 x 3 beds and 1 x 4.	
Land at Weekes Drive	The land at Weekes Drive is jointly owned by the GF and HRA. The area owned by the GF is subject to an option in favour of SUR. Based on an initial feasibility study undertaken by SUR; the overall site has a capacity for 113 residential units.	In order to do so, the Council will require SUR to release the option.

- 5.6 The valuation for each site is included in Confidential Appendix One. The DV valuations are based on the special assumption of an internal land transaction. Should the HRA decide it does not wish to acquire some or all of the sites, the DV recommends that it would be prudent to get further planning advice **and consider overage provisions.**

Proposed Acquisition of Land at Trelawney Avenue

- 5.7 As described above, the introduction of a mixed-use project at Trelawney Avenue has been a long-term aspiration of the Council and has received ongoing support from Cabinet. Whilst it has taken longer than anticipated to develop a conditional business case, the expectation is that Cabinet will receive a report before December 2018 based on an agreed planning proposal.
- 5.8 Since the GF will own the community element of the hub, it makes sense for the HRA to release the site. Rather than taking a capital receipt, the HRA has a preference to discount the purchase price of the assets listed in section 5.5 above with the market value of its site. The valuation provided by the DV has made the special assumption that the land at Trelawney Avenue would otherwise have been developed exclusively for affordable housing. However as the GF can in turn dispose of the site for a health led community hub, which the HRA cannot do directly, the HRA will receive 50% of the uplift in value.

Potential Disposal of Other Assets

- 5.9 In addition to proposed disposals to the HRA listed above, the potential exists to dispose of several assets that (if disposed as a package) would have a positive impact on revenue and capital budgets. These are broken into residential properties, and disposal of assets that have a third party interest. These assets are discussed in Confidential Appendix Two.

Disposal Approach

- 5.10 In the event that the assets listed above are sold on the open market, the proposal is to market the sites via informal tender. The advantages of this route are that SBC will remain in a strong negotiating position with multiple potential purchasers, unsuitable tenderers (i.e. land speculators/ developer with no track record of delivery) can be

discounted at the tender review stage and this approach is relatively inexpensive and a buyer can be selected on criteria other than price.

6 **Comments of Other Committees**

6.1 This report has not been considered by any other committee.

7. **Conclusion**

7.1 The disposal of land held within the General Fund to the HRA will facilitate the Council affordable housing programme. It will provide a pipeline of sites that can be developed by the Council to provide a mix of house types for social and affordable rent.

7.2 The sites at Alpha Street and Weekes Drive are currently subject to individual options in favour of SUR. Consequently, the Council will need to secure approval from the Board of SUR to release its option for these sites. A precedent has already been established recently through the release of the option for land at Upton Road. The proposed terms set out above are based on this transaction.

8 **Appendices**

Confidential Appendix 1	Financial implications and values
Confidential Appendix 2	Sites with third party interests
Confidential Appendix 3	Site Boundary Plans for third party assets
Appendix 4	Site Boundary Plans for third party assets
Appendix 5	Site Boundary Plan – Bath Road, 150-160
Appendix 6	Site Boundary Plan – Belfast Avenue
Appendix 7	Site Boundary Plan – Maria Cowland Centre
Appendix 8	Site Boundary Plan – Mercian Way
Appendix 9	Site Boundary Plan – Weekes Drive
Confidential Appendix 10	Independent Valuation Report – To Follow

Appendices 1, 2, 3 and 10 contain exempt information and are included in Part II of the agenda.

9 **Background Papers**

None

Appendix Four – Site Boundary Plan – Alpha Street

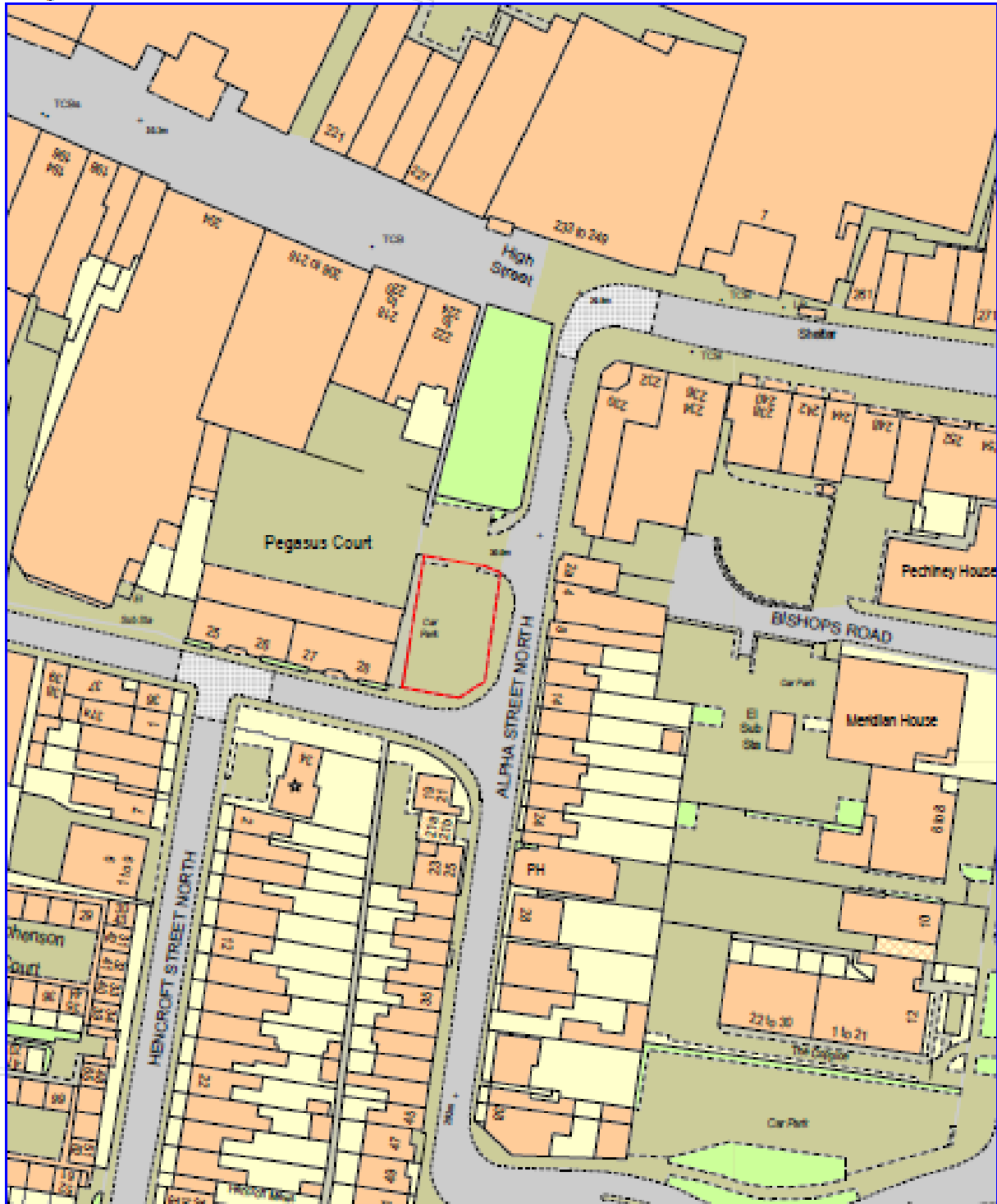
Resources Asset Management

Scale 1: 1,000



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Alpha Street



Appendix Six – Site Boundary Plan – Belfast Avenue

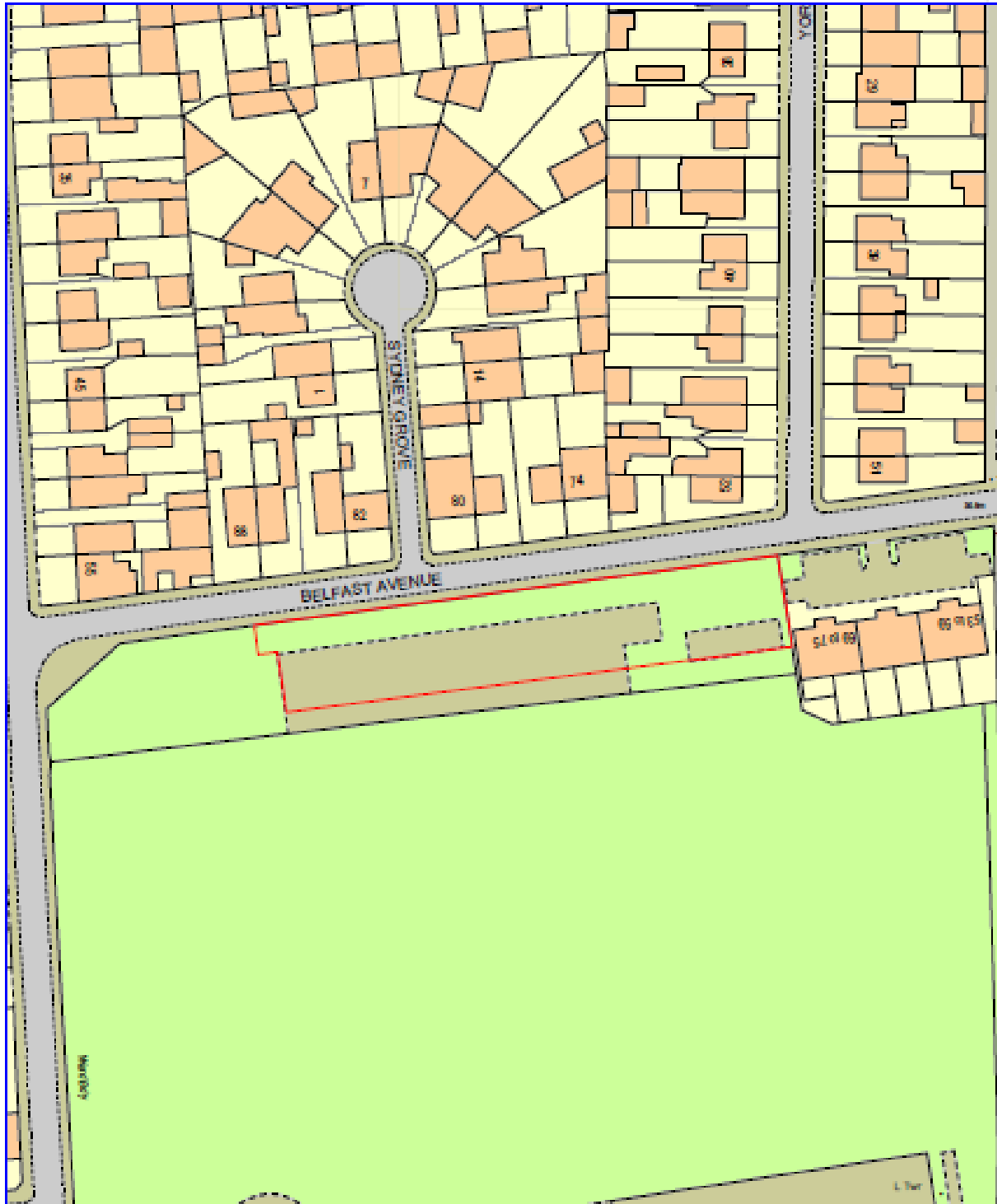
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Land at Belfast Avenue



Appendix Seven – Site Boundary Plan – Maria Cowland Centre

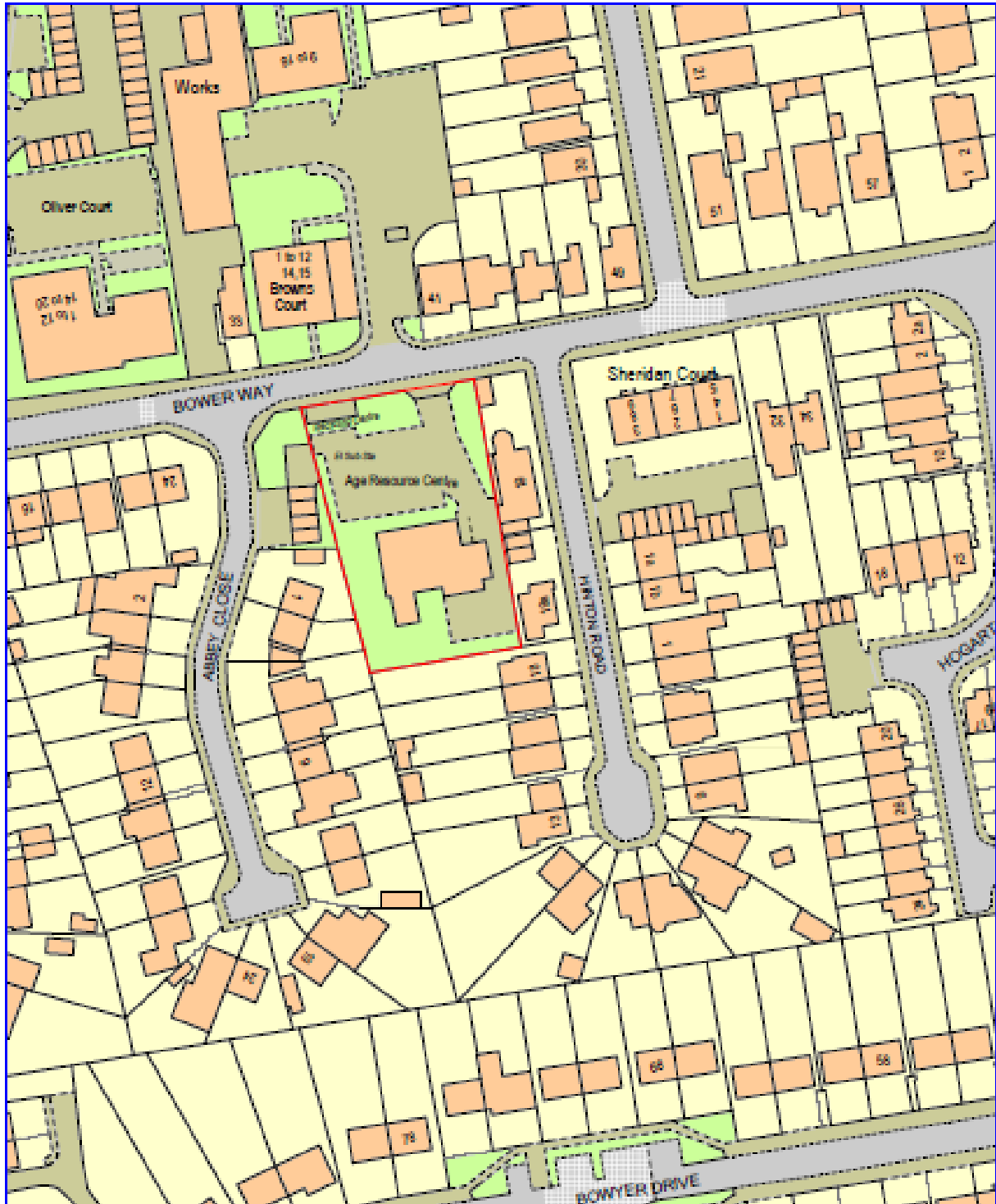
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Former Maria Cowland Centre



Printed 30/08/2019

Appendix Eight – Site Boundary Plan – Mercian Way

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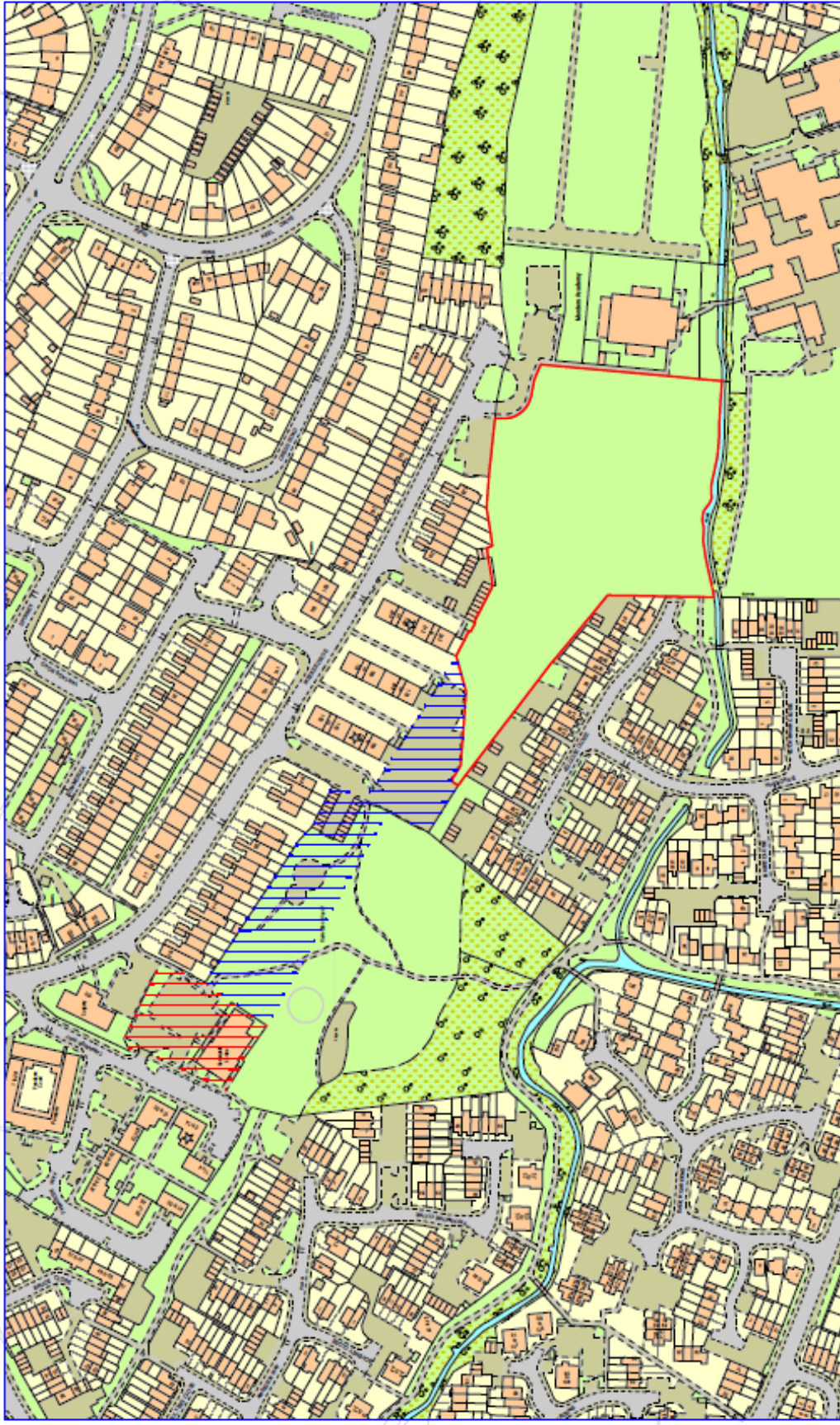
Land at Mercian Way



Appendix Nine – Site Boundary Plan – Weekes Drive

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Weekes Drive**

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Printed 30/08/2018