Report to Executive	Agenda Item: A.4

Meeting Date:	1st June 2015
Portfolio:	Finance, Governance and Resources
Key Decision:	Yes
Within Policy and Budget Framework	Yes
Public / Private	Public – Part A
Title:	**Asset Review Business Plan – Refresh of Disposal Programme 2015**
Report of:	**DIRECTOR OF GOVERNANCE**
Report Number:	**GD20/15**

Purpose / Summary:

An earlier report considered by Executive on 21/7/14 (GD30/14), proposed minor changes to the Disposals Programme whilst bringing forward a proposed supply of housing development sites, and was adopted as part of the Council's Policy Framework by Council on 9/9/14. The original Disposals Programme is now nearing the end of its 4 year anticipated lifespan, having exceeded target receipts for the assets sold. Due to progress, changing circumstances and emerging priorities in the Carlisle Plan 2013-16 and Submission Draft Plan 2015–30, Officers in consultation with Portfolio Holders have undertaken a review of the current Programme, proposing further changes.

Recommendations:

1. The Executive note the current position and progress with the Disposals Programme.
2. The Executive considers and comments upon the proposed changes to the Disposal Programme before passing the report to Overview & Scrutiny for comment.

Tracking

Executive:	**1st June 2015**
Overview and Scrutiny:	**18th June 2015**
Executive:	**29th June 2015**
Council:	**14th July 2015**

BACKGROUND

1.1. Asset Review Business Plan – Disposals Programme

The Asset Review Business Plan was approved by Full Council on 11th January 2011 (Report Ref: CE39 /10 refers). The Plan's objectives were to rationalise and consolidate the Property Portfolio, with a programme of disposals spread over four years, aimed at realising capital receipts of £24 million, with the capital receipts being used to generate an additional £1 million in rental income, fund investment, economic development and operational property purchases and to support budget and efficiency savings, and help secure service delivery into the future.

A refresh of the Disposal Programme was put to the Council's Executive on 21st July 2014 which updated the original programme, advised Members of the position of assets that had been put on hold, and put forward plans to bring forward potential housing development sites to meet the priorities of the Carlisle Plan and address future housing needs. The report was adopted as part of the Council's Policy Framework in September 2014.

1.2. Current Situation

Disposal Monitoring Schedules

The Disposals Monitoring Schedule attached as **Appendix 1 to Part B** of this report, sets out work in progress for each of the unsold assets currently in the pipeline, together with additional assets that have been earmarked as surplus following the completion of the original asset review in 2011.

The schedule attached as **Appendix 2 to Part B** of this report shows assets within the original programme that are currently on hold. Their position is noted and a future course of action proposed.

The schedule attached as **Appendix 3** sets out, for those assets where sales have been completed, the target receipts and actual outcomes, the impact on rental income and lease numbers, and the cost to date of realising sales.

Summary Position

The overall position in terms of disposals, acquisitions and the impact on the estate and rental income can be summarised in the following table. The Programme to date has exceeded target receipts for those assets sold to date and met the initial aspirations to support rental income generation, fund investment, economic development and operational property purchases and to support budget and efficiency savings. The cost to date of realising sales including marketing, agency fees and ancillary disbursements amounts to circa. £201,500 which at 2% of gross receipts is within budget targets.

Sales	No. Of Assets	Target Receipt	Gross Receipt
Completed	32	£7.825m	£9.576m
Purchases	**No. Of Assets**	**Cost**	**Property**
Completed	9	£5m	Rickergate properties, BHS Woolworth Building, Herbert Atkinson House, Morton employment land, 7 Warwick Street
Rentals	**No. Of Assets**	**No. Of leases**	**Amount p/a**
Disposals	32	88	£268k
Acquisitions	8	7	£220k

Morton

A significant part of the Business Plan delivery, and the re-engineering of the Council's Portfolio, hinged on the release and disposal of the latent value in the Council's retail and residential assets at Morton. The residential asset transfer to the Church Commissioners and the acquisition of land from the Church Commissioners to increase the Council's employment offer has now completed.

However, the proposed disposal of the Council's retail asset to a supermarket developer has fallen through. As a result of the collapse of the retail food market we now need to reconsider and refresh out proposals for this asset going forward.

Housing Sites

The 2014 Disposals Programme Refresh highlighted 18 assets as having housing development potential through various potential delivery mechanisms. Following disposal on the open market of one of the sites, desktop and further detailed investigation of the remaining sites, and the adoption of the recommendations within the 2014 Disposals Refresh, 6 sites have been confirmed as having residential development potential with detailed investigations underway to ascertain the development potential of a further 3 sites. A plan identifying the location of these sites is attached as **Appendix 4** with an outline of the current status of each of the sites shown in the schedule attached as **Appendix 5**.

2. PROPOSALS

2.1 Disposal Programme Going Forward

Assets in the Pipeline – Appendix 1

It is proposed to continue work on these assets with a view to disposing of them to gain a capital receipt and/or to assist housing delivery. The schedule outlines the relevant assets with an overview of the current position for each and how these will be taken forward.

Assets on Hold – Appendix 2

This Schedule updates Members on assets that have been put on hold within the Disposal Programme and the reasons for this. It is proposed to take these assets out of the Programme going forward and to deal with each asset on an individual basis as and when circumstances and market conditions permit.

Housing Development Sites Location Plan – Appendix 4

This plan shows the location and outlines the extent of the sites that are currently earmarked as housing sites.

Housing Development Sites Proposals – Appendix 5

This Schedule sets out the sites that are currently earmarked as housing sites, the discussions to date with Planners and the work undertaken on each and how these will be taken forward.

Overview of current position

The original Disposals Programme adopted in 2011 as a result of the Asset management Business Plan Review is now nearing the end of its 4 year anticipated lifespan. The Programme to date has exceeded target receipts and met the initial aspirations to support rental income generation, fund investment, economic development and operational property purchases and to support budget and efficiency savings. Further changes in 2014 to the content of the Programme supported proposals to bring forward a pipeline supply of future housing development sites.

Due to changing circumstances and emerging Council priorities, some of the original assets within the Disposal Programme can either no longer be brought forward for disposal or the disposal has stalled. It is therefore proposed to continue with the assets in the pipeline as outlined in Appendices 1 and 4 and to deal with the assets outlined in Appendix 2 as a stand alone basis as and when circumstances, opportunities, and the market allows.

3. CONSULTATION

3.1 The Asset Review Business Plan and subsequent proposals to refresh the content of the plan were endorsed by Full Council following an extensive period of consultation with Stakeholders and Members. Further proposals to refresh the content of the Programme were discussed at the Asset Review Business Plan Officer Group and the Strategic Housing Development Group, and endorsed by Council in 2014. Further discussions and consultations have taken place with the Asset Review Business plan Officer Group and Strategic Housing Development Group with some Members have expressed views on particular assets. The outcome of the recent discussions and views has been incorporated into the latest proposals.

4. CONCLUSION AND REASONS FOR RECOMMENDATIONS

4.1 To update Members as to the current position with the Disposals Programme, and to more effectively manage the Council's assets in line with the wider strategic and budgetary objectives, and to bring forward sales.

5. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

5.1 It is considered the proposals will support the following priorities:-

- Addressing the current and future housing needs of the City.
- Promoting partnership working with private and public organisations.
- Providing capital receipts to support the Asset Business Plan and maintain public services.

Contact Officer: **Barbara Vernon** **Ext: 7422**

Appendices attached to report:
Appendix 1 – Updated Disposal Monitoring Schedule – Part B only
Appendix 2 – Assets on Hold Schedule – Part B only
Appendix 3 – Completions to date Schedule
Appendix 4 – Housing Development Sites plan
Appendix 5 – Housing Development Sites recommendations

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: CE 39/10 Draft Asset Review Business Plan; RD47A/13 Asset Review Business Plan – Disposals Programme; GD 301/14 Refresh of Disposals Programme (2014).

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's – None

Deputy Chief Executive – None

Economic Development – None

Governance – The Council has a fiduciary duty to properly manage its property assets. It has the legal powers to both buy and sell land and, in terms of disposals, should sell surplus land. The Asset Management plan is part of the Council's reserved Budget & Policy framework and, as such, the Executive is required to consult with Overview & Scrutiny before making a recommendation to Council.

Local Environment –None

Resources – The Asset Review Business Plan has been progressing since the implementation and to date has achieved £1.8m more capital receipts than originally anticipated (£9.6m against £7.8m). Nine purchases have been completed at a total cost of £5m and new income has been generated of £220,000. Lost rental income on assets sold of £268,000 has been incurred. Further assets have been identified for potential disposal which, if sold will provide additional receipts over and above those originally envisaged.

The receipts from the sale of assets associated with this disposal programme are now earmarked for funding the Council's capital programme over the next five years and therefore not available for any asset purchases not currently included in the capital programme, and receipts of £5,948,000 are scheduled to be received from these disposals in 2015/16. A re-scheduling of these disposals will have an impact on the forecast Capital Financing Requirement (CFR), and subsequently the amount of Minimum Revenue Provision (MRP) that is forecast in the revenue budget. Any reduction in receipts received will increase the CFR and increase the amount of MRP charged against General Fund Reserves.

The Capital Programme is also based on achieving £5,948,000 for disposals and if this is not achieved, there is a risk that the current programme becomes unfinanced in 2019/20 leading to a borrowing requirement in order to meet the commitments.

The re-profiling of the asset disposals will be included in the Capital Strategy for 2016/17 and any revenue impact will be included in the MTFP for 2016/17.

Asset Review Business Plan - Disposal Programme - Completed disposals - APPENDIX 3

Item	Property	Year 10	11	12	13	14	Target Receipt (£)	Rental Loss (£)	No of Leases / licences / tenancies	Property	Legal	Planning	Communication	Governance	Marketing	Completion	Records	Gross Receipt Net of VAT (£)	% Change on Target Receipt	No of Leases / licences / tenancies sold	Comments & Issues
	Disposal Programme									**Progress**											
1	Morton Residential Site (Church Commisioners)						3,000,000		1									2,662,500	-11.25	1	Montagu Evans. Linkage Morton Retail. Negs close finalising land exchange. Exec consent granted.
5	Whinnie House Residential Ground Lease						262,000	25,200	1									410,000	56.49	1	Sitting tenant interest. Marriage value. Rent Review now agreed. Private treaty, Sanderson Weatherall, Phase I
6	Doctors Surgery Fusehill Street						10,000		1									20,000	100.00	1	Sold
7	Depot R/O Old Raffles Parade						30,000		1									24,000	-20.00	1	Sold
13	Doctors Surgery at Eastern Way						137,500	8,250	1									160,000	16.36	1	Sold
16	BBC Annetwell Street						10,000		1									50,000	400.00	1	Sold
17	Port Road Workshops and Storage Land						300,000	29,925	6									275,000	-8.33	6	Sold
18	Land at Gelt Rise Brampton						200,000											216,000	8.00		Sold
19	Land at Low Meadow						324,000											360,000	11.11		Sold
21	Treasury Court						180,000	13,500	1									260,000	44.44	1	Auction 161013. Sold.
22	Land at Leabourne Road						24,000		1									14,000	-41.67	1	Sold.
24	Hewson Street Workshops						200,000	20,000	5									180,000	-10.00	5	Sold
25	South John Street Workshops & Storage Land						190,000	15,000	8									164,950	-13.18	8	Sold
26	Land adjoining Morton Petrol Filling Station						50,000	20	1									47,500	-5.00	1	Sold
29	Retail Units 1,2 & 3 Market Place, Brampton						237,000	23,350	2									240,000	1.27	2	Sold
31	Burgh Road Industrial Estate						1,000		1									500	-50.00	1	Sold
32	Land at Lonning Foot Rockcliffe						70,000		0									47,500	-32.14		sold
33	Currock Road Retail Site						1,393,000	77,000	3									1,910,000	37.11	3	Sold
34	Long Island Park Industrial Estate						157,000	12,600	3									204,000	29.94	3	Sold
35	Longtown Industrial Estate						90,000	7,200	3									80,000	-11.11	3	Sold
36	Willowholme Industrial Estate						300,000	28,756	25									859,000	186.33	14	All sites now sold apart from Showman's Guild sites
37	Airport Industrial Estate						30,000	4,678	2									53,000	76.67	2	Sold
39	Rigg Street						5,000		1									12,000	140.00	1	Sold
41	Garages at Isabella Street						12,000		5									19,000	58.33	5	Sold
43	Garages at Tullie Street						12,000	502	2									18,000	50.00	2	Sold
44	Garages at Allason Court Brampton						10,000	1,004	4									9,750	-2.50	4	Sold
45	Garages at Broad Street						31,000	1,256	10									42,000	35.48	10	sold
46	Land at Old Isolation Hospital, Moorhouse						65,000		2									95,000	46.15	2	Sold
47	Agricultural land at Carlisle Airport						300,000		5									479,760	59.92	5	Sold
48	Agricultural land at Harker						32,000		1									39,500	23.44	1	Sold
49	Land at Gelt Bridge Brampton						150,000		1									210,000	40.00	1	Sold
50	Esk Street Depot						13,000		0									13,000	0.00	1	Sold
51	Raffles Development Land						800,000		0									400,375	-49.95		Lovells Partnership Agreement. 1) £150,000 Riverside, Dalston Ave, 2) £90,374.64 Kovells Raffles Est, 3) £65,000 Lovells 2012/13 4) £95,000 Riverside Thomlinson Ave 2013/14
	Annual Loss of Rent:						268241			**Total Gross Receipts:**								**9,576,335**		32	**properties sold. Total no' leases, licences & tenancies sold:** 88
	Total target receipt						**7,825,500**			**Total Disposal costs:**								**201,500**			**Net receipts over estimate:**
							Total no' leases,			**Net Receipts:**								**9,374,835**			**£1,811,335.00**
							licences & tenancies:		**98**	**Costs % of Gross rcpts:**								**2%**			**n.b. Net receipts now includes Willowholme - as from 31/03/13**

KEY:		
Progress Indicator	***Red***	*Not started*
	Yellow	*Underway*
	Green	*Completed*

Date of report 1.1.15 BV

Asset Review Business Plan - Disposal Programme
Potential Housing Development Sites

Scale: 1:21,277 Date: 11/05/2015

Civic Centre
Rickergate
Carlisle
CA3 8QG

CARLISLE CITY COUNCIL
www.carlisle.gov.uk

ASSET REVIEW BUSINESS PLAN – DISPOSAL PROGRAMME

HOUSING DEVELOPMENT SITE RECOMMENDATIONS

PLAN REF	ME PLAN REF	ASSET					PLANNING OVERVIEW	GREEN SPACE COMMENTS	HOUSING COMMENTS	PROPERTY SERVICES ACTION / POSITION	CONSIDERATIONS & ISSUES	RECOMMENDED ACTION	CHANGES FROM 2014 DISPOSALS REFRESH?
		Name	Asset Category	Disposal Prog	Area Ha Acs	Use							
1	107	Raffles Development Land	Investment	Disposal Prog	11.64 28.7	Lovells Dev't Scheme	Designated in the Preferred Options Local Plan as Primary Residential Area. There are various planning permissions in place for market housing or affordable housing in line with the original Raffles Vision to regenerate the area by introducing a mix of housing types and tenure. Envisaged that this potential will continue to be developed as phases continue.	No green space implications	No comments	Sales proceeding in line with development agreement with Lovells	Lovells Partnership Development Programme. Phases 4, 5, 6 to build out. Affordable houses for sale & some social housing	Continue to progress housing dev / sales with Lovells Mix affordable Pvte Sector & Social Housing.	No Changes
2	105	Land at Wood Street	Investment	Disposal Prog	0.22 0.55	Former Bowling Green Vacant	Designated in the Preferred Options Local Plan as open space. The potential for this site has recently been restricted by a reassessment of the area liable to flood which now covers most of the site. There are also access restrictions due to widths of neighbouring streets but may be able to be accommodated. Unless these can be resolved there is limited potential	No operational green space implications. There is an expectation that this site will be developed. There have been suggestions of a community garden on the site but this would be a community initiative if it ever came forward.	Limited interest from Housing Associations as a 'stand alone' site but could have potential if packaged with other Council owned sites through Demonstration Project. Also possible potential for community led development. Narrow access.	Ex bowling green – preparatory work undertaken and indicative development commissioned and received to inform how to overcome known issues with the site. Report to Members on RP led development/Council funded scheme	Part Flood Zone. Poor access. Neighbourhood issues. TPO's. Site lines. Off-street parking required. Delivery for housing or any use will be problematic. Potential Council backed housing scheme.	Report put forward to Members around site potential and viability. Await feedback. Continue discussions with Housing around inclusion of the site within any 'demonstration project package'	Updated Housing comment, Property Services Action and Recommendation
3	110	Land at English Street, Longtown	Investment	Disposal Prog	0.46 1.14	Former Allotments Vacant	Designated in the Preferred Options Local Plan as Primary Residential Area. Some development potential but has to take into account the adjacent Lochinvar Beck and adjacent conservation area. Adjacent land has permission for development and provision has been made to enable a joint access to be achieved with the Council owned land.	No green space implications	No comments	Ex bowling green – preparatory work undertaken and issue with flooding has arisen which is currently being looked at by a consultant. Provisional agreement to bring to market jointly with Church.	Feasibility of joint development with Catholic Church. Access issues. Consent on neighbouring land issued – see application 11/0279.	Pvte Sector Housing Disposal Programme sale. Progress discussions with Church to jointly bring to market in Summer 2014.	No Changes
4	100	Land SW of Kingwater Close, Brampton	Investment	Disposal Prog	2.32 5.73	Agricultural land	Allocated in the Preferred Options Local Plan for housing (open market with a S106 contribution for affordable units). Access arrangements need to be considered in more detail as could be a potential constraint to housing numbers but a number of options exist.	No green space implications	Main two accesses would involve crossing Riverside land. Riverside has expressed interest in working with a private developer partner to develop the site for market housing with Riverside as the provider for the affordable housing element.	Preparatory work already undertaken re initial searches	Attractive/desirable site for pvte developers. Access limitations to unpick. Development in conjunction adjoining land a possibility. Probably our most valuable site.	Pvte Sector Housing Disposal Programme sale. Bring forward into market.	No Changes
5	N/A	Land at California Road, Greymoorhill	Investment	No	6.54 16.15	Agricultural land	Allocated in the Preferred Options Local Plan for housing (open market with a S106 contribution for affordable units). Access is required from adjacent allocated housing land which is in private ownership. There is developer interest in this site.	It is understood that the area mooted for disposal is adjacent to, and does not include, the area used for football pitches by both local teams and James Rennie School, which we would wish to see retained. The adjacent site is of limited recreational value.	No comments	Preparatory work undertaken and title recently registered at Land Registry	Association formerly with Kingstown IE Allotment allocation review but not progressing now. Access. Possible joint approach but road improvements may be required. Deliverable	Opportunity for Mix Pvte Sector & Social Housing Inclusion in Kingstown / Parkhouse Future Management Options a possibility. Bring to the market for sale.	

PLAN REF	ME PLAN REF	ASSET					PLANNING OVERVIEW	GREEN SPACE COMMENTS	HOUSING COMMENTS	PROPERTY SERVICES ACTION / POSITION	CONSIDERATIONS & ISSUES	RECOMMENDED ACTION	CHANGE IN RECOMMENDTION FROM 2014 DISPOSALS REFRESH?
		Name	Asset Category	Disposal Prog	Area Ha Acs	Use							
6	103	Land at Beverley Rise, Harraby	Investment	Disposal Prog	2.15 5.30	Agricultural land	Allocated in the Preferred Options Local Plan for housing development (open market with a S106 contribution for affordable units).	No green space implications	Interest from local Housing Associations in delivering part of the site. Could have potential for 'Demonstration Project' with Carlisle College	Preparatory work undertaken including report on title and planning advice. No private developer interest in the site following soft market testing	Various potential access points. M6 buffer screening required.	Site for Social Housing. Progress as potential 'Demonstration Project'	Property Services action and recommendation changes
7	N/A	Land at Greta Ave	Operational	No	0.41 1.00	Former Allotment Vacant	Designated in the Preferred Options Local Plan as open space. The adjacent beck is recognised as a main river which requires an 8metre exclusion zone from development alongside the beck. Could be considered as a windfall site for small development if a scheme could be designed to overcome this.	The disused allotment site to the west of Greta Avenue has previously been suggested as a potential housing site. There is no demand for allotments in this part of Carlisle.	Interest from local Housing Associations, subject to flood risk assessment. Possible site for 'Demonstration Project' with Carlisle College. Previous architect investigations confirm potential residential capacity and developability of the site.	Initial plans prepared and deed numbers checked. Consultant engaged to look at how any development may overcome the flooding issue.	Scope for housing with limited access and flooding issues. Consider allotment status.	Site for Social Housing but limited potential. Progress potential for inclusion within 'Demonstration Project pacakge'.	Housing comment, Property Services action and recommendation Changes
8	N/A	Hadrian's Gardens, Brampton Road	Operational	No	1.14 2.8	Open space	Designated in the Preferred Options Local Plan as white land which envisages no change. Initial assessment limits the use due to the existence of Hadrian's Wall to the north and a play area on site. Archaeological works and relocation of play area may allow limited potential for development but would not allocate the whole site for development.	Currently contains a children's play area which was identified as strategically important in the recent review. The space is also valuable for informal recreation and any development should be mitigated by laying out of viable public open space to provide opportunities for play and recreation	Interest form local Housing Associations. Riverside has a shared liability for the un-adopted carriageway. Proximity to Roman Wall & Vallum likely to increase archaeological costs.	Brampton Rd - initial plans prepared and deed numbers checked. Consultant engaged to look at how current access road width, archaeological issues and retention of play and recreation provision could be factored into any potential development and to advise on the viability of the site.	Amenity land. Outside Urban boundary. Access limitations. Archaeological implications.	Pursue limited scope for Social Housing or Self Build or other specialist needs.	Property Services action changes.
9		226-228 Raffles Avenue	Operational	No	0.055 0.13	Former Community Centre	The site lies within the boundary of the defined urban area. The land is designated as a Primary Residential Area (Policy H2 in the Carlisle Local Plan), meaning that proposals which would relate to or compliment the existing residential uses, including new residential development, would be supported.	Preference would be to release the area adjacent to the site, currently open space, for housing development and to return this site back to open space, restoring the original boundary of the adjacent park.	No interest from Registered Providers as a 'stand alone' site as unlikely to be financially viable. Potential demonstration project if packaged with other Council owned sites.	Potential to include this site as part of a 'demonstration project' package if married with adjacent grassed opens space. Explore potential further	Amenity land/open space. Demolition of existing building. Viability of developing site. Marriage with adjacent grassed open space to create larger site.	Explore 'demonstration project package' potential further. If not viable bring to open market for disposal.	Additional site