

# **CORPORATE RESOURCES OVERVIEW AND SCRUTINY COMMITTEE**

## ***Committee Report***

**Public**

**Date of Meeting:** 27 July 2006

**Title:** TRANSFER OF CITY COUNCIL LAND FOR THE CARLISLE  
NORTHERN DEVELOPMENT ROUTE

**Report of:** DIRECTOR OF DEVELOPMENT SERVICES

**Report reference:** DS 38/06

### **Summary:**

This report provides Members with the opportunity to consider whether the City Council should transfer land to the County Council at less than market value in order to assist the funding of the road scheme. The report outlines the quantifiable economic, social and environmental benefits that the scheme would bring to Carlisle and north Cumbria. It describes the process involved if the Council were minded to transfer land at less than best consideration. The matter will require consent from the Secretary of State.

### **Recommendations: It is recommended that:**

It is recommended that the views of this Corporate Resources Overview and Scrutiny Committee are sought on the matter, in order for the Executive to consider those views, prior to making any final recommendations to Council in respect of the principle of any disposal at less than full market value.

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**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: Report to the Secretary of State of Transport by the Inspector dated 20 January 2003 from the Planning Inspectorate (Ref. DN5049/55/7/06); the Cumbria County Council Statement of Case for the Carlisle Northern Development Route dated 10 April 2002; Proof of Evidence for Economic Development in respect of the Carlisle Northern Development Route dated 8 November 2002 (also Cumbria County Council); the Cumbria County Council Compulsory Purchase Order Notice to Treat dated 25 May 2006; the City Council's Asset Management Plan 2006/2001.

## INTRODUCTION

1. The Carlisle Northern Development Route (CNDR) has been planned for many years. It is a scheme funded through a Private Finance Initiative (PFI).
2. The City Council has been strongly supportive of this scheme in partnership with the County Council because of the considerable social, economic and environmental benefits that the road will bring to Carlisle and its renaissance.
3. After the PFI scheme tender documentation was prepared by the County Council for contractors to bid, the pricing responses from the private sector were well above the budget estimates.
4. In representations to central government by the County Council for additional funding, the direction back has been an instruction for the land acquisition matters to be resolved at a local level.
5. The County Council have, therefore, requested that the City Council landed interests be transferred at nil consideration as part of the contributory funding package in partnership.
6. The report seeks a decision from Members consequent of this.
7. The Executive at its meeting on 3 July 2006 resolved:
  1. ***That the Executive is minded to approve the transfer of certain land holdings needed for the construction of the Carlisle Northern Development Route at nil consideration in order to assist the construction of the road scheme, subject to the views of the Corporate Resources Overview and Scrutiny Committee being received on the matter.***
  2. ***That the Town Clerk and Chief Executive be requested to enter into discussions with the County Council with a view to securing in principle a reciprocal agreement in connection with any County Council owned land that may be required for the fulfilment of the Carlisle Renaissance Agenda.***

## CNDR SCHEME OBJECTIVES

7. The objectives of the project are defined in the Local Transport Plan as follows:
- (i) to maximise all development opportunities for the Kingmoor Park regional strategic employment site by comprehensive improvement of transport infrastructure to the site;
  - (ii) to permit a significant amount of traffic restraint in the city centre and increase the mode share of public transport and cycling;
  - (iii) to assist economic growth by reducing transport costs;
  - (iv) to enhance road safety by reducing accidents;
  - (v) to improve strategic links between West Cumbria, Scotland and the North East of England and enable the development of a major road/rail interchange at Kingmoor Park.
8. The total scheme cost for the road is over £30 million (excluding any road maintenance to other County roads).

## THE COUNCIL'S POLICY ON LAND DISPOSALS

9. In the Asset Management Plan, the Council's policy is clear.
- ♦ ***The Council will dispose of Assets that it does not require on the open market on a freehold and leasehold basis at best consideration***
10. The proposal brought before the Executive and this Committee is a departure from this policy but can be recommended – if Members' wish – because there are significant and quantifiable benefits.

## LOCAL GOVERNMENT ACT 1972: GENERAL DISPOSAL CONSENT 2003

11. Local Authorities are given powers under the 1972 Act to dispose of land in any manner they wish to, including sale of their freehold interests and the granting of leases. The only constraint is that a disposal must be for the best consideration reasonably obtainable.

12. Central Government have recognised that there may be circumstances where an authority considers it appropriate to dispose of land at an under value. However, authorities should not divest themselves of valuable public assets unless they are satisfied that the circumstances warrant such action.
13. It is considered in this case that the circumstances do warrant such action if Members' decide.
14. When disposing of land at an undervalue, authorities must remain aware of the need to fulfil their fiduciary duty in a way which is accountable to local people.
15. Consent for a disposal at an undervalue of £2 million or less is not required from the Secretary of State when the authority considers it will help secure the promotion or improvement of the economic, social or environmental wellbeing of its area. At above this figure, consent is required.

## **COMPULSORY PURCHASE POSITION**

16. The County Council are the promoting authority under highway legislation. They have appropriate compulsory purchase powers to acquire all land for the scheme in question.
17. The County have proceeded through the proper formal compulsory purchase route, including an Inquiry, confirmed by the Secretary of State for Transport. The County have now served what is known as Notices to Treat on affected occupiers and owners - including the City Council. This means that the land will be in the control of the County Council in due course.
18. The County Council in their correspondence upon serving the Notice to Treat, have stated that because they have not yet received confirmation of funding to enable the scheme to proceed, they do not wish to serve what is known as a Notice of Entry. It is this latter notice which fixes the date upon which the valuations should be agreed and would allow the County Council to take occupation of land in order for the scheme to be constructed on site.

## **THE CITY COUNCIL'S LANDED INTERESTS**

19. Most of the City's landed interests affected by the scheme are shown in the attached schedule, Appendix A.

20. The scheme design is fluid in order to try and reduce costs of acquisition, particularly at Chandler Way. The final land take may, therefore, alter.
21. It is considered that the open market value of the interests under the compulsory purchase statutory rules concerning valuation matters is £2.5 million (two million five hundred thousand pounds). This is for the freehold interests subject to various leases. This has broadly been agreed with the valuers acting for the County.
22. This includes what is known as betterment i.e. increased value to any retained land owned by the City Council as a consequence of the scheme, once the road is up and running.
23. For the purposes of clarity, this valuation does not include what is known as accommodation works i.e. any physical adaptations required, such as fences and landscaping, once the scheme is completed. This would be a matter for discussion and negotiation between the City and County Council representatives.
24. This valuation figure is at today's date. It is, of course, subject to change according to market circumstances and valuation assumptions, dependent upon the final detail. The final design changes at Chandler Way, for example, aim to reduce the valuation figure that would otherwise be paid.

## **EVIDENTIAL BENEFITS OF THE SCHEME**

25. The Carlisle Northern Development Route is undoubtedly one of the biggest and most important contributory factors to Carlisle's long term wellbeing – economically, socially and environmentally.
26. Particularly, it is important for Members to consider the conclusions of the Inspector of the Secretary of State for Transport in the report following the Compulsory Purchase Order Inquiry. He states in his summary:

***The (County) Council's case was unchallenged at Inquiry and there are no outstanding objections to the side roads order. It seems to me that the low level of objections to the scheme is a recognition of its intrinsic merits. It would allow full development of Kingmoor Park with the benefits to business which would bring as well as employment benefits to Carlisle and wider afield. Carlisle traffic would be relieved so allowing public transport***

***measures to be introduced which should encourage the mode shift sought by the Council. The sensitive heritage and environmental issues along the route have been carefully addressed and are without objection except specific to individual property. It seems to me that there is much merit in the scheme.***

27. The Inspector's report outlines the policy context at a national level for the scheme, where he believes that the CNDR would be consistent with national policy as the need for bypasses is recognised as is the need to support business and economic growth – both of which the CNDR would achieve.
28. The Inspector noted that the impact on the scheme on the ecology had been addressed by seeking to minimise habitat reduction and, where necessary, replacing that which will be lost by a greater area. In coming to his conclusions, he specifically stated that the environmental objections relating to individual properties had been taken into account.
29. The Inspector noted that evidence submitted was clear, that the provision of the CNDR would result in a significant reduction in Carlisle City Centre traffic. There would be desirable benefits for journey reliability and safety. Should the CNDR not materialise, the long term predicted increase in traffic would merely exacerbate an already difficult position.
30. He also noted that the economic and employment case seemed persuasive as it linked to jobs being created at Kingmoor Park connected to a better West Cumbrian access strategy.
31. The Inspector concluded that for the purposes of access to Kingmoor Park, of reducing traffic congestion in Carlisle and for economic and employment purposes, the need for the CNDR was clear.

## **CARLISLE RENAISSANCE**

32. **Commentary by Faber Maunsell, the City Council's consultant, in respect of the emerging transport vision and strategy**

This note provides a commentary of the report to the Executive and this Committee in relation to the emerging Transport Vision and Strategy for Carlisle.

The key role of the CNDR is to improve movement in and around the city by providing an alternative route for the large volume of through traffic that currently moves from the M6 corridor to West Cumbria – particularly to and from Southern Scotland.

The issue of only one viable crossing of the River Eden from North to South for vehicular travel currently creates significant levels of unnecessary through, often heavy goods, traffic across and around the city centre. This in turn creates issues of increased severance, congestion and air pollution.

Faber Maunsell see the CNDR as a key element of the City Transport Vision and Strategy from which to build. It provides several key opportunities;

- It removes a large proportion of the above mentioned through traffic, offering attractive choice
- Even relatively small changes in flows around the City Centre start to allow local level improvements such as pedestrian crossings
- Removal of through traffic is likely to assist in accommodating any increases in City Centre demand as major schemes such as Rickergate are developed
- On Castle Way in particular some re-allocation of roadspace may be viable, either on the link or at key junctions - this would create opportunities for public realm improvements, pedestrian severance reductions (at grade crossings) and air quality improvements around key historic assets
- CNDR, combined with effective Park and Ride starts to provide opportunity for good access for essential users to higher quality City Centre car parks and for reallocation of some roadspace to sustainable modes on key radial corridors into the city.
- There is potential to add to the CNDR in future by providing further links to it from areas such as Willow Holme industrial estate, further reducing the impact on the A7 corridor but perhaps more importantly diverting HGV's away from residential or historic areas of the City

We agree that the CNDR appears to be a 'large contributory factor to Carlisle's long term wellbeing'.

We suggest that the CNDR is a major stimulator/catalyst scheme to assist Carlisle in becoming an integrated 'Accessible City' exemplar.

We feel that if the effects of the CNDR are harnessed effectively in and around the City Centre, rather than simply being seen as extra vehicular capacity, it could have significant benefits for the City and Hinterland.

The CNDR certainly adds to rather than acts as a detriment to the Transport Vision and Strategy emerging for Carlisle. The key will be making sure the benefits gained from it are used to the full to assist in creating choice of transport and improved public realm.

## **SUMMARY BENEFITS OF THE SCHEME**

### **34. Economic Benefit**

- (i) Protect and contribute to the development of existing assets at Parkhouse and Kingstown;
- (ii) Support the development and substantial future expansion of Kingmoor Park, reinforcing the position as a Regional Strategic Employment Site;
- (iii) Kingmoor Park Properties have indicated that the site has the potential to create 5,000 jobs over the next five years and that the development of the transport infrastructure around KMP is essential to facilitate this employment growth (County Council Press release 12/10/2004);
- (iv) Will improve access for businesses on existing sites to the west of the City and open up new opportunities;
- (v) Will contribute to strengthening Carlisle's Inward Investment offering;
- (vi) Will open up opportunities for new developments along the line of the route particularly at the area of Kingmoor Park referred to as the Hub;

- (vii) The reduction of congestion with the City Centre will benefit businesses, strengthen Carlisle's Tourism offering and provide capacity to undertake new developments as part of the Renaissance agenda and contributing to the Renaissance "Movement Strategy";
- (viii) Will provide better access for deprived communities on west side of the City eg Raffles and Morton to concentration of employment opportunities in the north;
- (ix) Will provide temporary boost to economy through the construction phase;
- (x) At a County level, the CNDR will remove the need for vehicles heading west from having to pass through the City. This will help support efforts to regenerate West Cumbria;
- (xi) Net present value of approximately £85 million with a benefit to cost ratio of over 4 in terms of public to private investment multiplier (County Council figures).

### **35. Movement Benefit**

- (i) Significant traffic flow reduction on the A595/A7 roads into the City Centre.
- (ii) Introduction of bus and cycle lanes on the A595/A7, significantly increasing capacity;
- (iii) Large journey time savings for buses;
- (iv) Safety improved for cyclists;
- (v) Improvements to transport economic efficiency of road network.

### **36. Safety Benefit**

- (i) Saving of 560 accidents over a 30 year period; saving of 5 fatal casualties, 103 serious and 572 slight (County figures).

### **37. Environmental Benefit**

- (i) Predicted levels of carbon monoxide, oxides of nitrogen, hydrocarbons predicted to reduce because the scheme will reduce congestion;
- (ii) Localised air quality to improve;
- (iii) No direct physical impact on listed buildings;
- (iv) Archaeological mitigation measures included;
- (v) Severance to Kingmoor Nature Reserve mitigated by additional land included in reserve,  
e.g. Loss of woodland: 6710 sq.m. Gain: 123,272 sq. m.

### **PARTNERSHIP WORKING WITH THE COUNTY COUNCIL**

- 38.** Members' may wish the County Council to respond positively towards any offer that the City Council makes in relation to its transfer of land at less than best consideration.
- 39.** For example, through Carlisle Renaissance there may well be County Council owned parcels of land which are required for development purposes in furtherance of the City's economic strategies and policies.
- 40.** In which case, as part of the final resolution to Council, Members' may wish to consider requesting that the County Council assists the City Council by transferring landed interest that may be required in the spirit of partnership working.
- 41.** Kingmoor Park Properties Ltd are also being asked to transfer land at nil value.

### **CONSULTATION**

- 42.** Consultation to Date:  
Cumbria County Council, planning and compulsory purchase formal approaches, significant informal consultation over the years between the County Council, City Council and its various stakeholders (part of which they have to under the legal agreements).

- 43.** Consultation proposed:  
Cumbria County Council, Corporate Resources Overview and Scrutiny Committee,  
Full Council.

## **CONCLUSIONS**

- 44.** The City Council owns valuable real estate which the County Council requires for the construction of the Carlisle Northern Development Route.
- 45.** A private finance initiative has demonstrated that there is a funding gap to bridge in order for the scheme to proceed. Central Government have asked the local authorities to resolve the land acquisition matter at a local level.
- 46.** The environmental, social and economic case for the road is a significant one. This was confirmed at a public enquiry into the Compulsory Purchase Order by the Secretary of State for Transport Inspector.
- 47.** In order to demonstrate partnership working with the County Council and in support for the furtherance of Carlisle Renaissance, the conclusion is that the City Council should contribute to the scheme by transferring its landed interests at nil consideration.
- 48.** The report seeks consent to do this as a matter of principle through the City Council's formal processes, with final issues delegated to officers to resolve, including consent from the Secretary of State in order to do this.
- 49.** The final land take may change slightly and, therefore, the valuation could also be subject to alteration.

## **RECOMMENDATIONS:**

It is recommended that the views of this Corporate Resources Overview and Scrutiny Committee are sought on the matter, in order for the Executive to consider those views, prior to making any final recommendations to Council in respect of the principle of any disposal at less than full market value.

## REASONS FOR THE RECOMMENDATIONS

50. To assist the proceeding of the Carlisle Northern Development Route in partnership with the County Council.

## IMPLICATIONS

- Staffing/Resources – The workload for the valuation of the landed interests has been taken on a mix and match approach according to the skills of the in-house team and that of private sector consultants.
- Financial:–

This is an opportunity cost of a lost resources but also lost interest on a potential capital receipt to be included in assessing the total whole life cost and benefits of this initiative. A receipt of £2.5m at 4.5% would have generated £112,500 per annum.
- Legal:-
  - (1) The Council has power under Section 123 of the Local Government Act 1972 to dispose of land in any manner it wishes, including sale of a freehold interest, granting a lease or assigning any unexpired term of a lease, and granting easements. The only constraint on this power is that the disposal must be for the best consideration reasonably obtainable (except in the case of the disposal of short tenancies), unless the Secretary of State consents to the disposal being made at less than best consideration.
  - (2) Consent from the Secretary of State can be given in one of two ways. It is automatically given if the disposal at less than best consideration falls within the terms of a general Consent given by the Secretary of State in 2003. An important caveat in this Consent, however, is that the under value for which the land is disposed of must not exceed two million pounds.

If it is proposed to dispose of land at an under value exceeding two million pounds, then a specific consent must be obtained from the Secretary of State on a case by case basis.
  - (3) It is therefore a matter for the Executive to consider whether they wish to recommend in this case that the land be disposed of to the County Council at nil consideration, which would amount to a disposal at £2,500,000 less than its estimated market value and which would, as explained above, require the

formal consent of the Secretary of State. The Council has supporting powers in Section 2 of the Local Government Act 2000 enabling it to do anything which it considers is likely to achieve the promotion or improvement of the economic, social or environmental wellbeing of its area. In deciding whether or not to proceed to dispose of the land to the County Council at the proposed under value, the Council should first consider carefully whether, as set out in the 2000 Act, such a disposal will promote the economic, social or environmental wellbeing of the area and should have regard to its own community strategy and the objectives set out therein when making this judgement. The Director of Development has set out fully in this report the contribution which the construction of the CNDR is envisaged to make to the wellbeing of the area and Members need to take in to account all those factors when determining whether or not to proceed at a disposal at the under value proposed.

- (4) The relevant Government Circular guidance on the matter (General Disposal Consent (England) 2003) sets out that it is Government policy that Local Authorities should dispose of surplus land wherever possible. Whilst it is expected that land should be sold for the best consideration reasonably obtainable in general circumstances, the Circular recognises that there may be circumstances where an authority considers it is appropriate to dispose of land at an under value. Hence, the Consent regime referred to above has been put in place. The Guidance makes the point that, when disposing of land at an under value, Authorities must be aware of the need to fulfil their fiduciary duty in a way which is accountable to local people and make sure that they obtain the view of a professionally qualified valuer as to the likely amount of the under value, so that they are fully informed of all the relevant circumstances, and the Head of Property Services has therefore advised on value in this regard in the body of the report. It is a matter, therefore, for the Executive to consider how it wishes to proceed in the light of the above circumstances – taking into account this Committee’s viewpoint.

- Corporate – All assets at the City Council are owned as a corporate resource.
- Risk Management – It is likely that if the City Council does not approve this, then the Carlisle Northern Development Route as a scheme must have further doubt about its viability.
- Equality Issues – The design of the CNDR includes cycle ways and pathways for the disabled.

- Environmental – A full environmental impact assessment has been undertaken and considered as part of the process for the CNDR.
- Impact on Customers – As stated in the report, there are significant repercussions if the CNDR does not proceed for Carlisle's economic, social and environmental wellbeing.

**SCHEDULE**

**The Land**

**PLOT 52**

Plot 52 acquisition of freehold interest of 4772 square metres Woodland forming part of Kingmoor Nature Reserve (North) and permissive footpaths shown on the attached plan.

**PLOT 52A**

Plot 52A Acquisition of freehold interest of 367 metres of land forming part of the dismantled railway track and permissive footpath adjacent to Kingmoor Nature Reserve (North) shown on the attached plan.

**PLOT 52B**

Plot 52B The right to carryout works so as to re-grade the permissive footpath of 390 square metres of land forming part of a dismantled railway track and permissive footpaths within Kingmoor Nature Reserve (North) shown on the attached plan.

**PLOT 52C**

Plot 52C The right to carryout works so as to re-grade the permissive footpath of 160 square metres of land forming part of a dismantled railway track and permissive footpath adjacent to Kingmoor Nature Reserve (North) shown on the attached plan.

**PLOT 52D**

Plot 52D The right to carryout works so as to re-grade the permissive footpath of 2387 square metres of woodland forming part of Kingmoor Nature Reserve (North) shown on the attached plan.

**PLOT 52E**

Plot 52E Acquisition of freehold interest of 5213n square metres permissive footpath between Kingmoor Nature Reserve (North) and Parkhouse Road shown on the attached plan.

**PLOT 52F**

Plot 52F The right to carry out planting and landscaping works outside the boundary of the new highway of 1035 square metres of grassland adjacent to and west of the Asda Supermarket shown on the attached plan.

PLOT 53

Plot 53 Acquisition of freehold interest of 60 square metres land forming part of Kingstown Industrial Estate shown on the attached plan.

PLOT 54

Plot 54 Acquisition of freehold interest of 2110 square metres land forming part of Kingstown Industrial Estate shown on the attached plan.

PLOT 54B

Plot 54B Acquisition of freehold interest of 70 square metres land forming part of Kingstown Industrial Estate shown on the attached plan.

PLOT 54C

Plot 54C Acquisition of freehold interest of 130 square metres land forming part of Kingstown Industrial Estate shown on the attached plan.

PLOT 55

Plot 55 Acquisition of freehold interest of 5430 square metres land forming part of Kingstown Industrial Estate shown on the attached plan.

PLOT 56

Plot 56 Acquisition of freehold interest of 23055 square metres pasture land and part of the full width of Chandler Way and Parkhouse Road and half width of Parkhouse Road, Carlisle. Part of O.S. Field No 0005 shown on the attached plan.

N.B. There is further land areas proposed to be acquired over and above the CPO to improve matters at Chandler Way and Kingstown Broadway / Brunthill Road. These are changes at the design stage.

## **PROPERTY SERVICES**

*Managing property as a resource for the City*



## **PROGRESSING THE ECONOMIC DEVELOPMENT REVIEW OF ASSETS**

### **THE ECONOMIC AND POLICY CONTEXT**

## **EXECUTIVE SUMMARY**

**July 2006**

## **1. GENERAL CONTEXT**

- 1.1 Carlisle is the sub-regional capital of Cumbria. This role has developed largely as a result of a long history of intervention by the Council to encourage development, economic activity and a mixed cultural and business offer. The history of intervention has included direct investment in the development of industrial estates, The Lanes in the city centre, and enabling future development opportunities through partnerships such as that at Kingmoor Park.
- 1.2 Carlisle's wide industrial base and in particular its industrial estates are vital to local prosperity and employment. This is evidenced by the fact that some 25% of employment in Carlisle currently takes place on Council owned industrial land. The estates represent both an asset to the Council, as one of their primary functions is income generation, and also a responsibility in both physical and future use and development terms for employment generation.
- 1.3 The challenge for the review is to identify the future opportunities for the Council to use its asset base to sustain Carlisle's role as a sub regional centre – City region - for the long term, and to ensure economic sustainability for the next twenty years. This needs to be combined to finding a way to protect the Council's commercial income stream.

## **2. KEY DRIVERS & POLICY CONTEXT**

- 2.1 The review of the national, local and policy context of property within Carlisle has identified the following drivers:

### **Government led drivers**

- Central government pressure for property savings and efficiencies. (Sir Michael Lyons review and the Gershon Review);
- Comprehensive Performance Assessment driven pressure for corporate property management, and the delivery of a fit for purpose, well maintained, sustainable estate which performs a justifiable local function;
- Pressure for demonstrable financial performance from property through Best Value;
- An opportunity to borrow through use of the Prudential code to address improvements;

- The need for the asset management planning process to be embedded within the core resource management of the Council – as indicated within the Comprehensive Performance Assessment and Prudential Code guidance.

### **Economic Drivers**

2.2 The key issues affecting the future economic performance of Carlisle are:

- A moderating national economy;
- A falling and ageing population;
- Low skill low value employment profile locally;
- The need to retain and attract larger employees,
- The need to enable the development of more new businesses, and businesses in emerging knowledge/technology based sectors to encourage employment creation for the future;
- The need to develop and enable higher growth based service sector industries;
- The need to develop education and training opportunities within Carlisle;
- The need to address areas of deprivation in the South of the city;
- Creating a sustainable employment base for the city for the long term, to reinforce and protect its sub-regional status;
- The need to harness demand by influencing the availability of suitable land to meet it, where appropriate;
- The impact of the recent flood;
- The local property market gaps, including some ageing property in both the public and private sectors.

### **Policy and Planning Context**

2.3 The Policy Framework that drives the direction of the Council consists of a wide range of linked plans and strategies including the following:

- Cumbria Sub-Regional Strategy;
- Carlisle City Vision;
- Carlisle Corporate Plan;

- Economic Development Strategy;
  - Carlisle Renaissance;
  - Learning City Strategy
- 2.4 These plans are generally aligned around the need to maintain Carlisle's sub regional status, to develop a sustainable economic base.
- 2.5 The planning context also reflects the priorities, but also acts as a direct land use guide. The planning context includes:
- Cumbria and Lake District Joint Structure Plan;
  - Cumbria sub-regional spatial strategy;
  - Carlisle Local Plan
- 2.6 The economic development asset review can assist in meeting the Council's planning objectives, through making land available for commercial uses, and promoting development.

### **3. PRIORITIES FOR DELIVERY**

- 3.1 The drivers for property suggest the need for specific property related policies that reflect the Council's overall policy direction, and the need to respond to the pressures from central government. In line with asset management guidance, these should relate specifically to financial performance, use and investment. They also need to reflect the different purposes for which property is held.
- 3.2 The drivers suggest the following policy principles be adopted, as encompassed in the 2006-2011 Asset Management Plan.

## **1. Operational Property Strategy**

- ☆ The Council will own a highly rationalised portfolio of property to deliver services and which provides users with a good standard of efficient, accessible accommodation and facilities by making buildings Cleaner, Greener and Safer in the right location and at the right cost.
- ☆ All service property will be efficient and effective in supporting delivery of the Council's priorities including one main location for City Council governance.
- ☆ The Council will occupy freehold property where appropriate.
- ☆ The Council will hold leasehold property only when necessary to deliver accommodation required on a flexible basis, or when freehold is not available.
- ☆ The Council will develop partnership working with other local authorities, public sector bodies, the community and voluntary sector to co-locate services.

The following policy principles are to be applied to enable delivery of the service property strategy:

### **Investment principles**

Investment should be made only through a 5 year programme where:

- The property is required for the medium or long term use of the Council, and
- The investment
  - enhances service delivery
  - improves sustainability
  - improves utilisation
  - increases efficiency
  - adds value
- It addresses statutory obligations

## **2. Non-Operational Property Strategy**

- ☆ The Council will own property that helps to deliver the corporate priority of a Learning City
- ☆ The Council will investigate new medium and long-term development opportunities that will support delivery of Carlisle Renaissance and economic development policies.
- ☆ The Council will own property that provides a regular and sustainable income stream, as a key component of the Medium Term Financial Strategy.
- ☆ The Council will strive to improve the performance of the income stream and reduce liability through partnership working and grant assistance where appropriate.

The following policy principles are to be applied to enable delivery of the non-operational property strategy:

#### **Investment principles**

Commercial property will only be held where:

- It provides an acceptable financial return
- There is potential for Council involvement to deliver economic development objectives
- It contributes effectively to the delivery of other Council priorities
- It improves future sustainability of income
- It addresses legal or contractual liabilities and obligations

### **3. *Surplus Property Strategy***

- ☆ The Council will dispose of assets that it does not require on the open market on a freehold and leasehold basis at best consideration.

The following policy principles are to be applied to enable delivery of the surplus property strategy:

#### **Surplus property**

All operational and non-operational property will be sold unless:

- It is occupied efficiently and effectively for services in the right location, at the right price.
- It can be used to develop Learning City Carlisle and / or a Cleaner, Greener, Safer Carlisle.
- It can be used to deliver social, economic or environmental benefits under Carlisle Renaissance.
- It is a long-term strategic investment.

#### **4. *Property Acquisition Strategy***

- ☆ The Council will only acquire assets if there is a business case to support the improvement in service delivery in the Capital Strategy.
- ☆ The Council will acquire assets that assist with the delivery of Economic Development policy if there is a business case in the Capital Strategy.
- ☆ The Council will develop opportunities, in partnership, to assemble sites to deliver Council objectives, particularly its priorities of Learning City, a Cleaner, Greener and Safer City and Carlisle Renaissance.

The following policy principles should be applied to enable delivery of the property acquisition strategy:

##### **Property acquisition**

Property will only be acquired in the following circumstances:

- Where the service cannot be efficiently delivered without it
- Where it is required to deliver Economic Development policy
- Where it is required to support the delivery of other Council priorities

#### **4. CONCLUSIONS & RECOMMENDATIONS**

- 4.1 The key findings of this paper, and their implications can be summarised as follows:

##### **Enabling future growth**

- 4.2 Many of the traditional industries that form the economic base for Carlisle are in decline, as part of a wider economic change. To protect the economic security of Carlisle for the future, greater diversity is needed, which will require growth to be enabled in the following areas:

- Existing industries
- Service industries
- Knowledge based and new technology industries
- Enabling further development of tourism

- 4.3 The development of these sectors is intrinsically linked to the development of Carlisle as a City region and “Learning City”. The Council’s assets can be used to contribute to this in the following ways:

- Directly, through the use of Council owned land for the development of educational facilities, and the growth of a University within the City
- Directly, through the provision of development land for the provision of business start up units to enable new business development
- Directly through the use of CPO powers and the Prudential Code to assemble sites suitable for the delivery of the Council’s objectives
- Directly for the development of tourism related activity
- Indirectly, through working with existing employers to identify their future needs, and how council property can contribute to meeting these

## **Protecting and enhancing the “internal market”**

- 4.4 The majority of businesses in Carlisle primarily serve the demands of the City and its wider refines. The declining population, and slow growth, represent a risk. To counteract this will require opportunity for students and younger people to develop new businesses and services in emerging areas. This will assist in wealth creation, and in the long term maintain the demand for the services that already exist.

## **Actions to be taken**

- 4.5 The Central Government emphasis on effective asset management, linked to the delivery of the Council’s core objectives, requires the Council’s assets to be managed corporately, and for corporate objectives to form an intrinsic part of all decisions related to the future of the Council’s estate. In order to achieve this the economic development asset review has concluded with:

- Adopt the general Property Policies identified above;
- Review of each of the industrial estates in the light of the economic and wider political context;
- Develop key principles and action points for priority assets;

In addition to this work, the Council is also undertaking:-

- Initiate a detailed review of the future of the Council’s offices and the surrounding flood affected area in support of Renaissance;
- Initiate a cross/service cross authority review of all publicly owned land and buildings through a County led initiative.

## **HEAD OF PROPERTY SERVICES**

**JULY 2006**



# **CORPORATE RESOURCES OVERVIEW AND SCRUTINY COMMITTEE**

## ***Committee Report***

**Public**

**Date of Meeting:** 27 July 2006

**Title:** ASSET MANAGEMENT PLAN  
ECONOMIC DEVELOPMENT ASSET REVIEW  
**Report of:** DIRECTOR OF DEVELOPMENT SERVICES

**Report reference:** DS 57/06

### **Summary:**

The asset review set out to look at the Council's non-operational property holdings and make recommendations. This work is presented here for Members' consideration. The item includes this summary report and some background papers will be circulated on the day.

**Recommendations:** It is recommended that:

The work be discussed and comments put forward for the Executive to consider.

**Contact Officer:** David Atkinson

**Ext:** 7420

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: None

## INTRODUCTION

1. The Scoping Report dated April 2004 set out what the review would do.
2. The City Council has carried out a review of all its properties that are held for Economic Development purposes. This means all of the industrial estates, shops, the various workshop premises, the Enterprise Centre and City Centre commercial assets. This covers all of the Council's non-operational property.
3. The purpose of the review is to formulate clear policies for the future management of the Council's portfolio of land and premises in order to:-
  - ◆ Improve the economic advantage of Carlisle for the future
  - ◆ Retain, improve and make sustainable the income that is generated by the portfolio
4. The end of the review aims to draw up Business and Management Plans for the Council's property service that will guide decision making for the next 10 to 20 years.
5. The intention is to build on the long period of investment by the City Council since the 1950s that has resulted in an industrial property portfolio worth £50 million that currently brings in an annual income of £1.8 million. If the city Centre assets are added the whole estate is valued at £80 million with a total annual income of over £5 million.
6. The importance of the Council's land holding in the local economy is illustrated by the fact that out of a local workforce of around 40,000, about 10,000 people are employed by businesses that are located on Council industrial estates or other Council premises. Employment linked to the City Centre properties adds several thousand more.
7. This report forms part of what is intended to be an informal presentation to Members: on the day, there will be a further opportunity to discuss matters through a workshop style of discussion.



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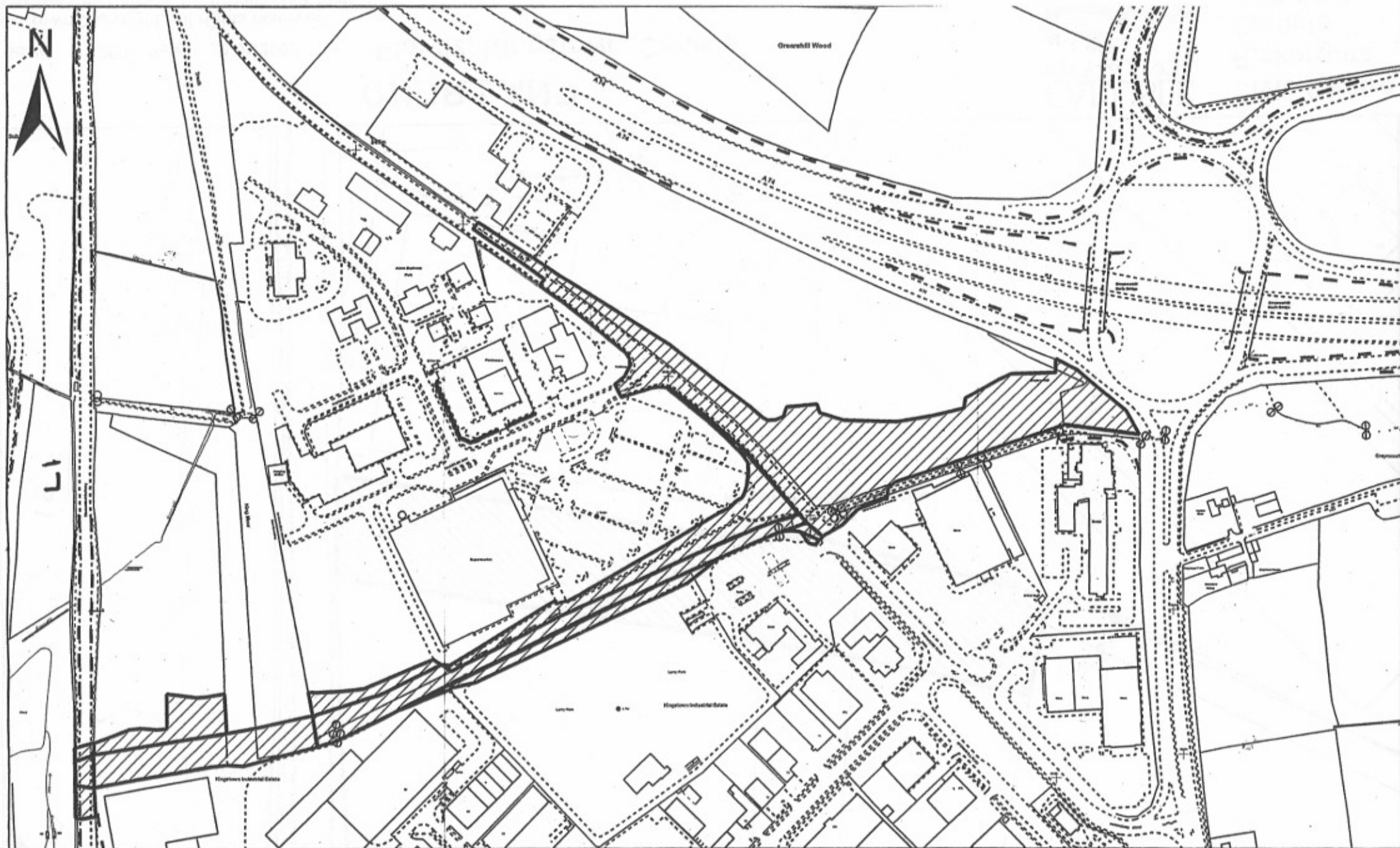
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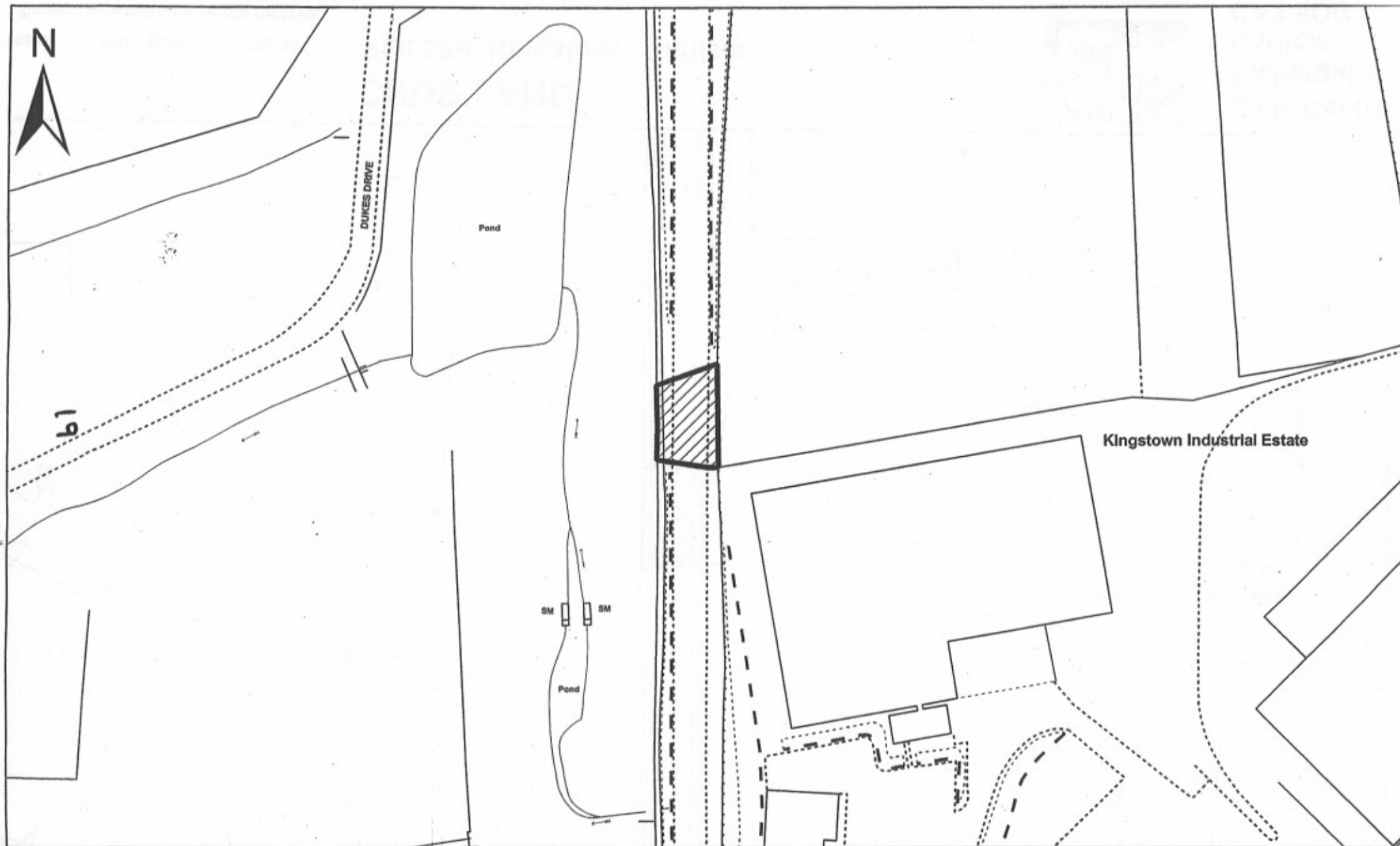
Location of sites at Kingstown, Carlisle

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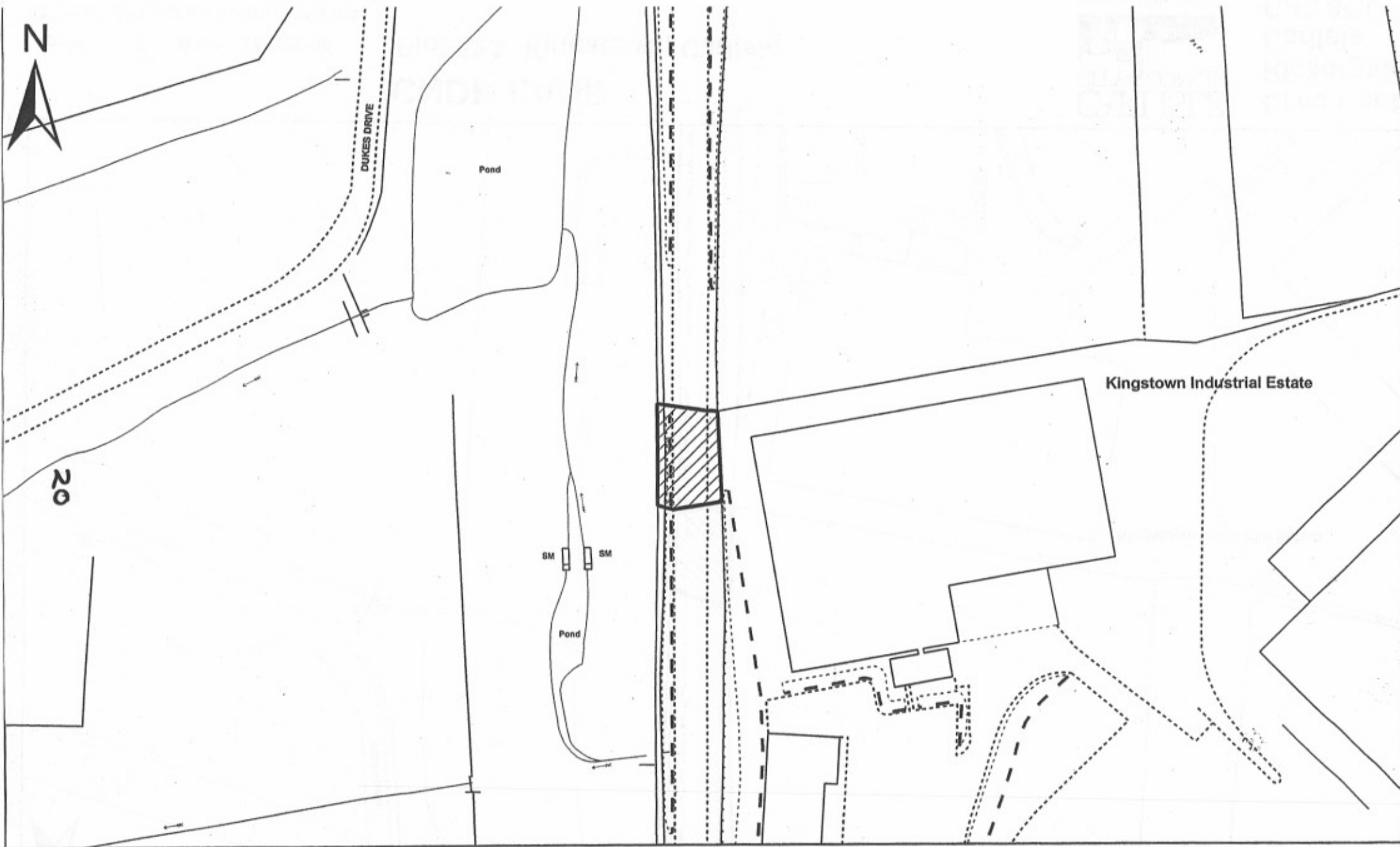
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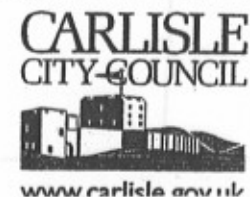


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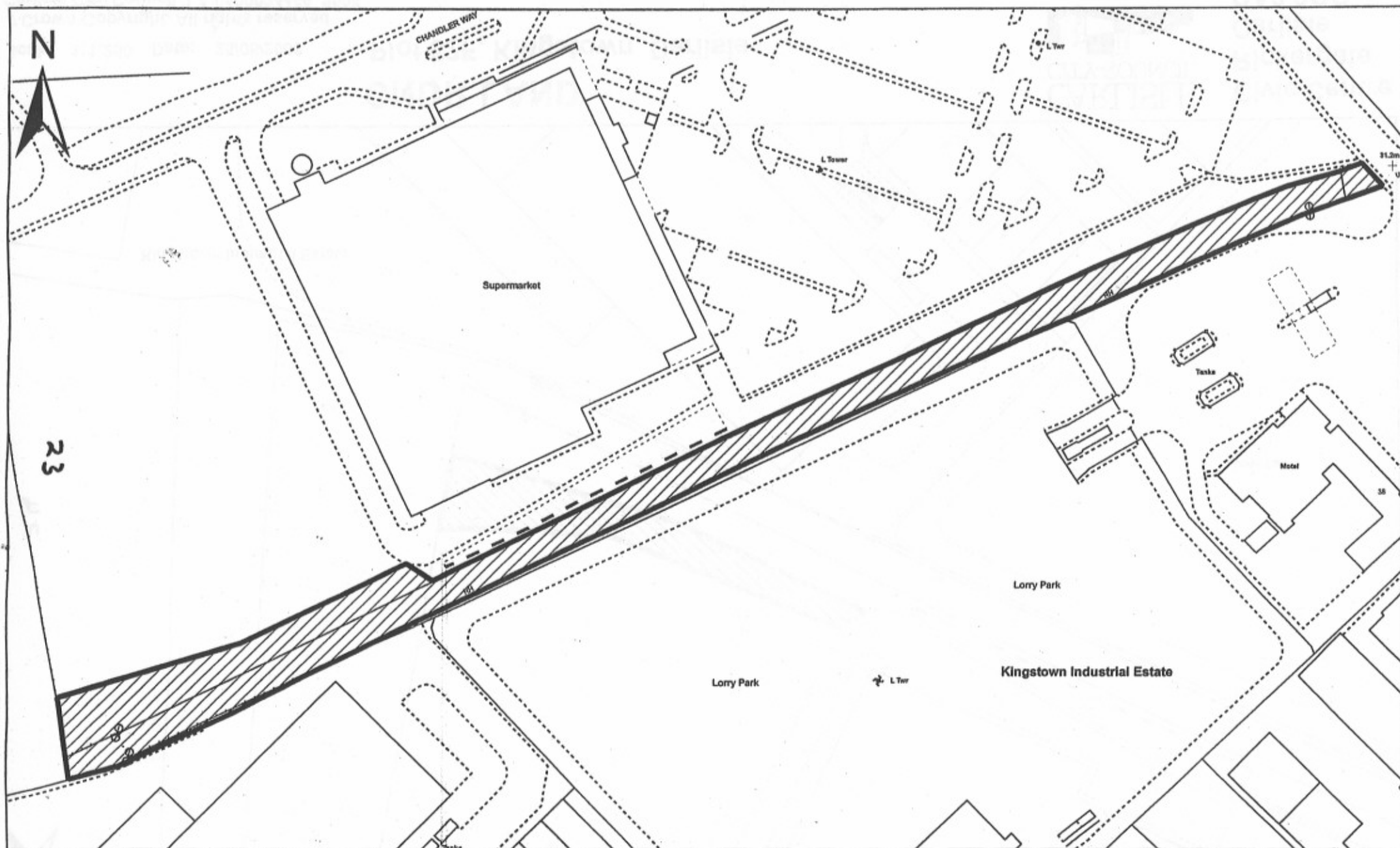
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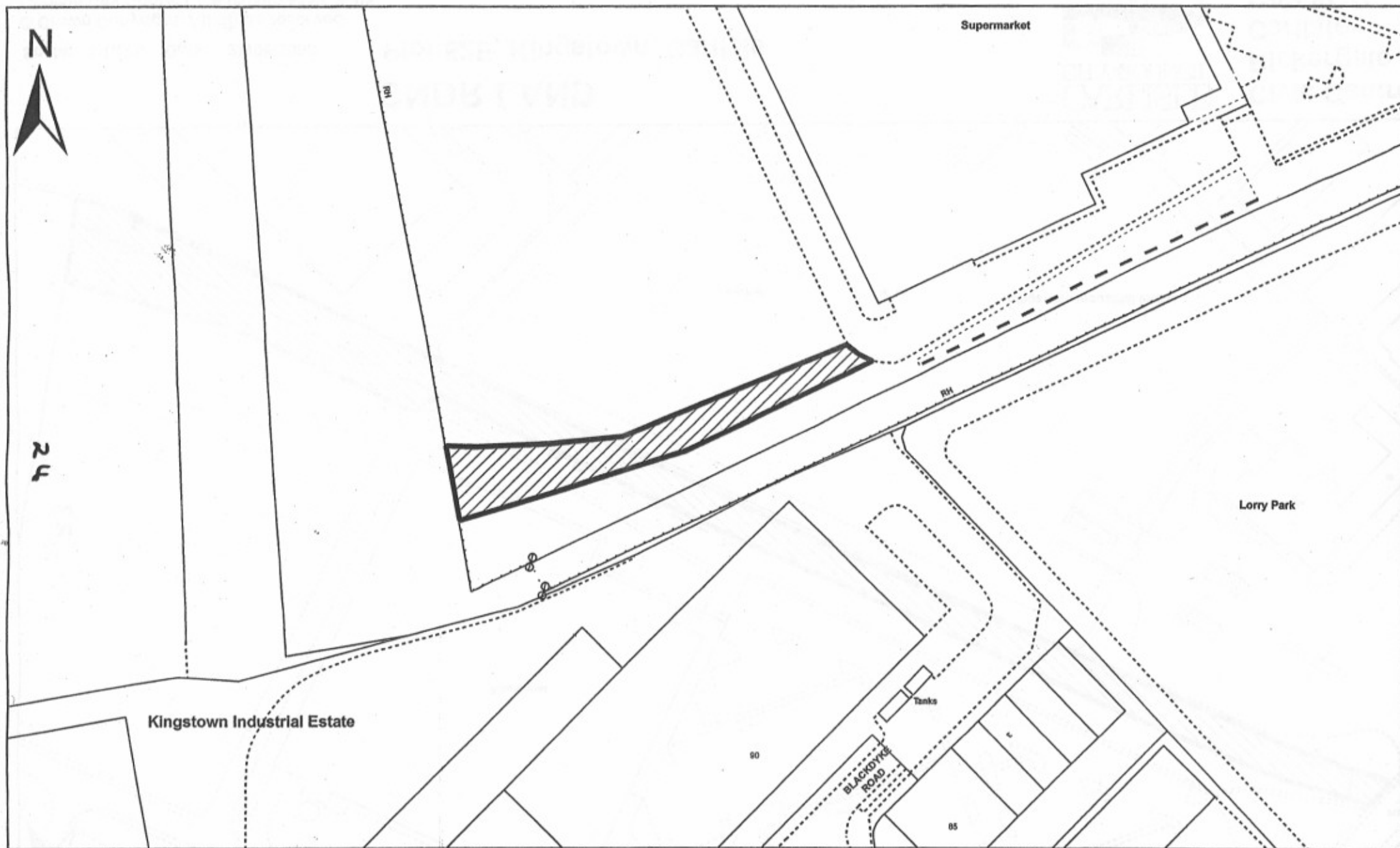
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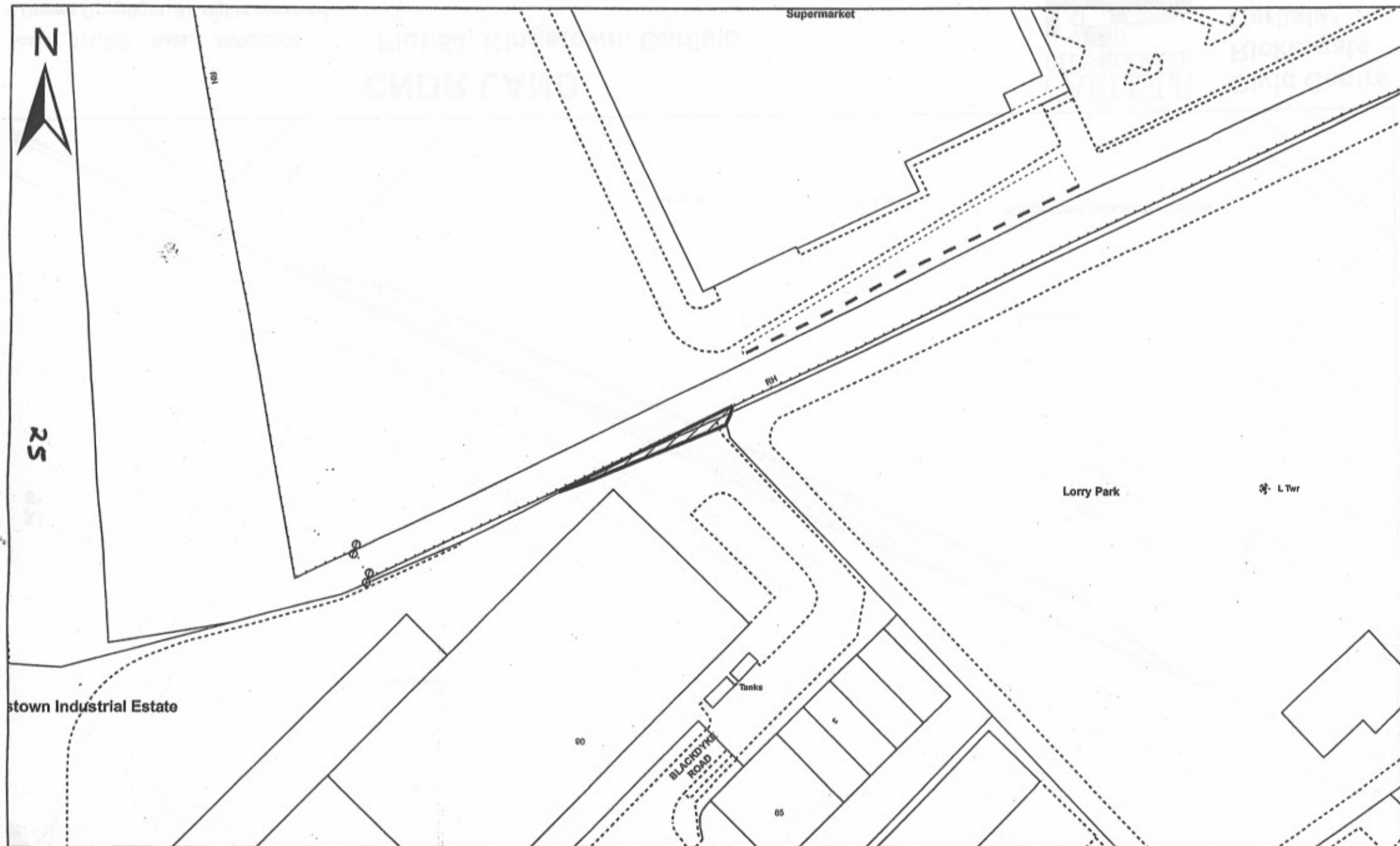
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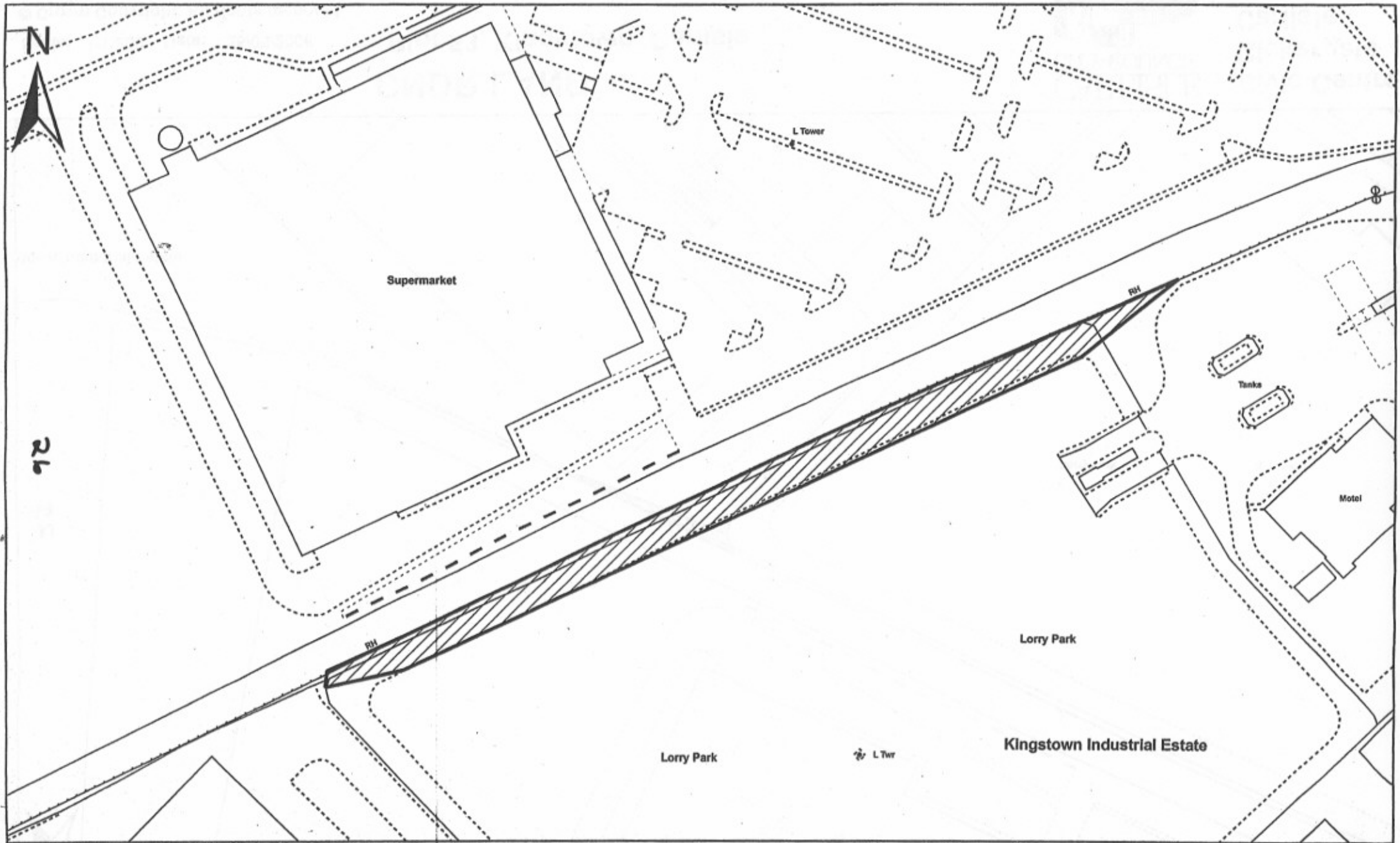
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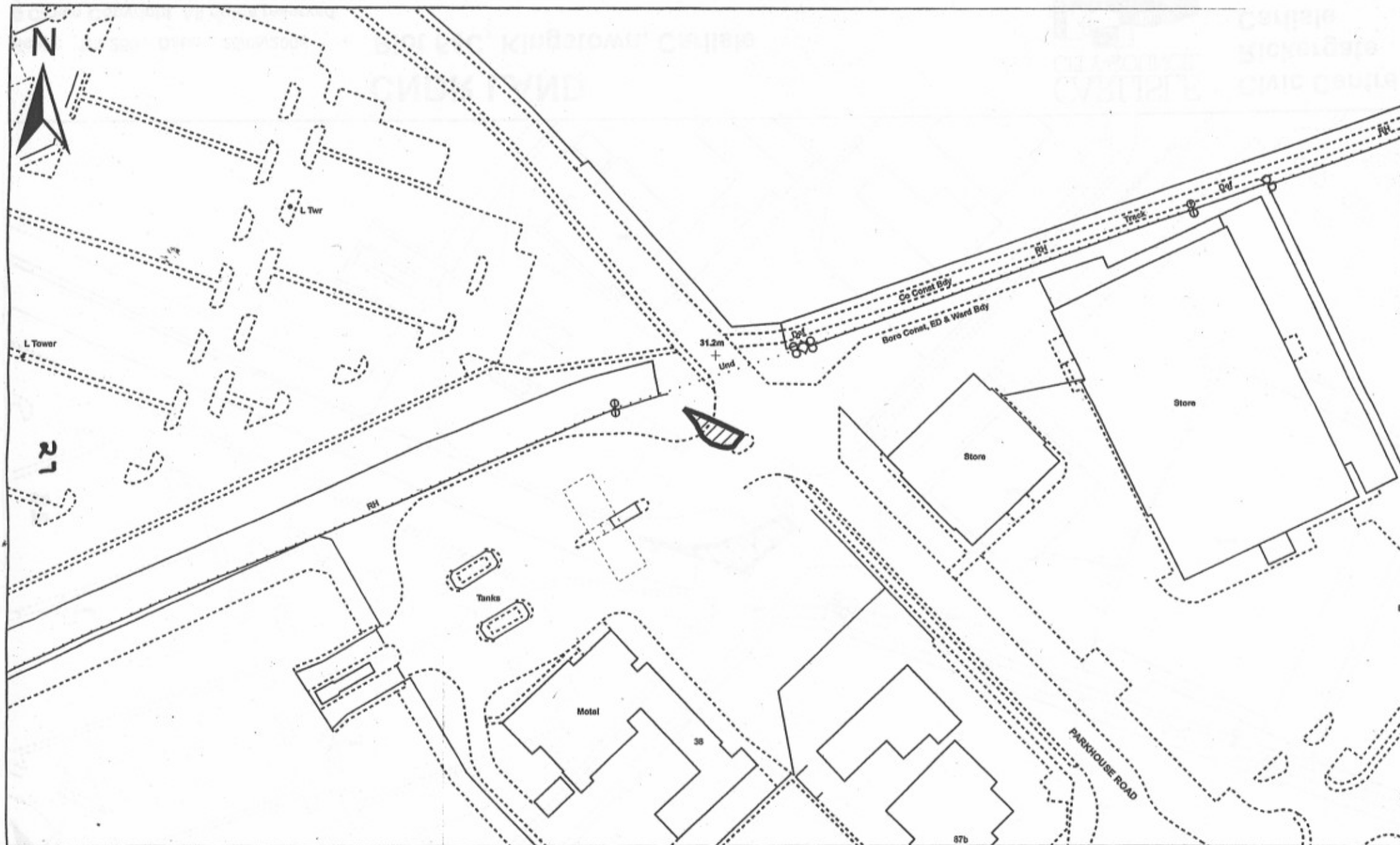
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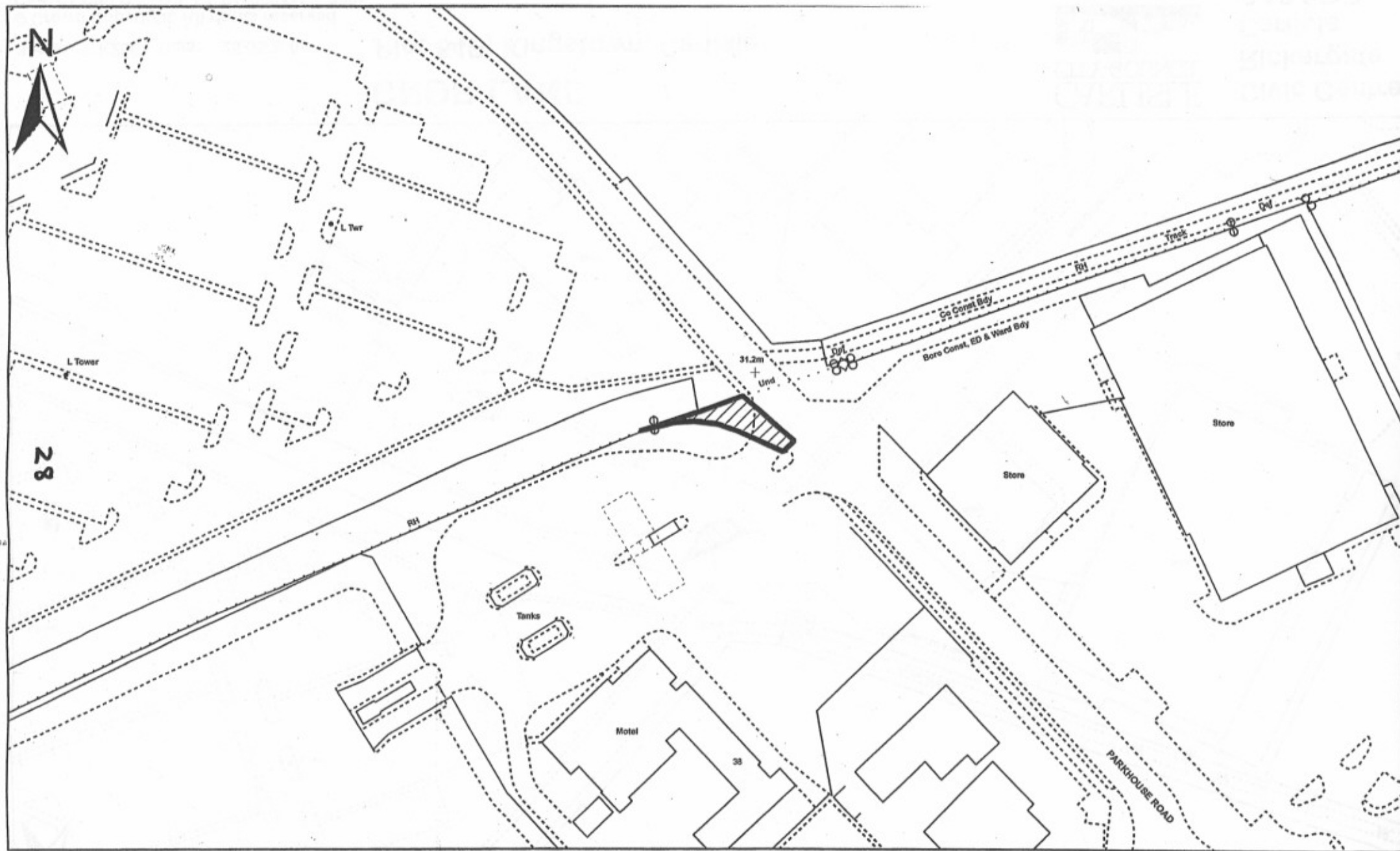
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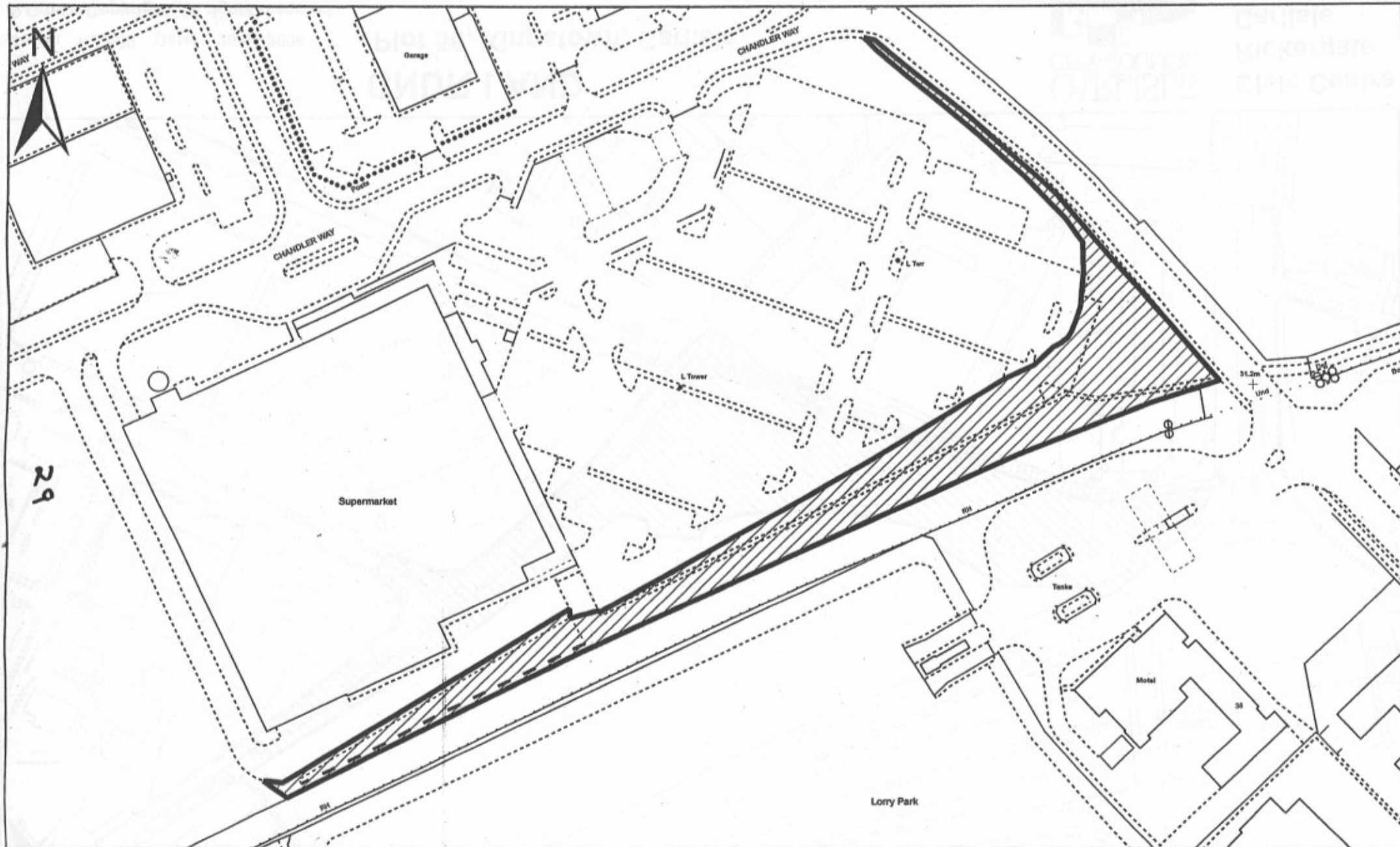
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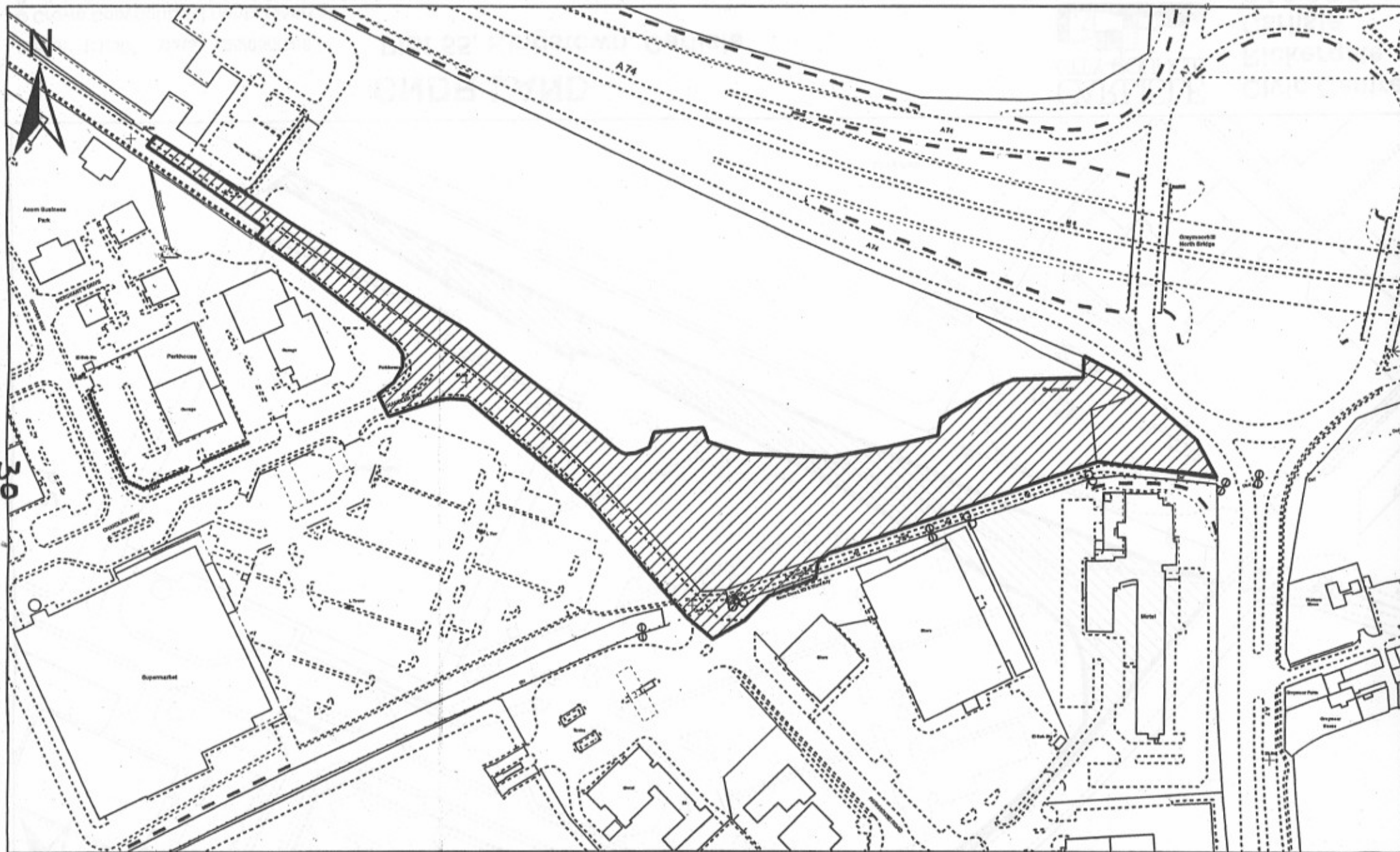
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