

EXECUTIVE SUB-COMMITTEE FOR PROPERTY

A meeting of the Executive Sub-Committee for Property was held on 25 January 2017.

PRESENT: Councillors C Rooney, (Chair), Brunton, Harvey, Rostron, Thompson, N J Walker and L Young

ALSO IN ATTENDANCE: Councillors Blyth and Davison

OFFICIALS: S Gilmore, L Henman, S Lightwing, A Pain, B Roberts, I Wright

APOLOGIES FOR ABSENCE: were submitted on behalf of Councillor M Carr

DECLARATIONS OF INTERESTS

Name of Member	Type of Interest	Item/Nature of Interest
Councillor Young	Non pecuniary	Agenda Item 4 - Member of the Big Local partnership
Councillor Davison	Non pecuniary	Agenda Item 7 - potentially aware of name of a bidder
Councillor C Rooney	Non pecuniary	Agenda Item 7 - potentially aware of name of a bidder

16/19 **MINUTES - EXECUTIVE SUB-COMMITTEE FOR PROPERTY - 7 DECEMBER 2016**

The minutes of the meeting of the Executive Sub Committee for Property held on 7 December 2016 were taken as read and approved as a correct record.

16/20 **FORMER PAVILION SITE IN NORTH ORMESBY PROPOSED COMMUNITY ASSET TRANSFER**

A report of the Executive Member for Finance and Governance and the Strategic Director for Finance, Governance and Support was presented the purpose of which was to recommend that derelict land that previously sited the North Ormesby Pavilion was offered as a community asset transfer to North Ormesby Neighbourhood Development Trust (NONDeT) to provide and maintain a play area/recreational space on a 25 year lease agreement.

North Ormesby Big Local (NOBL) a resident led partnership established to oversee the investment of £1 million into North Ormesby had developed a ten year Big Local Community Plan prioritising housing, crime, children and young people and the environment in that area. The Plan included a proposal to invest £100,000 in transforming the derelict former Pavilion site into an attractive play and recreation area for local community groups.

The land was 0.2268 hectares in size and located on Esk Street in close proximity to the road. A Multi-Use Games Area (MUGA) was situated adjacent to the area and on the other side a public footpath ran alongside. Directly opposite was residential housing and to the rear was land occupied by a travelling community. The land had a relatively low commercial value of £32,000. NONDeT was seeking the community asset transfer of this land, as detailed in Appendix One to the submitted report.

A Council Asset Disposal Business Case had been submitted, the details of which were attached to the report at Appendix Two. NONDeT had also produced a detailed business case in partnership with NOBL providing information on resources, financial projections and risk analysis and a copy of the report was attached at Appendix Three to the submitted report.

There were three options available to the Council:

1. Continue to leave the site as it was.
2. Community Asset Transfer the land.
3. Place the buildings on the commercial market.

A potential risk was that NONDeT failed to sustain its income from its Community Land Trust. However, it was well established and was predicted to generate a profit within the next 18 months.

DECISION

1. **That the Executive Sub Committee approved the community asset transfer of land at Esk Street (former Pavilion site) to North Ormesby Neighbourhood Development Trust to use as a play area/recreational area.**

REASONS

The decision was supported by the following reasons:

1. **To facilitate a £100,000 investment in a derelict piece of land without any contribution needed from Middlesbrough Council, improving the environment and enhancing opportunities for further investment in the area.**
2. **The proposal safeguarded and improved land in a deprived ward in Middlesbrough, helping to meet the needs of young families, an aging population, providing support for young people, and making a positive contribution to meeting public health outcomes.**
3. **The proposal would help contribute towards reducing anti-social behaviour and fly tipping in North Ormesby.**
4. **This would help support the broader aim of the North Ormesby Community Plan. The community plan was focused on improving the outcomes for the residents of North Ormesby and aimed to build upon the opportunities currently available within the ward to bring together key stakeholders and address the significant challenges facing the community by strengthening the existing partnership framework and seeking opportunities for expanding investment in North Ormesby.**
5. **The proposal was in keeping with the approved recommendations of the Community Asset Transfer Executive Report 11th August 2015.**

16/21

LAND ADJACENT TENNIS WORLD - PROPOSED FREEHOLD SALE [PART A]

A report of the Executive Member for Finance and Governance and the Strategic Director for Finance, Governance and Support was presented, the purpose of which was to consider two proposals: to invest and enhance tennis facilities for the benefit of the area through an investment of £200,000 in Tennis World; and to renegotiate the present lease and dispose of the Council's freehold interest in an area of surplus land adjacent to Tennis World.

Tennis World currently occupied the existing site under the terms of a 125 year lease from 2002 at a peppercorn rent with use restricted to that of a tennis facility only. Discussions had been held with Tennis World to explore possible mechanisms whereby access to facilities and coaching could be offered to a wider cross section of the community. This had resulted in an agreement to invest in tennis facilities at Tennis World through an initial investment (proposal 1) which had been approved in the Investment Strategy, and the potential to sell an under-used area of the main site being identified as suitable for disposal and residential development in order to support enhanced tennis provision at the facility (proposal 2).

Situated on the junction of Marton Road and Ladgate Lane, the subject parcel of land identified for disposal formed part of the Tennis World complex and a location plan was attached to the submitted report. The site was currently used by the leaseholder (Tennis World) for the provision of outdoor clay tennis courts, unkempt buffer landscaping and overflow parking. Due to the existing lease terms, any proposed disposal would require the leaseholder to release the surplus land from their existing lease, with that agreement subsequently being amended and renewed accordingly.

Proposal 1 - Investment in tennis facilities at Tennis World

With the development of the Middlesbrough Sports Village a commitment was made to enhance and develop the tennis facilities for Middlesbrough and ensure that they were integrated with the overall provision at the site. The proposed investment would upgrade facilities to bring them up to a more modern specification in line with the Sports Village. The Council's investment of £200,000 in the facility at Tennis World would be for improvements carried out as Landlord's Works under the terms of the lease; the quality and timing of the works therefore being under the Council's control. The lease would also be subject to a deed of variation, registerable at the Land Registry, the tenant having agreed to reduce the lease term in consideration of this investment from the original 125 year term, to a 25 year term plus an option for a 25 year extension.

The budget of £200,000, approved as part of the Council's Investment Strategy on 30 November 2016, would contribute to a scheme of work to include: refurbishment of internal and external playing surface, replacement of existing internal and external lighting with LED lighting, car park and essential roof works and provision of enhanced access facilities. The full detail of the works would be determined by detailed designs, specifications and costings to be agreed with Tennis World.

The Council's interests would be protected by way of a funding agreement under the terms of which the Council would be able to claw back investment funds in the event that the tenant failed to deliver the agreed Tennis Development Plan.

Proposal 2 - Disposal of surplus land and sharing Capital Receipt

The disposal of surplus land on the Tennis World site for housing could further enhance tennis provision and provide an area for housing development in support of the Council's housing strategy. If the proposal was agreed, the sale and development of this land would generate a capital tax receipt for the Council along with an ongoing return to the Council through council tax. As the holder of a long term lease on the site Tennis World would have to agree to the disposal of the land and it was normal commercial practice in such situations for the freehold and leasehold owners to share the proceeds of the disposal of land.

Having been deemed by the Council to be surplus to operational requirements, the subject property was marketed in local, regional, national and digital media during the period December 2015 to February 2016. A total of three tenders were submitted by three different bidders in response to the formal marketing exercise carried out by the Council.

The following options were available:

1. To open discussions around reuse of the property for another purpose - no Council operational requirement has been identified. This would require leaseholder engagement and consent.
2. With the leaseholder's consent, to proceed with the sale of the property in order to meet the Council's requirement to generate capital receipts, and bring the land into a far more beneficial use in the future and proceed with the investment in tennis facilities in accordance with the recommendations set out in the report.
3. Do nothing - the property would remain in its present state. Whilst it would be retained for potential future Council use, the liability and responsibility for maintaining and holding the property would remain with the leaseholder.

Members requested that in future such reports were drawn to the attention of the relevant Ward Councillor(s) in advance of the meeting.

DECISION

- 1. The detail of the investment in tennis facilities in Middlesbrough through improving Tennis World facilities at a budget of £200,000 in return for them**

renegotiating lease terms was noted.

2. The tender proposals forwarded to the Council for consideration in Part B of the report, identification of a preferred bidder and the sharing of the capital receipt were approved.

REASON

The decision was supported by the following reason:

This would result in the improvement of tennis facilities in the borough and the disposal of a surplus parcel of land in return for a capital receipt to the Council together with an ongoing benefit to the Council in terms of a council tax receipt and New Homes Bonus.

16/22 **EXCLUSION OF PRESS AND PUBLIC**

ORDERED that the press and public be excluded from the meeting for the following items on the grounds that, if present, there would be disclosure to them of exempt information as defined in Paragraphs 1 and 3 of Part 1 of Schedule 12A of the Local Government Act 1972 and that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

16/23 **CONFIDENTIAL - LAND ADJACENT TENNIS WORLD - PROPOSED FREEHOLD SALE [PART B]**

Councillor Brunton in the Chair

A report of the Executive Member for Finance and Governance and the Strategic Director for Finance, Governance and Support was presented, the purpose of which was to consider the proposal to dispose of the Council's freehold interest in surplus land adjacent to Tennis World and to agree the basis on which the capital receipt would be shared with the leaseholder.

ORDERED

That the recommendations of the report be approved.

REASON

The decisions were supported by the following reason:

For reasons outlined in the report.

16/24 **CONFIDENTIAL ACQUISITION OF LAND AT MIDDLEHAVEN**

Councillor C Rooney in the Chair

A report of the Executive Member for Finance and Governance, the Strategic Director for Finance, Governance and Support and Executive Director of Economic Development and Communities was presented the purpose of which was to seek approval to invest in the acquisition of HCA land holdings at Middlehaven.

ORDERED

That the recommendations of the report be approved.

REASON

The decisions were supported by the following reason:

For reasons outlined in the report.

The decision(s) will come into force after five working days following the day the decision(s) was published unless the decision becomes subject to the call in procedures.