

EXECUTIVE SUB-COMMITTEE FOR PROPERTY

A meeting of the Executive Sub-Committee for Property was held on 22 November 2017.

PRESENT: Councillors M Carr, T Harvey, C M Rooney, M Thompson, N J Walker, L Young and B A Hubbard(Also in attendance)

PRESENT AS OBSERVERS: L Henman and D Johnson

ALSO IN ATTENDANCE: Councillor B Hubbard and Councillor D Rooney
Licensees of Southlands Centre

OFFICIALS: S Blood, J Bromiley, M Shepherd, I Wright

APOLOGIES FOR ABSENCE: Councillor J Brunton Dobson, Councillor J Rostron

17/6 **MINUTES OF THE MEETINGS OF THE EXECUTIVE SUB COMMITTEE FOR PROPERTY HELD ON :**
A) 12 JULY 2017; AND
B) 6 SEPTEMBER 2017

The minutes of the Executive Sub Committee for Property held on 12 July 2017 and 6 September 2017 were submitted and agreed as a true record.

17/7 **UPDATE ON THE SOUTHLANDS CENTRE**

The Strategic Director for Finance, Governance and Support submitted a report to provide a further update on progress to date and sought approval to undertake further due diligence and analysis on the offer to date before presenting a final report in April 2018.

The report advised that a report came to Executive Sub Committee for Property on the 22nd of March 2017, where it approved the recommendation to cease discussions with the only bidder and explore alternative viable uses for the site. Officer were required to come back to executive Sub Committee for Property in September 2017, setting out the viable uses for the site.

The decision was subsequently called in and Overview and Scrutiny Board on the 20th of April 2017 upheld the decision of Executive Sub Committee for Property. Following the meeting and partly in response to a request from the Board a group of senior officers / an executive member engaged in discussion with a number of licensees resulting in an agreement to explore further options to keep the centre open.

The outcome of these discussions along with any other viable uses for the site were to be reported back to the Executive Sub Committee for Property in September for consideration. Currently the centre was not in a good state of repair and the facilities available to both tenants and community groups were far from ideal. The level of occupancy in the enterprise centre was low and as such the centre is losing money on an annual basis.

An independent Condition Report highlighted in 2015 that there was a backlog of £600,000 essential repairs to compete and a further £1,335,000 worth of desirable works needed to sustain the building long term.

Due to the prolonged deliberation surrounding the centre and its future, the occupancy levels have decreased from in excess of 65% down to 55% which then presents a risk to the Council in achieving the target occupancy levels of 75% and above. In addition, income from the community side is currently projected to be 20% below that forecast for the year. The projected loss at Q2) for year- end was £27,000 for the community side, due to reduced income and increased staffing costs, however actions will be put in place to reduce costs in order to achieve a break even at year end.

The total loss for 2016/17 was £122,000 (excluding overheads) and the projected loss for 2017/18 is £210,000 (excluding overheads). Currently a number of existing tenants were in arrears and the Council is operating on-going payment plans to address these. The current level of indebted business / organisations occupying the centre was in the order of 16%.

The report provided information on the progress to date, advising the Executive Sub Committee for Property that a working group of officers had been set up to work with the licensees to investigate options to keep the centre open (see appendix 1 of the report).

The report provided options available and the risks associated, further details of which were detailed within the report.

During the meeting Councillor Hubbard presented a number of issues to the Committee which had been raised by the Licensees and business owners in relation to the report. Councillor Hubbard was asked to circulate the concerns raised and officers would respond in due course.

ORDERED

- 1. That Executive Sub Committee for Property consider the contents of this report and agree to officers undertaking further due diligence and analysis on the offer to date before presenting a final report by April 2018.**
- 2. That officers continue the dialogue with the licensees and the potential community operator with a view to improving the current offer.**

REASON

The decision was supported by the following reason:

The current offer from the tenants group and community operator present a number of significant risks for the Council which requires further due diligence and analysis so that members have all of the salient facts to enable them to make a fully informed decision on the future of the centre.

17/8

LAND EAST OF HEMLINGTON LANE, MIDDLESBROUGH TS8 9DW - PROPOSED FREEHOLD SALE [PART A]

The Strategic Director for Finance, Governance and Support submitted a report to consider the proposal to dispose of the Council's freehold interest in land at Hemlington Lane, and sought approval to proceed with the sale of the premises in accordance with the report's recommendations.

The report stated that the site was situated on the junction of Hemlington Lane and Ladgate Lane, and within a primarily residential area of the town.

Shown edged on the plan attached to the report, the subject property comprises a vacant residential development site of @ 2.96 Acres [1.19 Ha] with an access on Hemlington Lane and significant frontage to Ladgate Lane.

The site was undulating in terms of its topography, and has areas of mature and semi-mature trees to both its boundaries with Ladgate Lane to the north, and the A174 to the south.

It was stated that the site was previously held and used as farmland prior to its acquisition under CPO powers in 1970, for the purpose of constructing the A174 Parkway. Following the construction of the A174 Parkway in 1974, the land was subject to a tree planting scheme and has subsequently been owned by Middlesbrough Council up to the present day. The subject site had the benefit of an outline planning consent for residential development and

includes an area of public highway that requires 'stopping up'.

Having been deemed by the Council to be surplus to operational requirements, the subject parcel of land was advertised for sale on the open market for a period of 7 weeks during the months of June & July 2017, via national, regional, local and digital media. A total of 4 tenders were submitted by 3 different bidders in response to the Council's marketing exercise.

There were 3 options available, details of which were outlined in the report.

ORDERED

To proceed with the disposal of the subject property to Bidder A as detailed in Part B of this Report.

REASON

The decision was supported by the following reason:

This would result in the disposal of a surplus property in return for a capital receipt to the Council and assist in the regeneration and enhancement of the local area.

17/9 **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.

17/10 **LAND EAST OF HEMLINGTON LANE, MIDDLESBROUGH TS8 9DW - PROPOSED FREEHOLD SALE (PART B)**

The Strategic Director for Finance, Governance and Support provided a report in respect to land at Hemlington Lane, Middlesbrough.

ORDERED

That the recommendations of the report be approved.

REASON

For the reason outlined in the report.

17/11 **NEWHAM HALL FARM/NUNTHORPE GRANGE FARMS – SURRENDER OF AGRICULTURAL TENANCIES**

The Strategic Director of Finance, Governance and Support submitted a report in respect to the surrender of agricultural tenancies for Newham Hall Farm / Nunthorpe Grange Farm.

ORDERED

That the recommendations of the report be approved.

REASON

For the reason 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.