

Report of:	Kevin Parkes, Executive Director of Growth and Place and James Bromiley, Strategic Director of Finance, Governance and Support. Councillor Nicky Walker, Executive Member for Finance and Governance and Councillor Lewis Young, Executive Member for Economic Development and Infrastructure.
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Submitted to:	Executive Sub Committee for Property- 19 December 2018
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Subject:	Urban Pioneers - Proposed Freehold Sale [PART A]
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Summary

Proposed decision(s)
That Executive approves: (a) the disposal of the remaining 3 Urban Pioneers Plots for sale to a local developer subject to a reduction for a capped sum of abnormal costs.

Report for:	Key decision:	Confidential:	Is the report urgent? ¹
Decision to dispose of Council held property.	Yes – exceeds the £150K financial threshold.	No	No

Contribution to delivery of the 2018-22 Strategic Plan		
Business Imperatives	Physical Regeneration	Social Regeneration
Through the increase of Council Tax and New Homes Bonus contributions the Council’s Medium Term Financial plan will be supported.	The redevelopment of the unutilised land in Middlehaven will spur residential dwelling and act as a catalyst to increasing inward investment.	The development of properties in Middlehaven will contribute towards Middlesbrough’s Housing Growth Programme and increase the quantity of affordable homes available to residents.

Ward(s) affected

What is the purpose of this report?

1. The purpose of the report is to consider the proposal to dispose of the Council's freehold interest of land in Middlehaven [forming part of the original Urban Pioneers area] for sale to a local developer by way of an option/conditional contract mechanism.

Why does this report require a Member decision

2. The proposal relates to the disposal of an asset deemed to be surplus at a value in excess of the £150K threshold.

Why is this report necessary?

3. The Urban Pioneers Project was established as a delivery route to trigger the development of residential neighbourhoods in Middlehaven.
4. The self-build scheme was designed to offer an attractive development proposition tailored to smaller scale building projects by local people, community groups or businesses.
5. The terms made available to prospective developers of the Urban Pioneers Project ceased when the Homes and Communities Agency withdrew from the Middlehaven Joint Venture in March 2017.
6. In order to deliver on the original aim of the scheme and support housing growth in Middlesbrough the Council is committed to ensuring the remaining plots are developed for residential use.
7. As shown on the plan attached, the subject land comprises 3 plots (A, B and C) totalling 1.057 acres. The site is surplus to operational requirements as confirmed by the Asset Disposal Business Case attached as Appendix III to Part B of this report.
8. The Urban Pioneers plots are located centrally in Middlehaven and overlook Transporter Park lining the main thoroughfare between the city centre and Transporter Bridge, with close proximity to the A66 and in walking distance of Teesside University.
9. To date there has been a limited amount of interest in this area from residential developers. The proposal for affordable, market rent apartments is a commodity in low supply in the area and across the town more broadly. The level of interest displayed by the Buyer and the commitment to an affordable residential development is encouraging, and provides comfort that there is sufficient market demand for this product.

10. The Buyer has approached the Council for an option to acquire the remaining three Urban Pioneers plots (see Appendix I) on the terms set out within Part B of this report.
11. The Buyer's planning application will be subject to compliance with the wider design guidance for Middlehaven.

What decision(s) are being asked for?

12. That Executive approves:

- a) the sale of the property in accordance with the recommendations made in this report.

Why is this being recommended?

13. The above recommendation will increase Middlesbrough's housing supply and provide Middlesbrough Council with additional affordable homes.
14. The government sees custom-build as a major contributor to housing growth and wishes to increase the share of custom-build housing as part of the national housing output.
15. The sale of the land will aid in the development and regeneration of Middlehaven.
16. The sale of this land will provide a capital receipt, with assurances of continued Council Tax income and New Home Bonus contributions, all of which will support the Council's Medium Term Financial Plan.
17. The disposal of a surplus land in return for a capital receipt to the Council will assist in the regeneration and enhancement of the local area.

Other potential decisions and why these have not been recommended

Option 1 – Do nothing

18. This is not a viable option. There is a desire and commitment in principle for the regeneration of Middlehaven. If the Council were to proceed to do nothing the area will be at risk of prolonged underdevelopment and lack of investment for the foreseeable future. The Council would also reduce potential access to future incomes streams by way of Council Tax and New Homes Bonus.

Impact(s) of recommended decision(s)

Legal

19. The Council has justification to use appropriate powers of disposal under Section 123 of the Local Government Act 1972 and the General Consent under Circular

06/03, and the transaction will be documented in accordance with required legal procedure. The Council has a statutory duty to dispose of land for the best consideration that can be reasonably obtained.

20. In considering the offer received, the Council can consider matters other than purely financial benefits. It may also consider the wider regeneration benefits it provides within the wider Housing Growth Programme in an assessment of best value against strategic aims.

21. It is not believed that the Council's support of the Buyer's proposal represents any conflict of interest.

Financial

22. The Council will receive a capital receipt for the sale of the Urban Pioneers plots minus capped abnormal costs.

23. The sale of the site will provide a site that is ready for development. Once this is actualised the residential development will increase income to the Council through increased Council Tax, as well as New Homes Bonus payments.

24. Disposal of the property removes the Council's liability for future holding costs in relation to the responsibility for, and maintenance of the land whilst it remains unutilised.

The Mayor's Vision for Middlesbrough

25. The decisions will align with the Mayor's Vision for Middlesbrough to be a town that people want to live in, with quality housing for all means, whether they are to buy or rent. Furthermore it supports the Mayor's vision to support the development of new neighbourhoods across Middlesbrough and restore Middlehaven as the centre of commerce in the Tees Valley; encouraging innovative architecture, unique leisure opportunities and quality commercial spaces.

Policy Framework

26. The site forms part of the Housing Local Plan 2014.

Wards

27. The successful development of the Urban Pioneers plots will have significant benefits for Middlesbrough in terms of place making.

28. The Urban Pioneers plots are situated within the Central Ward. Ward Councillors have been briefed as part of the development of this report.

Equality and Diversity

29. A Level 1 (Initial Screening) Impact Assessment (IA) accompanies this report, attached as Appendix II.
30. The impact assessment identified that the proposal would have a positive impact on the local community as it would make it more likely that the land, which is vacant and surplus to Council needs, was brought back into a more beneficial future use.
31. The impact assessment that was undertaken found that there were no concerns that the proposal could have an adverse impact. In addition, the Council's development control planning process would also serve to ensure that any future use proposed would be appropriate for the local area.

Risk

32. The proposed transaction is for a simple land sale to the developer should the conditions be met. The Council is not transferring any assets until it receives the purchase price, there is therefore no financial exposure.
33. In considering the offer received, the Council can consider matters other than purely financial benefits, it may also consider the wider regeneration benefits it provides as being encompassed within the wider Housing Growth programme in an assessment of best value against strategic aims.

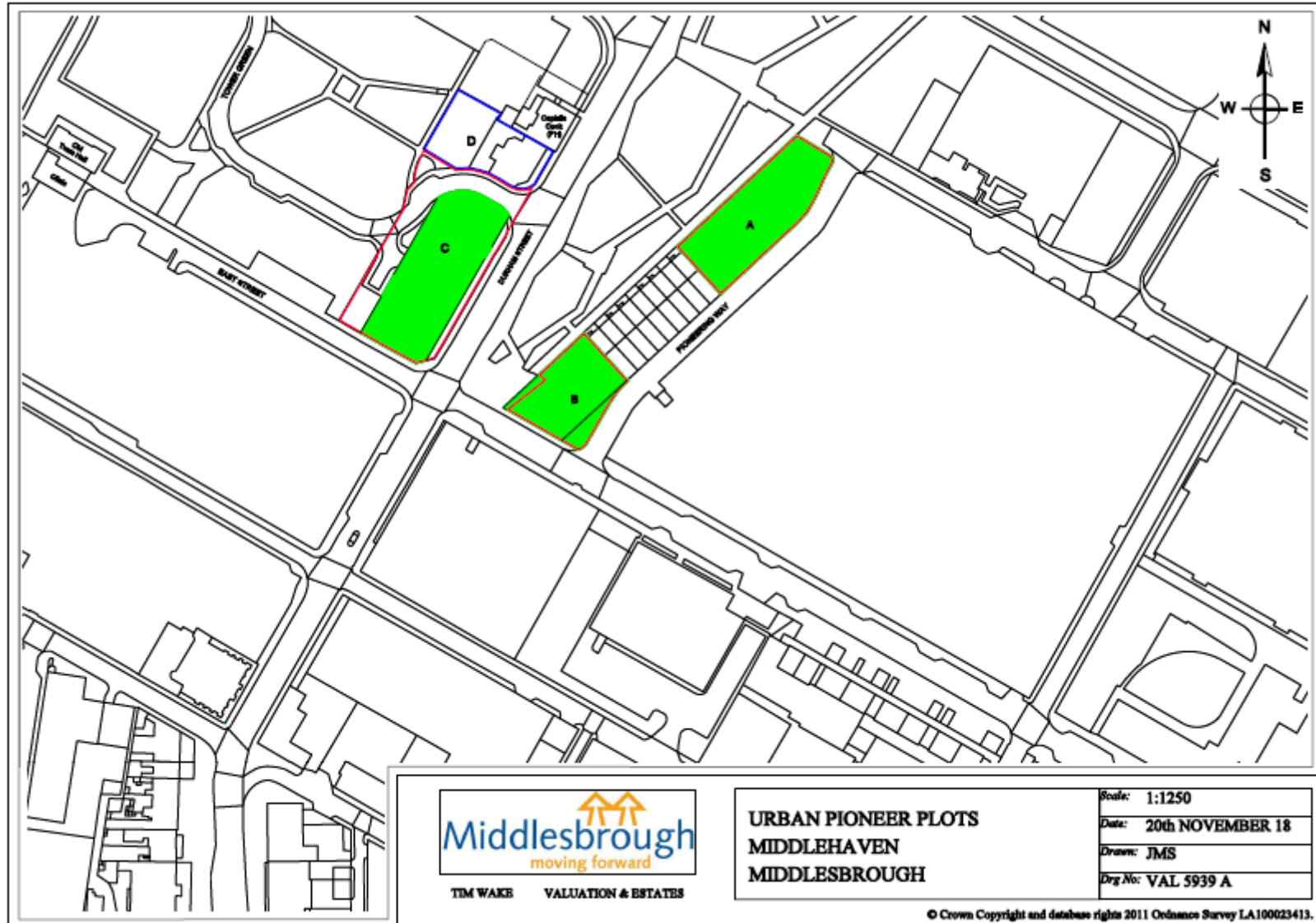
Actions to be taken to implement the decision(s)

34. Subject to executive approval, the Council commences:
- a. the preparation and completion of legal documents relating to the sale of the identified Urban Pioneers plots in line with the option agreement

Appendices

- Appendix I Site Plan
Appendix II Impact Assessment Level 1: Initial screening assessment

Appendix I – Site Plan



Appendix II - Impact Assessment Level 1: Initial screening assessment

Subject of assessment:	Disposal of the Council's freehold interest in the land at Urban Pioneers, Middlehaven			
Coverage:	Service specific			
This is a decision relating to:	<input type="checkbox"/> Strategy	<input type="checkbox"/> Policy	<input type="checkbox"/> Service	<input type="checkbox"/> Function
	<input type="checkbox"/> Process/procedure	<input type="checkbox"/> Programme	<input type="checkbox"/> Project	<input type="checkbox"/> Review
	<input type="checkbox"/> Organisational change	<input checked="" type="checkbox"/> Other (please state) Asset management		
It is a:	New approach:	<input type="checkbox"/>	Revision of an existing approach:	<input checked="" type="checkbox"/>
It is driven by:	Legislation:	<input type="checkbox"/>	Local or corporate requirements:	<input checked="" type="checkbox"/>
Description:	<p>Key aims, objectives and activities To assess the impact of the proposal to dispose of Council property deemed to be surplus to operational requirements.</p> <p>Statutory drivers (set out exact reference) The Local Government Act 1972 Section 123, as amended by the Local Government Planning and Land Act 1980 Section 118 Schedule 23 Part V.</p> <p>Differences from any previous approach The parcel of land has stood unused for a number of years. There are no Council staff, or services that will be affected by the disposal as proposed. Future use will be for residential development.</p> <p>Key stakeholders and intended beneficiaries (internal and external as appropriate) The Council, preferred bidder and the local community.</p> <p>Intended outcomes The proposed disposal of the subject site would:</p> <ul style="list-style-type: none"> • generate a significant capital receipt for the Council; • help meet the borough's housing requirement; • create new jobs within the borough; • remove the Council's liability for future holding costs, responsibility for, and maintenance of the property, and • help stimulate further development in the local area, and bring the subject property back into a more positive future use. 			
Live date:	Monday 26 th November 2018			
Lifespan:	Not applicable			
Date of next review:	Not applicable			

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<p>Human Rights</p> <p>Could the decision impact negatively on individual Human Rights as enshrined in UK legislation?*</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>It is considered that the disposal of the subject property will not impact negatively on individual human rights as the proposal represents a significant and positive enhancement for the local and wider area, which outweighs the loss of the parcel of land. This assessment has been made taking into account:</p> <ul style="list-style-type: none"> the fact that the property is vacant, and that no Council staff or services will be affected by the disposal as proposed; the new jobs that future re-use of the property will create, and the potential for this proposal to stimulate further economic development within the borough.
<p>Equality</p> <p>Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?*</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The Council has a duty to consider the impact of the proposed decision on relevant protected characteristics, to ensure it has due regard to the public sector equality duty. Therefore, in the process of taking decisions, the duty requires the Council to have due regard to the need to:</p> <ol style="list-style-type: none"> eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act; advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it, and foster good relations between persons who share a relevant protected characteristic and persons who do not share it. <p>Consideration of this duty has shaped the proposals. The property is vacant and fulfils no specific function, purpose or service. In accordance with this position, access to and delivery of Council services will not be affected by the proposed disposal.</p> <p>Due to the subject property being located within close proximity to the areas of recreational open space provided in Middlehaven and along the Riverside, it is considered that the proposal will not have a disproportionate adverse impact on a group, or individuals, because they hold a protected characteristic. Evidence used to inform this assessment includes engagement to date with relevant Council departmental teams and the proposed purchaser, together with analysis of the terms and conditions that will be incorporated within the proposed sale.</p>

* Consult the Impact Assessment further guidance appendix for details on the issues covered by each of these broad questions prior to completion.

Screening questions	Response			Evidence
<p>Community cohesion</p> <p>Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>There are no concerns that the proposal could have an adverse impact on community cohesion.</p> <p>Evidence used to inform this impact assessment includes the potential for bringing this property back into a far more beneficial future use than that being provided under the current ownership and management arrangement.</p>
<p>The Mayor's Vision For Middlesbrough</p> <p>Could the decision impact negatively on the achievement of the vision for Middlesbrough?*</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The disposal of this property is intended to facilitate regeneration, and as such, it is considered that it will contribute <i>positively</i> towards the Middlesbrough 2025 Vision, specifically in respect of Aim 2 ('a learning town, in which families and communities thrive), where one of the priorities is for more people to be working.</p> <p>This assessment has been made taking into account the new jobs that will be created in the Borough by bringing this property back into a far more beneficial future use.</p>
<p>Organisational management / Change Programme</p> <p>Could the decision impact negatively on organisational management or the transformation of the Council's services as set out in its Change Programme?*</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>No tangible relationship between the disposal of the property and the organisational management of the Council, or the transformation of its services (as set out in its Change programme), have been identified.</p>
<p>Next steps:</p> <p>➡ If the answer to all of the above screening questions is No then the process is completed.</p> <p>➡ If the answer of any of the questions is Yes or Uncertain, then a Level 2 Full Impact Assessment must be completed.</p>				

Assessment completed by:	Claire Bell	Head of Service:	Steve Fletcher
Date:	26/11/2018	Date:	26/11/2018