

# **FINANCE AND CORPORATE SERVICES PORTFOLIO DECISION SCHEDULE**



**16 January 2013**

**at 3.00 pm**

**in Committee Room A, Civic Centre, Hartlepool**

Councillor Paul Thompson, Cabinet Member responsible for Finance and Corporate Services will consider the following items.

**1. KEY DECISIONS**

- 1.1 Land at Tanfield Road South – *Assistant Director (Resources)*
- 1.2 Ward Jackson Park Lodge – *Assistant Director (Resources)*

**2. OTHER ITEMS REQUIRING DECISION**

- 2.1 Former Pink Domino Public House – *Assistant Director (Resources)*

**3. ITEMS FOR INFORMATION**

No items.

**4. REPORTS FROM OVERVIEW OF SCRUTINY FORUMS**

No items



## FINANCE AND CORPORATE SERVICES PORTFOLIO

Report to Portfolio Holder  
16 January 2013



**Report of:** Assistant Director (Resources)

**Subject:** LAND AT TANFIELD ROAD SOUTH

---

### 1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Key Decision (test (i) applies). Forward Plan Reference No. RN 13/09.

### 2. PURPOSE OF REPORT

2.1 To seek approval to complete the sale of the land on the basis of the revised tender.

### 3. BACKGROUND

3.1 Following marketing of the land at Tanfield Road, tenders were received in April 2012. These were reported to Mayor's Portfolio on 21<sup>st</sup> May 2012 and it was resolved to accept the tender outlined in **Confidential Appendix 1. (This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).**

3.2 The successful tenderer has subsequently carried out site investigation works, conducted extensive consultation with the Council's estates and planning officers and submitted a planning application.

3.3 The site investigation works revealed that there is some contamination of the site due to past uses and buried waste. The cost of carrying out the necessary remediation is noted in **Confidential Appendix 1. (This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).**

3.4 The successful tenderer originally proposed to carry out a development of 47 houses including the affordable housing requirement. As noted above, discussions took place with the Council's planning officers regarding the

proposed plans and as a result of these discussions, the development was reduced to 45 plots and a considerable number of other alterations made to the layout and other matters. This was in order to ensure that the planning application was in a form which the Council's planning officers considered could be recommended for approval.

- 3.5 The affordable housing element on the development as now proposed will be 5 units i.e. 11.11% of the number of plots.
- 3.6 As a result of these changes to the plans and the costs of remediation, the successful tenderer has revised their bid as outlined in **Confidential Appendix 1. (This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).** A copy of the Site Investigation Report and an HCA Viability Assessment of the site have been provided to the Council.

#### **4. PROPOSALS**

- 4.1 It is proposed to proceed with the revised tender to a sale of the site.

#### **5. FINANCIAL CONSIDERATIONS**

- 5.1 The revised tender is less than the original but is still a higher offer than the net amounts offered by other tenderers and reflects the market value of the site. The receipt will make a significant contribution to the Council's overall capital receipts target of £4.5m as highlighted in the Medium Term Financial Strategy (MTFS) and it is therefore recommended to accept the revised tender and to complete the sale of the site.
- 5.2 As reported in the MTFS it is important that progress is made in achieving the overall capital receipts targets as these resources are needed to fund existing capital expenditure commitments. The MTFS report has also highlighted that if there is a shortfall in the capital receipts target this will need to be funded Prudential Borrowing, which would result in an unbudgeted additional revenue costs. This situation needs to be avoided and this underlines the need to complete land sales when the achievable capital receipt meets or exceeds the valuation of the land.

#### **6. ASSET MANAGEMENT CONSIDERATIONS**

- 6.1 The attention of the Portfolio Holder is drawn to the Asset Management element of the Medium Term Financial Strategy. The decision by Cabinet in January 2009 requires a commercial, proactive approach to be taken on Asset Management issues, the proceeds of this transaction being a contribution to the Medium Term Financial Strategy.
- 6.2 The decision to adopt a commercial approach to asset management requires the Council to realise the full value of any properties or property rights that it disposes of.

**7. EQUALITY AND DIVERSITY CONSIDERATIONS**

7.1 There are no equality or diversity implications.

**8. SECTION 17 OF THE CRIME AND DISORDER ACT 1998 CONSIDERATIONS**

8.1 There are no implications under Section 17.

**9. RECOMMENDATIONS**

9.1 It is recommended that the revised tender is accepted.

**10. REASONS FOR RECOMMENDATIONS**

10.1 The revised tender, whilst less than the original, is still a higher offer than the net amounts offered by other tenderers, and is considered to reflect the market value of the land taking into account the remediation required and planning constraints. Accepting this tender will make a significant contribution towards the overall capital receipts target of £4.5m and reduce the risk of any funding shortfall having to be funded from Prudential Borrowing, which would result in an additional unbudgeted revenue cost.

10.2 The current development proposals have been the subject of extensive discussion and should gain formal planning approval in the near future, enabling the land sale to be completed.

**11. BACKGROUND PAPERS**

11.1 There are no background papers to this report.

**12. CONTACT OFFICER**

Graham Frankland  
Assistant Director (Resources)  
Civic Centre  
Victoria Rd  
Hartlepool  
TS24 8AY  
Tel: 01429 523211

## **FINANCE AND CORPORATE SERVICES PORTFOLIO**

Report to Portfolio Holder  
16 January 2013



**Report of:** Assistant Director (Resources)

**Subject:** WARD JACKSON PARK LODGE

---

### **SUMMARY**

#### **1. TYPE OF DECISION/APPLICABLE CATEGORY**

1.1 Key Decision (test (i)) Forward Plan Reference No. RN 13/09.

#### **2. PURPOSE OF REPORT**

2.1 To consider the options for the future use of Ward Jackson Park Lodge subsequent to Portfolio Holder's decision not to sell the lodge on the basis that the bids received were less than the Estate Manager's opinion of market value and that consequently there may be other options available to the Council.

#### **3. BACKGROUND**

- 3.1 Ward Jackson Park Lodge is surplus to the Council's operational requirements and has remained vacant for a considerable period of time.
- 3.2 In order to minimise costs and maximise capital receipts, Portfolio Holder agreed to the property being marketed for sale, however, interest was limited and the bids received were at a much lower level than expected.
- 3.3 It is not an efficient use of property assets for this house to remain vacant, and therefore, future options need to be identified to facilitate future use in order to reduce ongoing costs and maximise financial and social returns.

#### **4. OPTIONS**

4.1 There are a number of options that may be considered including;

- a) Leasing the property to a third party
- b) Community Asset Transfer
- c) Remarket, subject to additional planning consents being obtained.

a) Leasing the property to a third party

4.2 The property can be marketed as being available to let for a fixed period of time. This could be for residential, commercial or community activity; however, the Estates Manager is cautious about the granting of a residential tenancy due to the risks of security of tenure and right to buy provisions being obtained by any tenant. As such, it would be prudent, to lease the property for an alternate activity; however, as the park already has a successful café and function room, it is considered that the demand for use as a commercial venture would be limited. In addition the Council needs to achieve financial benefit from whatever the future use may be.

4.3 The property itself, is very small, being designed as a two bedroomed park lodge, and therefore, the opportunities are limited particularly as parking is restricted, and, the property does not comply with the statutory requirements, particularly DDA, which would be a requirement should the property be used to facilitate public access.

4.4 Previously an option had been considered for a 'holiday let' similar to some small properties offered by the Landmark Trust for instance. The Council could enter a managed tenancy agreement for a holiday home and market through holiday organisations like the Holiday Property Bond provided the furnishings etc. were of a sufficiently high standard.

b) Community Asset Transfer

4.5 The Council has already received an approach from The History of Hartlepool in Images Group, requesting, that the property be transferred under the Community Asset Transfer Policy.

4.6 Consideration has been given to this initial approach, and the Assistant Director of Community Services considers that currently both the group's constitution is inadequate to comply with the requirements of the current policy, and, there is a need for them to demonstrate long-term sustainability and demand for the project proposed. A meeting has been arranged with the Group and the outcome will be reported verbally at the Portfolio Holder meeting. Furthermore the proposed usage would currently fail to meet the requirements of an access or DDA audit for public access.

4.7 Should it just be decided to offer the property as being available under the Community Asset Transfer provisions, then it would be appropriate to advertise this more widely in order to identify any other

groups, who may comply with the requirements of the policy and who propose to deliver a service which is considered worthy of support by the Council.

- 4.8 To date, the Council has undertaken transfers to well established community organisations, who operate purpose built community centres that are fit for purpose and statutory compliant, in accordance with all Health and Safety legislation including DDA. The Lodge house, is very limited in terms of accommodation, and currently does not comply with current DDA legislation. As such, it would therefore be necessary to upgrade the property; however, there are restrictions due to the 'listing' of the property. Due to the limited size, layout and restrictions on access, it is considered that the property is not fit for purpose, and therefore, it would be difficult to use the same for a publicly accessible service without substantial changes.
- c) Remarket the property subject to obtaining further planning consent.
- 4.9 The lodge and adjoining land was marketed with a development brief outlining that Planning Permission would be needed to use the land for residential purposes. In addition permission is also required for a new access and alterations to the boundary treatment.
- 4.10 Based on feedback from interested parties that viewed the Lodge House, concern was expressed in relation to the lack of certainty in relation to planning consent which may well have affected the level of interest and subsequent offers that were received.
- 4.11 In order to increase the certainty and reduce risk in relation to the grant of planning consent, it is suggested that the Council could submit an application for the change of use for the whole site for residential purposes, and seek approval to the new access from Elwick Road. In addition, further consideration should be given to extent of the plot which is to be included within the site boundary and, review the opportunity for further development within the site.

## **5. FINANCIAL CONSIDERATIONS**

- 5.1 If the property was let on the open market, it would generate a rental income, and the tenant would be responsible for all repairs, maintenance and running costs. However, the costs of ensuring compliance with statutory requirements would either have to be undertaken by the Council, or a tenant would require a substantial rent free period.
- 5.2 Similarly, community organisations that may be interested in Community Asset Transfer of the property would either need to obtain grant funding or have considerable internal resources, to undertake any works required enabling statutory compliance, or alternatively, the Council would have to fund the works.

- 5.3 If planning permission was obtained for a change of use and the provision of a new access, this would considerably assist in improving the desirability and value of the site prior to remarketing, and any costs incurred in obtaining this permission, would be recovered through the added value. If the property were to be used as a residential dwelling, then there would be no need to undertake any works to meet any statutory compliance works and therefore this may be the most appropriate way to proceed.
- 5.4 If the property is not sold then this will reduce the scope for achieving the overall target of £4.5m included in the medium term financial strategy (MTFS) as part of the Capital Receipts needed over the next three years to fund “one off strategic financial issues” which includes match funding required for completion of the Housing Market Renewal Programme.

## **6. ASSET MANAGEMENT CONSIDERATIONS**

- 6.1 The attention of the Portfolio Holder is drawn to the Asset Management element of the medium term Financial Strategy. The decision by Cabinet in January 2009 requires a commercial, proactive approach to be taken on asset management issues, the proceeds of this transaction being a contribution towards the medium term financial strategy.
- 6.2 The decision to adopt a commercial approach to asset management requires the Council to realise the full value of any properties or property sites that it disposes of.
- 6.3 The Capital receipt anticipated from this property is built into the Council's medium term financial strategy and therefore if a receipt was not forthcoming further risk would be created and or receipts would need to be increased from elsewhere. This has already been highlighted as a risk going forward in terms of the economic climate.

## **7. EQUALITY AND DIVERSITY CONSIDERATIONS**

- 7.1 There are no equality or diversity implications apart from the requirements to ensure the property is statutory compliant in accordance with DDA for any publicly accessible facility.

## **8. SECTION 17 OF THE CRIME AND DISORDER ACT 1998 CONSIDERATIONS**

- 8.1 There are no implications under Section 17.

## **9. RECOMMENDATIONS**

- 9.1 Portfolio Holder is recommended to consider the available options.



**10. BACKGROUND PAPERS**

- 10.1 Report to Finance and Procurement Portfolio on 12<sup>th</sup> December 2012.

**11. CONTACT OFFICER**

Graham Frankland  
Assistant Director (Resources)  
Civic Centre  
Victoria Rd  
Hartlepool  
TS24 8AY  
Tel: 01429 523211

E-mail – [graham.frankland@hartlepool.gov.uk](mailto:graham.frankland@hartlepool.gov.uk)

## **FINANCE AND CORPORATE SERVICES PORTFOLIO**

Report to Portfolio Holder  
16 January 2013



**Report of:** Assistant Director (Resources)

**Subject:** FORMER PINK DOMINO PUBLIC HOUSE

---

### **1. TYPE OF DECISION/APPLICABLE CATEGORY**

1.1 Non Key Decision.

### **2. PURPOSE OF REPORT**

2.1 To inform the Portfolio Holder of the Minor Property Issues dealt with under Delegated Powers and to seek approval for the use of a part of a small capital receipt from the release of a covenant.

### **3. BACKGROUND**

- 3.1 At the Portfolio Holder meeting in June 2012 approval was given for decisions on Minor Property Issues to be delegated to the Director of Regeneration and Neighbourhoods.
- 3.2 It was also agreed that the Portfolio Holder would receive briefings on such issues and that they would be formally recorded in a Portfolio Holder Report on a quarterly basis.

### **4. CONSIDERATIONS**

- 4.1 In the last quarter an issue has been dealt with under the Delegated Powers.
- The release of a Covenant at the Pink Domino Public House in favour of the Council.
- 4.2 This issue has been discussed with the Portfolio Holder in a briefing session (including feedback from Ward members and residents).
- 4.3 Portfolio Holder will be aware of the sale and the effects on residents which have been documented in a variety of objections. The sale is, of course, largely outside of the control of the Council. Planning permission for a change of use to retail premises has however been granted by the Council

and this has meant the need to agree the release of a covenant the Council had on the property. Such release cannot be unreasonably withheld and this is the case in this instance.

- 4.4 A fee within the minor property delegation has been agreed with the purchaser.
- 4.5 Approaches have been received from Ward Members to use part of this fee for the benefit of the local residents in recognition of the loss to the community and it is suggested that 50% of the fee be used for improvements to the locality. The remainder will be taken into the capital receipts pot. This receipt was an unexpected “windfall” and not accounted for in the Medium Term Financial Strategy.

## **5. RISK IMPLICATIONS**

- 5.1 The agreements in place will deal with any risks to the Council, which are very low.

## **6. FINANCIAL CONSIDERATIONS**

- 6.1 The Council will achieve income from this agreement and there will be a benefit to the local community.

## **7. LEGAL CONSIDERATIONS**

- 7.1 Legal agreements in place will safeguard the Council’s interests.

## **8. EQUALITY AND DIVERSITY CONSIDERATIONS**

- 8.1 There are no equality or diversity implications.

## **9. SECTION 17 OF THE CRIME AND DISORDER ACT 1998 CONSIDERATIONS**

- 9.1 There are no implications under Section 17.

## **10. STAFF CONSIDERATIONS**

- 10.1 There are no staff implications.

## **11. ASSET MANAGEMENT**

- 11.1 The attention of the portfolio Holder is drawn to the Asset Management element of the Medium Term Financial Strategy (MTFS).. The decision by Cabinet in January 2009 requires a commercial, proactive approach to be taken on Asset Management issues, the proceeds of this transaction being a contribution to the Medium Term Financial Strategy (MTFS).

- 11.2 The decision to adopt a commercial approach to asset management requires the Council to realise the full value of any properties or property rights that it disposes of.

**12. RECOMMENDATIONS**

- 12.1 Portfolio Holder notes the report and the property issue dealt with under Delegated Powers.
- 12.2 Portfolio Holder approves the use of 50% of the fee for the release of the covenant for local improvements to be determined in liaison with residents, Ward Members and the Assistant Director (Resources).

**13. REASONS FOR RECOMMENDATIONS**

- 13.1 To confirm property issues dealt with under Delegated Powers and use of part of the capital receipt.

**14. APPENDICES AVAILABLE ON REQUEST, IN THE MEMBERS LIBRARY AND ON-LINE**

- 14.1 There are no appendices.

**15. BACKGROUND PAPERS**

- 15.1 There are no background papers.

**16. CONTACT OFFICER**

Graham Frankland  
Assistant Director (Resources)  
Level 3  
Civic Centre  
Hartlepool  
TS24 8AY

Tel: (01429) 523211  
E-mail: [graham.frankland@hartlepool.gov.uk](mailto:graham.frankland@hartlepool.gov.uk)