

## ITEM NO: 6

<b>Report To:</b>	<b>STRATEGIC PLANNING AND CAPITAL MONITORING PANEL</b>
<b>Date:</b>	21 September 2015
<b>Reporting Officer:</b>	Elaine Todd - Assistant Executive Director (Asset Management and Investment Partnership)
<b>Subject:</b>	<b>CORPORATE ASSET MANAGEMENT PLAN UPDATE</b>
<b>Report Summary:</b>	<p>The attached report is intended to update members of the Strategic Planning and Monitoring Capital Panel with progress on the disposal of the Council's surplus assets, anticipated capital receipts that will be realised and investment that is required to maintain those buildings being occupied and retained or dilapidations arising from the termination of leases.</p>
<b>Recommendations:</b>	<p>That Strategic Capital Panel Members review the contents of the report and recommend to Cabinet that the:</p> <ul style="list-style-type: none"><li>a) Approval of the list of disposals identified in <b>Appendix 1</b>;</li><li>b) The allocation of £154,100 to undertake building condition replacement / repair projects as detailed at paragraph 3.2;</li></ul>
<b>Links to Community Strategy:</b>	To support the delivery of the objectives of the Community Strategy.
<b>Policy Implications:</b>	Expenditure in line with financial and policy framework. To assist in delivering a balanced budget and support the sustainability of the local economy.
<b>Financial Implications:</b>	<p>Substantial work has been undertaken to vacate, market and dispose of a number of buildings in the last eighteen months.</p> <p>Work required on buildings is included within the report at 3.2 and approval of £154,100, corporate funding is required.</p> <p>Costs that will be incurred in respect of properties that are leased and the lease is being terminated as indicated at paragraph 2.2 will be met from the service area that has previously occupied and signed the lease for the property.</p> <p>Where leasehold properties are disposed of, the corporate landlord will have a reduction in the income target specifically for that asset. Disposals will need to be assessed on the overall cost/benefit to the Council..</p> <p>It is recommended that close monitoring of the capital receipts projected and realised is continued in future financial years. It should be noted that £11.2m of capital receipts are due to be repaid to the General Fund relating to temporary funding of the BSF programme.</p> <p>Prior to the final approval of capital allocations all other funding options need to be exhausted including potential for insurance claims.</p>
<b>Legal Implications:</b>	The challenge to the Council is to ensure that its estate makes an effective contribution to improving the Council's financial and business performance; the service delivery agenda; resolving the

pressure on demands for estate capacity; and achieving change with minimal capital expenditure. We need to ensure that the buildings we need are fit for purpose and congruent with strategic service delivery. The major financial challenge is to achieve change through improving the productivity of the Council's estate. We need to focus on the service and outcomes being provided and not the building from which historically the service was delivered historically been provided from.

**Risk Management:**

The ownership and use of property carries with it a number of risks including health and safety, economic, financial, service delivery, statutory compliance and maintenance risks. It is therefore proposed to develop a risk register as part of the strategic review of the Councils assets to identify and manage risks.

**Access to Information:**

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## 1. INTRODUCTION

- 1.1 A report detailing progress on the disposal of assets, realisation of capital receipts and assets requiring investment, was considered at the last meeting of the Strategic Capital Panel.
- 1.2 This report is intended to provide members of the Panel with a further update.

## 2. DISPOSAL OF ASSETS

### Leased Buildings

- 2.1 As reported at previous meetings of the Panel, the Council's policy is to terminate leases it has for buildings owned by others and to relocate services to surplus space in Council owned properties, where this delivers value for money, to reduce the revenue cost of operating and occupying buildings.
- 2.2 All of the surplus leased properties have been vacated and in most cases dilapidations have been agreed and completed. The latest progress update is shown as follows:

Property	Former Occupant	Estimated Level of Dilapidations / Payment in Lieu of Work Being Undertaken	Status
Oldham Street	Children's services	£0	Building vacant no dilapidations however there will be a commuted rent of £55,000 to be confirmed plus fees. Chasing landlord to confirm.
Good Hope Mill	Drugs Intervention Programme	£40,000	Lease terminated 31.10.2014. Awaiting final schedule of dilapidations

- 2.3 The exact level of dilapidations in respect of the Good Hope Mill, is still being negotiated and will be subject to further reports to the Strategic Capital Panel and formal governance. This has been reduced from the £80,000 previously reported.
- 2.4 The Council still has long leases in respect of Plantation Estates, Portland Basin and in addition leases the former St Ann's RC Primary School in Ashton, as a training centre.

## 3. INVESTMENT IN CIVIC AND CORPORATE BUILDINGS

- 3.1 There is no reactive maintenance budget included within the corporate landlord budgets and any repairs or upgrading of the buildings requires a request for additional investment to be made to the Panel for approval by Cabinet. In the past few months a number of repairs have been requested for civic and operational buildings for which there is no revenue or capital budget allocation.
- 3.2 The analysis of the investment required in respect of health and safety repairs is shown in the table below. In some cases these repairs have already had to be undertaken to allow the buildings to remain operational:

Building	Estimated Cost
	£
Two Trees – various condition repairs	30,000
Tame Street Garage Floor – additional repairs	25,000
Ryecroft Hall roof repairs	2,500

Tame Street Depot – various repairs	20,000
Stalybridge Civic Hall – roof repair	2,000
Hyde Market Hall - drainage	2,000
Dukinfield Crematorium – ramp	2,400
Ridgehill Childrens Centre – replacement floor	2,500
Ryecroft Hall – emergency escape improvements	4,000
Greenside Childrens Centre – boilers	1,600
Concorde Suite Alarms – upgrade after service	1,700
Hyde Youth and Community Centre – alarm upgrade	2,500
St Peters Childrens Centre – heating system	1,400
Hyde Town Hall – lift door and other repairs	15,000
Blocksages - Heating repairs	1,500
Stamford Park Café /Pavillion Roof repairs	2,500
Ridge Hill Roof repairs	2,500
Dukinfield Town Hall – various condition works	20,000
Denton Town Hall – roof and other repairs	15,000
<b>Total</b>	<b>154,100</b>

- 3.3 The new Greater Manchester Pension Fund building to be known as Guardsman Tony Downes House, was completed on 1 September 2015 and the Fund moved into the building on 14 September 2015.
- 3.4 The Concorde Suite in Droylsden will be fully vacated by the Greater Manchester Pension Fund in October 2015. The servers and telephone connectivity for the pension fund are still located in the building and connected to Tony Guardsman’s House, via satellite, until the permanent links are installed in the new building. This may impact on the level of surveys and work which can be carried out until these are terminated and removed from the Concorde Suite.
- 3.5 Condition surveys will be undertaken once the building has been cleared of all paperwork and records, to assess the level of investment required to continue to use the building as office accommodation for the next 3 years.
- 3.6 The Concorde Suite building has suffers from cracking in the external perimeter concrete pre cast units and there is concern that these may deteriorate further leading to falling concrete or failure in strong winds. In addition the floors are sagging. The mechanical and electrical systems also need upgrading.
- 3.7 Requests for any capital investment required to the Concorde Suite building, will be subject to a further report to panel. It is intended that the building will then be occupied by staff currently located at the former Two Trees building, to enable this site to be brought to market as soon as possible. It is anticipated that the remodelled building will be ready for occupation in April 2016, subject to the extent of repairs needed.

#### 4. CAPITAL RECEIPTS

- 4.1 The following table shows the capital receipts that are anticipated to be received over the next three years.

Estimated Receipt Required to Balance Capital Programme	2015/16 Est	2015/16 Act to Date	2016/17 Est	Post 2016/17 Est	Total over 3 Years
£000	£000	£000	£000	£000	£000

16,333	15,000	1,243	15,000	15,000	45,000
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- 4.2 The above summary of estimated capital receipts is based on land and property already identified for disposal and reflects either firm offers received or the best estimate of the capital receipt that is likely to be received. A target of £15m per annum receipts has been set for the next three years. A list of properties is being considered for future reporting to the Panel.
- 4.3 General receipts are retained corporately and allocated in line with Council policy.
- 4.4 Capital receipts and progress re leases received since the last report to the Panel are:

Site	Purchaser /Details	Receipt Realised £
Lees Road former school site	Nikanth Estates - proposed temple site	550,000
Yew Tree Community Centre	The Mountain of the Lords House – heads of terms agreed - full rent £13,500 per annum	
Unit 11 Charlestown Industrial Estate	Mr C Jones, Heads of Terms agreed for rent at £5,500 per annum. New insulation business.	
Audenshaw Cemetery Lodge	The former secure tenant has voluntarily left the property and been rehoused by New Charter. The property will now be considered for auction or reuse as a children's home	
8 Ashton Road, Droylsden	Re let to P Spencer, for use as an off licence, annual rent £5,500	
Units 6 & 7 Hattersley Industrial Estate	Retail Leisure (UK) Ltd, terms agreed for use as popcorn manufacturing. Annual rent £17,850.	
Whitehouse, Stalybridge	Hyde Brewery	10,000
Land to rear of Westheads Florists	Lease of Land B Westhead – use for parking - £2,200 annual rent. Heads of terms agreed.	
St Peters Children Centre	Lease agreed with E Sagar for use as children's nursery	
Lord Street Garage	Sold at Auction July 2015	100,000
Unit 2 - Bailey Street	Leased to Truck Craft Bodies – 3 year lease at £11,700 per year completed	
Land at Frances Street Hyde	Sold at auction 10 September 2015	41,000
Land at Holden Street, Ashton		30,500
Land at Furnace Street, Hyde		42,500
Mottram Court House		64,000
Land at Compton Street, Ashton		20,000
Land at Hardwick Street, Ashton		35,000
Land at Wellington Street, Ashton		106,000
Land at Margaret Street, Ashton		60,000

Land on corner of Johnson Brook Road, Hyde		18,000
Stamford Street, Stalybridge, informal car park		52,000
5 Newton Street, Ashton		53,000
Land adj 148 Moorside Street, Droylsden		29,000

- 4.5 As further disposals and leases are completed, the above list will be updated.
- 4.6 **Appendix 1** provides additional information in respect of properties that have identified for disposal or where tenants have sought to acquire the freehold of the properties that they lease.
- 4.7 Properties being actively marketed for sale or lease, will be advertised on the Council's website, in addition to the marketing agents sites. Where potential disposals will impact on tenants, for example sale of garage or garden plots, which have become too expensive to administer, written notification will be given to tenants in advance for the proposed sale.

## 5. RECOMMENDATIONS

- 5.1 These are set out at the front of the report.

# APPENDIX 1

## List of Property Identified for Disposal but Not Completed at 1.9.2015

Property	Purchaser / Future Use	Estimated Sale Price £	Annual Lease Payment (Forfeited) / Achieved
Land at Egerton Street	Mr Hampton – freehold reversion	30,000	
Land rear 5-9 Seel Street,	Access covenant	17,500	
M66 Highways settlement – receipt		75,000	
Gorse Hall Former Day Centre	Offer received from Mr Stringer children's day nursery- Willow Wood Hospice renting in meantime	150,000	6,000
Werneth House	Management Association - Lease		5,000
Edge Lane, Droylsden	Arcon Housing – (Affordable Housing)	36,666	
Kynder St, Denton	Originally transferred to NCHT for affordable housing on the basis of a deferred capital receipt - NCHT have now requested that they are permitted to charge against the properties which will trigger early repayment of the capital receipts	110,880	
Cavendish Street		141,960	
Katherine House		296,849	
Wakefield Road		126,477	
Wellington Road		251,409	
Lake Road		166,540	
Land at Charlestown Industrial Estate, AUL		Berkeley (UK) Limited	50,000
Garage site at Botany Lane	Ashton Central Mosque Trust - Car Park	55,000	(2,500)
Wilshaw Lane Ashton former school site	Shree Ram Mandeer- proposed temple site	250,000	
Burlington Street Car Park	Originally transferred to NCHT 31.10.2013 for affordable housing on the basis of a deferred capital receipt - NCHT have now requested that they transfer it back to the Council as it is too expensive to develop.		
Manchester Road, Hyde	Redwood Developments 6/ 7 detached private houses	212,500	
Ashton Hill Lane, Droylsden	Being marketed – interest received	275,000	
Denton Nursery	Unsolicited Offer received from two housing developers	TBC	
Unit 2 Rassbottom Street	Car Clinic - 99 year lease	235,000	
Marie Close, Denton	Dave Godfrey	25,000	
1 Pickford Lane	New Charter interest - affordable housing	180,000	
Plot at Board Street, Ashton	Mr Mavani, residential application now approved	20,000	
Carr Rise, Grazing Land	Mr Charnock	4,000	
Carr Rise, Grazing Land	Ian Cowley	4,000	
Land at Boundary Close	Mr and Mrs Chandler	6,500	
Land rear Trafalgar Square	Dave Godfrey	20,000	
Land at Windsor Road Denton	Interest received from Wain Homes	TBC	
Stamford High School	Taylor Wimpey Residential Development	4,250,000	

Johnson Brook Road, Hyde	Interest received from New Charter Housing – site access licences issued to enable investigations to be undertaken	350,000	
Spring Gardens, Hyde		410,000	
St Mary's Road, Hyde		175,000	
Leigh Fold, Hyde		250,000	
High Street, Stalybridge		190,000	
Pine Road, Stalybridge		250,000	
Pickford Lane, Dukinfield		180,000	
Hawthorn Road, Denton		410,000	
Old Street, Ashton under Lyne		110,000	
Land adj Boundary Cottages, Mossley	Potential disposal at auction in October/ November 2015	20,000	
Land adj 23 Providence Street, Ashton		10,000	
Land adj 15 Lodge lane, Dukinfield		10,000	
James Howe Mill		180,000	
Garage site Hope Street, Dukinfield		15,000	
Garage site, Bostock Road, Longdendale		35,000	
Garage site Hallbottom Street, Hyde		15,000	
Garage site, Grey Street, Stalybridge		25,000	
Garage site, Field Street, Hyde		10,000	
Former Hartshead High School	Outline planning application being developed	TBC	
Former Mossley Hollins School		TBC	
Former Samuel Laycock School	Interest from New Charter for affordable housing – potential cash receipt	TBC	
Former Littlemoss High School	Outline planning application being developed	TBC	
Former Two Trees High School	Outline planning application being developed	TBC	
Former Sunday School, Taunton Road, Ashton	999 year lease tenants want to hand back building needs demolishing circa £90,000 cost	250,000	
Crown Street, Car Park	Potential offer for new offices	TBC	
Former Hyde Library / Union Street building	Interest for use as medical centre progressing	TBC	
Longdendale Children's Centre	To be marketed for lease	TBC	
Land rear of 27 Poplar Grove	J Detheridge, Garden Extension	2,200	
St James Children's Centre	To be marketed for lease	TBC	