

**Land and Asset Management
Committee**

**14th June, 2018 at 5.15 pm
at the Sandwell Council House, Oldbury**

Present: Councillor Gavan (Chair);
Councillors Dhallu and L Giles.

Apologies: Councillors Edis, Eling, Moore and Preece.

1/18 **Minutes**

Resolved that the minutes of the meetings held on 6th December and 13th December, 2017 be confirmed as a correct record.

2/18 **Exclusion of the Public**

Resolved that the public and press be excluded from the rest of the proceedings to avoid the possible disclosure of exempt information under Schedule 12A to the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006 relating to terms proposed for the disposal / acquisition of property or the supply of goods or services and disclosure would be likely to prejudice the Council.

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Business Item

3/18 **Capital Receipts 2017/2018**

The Committee received details of the total capital receipt achieved in the 2017/2018 financial year as a result of the sale of surplus land and property belonging to the Council.

The report highlighted the sale price, completion date, authority utilised to affect the disposal, valuation, reason for sale and method of sale.

Sites sold by way of auction exceeded, in each case, the projected values provided by the appointed auctioneer and the subsequent reserve price agreed with the Council's in-house surveyor prior to the auction.

Members noted the information and welcomed future updates in order to seek reassurances that the Council strived to meet market value when disposing of land and property.

Key Decisions

4/18 **Eli Fletcher Building, Oak Road, West Bromwich (Key Decision Ref. No. SMBC13/06/2018)**

Approval was sought to declare the Eli Fletcher Building, 85 Oak Road, West Bromwich surplus to Council requirements and to authorise disposal of the freehold interest on the open market.

It was reported that the Council was the freehold owner of the Eli Fletcher Building, 85 Oak Road, West Bromwich. It was a single storey building with a large open plan community room with a small kitchen off the main room. The building opened in October 1952 following a donation from a local factory owner, Eli Fletcher.

The building had been in use as a Sons of Rest facility for many years but unfortunately the last member had recently passed away. This meant there was no longer any demand for a Sons of Rest facility in the area.

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Due to the availability of three buildings for community use within half a mile of the building, it was considered that disposal of the Eli Fletcher building was the best course of action for the Council.

Three other options, in addition to disposal and community use of the building were considered. Commercial use of the building was considered but the level of investment required to the building and the expected rental income suggested a poor rate of return to the Council. This would also prove to be a higher risk option due to the uncertainty of commercial rental income over the long term.

Consideration was also given for the site to be re-developed for council housing. This was a lower risk option, however the cost of demolition for the development of two houses made the council house new build option not viable in financial terms.

The final option was for the re use of the building by other Council services, but no other Council service had expressed any interest in making use of the building.

Resolved to recommend to Cabinet:-

- (1) that the Eli Fletcher Building, 85 Oak Road, West Bromwich, B70 8HP be declared surplus to Council requirements;
- (2) that subject to Resolution (1) above, the Director – Monitoring Officer be authorised to dispose of the freehold interest in the property, shown for identification purposes edged bold on Plan SAM/35160/001, on the open market for the best price and other uses on terms and conditions to be agreed by the Director – Regeneration and Growth.

5/18

Appropriation of Land at Windmill Lane, Smethwick (Key Decision Ref. No. SMBC08/06/2018)

Approval was sought for the appropriation of Council-owned land at Windmill Lane, Smethwick from the Housing Revenue Account to Education, Skills and Employment to enable the extension of St Matthew's CE Primary School.

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Whilst the unprecedented growth in the birth rate experienced over recent years had started to ease, the Borough continued to receive a high demand for school places, primarily due to increased migration and retention rates. In particular, Smethwick remained the area where this demand remained high. It was noted that a number of primary schools in Smethwick had already been expanded to meet demand.

It was reported that upon completion of the proposed appropriation, the freehold interest would be transferred to Sandwell Land and Property Limited. Subsequently, a long lease would be granted to the Council.

Members noted that St Matthew's CE Primary School was a voluntary aided school therefore Schedule 3 of the School Standards Framework Act 1998, applied. Therefore, upon completion of the build an under lease would be granted to the Diocesan.

Resolved to recommend to Cabinet:-

- (1) that the land at Windmill Lane, Smethwick, shown for identification purposes edged bold on Plan SAM/53500/006, be declared surplus for the purposes for which it is currently held, and be used to support the extension of St Matthew's CE Primary School;
- (2) that the appropriation of land at Windmill Lane, Smethwick, shown for identification purposes edged bold on Plan SAM/53500/006, from Housing Revenue Account to Education Skills and Employment, be approved.

6/18

Land off Crocketts Lane, Smethwick (Key Decision Ref. No. SMBC15/06/2018)

Approval was sought to dispose of the freehold interest in Council-owned land off Crocketts Lane, Smethwick.

It was reported that a request had been received from Bassi Builders Limited to purchase the freehold interest in a parcel of Council-owned land off Crocketts Lane, Smethwick.

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The requested land had previously been used, under Licence, by West Midlands Police Authority as a car park for officers operating from Piddock Road Police Station. The station had now closed and the licence had since been terminated leaving the land vacant and unused.

Bassi Builders Limited was the owner of land on the corner of Piddock Road and Crocketts Lane which immediately abutted the land in the Council's ownership. Bassi Builders Limited had therefore expressed a desire to acquire the Council's land to accommodate a comprehensive redevelopment of both sites.

Although, as a general principle, the Council would market test prior to disposal of its surplus land and property assets, there were circumstances in which it was in the best interests of the Council to secure a disposal to an adjoining third party because of other benefits. In this particular case, a sale direct to Bassi Builders Limited as the adjoining land owner, would not only release a synergistic value as a result of the company's special interest in the land but also accommodate a comprehensive redevelopment of the lands.

Consultation with Planners had confirmed that both sites could be developed in isolation with the Council's land potentially accommodating three 2/3 bed properties or alternatively two 4/5 dwellings. Bassi Builders Limited land could potentially accommodate 8 properties.

Merging both sites would not increase the density of the development but it would allow for a scheme with access from Piddock Road only. Prohibiting access from Crocketts lane would be preferable from both a highway and planning perspective. This was because access to the Council's land was on a bend opposite to another site also being residentially redeveloped.

To ensure a comprehensive development of both sites was undertaken, a restriction would be applied to the sale to the effect that future development of the Council's land must be residential in nature and must not be developed out otherwise in conjunction with the adjoining land. This was to ensure that the two sites were developed together rather than independently.

Resolved to recommend to Cabinet:-

- (1) that approximately 898 m² of land off Crocketts Lane, Smethwick, shown for identification purposes edged black on Plan SAM/13240/020, be declared surplus to the requirements of the Council;
- (2) that subject to Resolution (1) above, the Director – Monitoring Officer be authorised to dispose of the freehold interest in the site, shown for identification purposes edged black on Plan SAM/13240/020, to Bassi Builders Limited to accommodate a comprehensive redevelopment and otherwise on terms and conditions to be agreed by the Director – Regeneration & Growth;
- (3) that subject to Resolution (1) above and that in the event that disposal of the land referred to in Resolution (2) above does not, for whatever reason, proceed to Bassi Builders Limited, the Director – Monitoring Officer be authorised to dispose of the freehold interest in the land on the open market and otherwise on terms and conditions agreed by the Director – Regeneration and Growth;
- (4) that subject to Resolution (1) above, the Director – Monitoring Officer be authorised to enter into or execute under seal if necessary, any other related documentation in connection with the disposal of the land referred to in Resolution (2) above and/or Resolution (3) above on terms and conditions to be agreed by the Director – Regeneration and Growth.

7/18

Land at Kelvin Way, West Bromwich (Key Decision Ref. No. SMBC14/06/2018)

Approval was sought to dispose of the freehold interest in a parcel of Council-owned land off Kelvin Way, West Bromwich to Envira Limited.

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It was reported that the Council currently leased land to Envira Limited by virtue of a 99-year lease granted on 29th September 1956 at an annual rental of £300. The lease did not contain a provision for a rent review and the rent had not therefore increased since the date the lease was originally granted nor would it increase during the remainder of the lease term, which expired on 28th September 2055.

Envira Limited had advised the Council that it wished to undertake an investment programme to include expansion proposals to accommodate new business opportunities and the creation of new jobs. Unfortunately, obtaining finance was proving difficult as there was only 37-years unexpired on the lease and investors required either a longer-term lease or preferably the freehold.

As a result of previous sales under the Council's Tenant Non Residential Property Strategy (TNRP), the Council no longer owned any other land and/or property in the immediate vicinity of the Envira's site making this an isolated interest.

The criteria utilised for disposals under the TNRP strategy stated that if the interest was isolated in nature and/or not in a town centre location a sale could be considered. Tenants were given the first opportunity to buy the Council's interest and only if terms could not be agreed was an open market sale effected.

In the case of Envira Limited, not only was this an isolated interest, there was no opportunity to increase the annual rent from the sum originally agreed in 1956 because there was no rent review clause in the lease.

To accommodate Envira's request, the Council's agent who had previously been appointed to agree sales under the TNRP strategy, was asked to undertake a valuation of the Council's interest and open informal negotiations.

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Resolved to recommend to Cabinet:-

- (1) that the Director – Monitoring Officer be authorised to dispose of the freehold reversionary interest in approximately 0.781 hectares (1.931 acres) of land off Kelvin Way, West Bromwich, shown for identification purposes edged black on Plan SAM/27260/015, to the existing tenant Envira Limited on terms and conditions to be agreed by the Director – Regeneration and Growth;
- (2) that in the event the terms of disposal of land referred to in Resolution (1) above does not, for whatever reason, proceed to Envira Limited, the Director – Monitoring Officer be authorised to dispose of the freehold interest in the land on the open market and otherwise on terms and conditions to be agreed by the Director – Regeneration and Growth;
- (3) that subject to Resolution (1) or (2) above, the Director – Monitoring Officer be authorised to enter into or execute under seal if necessary, any other related documentation in connection with the disposal of the land on terms and conditions to be agreed by the Director – Regeneration and Growth.

(Meeting ended at 5.40 pm)

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