

Planning Policy and Programmes
Warrington Borough Council
East Annexe
Town Hall
Sankey Street
Warrington
WA1 1HU

Submitted via Email to: localplan@warrington.gov.uk

Date: 15 November 2021

Your ref:

Dear Sir / Madam

Warrington Draft Local Plan 2021 Consultation: Representations in Relation to Land at Newcombe Avenue, Orford, Warrington

Lichfields is instructed by our client Newcombe Warrington Land Investments Limited [NWLI] to make representations to the Warrington Updated Proposed Submission Version Local Plan [SVLP 2021] published for consultation by Warrington Borough Council [the Council] in October 2021.

These representations are made in the context of NWLI's land interest at Newcombe Avenue, Orford [the Site]. By way of background, NWLI purchased the Site from the Council in 2020 after it was put on the market as a residential opportunity site. This letter is accompanied by a location plan detailing the extent of land in NWLI's ownership.

It is a statutory requirement that every development plan document must be submitted for independent examination to assess if it is 'sound' as set out within Section 20(5) of the Planning and Compulsory Purchase Act 2004 [the 2004 Act].

There is no statutory definition of 'soundness'. However, the National Planning Policy Framework [the Framework] states that to be sound a Local Plan should be [§35]:

1. **Positively prepared** – providing a strategy which, as a minimum, seeks to meet the area's objectively assessed needs, and is informed by agreements with other authorities, so that unmet need from neighbouring areas is accommodated where it is practical to do so and is consistent with achieving sustainable development;
2. **Justified** – an appropriate strategy, taking into account the reasonable alternatives, and based on proportionate evidence;
3. **Effective** – deliverable over the plan period, and based on effective joint working on cross-boundary strategic matters that have been dealt with rather than deferred, as evidenced by the statement of common ground; and,
4. **Consistent with national policy** – enabling the delivery of sustainable development in accordance with the policies in this Framework and other statements of national planning policy, where relevant.

In addition, the Framework [§11] states that:

“Plans and decisions should apply a presumption in favour of sustainable development.

For plan-making this means that:

- a) *all plans should promote a sustainable pattern of development that seeks to: meet the development needs of their area; align growth and infrastructure; improve the environment; mitigate climate change (including by making effective use of land in urban areas) and adapt to its effects;*
- b) *strategic policies should, as a minimum, provide for objectively assessed needs for housing and other uses, as well as any needs that cannot be met within neighbouring areas, unless:*
 - i. *the application of policies in this Framework that protect areas or assets of particular importance provides a strong reason for restricting the overall scale, type or distribution of development in the plan area; or*
 - ii. *any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole.*

These representations demonstrate that a number of policies within the SVLP 2021 require amendments in the context of the tests of soundness established by the Framework.

Background

The Site is located on the edge of the residential suburb of Orford, just within the ward of Poplars & Hulme. NWLI's land interest forms part of a wider piece of land which spans from Orford Road (the A50) along the northern boundary of Birchwood Way (the A547) up to Blackbrook Avenue at the Padgate roundabout. The Site forms an irregular, horseshoe esque shape, which wraps around the unadopted Newcombe Avenue and existing residential properties there. There is no obvious internal boundary within the Site to signify the end of NWLI's ownership, which merges naturally with land that it is understood remains within the Council's ownership.

It should be noted that a strip of land running diagonally through the southern part of the Site (from south-west to north-east) is safeguarded for highway purposes for the possible future expansion of Birchwood Way under Policy MP 6 (Transport Infrastructure) of the Adopted Warrington Local Plan Core Strategy (July 2014). This designation is proposed to be retained under draft Policy INF2 of the SVLP 2021.

The extent of this particular highway safeguarding is from Hallfields Road to the Birchwood Way/ Woolston Grange Avenue, a length of approximately 2.8 kilometres. It encompasses former railway land adjacent to Withers Avenue and then runs parallel to Birchwood Way, encompassing part of the Site between Birchwood Way and Newcombe Avenue. It should also be noted that the route encompasses existing residential properties on Station Road North.

Before addressing relevant draft policies contained within the SVLP 2021 in the context of soundness, it is important to set out the background associated with my clients acquisition of the Site.

In February 2016, the Council's Executive Board approved the Council to enter into a Limited Liability Partnership with Public Sector Plc [the Warrington LLP]. The purpose of this partnership was to identify underutilised Council assets that could be disposed of in order to generate a capital receipt for the Council, at the same time as enabling the development and delivery of new housing in Warrington. Sites identified through this arrangement would then be disposed of via the Warrington LLP.

On 11th March 2019, the Property & Estate Management team presented a report (split two parts) to the Council's Executive Board recommending that four sites identified through the work undertaken by the Warrington LLP were disposed of. Both Parts 1 and 2 of the report are enclosed to this letter. One of the sites recommended for disposal was land at Newcombe Avenue (the Site). Part 2 of the report set out the rationale for the recommended disposal of the site which can be summarised as follows:

- Economic regeneration and place shaping;
- Bringing vacant Council land back into use;
- The Council is seen to be acting proactively and taking leadership, operating in the town to promote economic development; and,
- To secure a property sale for market value.

It was made clear throughout the report and within the marketing material associated with the sale of the site that the site was considered to be suitable for residential development, subject to addressing technical issues and obtaining planning permission. Indeed, this was the purpose of which the Council decided to dispose of the site.

The report (Part 2) also confirmed that all of the sites recommended for disposal were subject to extensive site appraisals which included the following:

- Title searches and reports;
- Discussions with neighbouring property owners;
- Planning and highway assessments;
- Ground condition assessments;
- Valuation and development appraisals;
- Soft market testing;
- Housing development modelling; and,
- Report writing and presentations to the operations and member's boards.

It should also be noted that Part 1 of the report confirms that formal consultation was undertaken with Ward Councillors in Poplars and Hulme in relation to the proposed disposal of the Site and that no comments were received in connection with the proposal.

All of the above indicates that the decision to dispose of the Site on the basis of a residential development opportunity was informed by rigorous and robust assessment, including consultation with the highways and planning departments. It also confirms that there was no objection from the Poplars and Hulme Ward Councillors. It should be noted that the neither Part 1 nor Part 2 of the report refers to the fact that a strip of safeguarded highways land runs through part of the Site or identifies it as a constraint that would have prevented the disposal of the Site for residential development. This suggests that the outcome of the highway's assessment was that the strip of safeguarded highways land was no longer required in this location. If this was not the case, it is unclear why the Council would have disposed of the site.

Following the purchase of the site in 2020, NWLI sought pre-application advice from the Council in relation to a residential development at the Site. The outcome of this exercise was that the principle of residential development on the Site was not accepted and the presence of safeguarded highways land was cited as one of the principle constraints. It was suggested that any proposal should avoid the safeguarded designation within the site. However, its presence essentially sterilises the remaining land from being developed. It is unclear

why this advice was provided at the pre-application enquiry as it more or less immediately followed NWLI purchasing the site from the Council on the basis of it being suitable for residential development.

Lichfields has subsequently sought clarification from the Council in relation to the proposed safeguarded highways land running through the site and has been informed that the lands safeguarded status is to be retained as reflected within the SVLP 2021. We do not believe that the retention of this lands status as safeguarded is justified and this is addressed in detail below in relation to draft Policy INF2.

In summary, it is unclear why the Council is proposing to continue to safeguard highways land within a site that it has identified as being suitable for residential development and disposed of. If the highways scheme did come forwards in the future, the Council would need to re-purchase the site which raises serious questions as to why the land was sold if it was potentially needed for the future widening of Birchwood Way.

Further comments are made below in relation to the relevant policies contained within SVLP 2021.

Policy INF2 – Safeguarded Transport Infrastructure

Introduction

Policy INF2 relates to transport safeguarding and sets out general safeguarding principles and identifies specific safeguarded land and schemes. The policy should be read in conjunction with the Policies Map which identifies the specific extent of highway safeguarding required to deliver the projects identified in the policy.

Consideration of Policy

NWLI does not object to highway safeguarding or the context of Policy INF2 in principle. However, NWLI has specific concerns in relation to criterion 2(c) which identifies the following project:

Warrington East Multi-Modal Corridor improvement (part of the former safeguarding known as Long Lane Diversion), connecting Birchwood to Central Warrington via Birchwood Way, to allow future highway and public transport improvements to be delivered to support Warrington's growth.

The Council has confirmed that this extent of highway safeguarding was first designated over 20 years ago. However, to date, no proposals have come forwards for the widening of Birchwood Way. The Warrington Local Transport Plan 4 [LTP4] refers to a potential future mass Transit or enhanced Bus Priority network which could be developed in the future. However, it is acknowledged within the document [Table 6.3] that this is only an indicative concept and no plans currently exist to progress the concept. The Council has also confirmed that no funding is currently in place, and nor is there a bid for funding, in relation to delivering this highways project. Whilst it is recognised that the land is only safeguarded for future highways purposes, it is not considered reasonable or necessary to designate such land where there is no realistic prospect that it is required for such purposes. There is no evidence whatsoever to suggest that the land will be required for the development of a mass transit network within the plan period, which expires in 2038. Indeed, the 'Transport Model Testing of the Warrington Borough Council Local Plan - August 2021' document that has been published as part of the SVLP 2021 evidence base only included the project as a possibility in modelling scenarios beyond 2038.

Whilst it is acknowledged that highway safeguarding sometimes does identify within a Local Plan to meet future development needs beyond the current plan period. However, the safeguarding of this land has now spanned across a number of plan periods without coming forward. There is also little evidence to suggest that land that is potentially going to be allocated beyond the end of the plan period (i.e. land that is safeguarded to meet future development needs) will rely upon this possible infrastructure. Indeed there is no part of the Council strategy that would indicate these improvements will need to be brought about. It is not reasonable

to safeguard my clients land when there is no prospect of the highway improvements being brought forward, and no evidence of a need either within or beyond the end of the plan period. This designation is unnecessarily fettering my clients interests, and does not represent an efficient and effective use of land. Whilst relatively small in size, the site lies in a sustainable location within the urban area. In order for exceptional circumstances to exist to justify release of Green Belt land the Council must first consider why development needs cannot be met within the urban area. This land could meet some of those needs, and reduce the scale of Green Belt release.

Against this backdrop, the Council have already identified this part of the highway safeguarding as being suitable for residential development and disposed of it on that basis. Whilst it is appreciated that any residential development is subject to planning, it is unclear why the Council would sell the site if the land was still required to facilitate the future widening of Birchwood Way. Not least because the Council would be required to purchase back the land in order to deliver this project. By virtue of the Council selling the site, NWLI is of the view that it simply cannot be the case that the Council believes that the land is still required to deliver road widening along Birchwood Way. Indeed, the Council's own evidence base does not indicate that there is any realistic prospect of this land being required for highways improvements within or in the foreseeable period beyond the plan period.

This raises serious questions as to why the safeguarding of this land for transport infrastructure is proposed for retention within the SVLP 2021.

Test of Soundness

NWLI does not object in principle to the safeguarding of land for future highways needs. However, this should only included in the Development Plan when there is a realistic prospect of land identified being required. The highway safeguarding for the possible future expansion of Birchwood Way has been in existence for over 20 years and to date, no proposal has come forwards. Furthermore, there is currently no funding in place, and no potential funding bids being explored, to secure the delivery of this project. As such, the policy (and associated Policies Map designation) as drafted does not meet the tests of soundness because:

- 1 It is not justified:** The Council's own evidence base indicates that there are limited prospects of the Site being required for highways works within the plan period. Furthermore, the Council has undertaken an exercise which assessed the residential development potential of the Site. This exercise included a highways assessment. The outcome of the exercise must have concluded that the continued safeguarding of the land was no longer required because the Council subsequently disposed of the land on the basis of it being a residential opportunity site. Whether or not the site is suitable for residential development is subject to planning and NWLI being able to satisfactorily address any technical issues on the site. However, in disposing of the site, the Council no longer controls land required to deliver the project identified by criterion 2(c) of Policy INF2. If the Council did intend to deliver this project, then why would it have disposed of land required for its delivery. As such, the continued safeguarding of land required for the widening of Birchwood way is not justified.
- 2 It is not effective:** The Council has actively disposed of land required to deliver the project identified by criterion 2(c) of Policy INF2 which raises serious questions about its intentions and indeed ability to deliver it. As such, this specific element of the policy is not effective.

Recommended Change

In order for Policy INF2 to be sound, criterion 2(c) which relates to the; *“Warrington East Multi-Modal Corridor improvement (part of the former safeguarding known as Long Lane Diversion), connecting Birchwood to Central Warrington via Birchwood Way, to allow future highway and public transport*

improvements to be delivered to support Warrington's growth" should be deleted and the designation removed from the Policies Map.

Policy DC1 – Warrington's Places

Introduction

Policy DC1 relates to 'Warrington's Places' and categorises the borough into various areas. The Site is located within Suburban Warrington which confirms that it is located within the urban area.

Consideration of Policy

NWLI supports the designation of the Site as part of Suburban Warrington under Policy DC1. NWLI also supports the policy objectives for this area which sets out that Suburban Warrington: "*...will be the focus for infill and small-scale development on brownfield and greenfield sites within the existing urban boundary*".

Test of Soundness

NWLI considers that Policy DC1, and in particular the strategy for the areas designated as 'Suburban Warrington', including the Site to be sound.

Recommended Change

No changes are recommended to Policy DC1.

Policy DC3 – Green Infrastructure

Introduction

Policy DC3 relates to Warrington's green infrastructure and, in conjunction with the Policies Map identifies strategic green infrastructure opportunities and sets out guidance for development proposals affecting green infrastructure.

Consideration of Policy

Firstly, it should be noted that at present, the Policies Map provides a single designation for Policies DC3 and DC5 (which relates to open space, sport and recreation provision). It is therefore assumed that Policy DC5 (which is addressed separately below) also applies to all areas designated under Policy DC5. However, it is unclear which specific elements of either policy are applicable to land covered by the designation.

NWLI does not object in principle to Policy DC3 and the objective of identifying and enhancing green infrastructure across Warrington. However, NWLI does object specifically to the inclusion of the Site within the area covered by the policy. This is because the Council's own evidence base does not support the identification of the site as 'green infrastructure'. The ward profile for Poplars & Hulme contained within the Council's latest Open Space Audit (2015) does not identify the Site as any form of green infrastructure or open space. As such, it is unclear why this is proposed within SVLP 2021.

Furthermore, and as discussed above, the Council has undertaken a comprehensive due diligence exercise where the Sites suitability for residential development was considered. The outcome of that exercise was that the site was suitable for residential development and the land was subsequently disposed of to a developer on that basis. Whilst the evidence associated with that exercise is not specifically associated with the evidence

underpinning the SVLP 2021, it is still recent and relevant, and should be taken into account within the SVLP 2021.

Bearing in mind that the Council has gathered evidence which established that the site is potentially suitable for residential development, it is unclear why the site is proposed to be designated for green infrastructure under Policy DC3. Whilst it is appreciated that the exercise undertaken by the council does not guarantee that planning permission would be granted for a residential development, it certainly contradicts the approach taken within the SVLP 2021 which proposes to designate the site for green infrastructure.

Test of Soundness

NWLI does not object to Policy DC3 in principle. However, it is unclear why the Site is proposed to be covered by this policy, bearing in mind that the Council has undertaken extensive investigation and due diligence and concluded that the Site is suitable for residential development. As such, the policy (and associated Policies Map designation) as drafted does not meet the tests of soundness because:

- 1 **It is not positively prepared:** The Council has not considered its own evidence base by proposing to restrict development on land that the Open Space Audit (2015) has not identified as 'green infrastructure or open space, and the Council itself has identified as potentially being suitable for residential development..
- 2 **It is not justified:** The Council accepts that it cannot currently demonstrate a five-year supply of deliverable housing sites. As of 23rd September 2021, the Council could demonstrate a supply of just 3.4 years (appeal ref. APP/M0655/W/21/3271800). It is therefore unclear why the Council is seeking to restrict development on sites located within the urban area that have by the Council itself been established as being potentially suitable for residential development.
- 3 **It is not effective:** The policy contradicts the Council's own evidence base that informed the disposal of the site for a potential residential development and therefore is not effective.

Recommended Change

It is recommended that the Policies Map is updated to remove the Policy DC3 designation from the Site. NWLI also considers that a wider extent of land extending up to the Padgate Brook should also be removed from the Policy DC3 designation.

Policy DC5 (Open Space, Sport and Recreation Provision)

Introduction

Policy DC5 sets out the Council's strategy in relation to open space, sport and recreation provision. It identifies a range of open space typologies and identifies at which new residential development will be required to contribute to open space, sport and recreation provision.

Consideration of Policy

NWLI does not object in principle to Policy DC5 or the content of the policy itself. However, it is unclear which part of the policy relates to the Site, which the proposal map identifies as being subject to the policy. The policy makes it clear that its purpose is to ensure that a comprehensive range of sport and recreation facilities will be provided across Warrington to meet the needs of the existing and proposed population. It is unclear how the Site contributes to this aspiration. The site is in private ownership and is not publicly accessible, nor is it safe for the public to access unsupervised.

Test of Soundness

- 1 **It is not positively prepared:** The Council has not considered its own evidence base by proposing to restrict development on land that it has identified as being suitable for residential development and disposed of on that basis.
- 2 **It is not justified:** The Council accepts that it cannot currently demonstrate a five-year supply of deliverable housing sites. As of 23rd September 2021, the Council could demonstrate a supply of just 3.4 years (appeal ref. APP/MO655/W/21/3271800). It is therefore unclear why the Council is seeking to restrict development on sites located within the urban area that have by the Council itself been established as being potentially suitable for residential development.
- 3 **It is not effective:** The Council is proposing to designate land under Policy DC5 that can make no meaningful contribution to the aspirations of the policy.

Recommended Change

It is recommended that the Policies Map is updated to remove the Policy DC5 designation from the Site. NWLI also considers that a wider extent of land extending up to the Padgate Brook should also be removed from the Policy DC5 designation.

Development Prospects

As referenced above, NWLI has undertaken a pre-app exercise with the Council and tabled an indicative site layout demonstrating how a residential development could be delivered on the site. The site is considered to be available and suitable for development, subject to addressing technical constraints as part of the design evolution and planning application process.

NWLI acknowledges that the site is subject to some technical constraints, including being located in Flood Zones 2/3 and that a technical solution would need to be identified to address this constraint and the relevant policy tests set out within the Framework would need to be met. However, the Council has already undertaken a comprehensive due diligence exercise as detailed within Part 2 of the report to Executive Committee dated 11th March 2019. The conclusion of the Council's assessment was that, notwithstanding any technical constraints, the site was still potentially suitable for residential development and should be disposed of on that basis. NWLI support this conclusion and agree with the conclusions of the Council's own assessment which supported the principle of a residential development on the site.

Conclusions

In conclusion, NWLI purchased the site from the Council in 2020 on the basis of it being a residential development opportunity. The Council undertook a comprehensive due diligence exercise to support its recommendation to dispose of the site as reported to Executive Committee on 11th March 2019. Executive Committee formally signed off the disposal of the site for residential development having considered the evidence and recommendation from officers.

On the basis of the above, it is unclear why the SVLP 2021 is proposing to retain a number of designations that would restrict development on this site. In particular, if the continued safeguarding of land within the Site was required for the expansion of Birchwood Way, then the Council would not have been in a position to dispose of the site. In addition, it is unclear why the site is identified as part of the Borough's green infrastructure network when the Council considers it to be potentially suitable for residential development.

Having regard to these facts, and the Council's own evidence that informed the disposal of the site, NWLI believes that the designations on the site will need to be removed in order for Policies INF2, DC3 and DC5 to meet the tests of Soundness at Examination.

Fundamentally, this site is located within the urban area and is available for development. The Council cannot demonstrate a 5-year supply of deliverable housing sites and sites such as this in the urban area form an obvious part of the solution to remedy this.

We look forward to receiving confirmation of the receipt of these representations and ask that they are given full consideration in advance of the submission of the Local Plan to the Planning Inspectorate for Examination.

Should you have any questions or wish to discuss these representations further please do not hesitate to me. We would welcome the opportunity to engage with the Council during the following stages of the Local Plan.

Yours faithfully



Matt Grant
Senior Planner

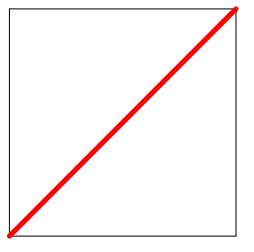
Copy. Paul Fannon & Andrew Fannon [NWLI]

Enc.

- 1 Site Location Plan
- 2 Indicative Site Layout
- 3 Report to Executive Board Part 1 (dated 11th March 2019)
- 4 Report to Executive Board Part 2 [Redacted] (dated 11th March 2019)

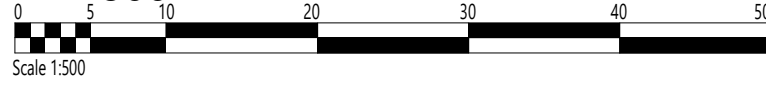


Annex 1: Site Location Plan

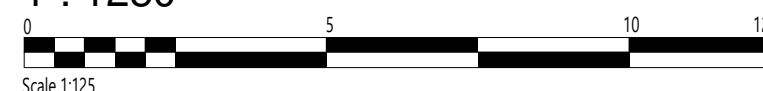


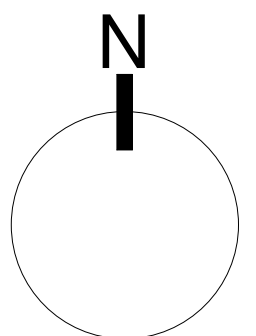
PROPOSED SITE



1 Existing Site Plan
 1 : 500

 Scale 1:500



2 Existing Location Plan
 1 : 1250

 Scale 1:125



REV.	DATE	COMMENT

CLIENT:

PROJECT:
Newcombe Avenue

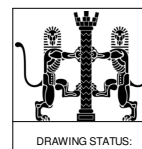
DRAWING:
Existing Site and Location Plan

PROJECT NO.	DRAWING NO.	REV.	SCALE	CHECKED	DRAWN
2031	PL 0000		A1	JB	JB


 AUDERE ARCHITECTS
 DATE: 26.06.2020



Annex 2: Indicative Site Plan



All dimensions shall be verified by the Contractor(s) on site prior to work commencing and relevant orders being placed. Do not scale from this drawing and only work to written dimensions. Any discrepancies to be brought to the attention of the Contract Administrator for instructions prior to proceeding.

CONCEPT

HOUSE TYPES

- 12No 2Bed Terraced House
- 6No 2Bed Semi-Detached House
- 2No 3Bed Bungalow House
- 6No 3Bed Semi-Detached House
- 6No 3Bed Semi-Detached House (with single garage)

TOTAL: 32No Houses

APARTMENTS

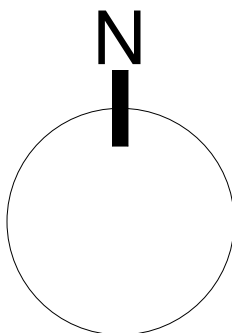
Block 1
3 Storey - 30No Apartments
(Mix of 1 and 2 Bed)

Block 2
3 Storey - 20No Apartments
(Mix of 1 and 2 Bed)

TOTAL: 50No Apartments
(approx figures)

KEY

- Extended Site Boundary
- Existing Site Boundary (approx edge)
- Proposed New Highways Edge - as per Client's Legal Documentation (approx)
- Proposed New Highways Edge - as per Council Documentation (approx)



REV	DATE	COMMENT
1	10.12.2020	Highways and site boundary info added

CLIENT: MR FANNON
PROJECT: NEWCOMBE AVENUE

DRAWING: PROPOSED SKETCH SITE PLAN - OPTION 3 LARGER SITE

PROJECT NO:	DRAWING NO:	REV:	SCALE:	CHECKED:	DRAWN:
2031	CPT-OPT 3 0000	1	As Indicated	JB	GW
			SHEET:	DATE:	
			A2	09.12.2020	

**Annex 3: Report to Executive Board Part 1 (dated
11th March 2019)**

WARRINGTON BOROUGH COUNCIL

EXECUTIVE BOARD – 11 March 2019

Report of Executive Board Member: Leader of the Council, Councillor R Bowden

Director: Steve Park, Director of Growth

Senior Responsible Officer: Stewart Brown, Property & Estate Management, Growth

Contact Details:



Key Decision No. 033/18

Ward Members: All

TITLE OF REPORT: PUBLIC SECTOR PLC

1. PURPOSE

- 1.1 To inform the Executive Board of the opportunity to bring surplus Council property back into viable economic use.
- 1.2 To seek approval to a disposal of the Council's interest in the property for a capital receipt to enable the development and delivery of new housing in Warrington.

2. CONFIDENTIAL OR EXEMPT

- 2.1 This report is not confidential and exempt but the report on part 2 of this agenda setting out the proposal and financial details is.

3. BACKGROUND

- 3.1 The Council has a significant property portfolio with an asset value in excess of £550 million. Property is the Council's second most valuable resource. Changes to the operational property base over the past ten years have delivered significant changes in both working practices and front line service delivery. For example, a rationalisation of the Council's office accommodation since 2010 saves the Council over £500,000 every year and property investment work in the last two years has produced in excess of £7.2 million per annum net revenue stream to the Council.
- 3.2 The Council has a strategic priority to mitigate the impact of cuts to government funding by maximising income generation opportunities and minimising the cost of

managing and maintaining its property estate. To do this the Council needs access to a range of options that can most effectively exploit investment and regeneration opportunities that meets this strategic priority.

- 3.3 In addition to the revenue savings identified above, the Council's own in-house property team has reduced its cost base by over £1 million per year since 2011. As such, like many local authorities, the Council now has limited resources to research alternative working methods, explore the value in different and innovative opportunities and deliver change, savings and an improved property portfolio.
- 3.4 This was one of the reasons that in February 2016 the Executive Board approved entering into a Limited Liability Partnership (LLP) with Public Sector plc.
- 3.5 Public Sector plc (PSP) is an innovative partnership opportunity. PSP has created a similar partnership arrangement with twenty other local authorities, the principle aims of which are to work together to increase revenue and capital income or reduce revenue costs from public sector property assets.

4. CURRENT POSITION

- 4.1 Over the last 12 months, the Council has worked with PSP over a number of sites that have complications or development constraints. These have been used to both test PSP's appetite for partnership, their ability to deliver and ease existing pressures on the property team.
- 4.2 The sites and option details are outlined in the part 2 report on this agenda.

5. PROPOSAL TO DISPOSE OF PROPERTY TO THE WARRINGTON LLP

- 5.1 Following a marketing of the four properties in October and November 2018, the offers received are set out in the part 2 report on this agenda.
- 5.2 It is proposed that the Council sells the property to the Warrington LLP in a way that is compliant with statutory compliance and best practice for disposal of assets. The Warrington LLP will then sell on to the highest bidders as set out in the part 2 report to enable both a capital receipt for the Council and delivery of local social and economic benefits.

6. LEGAL IMPLICATIONS

- 6.1 The Council has powers under sect.123 Local Government Act 1972 for the disposal of property. Local authorities are given powers under the 1972 Act to dispose of land in any manner they wish, including sale of their freehold interest. The only constraint is that a disposal must be for the best consideration reasonably obtainable.
- 6.2 In summary, the Council has the power to dispose of the property.

7. FINANCIAL IMPLICATIONS

7.1 The financial implications are set out in the part 2 report on this agenda.

8. RISK ASSESSMENT

8.1 There are no risks beyond legal completion of the transaction for the Council.

9. EQUALITY AND DIVERSITY/EQUALITY IMPACT ASSESSMENT

9.1 There are no equality and diversity issues associated with this report.

10. CONSULTATION

10.1 There has been formal consultation with Ward Councillors in Poplars and Hulme where the four properties are located. There are no comments in connection with the proposal.

11. REASON FOR RECOMMENDATION

11.1 It is recommended to proceed with a disposal of the property for the following reasons:

- Economic regeneration and place shaping.
- Bringing vacant Council land back into use.
- The Council is seen to be acting proactively and taking leadership, operating in the town to promote economic development.
- To secure a property sale for market value.

12. RECOMMENDATION

12.1 The Executive Board is recommended to:

- (i) Approve the principle of disposal of the property to Warrington LLP.
- (ii) Delegate to the Director of Growth, following consultation with the Monitoring Officer, Deputy Chief Executive and Director of Corporate Services and the Leader of the Council, responsibility for the final disposal terms, based on the principles and costs set out in the part 2 report on this agenda.
- (iii) Authorise the Monitoring Officer to enter into the contract and finalise any related documents to complete the transaction in accordance with the above.

12. BACKGROUND PAPERS

None.

**Annex 4: Report to Executive Board Part 1 (dated
11th March 2019)**

WARRINGTON BOROUGH COUNCIL

EXECUTIVE BOARD – 11 March 2019

Report of Executive Board Member: Leader of the Council, Councillor R Bowden

Director: Steve Park, Director of Growth

Senior Responsible Officer: Stewart Brown, Property & Estate Management, Growth

Contact Details:



Key Decision No. 033/18

Ward Members: All

TITLE OF REPORT: PUBLIC SECTOR PLC

*This item is being dealt with under the request to hold a meeting, or part of a meeting, in private where notice has not been given under Regulations 5(2) or 5(4) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012. The report includes details of land sales and commercial details therefore the report is confidential and not for publication, by virtue of the fact that it may result in the likely disclosure of exempt information as defined in Category 3 of Schedule 12A to the Local Government Act 1972. To delay the report to the next Executive Board meeting would impact on both commercial viability and delivery of development timescales and potentially threaten the commercial disposal.

1. PURPOSE

- 1.1 To inform the Executive Board of the opportunity to bring surplus Council property back into viable economic use.
- 1.2 To seek approval to a disposal of the Council's interest in the property for a capital receipt to enable the development and delivery of new housing and other social and economic benefits in Warrington.

2. CONFIDENTIAL OR EXEMPT

- 2.1 This report is to be considered as a Part 2 item being exempt by virtue of category 3 Local Government Act 1972, schedule 12A.

3. BACKGROUND

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- 3.1 The Council has a significant property portfolio with an asset value in excess of £550 million. Property is the Council's second most valuable resource. Changes to the operational property base over the past ten years have delivered significant changes in both working practices and front line service delivery. For example, a rationalisation of the Council's office accommodation since 2010 saves the Council over £500,000 every year and property investment work in the last two years has produced in excess of £7.2 million per annum net revenue stream to the Council.
- 3.2 The Council has a strategic priority to mitigate the impact of cuts to government funding by maximising income generation opportunities and minimising the cost of managing and maintaining its property estate. To do this the Council needs access to a range of options that can most effectively exploit investment and regeneration opportunities that meets this strategic priority.
- 3.3 In addition to the revenue savings identified above, the Council's own in-house property team has reduced its cost base by over £1 million per year since 2011. As such, like many local authorities, the Council now has limited resources to research alternative working methods, explore the value in different and innovative opportunities and deliver change, savings and an improved property portfolio.
- 3.4 This was one of the reasons that in February 2016 the Executive Board approved entering into a Limited Liability Partnership (LLP) with Public Sector plc.
- 3.5 Public Sector plc (PSP) is an innovative partnership opportunity. PSP has created a similar partnership arrangement with twenty other local authorities, the principle aims of which are to work together to increase revenue and capital income or reduce revenue costs from public sector property assets.
- 3.6 The Council and PSP each own a 50% share of the LLP whose main purpose is:
 - To provide revenue income streams (or capital receipts if better value) for the Council from the ongoing development of surplus land and buildings and the effective use of the property portfolio.
 - Take opportunities to strategically acquire land and buildings to augment existing Council land holdings and provide opportunities for profitable development and or comprehensive regeneration schemes.
 - Provide other tools to maximise the returns from the Council's land and property portfolio
 - To invest into projects to maximise the return from the Council's property assets.
- 3.7 Upon formation of the LLP there was no requirement for the Council to commit either funds or property to the LLP. Proposals for a property or project are carefully

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worked up by an “Operational” Board made up of Council and PSP Officers. This is then reported to an LLP “Members” Board made up of an equal number of Council Members and PSP representatives. No proposal will be approved without a majority decision - so the decision to proceed with any project will be at the Council’s discretion. This ensures that governance and control of Council property assets remains with the Council.

- 3.8 Property assets being considered for review or development through the LLP go through a rigorous analysis and evaluation and only proceed if the LLP considers that it can add value to the project. For example, if the property asset can deliver better returns or opportunities for the Council through the Council doing the work itself or with another partner, then that would be made clear and reported. Any property approved would be transferred to the LLP at the current market value to the Council. The partners would then share any subsequent uplift in value following development/disposal.
- 3.9 Any income generating properties transferred by the Council to the LLP will be subject to a guarantee that the Council shall as a minimum receive the same level of net income as it presently does. The LLP will then share in any cost savings and rental growth at a level to be agreed in each case.
- 3.10 This model offers significant advantages against traditional property partnering models like joint ventures or local asset backed vehicles. The main advantages for the Council are:
- There are no procurement requirements for the Council to establish and enter into the LLP with PSP
 - There are no set up costs for the Council to create the LLP
 - The Council puts no money or land into the LLP up front
 - The Council retains governance and control of its property assets – the Council only needs to progress an opportunity with PSP LLP if that offers the best outcome for the Council against other options.
 - The LLP is an additional option for the Council to use in dealing with its development opportunities, surplus assets and income generating properties. It is often described by partnering local authorities as “another tool in the box” in property portfolio asset management.
 - The LLP is an alternative to normal market disposal and can increase value of assets for the Council to benefit from.
 - It will maximise the Council’s revenue and funding streams from its asset base through additional private sector funding, capacity and skills on development opportunities, increasing the return and reducing the risk associated with holding these assets.

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- The LLP can provide up front private sector investment funds if needed.
- The LLP is able to respond more quickly to market opportunities for the acquisition, development or disposal of Council assets.
- Provides increased capacity for the Council’s property team that has been subject to downsizing in recent years to meet cost savings targets.
- PSP believes in “insourcing” and paying for any internal Council resource capacity to assist with development projects for the LLP.

4. CURRENT POSITION

4.1 Over the last 12 months, the Council has worked with PSP over a number of notoriously difficult sites. These have been sites that are typically currently vacant land, with constraints for development and low value. Many of these sites have been effectively sterilised for development due to the low end value and potentially high up-front costs to bring forward development. Some of the sites are also creating local issues for neighbours concerning nuisance, fly-tipping and management costs for the Council. These sites have been used to both test PSP’s appetite for partnership, their ability to deliver and ease existing pressures on the property team.

4.2 It is worth noting that these sites are difficult to develop, they all have intrinsic physical or regulation or legal issues impacting on development prospects and also value. The sites are typically of lower value and do not all provide the sort of profit return on costs to make them viable for development.

4.3 The time and effort involved for internal officers does not always provide a beneficial financial or socio-economic return. Committing limited resources to sites of this nature means less time spent on other, much higher value property work – this includes maintaining > £20 million per year revenue income, managing the investment portfolio and acquiring new investments.

4.4 The sites are:

[Redacted content]

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- **Newcombe Avenue** – Accessed via a private road and subject to extensive encroachments by residents and restrictions of highway and pipelines.
- 4.5 With the exception of [REDACTED], none of these sites are currently occupied or provide an income stream to the Council.
- 4.6 Following an initial exploration and evaluation of options by PSP, they reported that their opinion and advice was to deal with the [REDACTED] through the Council. This is because they feel there is no development or added value option and the best option is disposal by auction or negotiation. Therefore this is something the Council can do ourselves to maximise our value and benefit. This is an example of PSP demonstrating that if the best option does not involve PSP they will say so and PSP will have no benefit or income.
- 4.7 It was agreed through both operations board and members' board to evaluate the best options and benefits of the other four sites. These sites are shown edged red on the attached plans in appendix 1. This has involved extensive site appraisals including work carried out at PSP's own resource:
- Title searches and reports
 - Discussions with neighbouring property owners
 - Planning and highway assessments
 - Ground condition assessments
 - Valuation and development appraisals
 - Soft market testing
 - Housing development modelling
 - Report writing and presentations to the operations and member's boards
- 4.8 As highlighted above, these sites are difficult to develop, they all have intrinsic physical or regulation or legal issues impacting on development prospects and also value. The professional work carried out of this nature makes the site more marketable, more attractive to small and local developers, and can often extract more value from the land rather than a straight sale at auction for example. Clarifying significant title information, planning, highways and environmental protection issues up front adds value and makes a successful sale, development and positive outcome much more likely.
- 4.9 Equally importantly for the Council, this work ensures a realistic prospect of development happening (and can be secured by legal sale by contract) to deliver local investment, jobs and new homes for local people.

5. PROPOSAL TO DISPOSE OF PROPERTY TO THE WARRINGTON LLP

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5.5 In summary, the Council has four vacant sites worth £190,000. These sites are constrained for development without significant up-front work and costs in some cases disproportionate to the value of the site. £127,600 has been spent by the Warrington LLP to prepare the sites for a disposal that can bring forward development.

5.6 Following a market test and tender process, based on bids received, the four sites are considered to be worth £510,000, an increase of £320,000. Once the Council’s original value (£190,000) plus the cost of the up-front professional work (£127,600) is deducted, there is an uplift in value of £192,400.

5.7 The Council and PSP each receive 50% of this uplift in value equating to [REDACTED].

5.8 The Council benefits from this proposal as follows:

- An increase in capital receipt of £96,200.
- Bringing vacant, difficult sites (some of which are causing nuisance issues for local people) back into viable economic use.
- Social and economic benefits amounting to approx. £3.7 million of local investment, up to 30 new houses and 48 construction jobs in the town.

5.9 This trial with PSP is considered to be a success and demonstrates the benefit of partnership working of this nature.

6. LEGAL IMPLICATIONS

6.1 The Council has powers under sect.123 Local Government Act 1972 for the disposal of property. Local authorities are given powers under the 1972 Act to dispose of land in any manner they wish, including sale of their freehold interest. The only constraint is that a disposal must be for the best consideration reasonably obtainable.

6.2 In summary, the Council has the power to dispose of the property.

7. FINANCIAL IMPLICATIONS

7.1 The property currently has no income or financial benefit for the Council. Although liabilities have been mitigated (for example by demolition of previous surplus buildings on the sites) there are ongoing revenue costs and resourcing associated with ownership.

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7.2 The property has limited value. The proposal is to sell for the agreed market value at the time PSP was instructed and before their work and input enabled the property to be marketed. This represents best consideration and best value for the Council.

8. REASON FOR RECOMMENDATION

8.1 It is recommended to proceed with a disposal of the property for the following reasons:

- Economic regeneration and place shaping.
- Bringing vacant Council land back into use.
- The Council is seen to be acting proactively and taking leadership, operating in the town to promote economic development.
- To secure a property sale for market value and ultimately and uplift in value of £96,200.

9. RECOMMENDATION

9.1 The Executive Board is recommended to:

- (i) Approve the principle of disposal of the property to Warrington LLP as set out in section 5 of this report.
- (ii) Delegate to the Director of Growth, following consultation with the Monitoring Officer, Deputy Chief Executive & Director of Corporate Services and the Leader of the Council, responsibility for the final disposal terms, based on the principles and costs set out in section 5 of this report.
- (iii) Authorise the Monitoring Officer to enter into the contract and finalise any related documents to complete the transaction in accordance with the above.

10. BACKGROUND PAPERS

Cost and value summary report on PSP work and Council benefits.

Contacts for Background Papers:

Name	E-mail	Telephone