

<b>Subject:</b>	PLR Review	<b>Status:</b>	For Publication
<b>Report to:</b>	Cabinet	<b>Date:</b>	14 <sup>th</sup> March 2018
<b>Report of:</b>	Commercial Asset Manager	<b>Portfolio Holder:</b>	Resources and Customer Services
<b>Key Decision:</b>	<input checked="" type="checkbox"/> Forward Plan <input checked="" type="checkbox"/>	General Exception <input type="checkbox"/>	Special Urgency <input type="checkbox"/>
<b>Equality Impact Assessment:</b>	Required:	No	Attached: No
<b>Biodiversity Impact Assessment</b>	Required:	No	Attached: No
<b>Contact Officer:</b>	Hugh Taylor	<b>Telephone:</b>	07736 508162
<b>Email:</b>	hughtaylor@rossendalebc.gov.uk		

## 1. RECOMMENDATION(S)

- 1.1 The Cabinet are recommended to adopt the revised Purchase Lease Rental Scheme which implements the recommendations stemming from the work undertaken by the task and finish group.
- 1.2 The Cabinet approve the revised scale fees in Annex B, to be effective from 1<sup>st</sup> April 2018.
- 1.3 That the Commercial Asset Manager in consultation with the Portfolio Holder for Resources and the S151 officer be authorised to approve any minor changes to the scheme including the annual revision of fees.

## 2. PURPOSE OF REPORT

- 2.1 To seek approval for changes in the scheme by which members of the public can apply to purchase, lease or rent land from the Council.

## 3. CORPORATE PRIORITIES

The matters discussed in this report impact directly on the following corporate priorities;

- 3.1 A connected and successful Rossendale that welcomes sustainable growth our priority is to ensure that we are well connected to our residents, key partners and stakeholders.
- 3.2 A proud, healthy and vibrant Rossendale: our priority is to ensure that we are creating and maintaining a healthy and vibrant place for people to live and visit.

## 4. RISK ASSESSMENT IMPLICATIONS

- 4.1 This proposal presents a financial risk to Rossendale Council with mitigation reducing the potential impact.

<b>Risk</b>	<b>Mitigation</b>
Disposal of land that is key to the Council's ambitions	A clear plan of the Council's aims over the next 10 years.
The sale of land below market value for people to benefit from.	RBC will make full use of covenants and overages to ensure that any future increase in value is proportionally due to the Council.
Small parcels of land costing more to administer the sale of than they are worth.	The opportunity to re-evaluate the fees at the beginning of a calendar year as well as the imposed de-minimis level of £1000.

## 5. BACKGROUND AND OPTIONS

- 5.1. The Council has for many years operated a scheme whereby it is open to any member of the public or business to apply to either purchase, lease or rent parcels of land owned by the Council. The scheme effectively means that the Council is prepared to sell any piece of its landholdings and it has resulted in the piecemeal disposal of some holdings to the ultimate financial disadvantage of the Council.

This has become known as the PLR scheme and under the scheme members regularly receive details of applications which are under consideration. These transactions are of relatively small capital value largely concerning small pieces of garden land or release of covenants and decisions are made under delegated powers.

While the achievement of capital receipts through a sale process which reacts to opportunities as they arise will always be necessary, the Council also needs to continue to pursue opportunities for proactive disposal where it is sensible to do so in order to maximize the resources available to sustain longer term investment in the Borough's infrastructure. The Corporate Plan for the current year includes the production of a property review which will form the basis of a proactive disposal programme.

In the meantime it is necessary to review the current PLR scheme to ensure that the Council can deal effectively with reactive approaches and bring applications to a timely conclusion, something which historically has not always been the case.

- 5.2. The scheme was last reviewed in 2007 with a task and finish group reviewing the process throughout 2014 and the findings reported in 2015.
- 5.3. Year to date the property services team have registered in excess of 70 applications for PLR. To date, there are currently 32 applications proceeding.
- 5.4. The Current Process;  
Whilst the current process appears to be a 3 stage process in reality it is a significantly more convoluted journey with no clear milestones and a lack of understanding from both parties from the outset. The full process is outlined in Annex A.

The biggest drain on time and resources is the failure to provisionally agree a price at the outset subject to approval and independent RICS validation.

- 5.5. The proposed process outlined below will allow a significant reduction in officer time and the opportunity to automate some of the more labour intensive tasks.

Annex B indicates the proposed changes and the introduction of milestones to facilitate the management of cases.

Annex D is the proposed new scale fees as from 1<sup>st</sup> April 2018. It is proposed, after consultation with the relevant portfolio holder fees can be reviewed annually.

The process of advertising is required to ensure that the Council is carrying out a full public consultation on the proposal and makes the adjoining landowners aware of the Council's proposals in relation to the land.

The revised process outlined within this report should have the effect of reducing the number of speculative applications which are received as well as ensuring that the cost of

dealing with applications is more closely matched by the charges levied. Also the costs of advertising will be recovered which is not currently the case.

Clearly there will be some financial benefit in terms of the Council's ability to recover more of its costs, but also a reduction in the number of applications will free resources to deal with applications more expeditiously and to support the proactive disposal of assets identified as surplus to requirements.

**COMMENTS FROM STATUTORY OFFICERS:**

**6. SECTION 151 OFFICER**

6.1 Financial matters are noted in the report and the appendices.

**7. MONITORING OFFICER**

7.1 All legal implications are covered in the body of the report.

**8. POLICY IMPLICATIONS AND CONSULTATION CARRIED OUT**

8.1 Consideration of equalities will be given specifically to each application in a relevant and proportionate manner.

8.2 Consultation will be undertaken as detailed in the report.

**9. CONCLUSION**

9.1. Changes to the existing PLR scheme are necessary to protect the Council's longer term interests in property assets and reduce the number of speculative applications currently being dealt with.

The changes suggested will not only allow the Council to better cover the costs which it incurs in relation to the scheme while continuing to raise resources through reactive disposals where appropriate. They will provide a framework for us to measure successes as we as allowing the Council to deliver a better service for individuals looking to purchase land.

In line with the Council's constitution any transaction equating to value larger than £10,000 will be escalated to the appropriate level.

In the event that RBC receive a PLR application that is financially beneficial but presents a reputational risk then the application will again be escalated to the responsible party.

<b>Background papers</b>	
<b><u>Paper</u></b>	<b><u>Location</u></b>
None	None

## **Annex A – The Existing PLR process**

### **STAGE 1: Preliminary Assessment (Fee - £85.00)**

*A preliminary assessment of the application will be made by the Property Services Manager and may include a site visit, preliminary investigation into the status of the land and initial consultation on any major issues that are apparent at first inspection.*

*This stage should take approximately 6-8 weeks and is designed to identify any concerns which may prevent the application proceeding to Stage Two.*

*If the application is approved the applicant can choose to progress to Stage 2, which will require a further application fee.*

*If the application is refused at Stage 1, it will not proceed.*

**PLEASE NOTE: the Council cannot consider any offers for land made prior to an application and not until Council has undertaken its own valuation done following Stage 2.**

### **STAGE 2: Secondary Assessment (Fee - £110.00)**

*Stage 2 should take a further 10-12 weeks, and includes the cost of any further site inspections, a full title search, advertising fees and any other investigations undertaken.*

*The Council will place a notice giving details of the application in the local press. It will invite comments from the public, to be submitted within 14 days of publication.*

*NB: The Council may not publish details of applications relating to easements or the release of restrictive covenants.*

*The Council will determine the Stage Two application following a formal consultation period and in accordance with the Council's constitution.*

### **FINAL STAGE: Valuation, Negotiation and Approval**

*If the application is successful at Stage Two the applicant will be required to pay for the costs of a Valuation (current minimum charge of £100).*

*Once a Valuation is obtained draft terms will be sent to the applicant. This will include a fee for legal costs (current minimum charge of £110), payable upon completion.*

*If draft terms are subsequently agreed the application will be formally approved by the Council, under delegated powers, **subject to receipt of planning permission (please see below).***

*Any application that would be in conflict with existing Council policy or raises new issues of policy may be referred to the Council's Cabinet for consideration. If the land value exceeds £100,000 the application may also be referred to the Council's Cabinet.*

*A record of all decisions involving the acquisition or disposal of land or an interest in land in excess of £15,000 will be maintained by the Property Services Manager.*

## **Annex B – Proposed milestones for PLR**

1. All applications to be submitted to the Council's Commercial Asset Manager for processing;  
[propertyservices@rossendalebc.gov.uk](mailto:propertyservices@rossendalebc.gov.uk)
  2. All applications to be submitted in writing attaching plans of the proposed land and setting out details of the reason for purchasing, leasing or renting.
    - A price is provisionally agreed subject to an independent valuation.
- Applications
3. Administration fee of £120 to be submitted with every application.  
Refunded only in the event that in a bidding situation the original applicant is not the winning bid.
  4. An initial decision to process or refuse the application will be made by the Commercial Asset Manager, in consultation with the S151 Officer and the relevant Portfolio Holder.
  5. All applications approved by the Commercial Asset Manager to be forwarded to the following as formal consultation
    - the Council's Monitoring Officer
    - the Council's S151 Officer
    - Portfolio Holders
    - Ward Councillorsas a formal consultation.
  6. Following approval by the above, the applicant is to be informed of the Council's decision to dispose in principle, subject to contract and formal Council approval.

Where appropriate the Council reserves the right to advertise the land as Public Open Space and the agreement of the terms of sale/lease.

7. Prior to issuing any Legal documentation, a check is to be made as to the status of any land/property as regards any former use as Public Open Space.

*There is no cast-iron definition of Public Open Space but the definition from;*

*S336 of the Town & Country Planning Act 1990 is "Open Space" means any land laid out as a public garden, or used for the purposes of public recreation, or land which is a disused burial ground.*

*S. 20 of the Open Spaces Act 1906 defines 'Open Space' as "Any Land, whether enclosed or not, on which there are no buildings or of which not more than one twentieth part is covered with buildings and the whole or the remainder of which is laid out as garden, or is used for the purposes of recreation, or lies waste and unoccupied."*

*These are broad definitions so every case needs to be taken on the merits.*

*The Council is required to advertise the intention to dispose of land considered to be "Open Space" in a local newspaper for two consecutive weeks and consider any representations received.*

8. When a piece of Council land is for sale then a notice will be erected informing the public that if they are interested in buying the land they should contact the Council.

*Then, if more than one party is interested with that area of land/property, the proposed sale may be advertised and sealed bids/tenders invited from all interested parties.*

*The notice of disposal will also appear;*

- On the Council's web-site and on
- The Business Centre Notice Board for the requisite period.

9. If more than one party is likely to be interested in purchasing/leasing the land/property then consideration will be given to the Sale/Lease being advertised in the local press or possible interested parties being contacted directly by Property Services.

*If additional interest is received following the advertisement etc. then sealed bids/tenders will be invited from all interested parties and a final recommendation will be made to the Portfolio Holder and Officers under delegated powers.*

10. If there is only one party involved, the Commercial Asset Manager will offer terms of sale based on full Open Market Value and following provisional agreement of terms, the sale/lease will be reported for approval under delegated powers to the Portfolio Holder and Senior Officers of the Council. It will be stated in the report that there is only one potential purchaser

*with a supporting statement for this decision.*

➤ *An independent valuation is procured if required.*

11. *Following the receipt of approval the Commercial Asset Manager will issue formal instructions to the Legal Services Manager who will complete the Legal documentation and issue a completion notice to all Council Officers involved.*
12. *Disposal up to the value of £100k can be made under officer delegation.*
  - *Values above £100k are for Council.*
13. *The Constitution outlines the necessary authority to dispose of land and property and will depend on the value of the disposal and whether it meets the value agreed with the Council's valuer.*

**De-Minimis Level**

*The Council will not normally consider any disposal at a capital value less than £1000 or a rental value of less than £200 per annum.*

**Annex C –**

<b>Current Scheme</b>	<b>PLR 2018</b>	<b>Justification</b>
1. Applicant identified interest in a piece of land/ property to lease, acquire or to release covenant	Applicant registers interest by completing application form (available online) and providing a map	To reduce Officer time spent accumulating information.  This will later be automated through integration with the RBC website.
2. Applicant pays dealing fee based on time likely to be spent by Council staff on dealing with the application. This is likely to represent a significant increase and will be based on relevant hourly rates.	A fee is charged that will enable RBC to cover the cost of administering the PLR system ensuring that RBC does not operate the scheme at a financial loss.  This fee will be reviewed annually to ensure that it remains competitive.	
3. Decision on whether to deal made by the Corporate Property Officer having regard to the Council's longer term interest in the asset and internal consultation.	A decision is made by the Commercial Asset Manager considering the longer term asset strategy as well as the Council's future plans.  Internal Consultees; <ul style="list-style-type: none"> <li>• the Council's Monitoring Officer</li> <li>• the Council's S151 Officer</li> <li>• Portfolio Holder</li> <li>• Ward Councillors</li> </ul> In some instances it may be considered prudent to consult the wider Council.	To expedite the process, the Commercial Asset Manager can make a decision relating to the long term strategic value of the land in line with the Council's priorities.  In the event where a sale could be viewed as contentious or scores above 6 on the risk grid.
4. If approved a second fee is to be charged including advertising costs etc.	A second fee is charged to include further disbursements including the press coverage where required for Public Open Space.	A further option to cover our costs.
5. External consultation through press advertising.	Our legal and surveyors costs will be covered.	
6. Disposal decision by Corporate Property Officer and if approved the council's legal fees and Surveyors costs are recovered.		

**Annex D –**

<b><u>Stage</u></b>	<b><u>Proposed Fee</u></b>	<b><u>Current Fee</u></b>
Application Fee (Formerly Stage 1)	£120	£85
Stage 2 Fee	£200	£110
POS Space Disbursement	Set by the Trinity Mirror Group  Currently set at £145 + VAT*	
Legal Fees	Set annually by RBC Legal Department.	
Surveyors Fees	Set annually by RBC Property Services	
Independent Surveying Fee	Set as cost through quotation.	

*\*Fees correct as at January 2018*