

CHESHIRE EAST COUNCIL

Cabinet

Date of Meeting:	2 nd September 2014
Report of:	Director of Economic Growth and Prosperity/Chief Operating Officer
Subject/Title:	Strategic Land Acquisitions in support of the Council Waste Strategy
Portfolio Holder:	Cllr Peter Raynes, Finance Portfolio Holder

1. Report Summary

- 1.1. This report seeks approval to acquire strategic land assets for the Council that would support the council's Waste Strategy; enhancing services delivered by the Council's wholly owned company Ansa Environmental Services Ltd, contribute to economic growth and regeneration, and ensuring the Council is putting its residents first.
- 1.2. The acquisition of strategic land assets will have the benefit of minimising landfill and supporting energy from waste initiatives and carbon reduction plans. It would act as a catalyst to embed culture change, create economies of scale, improve services and reduce long term costs for Cheshire East residents.
- 1.3. The acquisition of land assets must be aligned with the Council's Strategic Asset Management Plan.
- 1.4. A strategic approach to asset management for the Council's Environmental Operations will enable the Council to bring forward new employment opportunities and boosting the local economy; supporting the achievement of Priority 2, *Cheshire has a strong and resilient economy*.
- 1.5. The acquisition of strategic sites as part of the Council's Environmental Operations change programme would be fully funded from the approved Capital Programme and overall Medium Term Financial Strategy, with funding being drawn down from the combined £9.5m North and South Depot Infrastructure project budgets, having been approved by full Council in February 2014.
- 1.6. All acquisitions will be undertaken on a non-speculative basis – i.e. linked to a specific end use to deliver against Council priorities.

2. Recommendations

- 2.1 That delegated approval be given to the Director of Economic Growth and Prosperity and the Chief Operating Officer, in consultation with the Executive Director of Strategic Commissioning and Finance Portfolio Holder to acquire strategic land assets at a price that does not exceed the open market value.
- 2.2 That the value of a site be determined by the externally appointed Valuer and approved by the Asset Management Service via formal report, making allowances for any benefits or disbenefits and associated ancillary costs of acquisition.
- 2.3 That delegated approval be given to Director of Economic Growth and Prosperity to authorise any necessary initial feasibility works and related activities, including site clearance, subject to an offer on a site being accepted by the Vendor.
- 2.4 That delegated approval is given to the Director of Economic Growth and Prosperity to drawdown funding from the combined £9.5m budget of the North and South depot projects to acquire strategic sites to support the existing and future operational needs of the council's waste delivery programme.

3. Reasons for Recommendations

- 3.1 The acquisition of strategic land assets to support economic growth and delivery of council initiatives is consistent with the objectives of Council's Strategic Asset Management Plan. This activity will directly contribute to the Outcome 2, *Cheshire East has a Strong and Resilient Economy*. It will facilitate the delivery of the Council's change programmes, supporting economic growth and putting residents first.
- 3.2 The acquisition of strategic land assets will support the delivery of the council's waste strategy and is consistent with both the objectives of the Corporate Landlord project and the Environmental Operations Change Programme, providing an opportunity to improve the supporting depot infrastructure, the service Ansa provides and its financial performance. It will provide a platform for service continuity and resilience, increased efficiency, improved supplier pricing and carbon reduction, all supporting the Council's Sustainability aspirations.

4. Wards Affected

- 4.1 All wards

5.0 Local Ward Members

- 5.1 All wards

6.0 Policy Implications

- 6.1 The proposal is consistent with current Council policy

7.0 Implications for Rural Communities

- 7.1 The proposal will offer new employment opportunities to surrounding rural communities fostering economic growth.

8.0 Financial Implications

- 8.1 The site acquisitions are fully funded from the approved Capital Programme and overall Medium Term Financial Strategy, with funding being drawn down from the combined £9.5m North and South Depot Infrastructure project budgets. These budgets were approved at full Council meeting in February 2014. It should be noted outcomes associated the budget allocations remain unchanged.
- 8.2 It will be ensured that development costs required to realise the full strategic and operational potential of the site are affordable; taking into account existing budget provision and the potential for additional capital receipts and enhanced savings as a result of wider strategic asset management plan.
- 8.3 In addition to capital costs for a site acquisition revenue holding costs (e.g. National Non-Domestic Rates, Security Costs, Utilities Standing Charges, etc) for the period between purchase and strategic asset becoming operational need to be considered.

9.0 Legal Implications

- 9.1 The acquisition of strategic land assets will be undertaken in accordance with the council's contract and procedure rules.
- 9.2 Conveyancing: There are likely to be overage/development clawback provisions which will need to be considered on a site-by-site basis.
- 9.3 Legal advice should be considered as the project progresses and before and contracts are concluded.
- 9.4 Equality Impact Assessment: There are no known equality impacts from this proposal.

10.0 Risk Management

- 10.1 Foreseeable risks associated with the strategic land acquisitions will be mitigated through formal project management and appropriate due diligence with relevant consultants and the vendor(s). Should a bid be successful it would be subject to the conclusion of negotiations of the contract.

- 10.2 Planning Permission: Independent planning advice will be procured to assess the viability that the strategic land assets can be used their intended purpose as part of the council's waste strategy..
- 10.3 Site Inspection: Strategic land acquisitions will be subject to appropriate site investigation reports. Any agreed costs of remediation will be deducted from the purchase price.
- 10.4 Value Risk: The value of strategic asset investments can go up or down according to market conditions prevailing at the time. It cannot be guaranteed that the future sale of the asset would recover the acquisition costs. This will be mitigated by establishing more economically viable uses of the site and closely monitoring market trends.

11.0 Background and Options

- 11.1 In 2012/13 the Council conducted a review of its Waste and Recycling, Streetscape and Fleet Services resulting in the formation of Ansa Environmental Services Ltd (Ansa) and the set up of an Environmental Operations Change Programme linked to Outcome 4, Priority 6
- 11.2 The requirement for improved depot infrastructure has been set out in a series of cabinet papers in June and October 2013 and February 2014. The North and South depot proposals have been endorsed through EMB in September 2013. These papers relate to the creation of a new North depot including a Waste Transfer Station with a potential budget of £7M and the redevelopment of the South depot including a new Waste Transfer Station with a potential budget of £2.5M.
- 11.3 Resolution 7 in the October 2013 Cabinet paper gave delegated approval to commence the detailed implementation of the depot proposals for the North and the South. The capital funding required to facilitate this was approved in the full Council meeting in February 2014
- 11.4 As part of the Council's Strategic Asset Management Plan approval is sought to acquire strategic land assets to support the council's Waste Strategy. This would enhance services delivered by the Council's wholly owned company Ansa Environmental Services Ltd and improve the depot infrastructure, contributing to economic growth and regeneration, and ensure the Council is putting its residents first.
- 11.5 The acquisitions are non speculative and will support the delivery of the council's waste initiatives. The value of a site will be determined by the externally appointed Valuer and approved by the Asset Management Service via formal report, making allowances for any benefits or disbenefits and associated ancillary costs of acquisition.

11.6 Investment to acquire strategic land assets will enable the Council to bring forward new employment opportunities and boosting the local economy; supporting the achievement of Priority 2, *Cheshire has a strong and resilient economy*.

11.7 This decision is subject to the relevant provisions of the Council's Constitution.

12.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writer:

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