

Agenda

**Meeting: Corporate and Partnerships
Overview & Scrutiny Committee**

**Venue: Grand Meeting Room,
County Hall, Northallerton DL7 8AD
(see location plan overleaf)**

Date: Monday 21 July 2014 at 10.30 am

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Business

1. **Minutes of the meeting held on 28 April 2014.** (Pages 1 to 6)
2. **Exclusion of the public from the meeting during consideration of each of the items of business listed in Column 1 of the following table on the grounds that they each involve the likely disclosure of exempt information as defined in the paragraph(s) specified in column 2 of Part 1 of Schedule 12A to the Local Government Act 1972 as amended by the Local Government (Access to information)(Variation) Order 2006:-**

Item number on the agenda	Paragraph Number
7	3 & 4

3. **Public Questions or Statements.**

Members of the public may ask questions or make statements at this meeting if they have given notice to Lorraine Laverton of Policy & Partnerships (*contact details below*) no later than midday on Wednesday 16 July 2014, three working days before the day of the meeting. Each speaker should limit themselves to 3 minutes on any item. Members of

the public who have given notice will be invited to speak:-

- at this point in the meeting if their questions/statements relate to matters which are not otherwise on the Agenda (subject to an overall time limit of 30 minutes);
- when the relevant Agenda item is being considered if they wish to speak on a matter which is on the Agenda for this meeting.

4. **Executive Member's Progress Update-** Report of Executive Member County Councillor Carl Les. **(Page 7)**
5. **Update On the Police & Crime Plan** – Oral Report of Julia Mulligan, Police & Crime Commissioner for North Yorkshire.
6. **Property Disposals** - Report of the NYCC Corporate Director – Strategic Resources **(Pages 8 to 15)**

The following item (7) to be considered in Private

7. **Strategy For the Future Arrangements of Property & BES Engineering Services From April 2016** - Report of the NYCC Corporate Director – Strategic Resources **(Not for Publication)** **(Pages 16 to 30)**
8. **Work Programme** - Report of the Scrutiny Team Leader **(Pages 31 to 33)**
9. **Other business which the Chairman agrees should be considered as a matter of urgency because of special circumstances.**

Barry Khan
Assistant Chief Executive (Legal and Democratic Services)

County Hall
Northallerton

Date 11 July 2014

NOTES:

- (a) Members are reminded of the need to consider whether they have any interests to declare on any of the items on this agenda and, if so, of the need to explain the reason(s) why they have any interest when making a declaration.

The relevant Corporate Development Officer or Monitoring Officer will be pleased to advise on interest issues. Ideally their views should be sought as soon as possible and preferably prior to the day of the meeting, so that time is available to explore adequately any issues that might arise.

(b) **Emergency Procedures For Meetings**

Fire

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Accident or Illness

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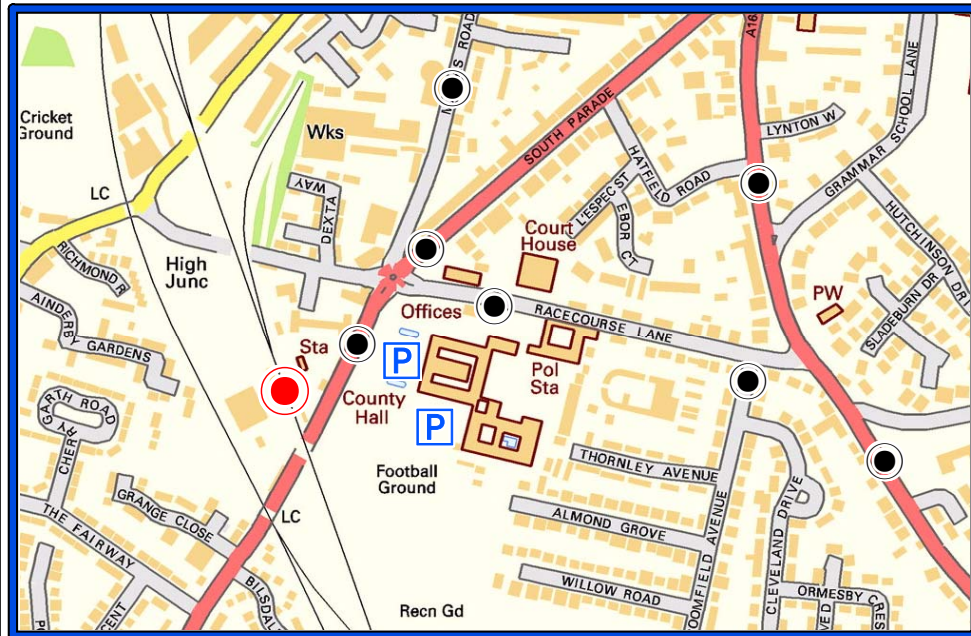
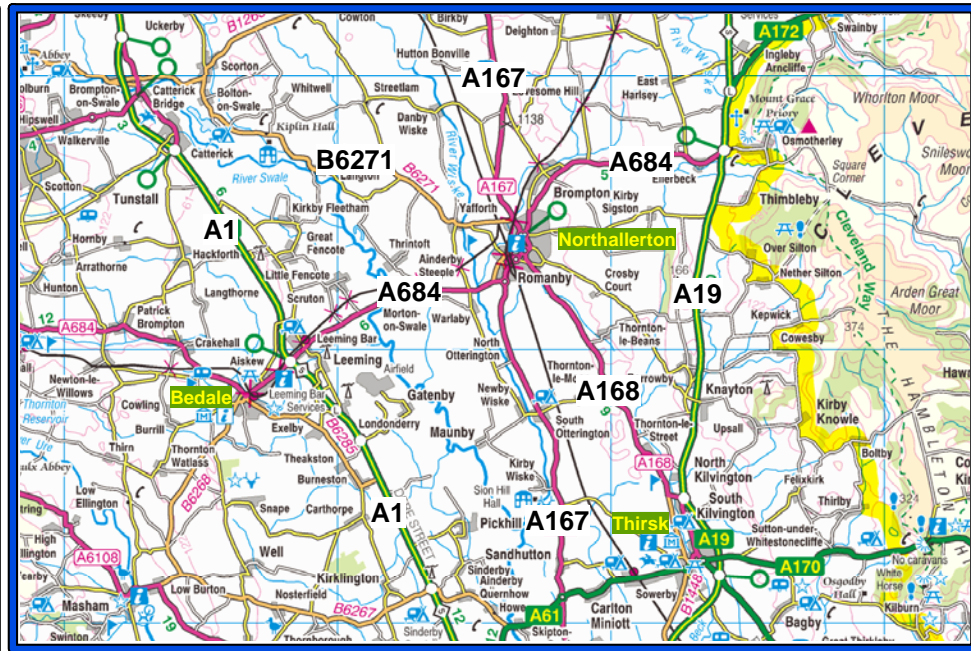
Corporate and Partnerships Overview and Scrutiny Committee

1. Membership

County Councillors (13)							
	Councillors Name			Chairman/Vice Chairman	Political Party	Electoral Division	
1	ARNOLD, Val				Conservative		
2	BASTIMAN, Derek			Chairman	Conservative		
3	BATEMAN, Bernard MBE				Conservative		
4	BLACKBURN, John				Conservative		
5	BUTTERFIELD, Jean				Conservative		
6	CROSS, Sam				UKIP		
7	ENNIS, John				Conservative		
8	LEE, Andrew				Conservative		
9	PARSONS, Stuart				NY Independent		
10	RANDERSON, Tony				Labour		
11	SHAW-WRIGHT, Steve			Vice Chairman	Labour		
12	SHIELDS, Elizabeth				Liberal Democrat		
13	SWALES, Tim				Conservative		
Total Membership – (13)				Quorum – (4)			
Con	Lib Dem	NY Ind	Labour	Liberal	UKIP	Ind	Total
8	1	1	2	0	1	0	13

2. Substitute Members

Conservative		Liberal Democrat	
	Councillors Names		Councillors Names
1	ATKINSON, Margaret	1	HOULT, Bill
2	BAKER, Robert	2	De COURCEY-BAYLEY, Margaret-Ann
3	PLANT, Joe	3	
4	MOORHOUSE, Heather	4	
5		5	
NY Independent		Labour	
	Councillors Names		Councillors Names
1	HORTON, Peter	1	
2		2	
3		3	
4		4	
5		5	
UKIP			
	Councillors Names		
1	SIMISTER, David		
2			
3			
Independent			
1			



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North
Yorkshire County Council

North Yorkshire County Council

Corporate and Partnership Overview and Scrutiny Committee

Minutes of the meeting held at County Hall, Northallerton on 28 April 2014 at 10.30 am.

Present:- County Councillor Tim Swales in the chair

County Councillors Val Arnold, Derek Bastiman, Bernard Bateman MBE, Margaret Atkinson (as substitute for John Blackburn), Jean Butterfield, Sam Cross, John Ennis, Andrew Lee, Stuart Parsons, Steve Shaw-Wright, Elizabeth Shields, Bob Packham (as substitute for Tony Randerson)

Also in Attendance

County Councillor Carl Les (Executive Member)

Officers Gary Fielding Corporate Director Strategic Resources, Neil Irving Assistant Director Policy & Partnerships, Trevor Clilverd Assistant Director Strategic Resources, Jon Learoyd, Head of ICT Architecture, Lorraine Laverton Corporate Development Officer

Apologies for absence were received from County Councillors John Blackburn and Tony Randerson and Richard Flinton Chief Executive

Copies of all documents considered are in the Minute Book

16. Minutes

Resolved –

That the minutes of the meeting held on 3 February 2014, having been printed and circulated, be taken as read and be confirmed and signed by the Chairman as a correct record.

17. Public Questions or Statements

There were no public questions or statements

The Chairman asked the Committee to agree a change in the running order of the agenda. Members agreed to move the item 'Proposal to create a North Yorkshire Community Safety Partnership' to item 4 on the agenda

18. Executive Member Update

County Councillor Les provided an update to the Committee which was tabled at the meeting. A copy of which is held in the minute book. It outlined recent issues such as:

- Constitutional changes – Cllr Les advised the Committee that these will be reported to Executive for proposing to full Council. He went on to express his gratitude to the cross party Constitutional Working Group for their assistance in working through the proposed changes.

- Selby Summit – Cllr Les felt that a very useful discussion had been held with the Selby Area Committee about a way forward for Area Committees and District Council community engagement meetings.

Cllr Les listed the items contained in the Forward Plan for the Executive with particular relevance to the Corporate and Partnerships Overview and Scrutiny Committee:

- Video conferencing, Exec, 29 April
- Annual report on partnership governance, Exec, 8 July
- Review of contract, financial and property rules, Exec, 8 July
- Merger of Community Safety Partnerships, Exec, 8 July
- Quarterly outturn performance management, Exec, 19 August

He also went on to advise Members that further summits around the County were to be arranged, that North Yorkshire 2020 was the priority across the Authority and that the County Council now has a new Assistant Chief Executive Legal and Democratic Services Mr Barry Khan.

Comments from Members included:

- Members of the Committee stated they would not want to see a move away from consultation with local Members about issues affecting roads in their areas. They stressed their belief that local knowledge is key when decisions are being taken.

C Cllr Les responded that consultation with local Members would still take place.

- A Member proposed that it might be useful to hold the next Area Committee summit in Ryedale.

Resolved -

To note the information provided in the Executive Member's progress report and invite such a report to each meeting of the Committee.

19. Proposal to create a North Yorkshire Community Safety Partnership

Considered -

The report of the Assistant Director - Policy and Partnerships informing and consulting the Committee regarding the proposals to combine the six Community Safety Partnerships in North Yorkshire into one North Yorkshire Community Safety Partnership. All responsible authorities in North Yorkshire are being asked to consider and agree to the proposal by the end of July 2014. For North Yorkshire County Council, the decision will be taken by the Executive on 8 July 2014. The views of the Corporate and Partnerships Overview and Scrutiny Committee on the proposal will be included in the report to the Executive.

Mr Irving suggested that as the scrutiny functions of 8 Local Authorities in the area had a statutory duty to consider crime and disorder matters it might be helpful to look at drafting a protocol between the Authorities so that there was a clear understanding of each Authority's role, for example the County Council OSC could work with the North Yorkshire Community Safety Partnership with the 7 District / Borough Councils OSCs continuing to look at crime and disorder at a local level through their Local Delivery Partnerships.

Comments and questions from members included:

- Where will the meetings of the NY CSP be held? Will it move around the County or be in Northallerton?
This has not been decided as yet but the Local Delivery Teams would meet in their own area.

- Some Members expressed concern that:
 - the Police and Crime Commissioner had changed the proposals and had only provided scant information. Members questioned whether the Police and Crime Commissioner may change her proposals again.
 - it would be difficult to secure the attendance of all 18 members of the NY CSP and it would be questionable whether the representative attending would have the authority to take a decision on behalf of their authority.
 - the representatives of the District / Borough Councils on the NY CSP would find it difficult to work together as they would all be fighting for their own bids for funding
 - having the NY CSP and the Local Delivery Teams creates an unnecessary layer of bureaucracy
 - each local area would be bidding against each other for funding and yet the priorities of the Police and Crime Commissioner are not known.
 - there would be no funding for the role of the manager at local level

Mr Irving responded that:

- the decision whether or not to merge the six existing CSPs rests with the 18 responsible authorities. The Police and Crime Commissioner does control the funding but does not have the legal authority to change the CSP structure.
 - there is already a County level forum (this is a statutory requirement) and having a NY CSP would not prevent local engagement as there would be Local Delivery Teams.
 - it is the responsibility of all the responsible authorities ie the police, local authorities, fire and rescue, NHS and probation service to use their mainstream resources to minimise crime and disorder (section 17 section of Crime & Disorder Act 1998).
- A Member asked whether the County Council would be running the NY CSP and how much of the £400,000 funds would be paid to the County Council for this role.

Mr Irving clarified that the £400,000 funding is for an 18 month period and not a yearly amount. The County Council has agreed to provide a basic secretariat function for meetings of the NY CSP but all project management costs and all projects undertaken on behalf of the NY CSP by the County Council will have to be paid out of the funding.

- Members concluded by saying that they would like to send a message that expresses their support for the work of local partnerships and that it should be highlighted to the Executive that Members were concerned how the Police and Crime Commissioner might direct funding.

C Cllr Les as chairman of the Police and Crime Panel reassured the Committee that there was scope for dialogue around concerns and that this was a regular agenda item for the Panel.

Resolved -

That the comments of the Committee were noted by the Assistant Director Policy and Partnerships and the Executive Member and would be included in the report to the Executive on the 8th July 2014

20. 2020 North Yorkshire

Considered -

As the Chief Executive had to extend his apologies for the meeting the Committee considered the oral report of the Corporate Director Strategic Resources Gary Fielding, updating the Committee on 2020 North Yorkshire.

Mr Fielding guided Members through a presentation that was tabled. A copy of the presentation is held in the minute book.

The presentation outlined:

- the aims of the 2020 North Yorkshire programme:
 - Focus on clear prioritisation
 - Focus on outcomes
 - Play to our strengths
 - Deliver financial savings
- The governance and management structures
- The Cross cutting themes
 - Stronger communities
 - Partnership working and alternative delivery models
 - Customer
 - Commercial focus
 - Property
 - Organisational development

Mr Fielding elaborated that the outcome of the 2020 programme would see a smaller more agile Council, with fewer staff working smartly to achieve greater productivity. It will be a Council that undertakes more of its work through commissioning and greater involvement of community and voluntary groups whilst providing leadership on key issues.

Comments and questions from the Committee included:

- A query on why there were no elected members on the Programme Board
- A Member questioned how much communication was happening between the County Council and local communities.
- A Member referred to the example of Hawes on achieving a community model and that developments across the County are at different stages.

Mr Fielding responded that the Programme Board was the delivery vehicle for the decisions taken on 2020 North Yorkshire and that a two way process of consultation was encouraged from Members. He envisaged that proposals would be considered by the relevant overview and scrutiny committee before any decision was taken. He encouraged Members to come forward with requests for further information and detail if this was required.

Regarding stronger communities Mr Irving advised Members that communications were on-going and that conversations would be spread over a number of areas over the next few years, but that there was no fixed, model approach as each area is different. Any communication would involve relevant partners and the local Member and would be an opportunity to look innovatively at how local communities might address local issues.

Resolved -

That the Committee noted the oral report of the Corporate Director Strategic Resources

21. Corporate Performance Management Framework

Considered -

The report of the Corporate Director - Strategic Resources presenting the findings of the review of the new performance reporting implemented for the quarterly performance reports to the Executive and seeking the views of the Committee and feedback any matters for inclusion in the shaping of future reporting.

Comments and questions from members included:

- The Chairman of the Young Peoples Overview and Scrutiny Committee referred to the successful regular meetings that have been held between the lead members of her Committee, the Corporate Director Children's and Young Peoples Service and the Executive Members which provided an opportunity to look more closely at the quarterly performance reports.
- Members agreed that the framework was working well with the opportunity to focus on one Directorate at each of the quarterly meetings but that the opportunity to review should always be taken to ensure that the approach was constantly refreshed.

The Executive Member C Cllr Les reminded members that it was the responsibility of all Members to do performance management.

Resolved -

That the Committee noted the review of the Q performance reports and the actions intended as set out in Paragraph 4.3 and Appendix B of the report.

22. Video Conferencing Solutions

C Cllr Swales introduced the report and asked members for comments or questions and whether they would like to amend or accept the recommendations proposed at section 9 of his report. He further advised that due to timescales the report was due to be presented to the Executive the following day and assured Members that any amendment would be tabled at that meeting.

Comments and questions from Members included:

- Feedback from the chairman of the Young People's Overview and Scrutiny committee on a mid cycle briefing that had taken place using the video conferencing facilities. The meeting although starting with some apprehensions had worked very well. Cllr Shields could see the system working very well for small meetings and could see how it could save time and money.
- The Chairman fed back on behalf of C Cllr Joe Plant that he could not have been involved in the meeting if it had not taken place via video conferencing.
- One Member questioned how those with limited broadband might be able to use video conferencing.
- A Member asked to what extent other councils were using video conferencing
- The provision of basic training on the use of the equipment was raised

C Cllr Swales asked that Jon Learoyd the Head of ICT Architecture respond to the technical queries. Mr Learoyd clarified that District / Borough council offices, local NYCC offices and libraries would have access to broadband so that either a personal hand held device could be used utilising the broadband or a video conferencing meeting space would be available to be booked.

In considering the use of video conferencing by other councils across the country there seems to be little evidence to suggest that it is being utilised to its potential. NYCC could be seen to be an exemplar but that the success of this was reliant on a culture change within the organisation. Driving to a meeting should not be considered as a priority. In order for this culture change to take place members and officers have

to feel confident in its use and discussions are already taking place on what training might look like including drop-in sessions for Members.

The Executive Member C Cllr Les commented that he is happy to endorse the report when it is considered by the Executive.

Resolved -

That the report be noted.

The Committee agreed the recommendations to the Executive as set out in section 9 of the report.

23. Work Programme

Considered -

The future work programme of the Committee was discussed and the items listed within it agreed without amendment. The Corporate Development Officer asked that Members consider the focus of the next in depth scrutiny review.

Resolved –

Note the information in the report and accept the work programme unchanged.

The meeting concluded at 11:55am

NORTH YORKSHIRE COUNTY COUNCIL
CORPORATE & PARTNERSHIPS OVERVIEW & SCRUTINY COMMITTEE

21 July 2014

Executive Member`s Progress Report

1. Purpose of Report

The purpose of this report is to:

- (a) highlight some of the recent issues considered by the Executive since the last meeting of this committee
- (b) identify some of the key issues and priorities for the coming months

Questions, comments and views are invited from Members of the Corporate and Partnerships O&S Committee on the content of this report, or any other issue, and the Executive Member will be pleased to respond and note.

2. Recent Issues

- Annual review of partnerships and their governance – now en route to Audit Committee
- Proposed merger of 6/7 CSP`s into 1

3. Items contained in the Forward Plan

- Future arrangements for Property and Engineering Services – on your agenda today
- Q1 performance – Exec 19/08/14

4. Future Issues

- The agreement with Johnston Press was due to end at this point in time. I am proposing to extend the current arrangement fo0r a further 9 months from August `14 to April `15, in light of the need to communicate a lot of information about the 2020 North Yorkshire programme and potential service changes over that period. I will bring an update to this committee in the New Year, prior to the expiry of the extension, to discuss any future proposals, whilst still maintaining this cessation of service as a budget cut for April `15.

County Councillor Carl Les
9th July, 2014.

NORTH YORKSHIRE COUNTY COUNCIL
CORPORATE & PARTNERSHIPS OVERVIEW & SCRUTINY COMMITTEE

21 July 2014

PROPERTY DISPOSALS

1.0 PURPOSE OF REPORT

- 1.1 To inform the Committee of the County Council's approach to property disposals.
- 1.2 This report provides a comprehensive overview of the Council's approach to property disposals. It will be supplemented by a brief presentation by officers at the Committee meeting.

2.0 BACKGROUND INFORMATION

2.1 Overview

- 2.1.1 If a property is no longer needed for its immediate past use then its fate is reviewed. The available options are considered, including disposal. A decision is taken and this is recorded formally. If the decision is to dispose then a disposal strategy is agreed. In due course, the terms of the disposal are agreed and approved. This is recorded formally.
- 2.1.2 The management of the process is undertaken or arranged mainly by Asset Management within the Property Service, although some decisions about the fate of properties are arranged by directorates as part of wider reports on changes to service delivery. All the terms of a disposal or other transaction are approved by Asset Management. Marketing and the negotiations of terms are undertaken mainly by Bruton Knowles.
- 2.1.3 The County Council normally seeks market value for its disposals, but there are some exceptions to this. These are described in 2.9.

2.2 The Redeployment Process

- 2.2.1 Property can become available for a decision on its fate as a result of:
 - 1. service reviews – resulting from changes in service delivery philosophy or service delivery methods or level of demand or budget issues
 - 2. property reviews
 - 3. the end of leases to third parties
 - 4. approaches from third parties to acquire – including tenant farmers.
- 2.2.2 The County Council has a Redeployment Process for property. It ensures that decisions are taken in the best overall interests of the Council.

2.2.3 Officers in Asset Management consider several options when identifying the proposed future of a property, although they may not all be relevant in all cases. Sometimes, it may be sensible to reach separate decisions on different parts of a property. For example, to sell part of a farm and add part to an adjoining farm. The usual options considered are set out in the table below.

<i>Re-use now</i>	Does the property meet another known immediate service delivery need? Directorates are asked if the property meets such a need. For a County Farm this could include inclusion in an adjoining farm.
<i>Disposal now</i>	Does it make sense to sell the property now?
<i>Future need</i>	Does the property meet another known future service delivery need? Directorates are asked if the property meets such a need.
<i>Future disposal</i>	Does the property have medium or longer term development potential of sufficient magnitude to delay a disposal or are there other reasons for keeping the property in the medium to long term that are not related to service delivery?

2.2.4 A recommendation is made and is forwarded to the decision-maker for approval – or otherwise. The Property Procedure Rules (PPRs) identify the decision-maker based on value. There is more about the PPRs in 2.3.1. Local members are informed of all decisions. A copy of the report for each decision in their division is sent to them. Some Members can receive several reports in a year, others may not receive any for several years. This is because the distribution of the County Council's property is uneven across the county and so are the changes that take place to it.

2.2.5 If a decision is made to dispose then, in most cases, Asset Management instructs Bruton Knowles to market the property or negotiate terms direct with a single party. In some small value cases and for non-commercial work, officers in Asset Management will undertake the work because it is more cost-effective to do so.

2.2.6 Terms for a disposal are presented to Asset Management for approval – or otherwise. Terms are rejected sometimes for issues of quality or if they do not seem to represent sufficient value. Following the approval of terms Asset Management instructs Legal & Democratic Services to complete the legal paperwork.

2.3 *The Property Procedure Rules (PPRs)*

2.3.1 The PPRs form part of the Constitution. They set out who has the authority to take decisions in relation to the various types of property transaction, including disposals. For most work there is a hierarchy of approvers based on value. The sequence of possible approvers from low value to high value is Corporate Director – Strategic Resources, Executive Member for Central Services and the Executive. Most of the authority of the Corporate Director –

Strategic Resources is delegated to officers in Asset Management. The rules are reviewed each year to ensure that they remain up to date and relevant. Proposed changes have to be approved by the Audit Committee.

2.4 *Types of disposal*

2.4.1 Property disposals can take the form of:

1. a freehold interest (a sale)
2. a leasehold interest (a lease – sometimes called a tenancy, particularly for residential property and farms)
3. a more informal arrangement (a licence or similar)
4. a right to buy or lease within a fixed period of time on pre-agreed terms (an option).

Note : Item 4 is not the same as the Right to Buy scheme for social housing.

2.4.2 Asset Management identifies the most appropriate method for each proposed transaction. In the cases of leases and licences, the most appropriate length of the arrangement from the Council's point of view is also considered, although this may be amended during negotiations.

2.4.3 The table below summarises the number of disposals in the past three financial years by type.

Type	2011-2012	2012-2013	2013-2014
Sale	22	36	25
Lease	30	34	23
Licence	11	6	11
Option	0	0	0

Note : The leases row does not include leases of farms under normal farm management.

2.5 *Disposal strategy*

2.5.1 Bruton Knowles identifies the best approach for each sale and it is reviewed and approved by Asset Management. Asset Management may require amendments.

2.6 *Methods of disposal*

2.6.1 Property can be disposed by:

- A. private treaty – most private house sales use this method
- B. formal tender – written, binding bids – similar to a procurement exercise
- C. informal tender – best and final offers
- D. auction – normally oral, binding bids – in person or via telephone or instructions.

2.6.2 Private treaty and informal tender pose issues for the Council if there are several serious bidders because of the requirement under S123 of the Local Government Act 1972 for Councils to obtain 'best consideration'. (There is more about the Local Government Act and 'best consideration' in 2.6 and 2.7.) This means that, although the Council may have agreed a price with a potential purchaser or tenant, it must, at least, consider any higher offers that are received prior to exchange of contracts. The Council can decide not to accept a higher offer if the judgement is that it does not represent best consideration (for example, if it is conditional upon the receipt of planning permission and this is uncertain in the short term). The receipt of higher bids after a price is accepted can arise more than once during a single negotiation, can extend the process and can result in complaints from the unsuccessful prospective purchasers. Informal tender has the most potential issues and is no longer used by the Council.

2.6.3 In the past few years, greater use has been made of auctions, either through Bruton Knowles (mainly farms) or via a sub-consultant (for other property). This method has proved to be very effective and has the following advantages:

- A. there is a clear process and timetable for all interested parties
- B. there is a definite outcome
- C. it can be quick – which can minimise holding costs
- D. the price is set openly
- E. the exchange of contract takes place on the day
- F. receipts often exceed estimates because of explicit competition between interested parties.

2.6.4 The most significant disadvantages of auctions are:

- 1. there is a limited window of marketing (although the marketing tends to be more intensive and to be targeted at the likely market)
- 2. the potential market is limited to those people or companies able to raise funding by the date of the auction.

2.6.5 Reserve figures (minimum prices) are agreed for all properties that are to be sold by auction, following discussion with the auctioneer.

2.7 *Development potential, restrictive covenants and overage (claw-back)*

2.7.1 Some of the Council's property may be worth more if it is used or redeveloped for a purpose other than its present purpose. Resolving these issues to the point where they have an explicit effect on the market value of a property - for example, obtaining planning permission for a new use - can be a lengthy and costly process. In most cases, the decision is taken to sell property without seeking planning permission, but to include restrictive covenants and arrangements for 'overage' – the right to share in any development value achieved within a set number of years – where there is the prospect of future development. This protects the Council's financial interest, particularly where

any development potential may not be immediate or is uncertain. Overage arrangements are included automatically in all farm sales.

2.7.2 In the past, the Council entered into 'conditional contracts' for some sites. These can be seen as a type of informal option – the transaction will proceed when the purchaser obtains a specific planning permission within a set period of time. Overall, this approach has proved time consuming and expensive. This approach would only be used now in very limited circumstances, for example, if the Council was a minor owner in larger, potential development site.

2.7.3 If there is the prospect of significant gain to be made by pursuing planning permission on a property then this is done. However, the Council does not own a portfolio of high value development sites and so this is not a frequent activity.

2.8 *Local Government Act 1972*

2.8.1 Section 123 of the Local Government Act 1972 requires Councils to obtain 'best consideration' for almost every property disposal. This is to help ensure that public assets are not disposed cheaply or inappropriately. In most cases, this means obtaining the highest possible price, in the particular circumstances.

2.8.2 Best consideration is a complex area, but many of the Council's disposals are made on the open market and so, for all practical purposes, it is not relevant. However, it is relevant to transactions at less than market value and this area is examined in the next section, together with the exemptions that exist to allow such transactions to take place.

2.9 *Disposals at less than market value (disposals at an under value)*

2.9.1 There are two main situations in which disposals by the County Council take place at less than market value:

1. where the Council wishes to ensure that service delivery by an external organisation takes place in circumstances where it may not be viable financially, at least initially, and wishes to do so without providing an explicit subsidy
2. where a local group or community wishes to use Council property, but is unable to afford the market value or market rent.

2.9.2 Examples of the first situation are the provision of sites for Extra Care schemes at less than market value or nil value and the provision of property to the community groups running the community libraries at 'peppercorn' rents (payment of a peppercorn as rent).

2.9.3 Examples of the second situation are some leases to playgroups and out-of-school clubs on school sites.

2.9.4 The PPRs contain specific internal approval arrangements for transactions that are proposed to take place at less than market value. These allocate greater authority to the Executive for taking decisions and less authority to officers and the Executive Member for Central Services compared to other types of transaction. Reports seeking consent to dispose at less than market value state the size of the undervalue.

2.10 *State Aid*

2.10.1 Disposals at less than market value or ones that cannot be proved readily to be at market value may come under the state aid provisions set by the European Union. These provisions are intended to prevent the distortion of markets as a result of explicit or implicit public subsidies. All potential state aid has to be referred to the European Commission so that the commission can assess whether or not the transaction constitutes state aid and, if it does then, whether or not the aid is compatible with the common market. State aid that is not approved by the commission is unlawful and may result in the value of the aid being recovered, together with interest, from the recipient. The state aid regime is being reviewed by the European Union.

2.10.2 State aid is held not to occur or the commission does not have to be notified in the following situations:

1. A disposal on an open and unconditional bidding procedure, accepting the best or only bid.
2. A disposal conducted at market value as established by independent valuers.
3. A disposal that creates state aid, but the aid is of low value and not covered by other arrangements. This is called de minimus aid. A recipient of aid can be given up to €200,000 of such aid in total over a rolling three year period. The total relates to de minimus aid from all public sources and not just from the County Council.
4. A disposal that falls under the General Block Exemption Regulation (2008). This is being replaced as part of the review.

2.11 *County Farms – disposal to tenants*

2.11.1 The Council has a long-standing approach of allowing its tenants to submit requests to purchase the farms that they rent. This is not a right to purchase and, in each case, Asset Management considers if the Council would be prepared to dispose of some or all of the property. There are several reasons for retaining some or all of the property, for example, development potential or the possibility of adding part of the holding to an adjacent property to add value. Conversely, there may also be advantages to a sale that go beyond a receipt, for example, where a property has substantial future maintenance liabilities, although this would be reflected in the price.

2.11.2 If there is no reason to retain the property then a number of sale options may be provided to the tenant. For example, the house only, buildings and an appropriate area of land (the minimum area which would be added to the

house and buildings if offering the property for sale on the open market), or the whole holding. The options are priced based on market value (provided by Bruton Knowles) reduced by a discount reflecting the age of the tenant. The maximum discount used has been 30%.

2.11.3 If land is to be retained then Bruton Knowles and Asset Management ensure that it has access and will remain saleable, in due course. They investigate and resolve any issues associated with the property, for example, water pipes and access tracks.

2.11.4 If the tenant confirms that they wish to purchase the property then the sale proceeds in the normal way. Terms for transactions include restrictive covenants on use, the reservation of mineral rights and 'overage' clauses that are triggered in the event of development or on re-sale. If a tenant buys only part of the property that they rent then they can continue to rent the remainder and the tenancy is amended to reflect this. Some tenants have made more than one purchase, as their funding permits.

2.12 *Crichel Down rules – offer back to former owners*

2.12.1 The rules apply to property acquired by or under the threat of compulsion and to property acquired under statutory blight provisions. The Department for Communities and Local Government recommends that local authorities follow the rules and the County Council has chosen to so do.

2.12.2 If property that is subject to the rules is to be disposed by the Council then the former owner or successor is given an opportunity to repurchase the property before it is marketed. This only occurs if the character of the property has not changed materially since the acquisition. There are various other exemptions to the application of the rules, including the time that has passed since the acquisition. Any transaction is at current market value.

2.13 *Consents for disposals of educational assets*

2.13.1 If the County Council wishes to dispose of any part of a school site then it must seek approval from the Secretary of State for Education, with a few exceptions. The Secretary of State will also consider if the property represents an opportunity for the opening of a free school or an academy. The disposal of school playing fields also requires consent from the Secretary of State. Officers in CYPS submit the requests for approval. The arrangements are covered by the Academies Act 2010 and S77 of the School Standards Framework Act 1998. These approvals are in addition to any internal approval that is required.

2.14 *Assets of Community Value*

2.14.1 Under the Localism Act 2011 property can be listed as being of community value after its nomination by certain types of local group. The property can be owned by the public or private sectors. If a property or part of one is listed and the owner wishes to dispose of the property then a window of opportunity

is created within which local groups can consider if they wish to bid to acquire the property and if they do then another window opens in which they can prepare a business case and raise funds. Any sale process is put on hold until the end of the two windows. This is a right to bid and not a right to buy. It provides local groups with an opportunity to compete more effectively with commercial organisations. The owner does not have to sell to a local group. The net effect for the owner can be a delay on undertaking a transaction.

2.14.2 None of the Council's freehold property has been nominated or listed as an asset of community value at the time of writing this report. One property that the Council leases in has been nominated. This represents an issue for the owner rather than for the Council. Listings could affect the timing of the rationalisation of parts of the property portfolio. For school property the assets of community value arrangements could apply after the approval process described in the previous section.

2.15 *Use of receipts*

2.15.1 The receipts from disposals are used to meet the capital requirements of the Council. These include funding items in the capital programme and debt redemption.

2.15.2 The receipts from some disposals are linked directly to specific reinvestment. For example, the receipts from the sale of the schools at High Bentham and Low Bentham have been pre-allocated to cover part of the cost of building the new school that will serve both communities. The approval of pre-allocations is arranged via the budget process.

3.0 **RECOMMENDATION**

3.1 That the approach to disposals is noted.

Author of report: Roger Fairholm
Corporate Asset Manager, Corporate Property Management

County Hall
Northallerton

July 2014

Background Documents: None

North Yorkshire County Council
Corporate and Partnerships Overview and Scrutiny Committee
21 July 2014
Work Programme

1.0 Purpose of Report

1.1 This report asks the Committee to:

- a. Note the information in this report.
- b. Consider a task and finish group to look at the criteria used in determining the possible categorisation of libraries
- c. Confirm, amend or add to the list of matters shown on the work programme schedule (attached at Annex A).

2.0 Mid cycle briefing 16 June 2014

Your chairman County Councillor Bastiman met with County Councillors Elizabeth Shields and Steve Shaw-Wright to discuss the work programme of the Committee, highlight areas of particular interest and consider the Executive performance monitoring report for 17 June 2014. As part of this discussion the lead members decided to put forward the idea of a quick task and finish group to look at the criteria used for determining possible categorisation of libraries.

If Members agree the proposal is to use the mid cycle briefing date of the 1st September 2014 to hold a workshop focussed on the criteria and for the Task Group to report back to the Committee at its October meeting.

3.0 Work Programme Schedule

The Work Programme Schedule is attached at Annex A and Members are asked to consider, amend and add to the Committee's Work Programme.

4.0 Future meeting Dates

The future meeting dates for the Committee are:

- 13 October 2014
- 19 January 2015
- 20 April 2015

5.0 Recommendations

5.1 The Committee is asked to:

- a. Note the information in this report.
- b. Agree a task and finish group and its membership to look at the criteria for possible categorisation of libraries
- c. Approve, comment on or add to the areas of work listed on the Work Programme schedule.

Bryon Hunter, Scrutiny Team Leader
Central Services
County Hall, Northallerton

Report compiled by: Lorraine Laverton Corporate Development Officer
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 Date: April 2014
 Background Documents: None
 Annex: Annex A – Work Programme

Corporate & Partnerships Overview and Scrutiny Committee – Work Programme Schedule 2014 / 15

Scope

The Council's corporate organisation and structure, resource allocation, asset management, procurement policy, people strategy, equality & diversity, performance management, communication and access to services.

Partnership working, community development, community engagement, community strategies and community safety. This Committee shall be the Crime & Disorder Committee for the purposes of Part 3 of the Police and Justice Act 2006

Meeting dates

<i>Scheduled Mid Cycle</i> Attended by Lead Members of Committee	<i>16 June</i> <i>2014</i> <i>10:30am</i>	<i>1 Sept</i> <i>2014</i> <i>10:30am</i>	<i>8 Dec</i> <i>2014</i> <i>10:30am</i>	<i>2 March</i> <i>2015</i> <i>10:30am</i>
<i>Scheduled Committee Meetings</i>	<i>21 July</i> <i>2014</i> <i>10:30am</i>	<i>13 Oct</i> <i>2014</i> <i>10:30am</i>	<i>19 Jan</i> <i>2015</i> <i>10:30am</i>	<i>20 April</i> <i>2015</i> <i>10:30am</i>

In-depth Scrutiny Review

Meeting	SUBJECT	AIMS/TERMS OF REFERENCE	ACTION/BY WHOM
		To be confirmed	

Corporate & Partnerships Overview and Scrutiny Committee – Work Programme Schedule 2014 / 15

<u>Overview Reports</u>			
Meeting	SUBJECT	AIMS/TERMS OF REFERENCE	ACTION/BY WHOM
21 July 2014	Executive Member Update	Overview and update from the Executive Member	
	Update on the Police and Crime Plan	Update from the Police and Crime Commissioner, Julia Mulligan on the Police and Crime Plan	Police & Crime Commissioner Julia Mulligan
	Property disposals process	Informing the Committee of the process the County Council uses when disposing of properties	Jon Holden
	Property and highways consultancy procurement.	Commercially sensitive report. Not for publication	Roger Fairholm
	Work Programme Report	Regular report where the Committee reviews its work programme	Lorraine Laverton
13 Oct 2014	Executive Member Update	Overview and update from the Executive Member	
	Property Planning	Update report	Gary Fielding Jon Holden
	Property Performance Report 2014	Regular update on property performance	Roger Fairholm
	Workforce update	Regular update to Committee	Justine Booksbank
	Work Programme Report	Regular report where the Committee reviews its work programme	Lorraine Laverton
19 Jan 2015	Executive Member Update	Overview and update from the Executive Member	
	Work Programme Report	Regular report where the Committee reviews its work programme	Lorraine Laverton
To be confirmed 2015	North Yorkshire Community Safety Partnership	Designated Crime and Disorder Committee – strategic overview – future plans – annual consideration of crime and disorder matters	TBC
	Procurement annual report	Regular update to committee (last report Feb 2014)	TBC
	Update on video conferencing	Follow up on the scrutiny review of video conferencing and the implementation of the video conferencing solution	Jon Learoyd

Please note that this is a working document, therefore topics and timeframes might need to be amended over the course of the year.