

**NORTH LINCOLNSHIRE COUNCIL**

**HOUSING AND STRATEGIC PLANNING  
CABINET MEMBER**

**ACQUISITION OF PROPERTIES OWNED BY NORTH LINCOLNSHIRE HOMES  
WITHIN THE ADVANCE CROSBY AREA**

**1. OBJECT AND KEY POINTS IN THIS REPORT**

- 1.1 To seek approval to waive the disposal clawback on 3 properties owned by North Lincolnshire Homes within the Advance Crosby area.

**2. BACKGROUND INFORMATION**

- 2.1 Advance Crosby is the council's priority transformational regeneration project within the Town Ward area. Information from our most recent house condition survey indicates that this area has some of the worst housing conditions and is home to a high level of vulnerable households.
- 2.2 The aim of Advance Crosby is the creation of an area that is thriving and a community that is caring and confident, both of which are shared ambitions of the council and its partners, but to do this the project has to acquire properties and undertake selective demolition.
- 2.3 So far 39 properties along West Street have been acquired and demolished in a phased approach and the same action is now being taken in relation to Gurnell Street. This will create a critical mass of cleared sites to allow negotiations to commence with interested developers.
- 2.4 There are 3 properties located on Gurnell Street, which are owned by North Lincolnshire Homes (NLH). NLH have confirmed that major work was completed on them to bring them up to the decent homes standard some 12 months or so ago. To assist Advance Crosby two of the properties are now empty and, whilst a third is still occupied, alternative accommodation is currently being sought for the tenant.
- 2.5 NLH has no problem letting properties in the area. When they were approached about selling the properties to facilitate Advance Crosby they agreed to do so without requiring the project to go to the trouble and expense of a Compulsory Purchase Order.
- 2.6 NLH is a registered charity and therefore by virtue of Section 36 of the Charities Act 1993 there is a requirement for NLH to obtain and consider a

written report from a qualified surveyor, and be satisfied that the proposal is the best that can be reasonably obtained for the charity. This, it feels, restricts its ability to negotiate, particularly since it had no desire to sell these properties until approached about Advance Crosby.

- 2.7 In return for agreeing not to require the application of the compulsory purchase process NLH is seeking agreement that the disposal will be classed as an exempt disposal for the purposes of the Transfer Document. If compulsory purchase proceedings have to be commenced in the absence of agreement, the exempt disposal agreement will automatically apply.
- 2.8 Schedule 15 of the stock transfer agreement between North Lincolnshire Council (NLC) and North Lincolnshire Homes (NLH) contains the disposal clawback agreement.
- 2.9 The disposal clawback agreement covers the sale of property by North Lincolnshire Homes whereby North Lincolnshire Council will receive 50% of the "Gain" as defined within Schedule 15. It should be noted that the "Gain" is not the actual purchase price since costs and expenses associated with the sale may be deducted, as well as £16,666 per property, which relates to inflation linked to the RPI.
- 2.10 There are certain circumstances detailed in Schedule 15 where a disposal will be considered Exempt and therefore no payment back to the council is required. Such circumstances include "any disposal where NLC and NLH agree that the disposal may be considered Exempt (paragraph 1(p) of the Schedule)" and where the process of "compulsory purchase" is underway.
- 2.11 The monies being paid to NLH for these properties are the same as would have to be paid if Compulsory Purchase Order (CPO) action is taken but in the latter situation, there would be significantly more costs incurred to the council and Advance Crosby as a consequence of officer time and legal expenses related to the formal declaration of CPO action and the procedure that would ensue.
- 2.12 Advance Crosby has so far been wholly funded through monies obtained from the Humber Housing Partnership and not council capital. Guinness Northern Counties are a major partner in the project and they actually purchase all the properties on behalf of NLC.

### **3. OPTIONS FOR CONSIDERATION**

- 3.1 Option 1 - Agree to the disposals being treated as exempt from clawback payments by agreement with NLH.
- 3.2 Option 2 - Not agree to the disposals being treated as exempt and proceed with compulsory purchase action.

#### **4. ANALYSIS OF OPTIONS**

- 4.1 Option 1 - This is the preferred option. The negotiations to acquire the properties have so far been informal and amicable. It remains important to maintain the good working relationship that exists between NLH, as one of our major partners, and the council by not having to use formal compulsory purchase proceedings to acquire the properties. In such circumstances, the disposal clawback would be waived automatically.
- 4.2 Option 2 - Formal compulsory purchase proceedings would mean the clawback will become exempt. The process would mean a delay to the project and involve additional costs. This would also impact on the area and the ability to attract interested developers.

#### **5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)**

- 5.1 Financial implications –Option 1 provides the most cost effective solution for the Council.
- 5.2 Staffing implications – For Option 2, there will be significant implications for staff time and resources if formal compulsory purchase orders have to be obtained for the three properties. There are also implications for other service areas and partners if the area declines further with the probable increase in crime, anti-social behaviour and envirocrime whilst the property issues are resolved.

#### **6. OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION 17 - CRIME AND DISORDER, RISK AND OTHER)**

- 6.1 Statutory implications – There are no implications for either option.
- 6.2 Environmental implications – Option 2 - if the properties are not acquired there is the potential for the area to decline further with increased incidents of fly tipping, graffiti and other envirocrime issues.
- 6.3 Diversity implications - There are no implications with either Option.
- 6.4 Section 17 – Crime and Disorder implications: an area in decline leads to increased levels of crime and anti-social behaviour.
- 6.5 Risk and other implications – there are no other risks associated with this report.

#### **7. OUTCOMES OF CONSULTATION**

- 7.1 Legal Services has been consulted over this matter and it has provided a copy of Schedule 15 along with guidance. It is possible for North Lincolnshire Council and North Lincolnshire Homes to agree that the disposals be treated as Exempt under the provisions of Schedule 15.

7.2 Property and Estates has been consulted. It has raised concerns about us agreeing to the properties being exempt from the disposal clawback and the negotiations that have taken place. It has suggested that perhaps North Lincolnshire Homes could agree to accept a reduced price to reflect that the exemption is being applied. It has also asked that, if approval is given to these properties being treated as exempt from the clawback, North Lincolnshire Homes is asked to use the "Gain" for an identifiable purpose. North Lincolnshire Homes has stated that, whilst it wishes to support the Advanced Crosby project, its charitable status limits its ability to consider alternative options.

7.3 Human Resources has no comments to make.

7.4 Finance has been consulted and commented that its concerns are the same as Property and Estates.

## **8. RECOMMENDATIONS**

8.1 That the Cabinet Member approves the disposal of 3 properties, owned by North Lincolnshire Homes, as Exempt Disposals in accordance with the provisions of Schedule 15.

8.2 That the Cabinet Member approves the referral of this matter to the Cabinet Member for Corporate Services for approval.

**SERVICE DIRECTOR NEIGHBOURHOOD AND ENVIRONMENT**

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Date: 30 November 2010