

**SOUTHERN RURAL COMMITTEE
29 NOVEMBER 2012**

***PART 1 – PUBLIC DOCUMENT**

AGENDA ITEM No.

6

TITLE OF REPORT: DISPOSAL OF LAND – LLOYD WAY, KIMPTON

REPORT OF THE HEAD OF FINANCE, PERFORMANCE & ASSET MANAGEMENT

1. SUMMARY

- 1.1 The purpose of this report is to inform and consult the Committee regarding this land disposal, which initially came forward to Cabinet in 2008 and was considered again by Cabinet on 25th September 2012.

2. FORWARD PLAN

- 2.1 This report was first notified to the public in the Forward Plan on the 1 May 2012.

3. BACKGROUND

- 3.1 At the meeting of 24 June 2008, Cabinet agreed to dispose of this site to North Hertfordshire Homes at open market value.

- 3.2 At the Cabinet meeting on 21st October 2008 it was further resolved that:

“The revised conditions to the disposal of the site at Lloyd Way, Kimpton, as now detailed, be approved, in order that the disposal to North Hertfordshire Homes can proceed.”

- 3.3 The revised conditions referred to were described as:

“In addition to any other requests/restrictions that are appropriate to the disposal of the land at Lloyd Way, Kimpton, this disposal shall be subject to the following conditions -

- Any resident of “Probyn House”, (site A), shall be offered accommodation at “Lloyd Way, Kimpton”, (site B), provided that a needs and suitability assessment has confirmed that the resident is suitable to reside in one of the dwellings provided at site B and the resident is nominated for a tenancy at that dwelling.
- A needs and suitability assessment will be carried out by NHH at an appropriate time once the accommodation at Site B is approaching a standard suitable for occupation.
- The residents of site A be permitted to remain in site A until alternative accommodation is found for all residents

- The demolition of site A shall not be commenced until the development of site B is substantially complete and there are sufficient units suitable for occupation.”

4. ISSUES

- 4.1 The Probyn House sheltered scheme, which is adjacent to the site currently under consideration, has now been closed and all residents re-housed. Therefore the conditions outlined above no longer apply.
- 4.2 The conditions and value of the sale to NHH had therefore been agreed in 2008, however this sale is still not complete. The reason for bringing this report forward now is that NHH have re-confirmed their desire to purchase at the price agreed in 2008, although this no longer represents open market value. NHH have also made an alternative (lower) offer based on a specific scheme rather than being a site purchase at open market value. Neither option meets the requirements for a market value sale.
- 4.3 In recent months two separate and unsolicited higher offers have been received from private developers for this site, although these are both of a more tentative nature as they are subject to ground investigation and service surveys. No planning permission is currently in place for any scheme on this site.
- 4.4 As this site had previously been approved for disposal at open market value, this report was taken to Cabinet to seek re-validation of that position, in the light of the range of offers now received.
- 4.5 At Cabinet, on 25th September 2012, it was resolved:
 - (1) “That, subject to the Southern Rural Committee raising no substantive objections to the proposal, the intention to dispose of the site at Lloyd Way, Kimpton, to maximise the value to be realised, be re-confirmed;
 - (2) That the site be disposed of on the open market; and
 - (3) That, following receipt of offers for the site, the decision on which one to accept be delegated to the Strategic Director of Finance, Policy and Governance, in consultation with the Portfolio Holder for Finance and IT, this being subject to the offer being within Cabinet’s delegated financial limits.”

5. LEGAL IMPLICATIONS

- 5.1 Cabinet has within its terms of reference the authority to approve the disposal of land or buildings for a consideration or annual rent that exceeds £250,000 but does not exceed £2,500,000.
- 5.2 With regards to the proposed sale:
 - (i) Section 123(1) of the Local Government Act 1972 provides that a local authority may dispose of land held by them in any manner they wish.

- (ii) Section 123(2) of the Local Government Act 1972 provides that a local authority may not dispose of land otherwise than by way of a short tenancy, for a consideration less than the best that can reasonably be obtained unless the local authority has the prior consent of the Secretary of State.

5.3 In relation to Section 123(2) the Secretary of State has issued a general consent for disposals at less than best consideration that can reasonably be obtained.

5.4 Under section 25 of the Local Government Act 1988, the Council could dispose of this land to a registered social landlord, e.g. NHH, at less than market value for the development of housing, other than housing for outright sale. However, in this instance the proposal has been to dispose of the land at full market value in accordance with the Local Government Act 1972, as described in 5.2 (ii) above.

5.5 Under Appendix I of the Contract Procurement rules all disposals of property or land owned or leased by the Council shall be by one of the following methods: Private Treaty, Public Auction, Formal Tender, Informal Tender, statutory offer back to the former owner, or long lease.

6. FINANCIAL AND RISK IMPLICATIONS

6.1 The land at Lloyd Way, Kimpton was declared surplus to requirements in 2008 and identified as a site for disposal on the open market at full market value. This capital receipt will assist in funding the council's Capital programme.

6.2 The current offers made by NHH are at less than market value. In addition two unsolicited, although more tentative, offers have been received from private developers at higher value.

6.3 North Hertfordshire Homes have progressed their investigations into site issues since 2008, although have not applied for Planning permission.

6.4 Once the site is developed for housing, the Council will benefit from the New Homes Bonus over a six year period, which is currently estimated at around £35k per annum, assuming thirty properties.

7. HUMAN RESOURCE AND EQUALITIES IMPLICATIONS

7.1 There are no direct Human Resource or equality implications arising from this report.

8. CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS

8.1 Full consultation was carried out, with regard to the original proposed sale, in 2007.

8.2 The Ward Member was consulted before taking a report to Cabinet in September 2012.

8.3 The views of the Southern Rural Area Committee are sought at this meeting.

9. RECOMMENDATIONS

- 9.1 That the Southern Rural Committee note the Cabinet approval for disposal of this site on the open market.
- 9.2 That the Committee make any comments they wish regarding the proposed sale, or for feedback to Cabinet.

10. REASONS FOR RECOMMENDATION

- 10.1 Cabinet's original decision in 2008 was to dispose of the site at open market value.
- 10.2 To provide financial receipts to help fund the capital programme.

11. ALTERNATIVE OPTIONS CONSIDERED

- 11.1 The site could remain undeveloped.
- 11.2 The Council could dispose of this land to NHH, or another registered social landlord at less than market value.

12. APPENDICES

- 12.1 Location Plan

13. CONTACT OFFICERS

- 13.1 Andy Cavanagh, Head of Finance, Performance & Asset Management
01462 474243; Andrew.cavanagh@north-herts.gov.uk
- 13.2 David Charlton, Senior Estates Surveyor, 01462 474320
David.charlton@north-herts.gov.uk
- 13.3 Andy Godman, Head of Housing & Public Protection, 01462 474293 ;
Andy.Godman@north-herts.gov.uk
- 13.4 Anthony Roche, Acting Corporate Legal Manager, 01462 474588
Anthony.Roche@north-herts.gov.uk
- 13.5 Louise Symes, Planning Policy & Projects Manager, 01462 474359
Louise.symes@north-herts.gov.uk