

CABINET
23 JANUARY 2018

***PART 1 – PUBLIC DOCUMENT**

AGENDA ITEM No.

12

TITLE OF REPORT: SALE OF LAND AT LUMEN ROAD, ROSYTON

REPORT OF THE HEAD OF FINANCE, PERFORMANCE AND ASSET MANAGEMENT
EXECUTIVE MEMBER: COUNCILLOR JULIAN CUNNINGHAM
COUNCIL PRIORITY: RESPONSIVE AND EFFICIENT

1. EXECUTIVE SUMMARY

- 1.1 The majority of the land at this site was sold to Aldwyck Housing Group in 2014. This section of the land was excluded from the sale on the basis that it was highways land. However the land belongs to the District Council and Aldwyck have now made an offer to purchase the land from the District Council and are looking for ways to develop the land This land will allow Aldwyck to build an additional residence and change the size of some of the other planned properties. An undervalue sale is recommended to allow for the development of additional shared ownership housing in the District.

2. RECOMMENDATIONS

- 2.1 That Cabinet agrees the sale of the land at Lumen Road in Royston for £25,000 to Aldwyck Housing Group.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To get a capital receipt from the sale of the site.
- 3.2 To provide additional housing in the District.
- 3.3 To avoid the maintenance costs involved in owning a small parcel of land.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The owner of the rest of the site is the only organisation that would have any interest in this piece of land, and is therefore a special purchaser. It would be possible to continue negotiations to try and get a higher offer. However Aldwyck could choose to just develop the land that they already own, which would result in the loss of a capital receipt, would slightly reduce the amount of housing on the site and would leave an ongoing maintenance liability for the land.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 Consultation was undertaken as part of the original sale. No further consultation has been undertaken.

6. FORWARD PLAN

- 6.1 This report does not contain a recommendation on a key decision and has not been referred to in the Forward Plan.

7. BACKGROUND

- 7.1 The majority of this site was sold to Aldwyck Housing Group in 2014. It was originally intended to sell the whole site and an amount was agreed for this. However there was an issue with part of the site in that it was highways land. This strip of land (shown edged in black on the plan in appendix 1) was therefore excluded from the sale, but there was no adjustment made to the purchase price. The whole site was contaminated land and the sale price was based on an initial value with deductions for the costs incurred in clearing the site.
- 7.2 Aldwyck plan to use the whole site for shared ownership housing.

8. RELEVANT CONSIDERATIONS

- 8.1 Aldwyck Housing Group are therefore a special purchaser in relation to the additional strip of land as it would allow them to increase the number and mix of properties that can be built on the site. Based on valuations undertaken by an independent Chartered Surveyor and Registered Valuer employed by Aldwyck the value of the extra strip of land is £92k (based on a shared ownership scheme). However given the history of the sale and the overall value of the site, Aldwyck believe that they have already paid for this land. The Council are obliged to try and get best consideration for all land sales and have negotiated on the basis of this being a separate transaction.
- 8.2 Following negotiations, Aldwyck have now offered £25k and whilst this is at an undervalue, Cabinet are recommended to accept this offer. This is on the basis that it will promote the improvement of economic and social well-being in the District by the provision of additional shared ownership housing. Given that at one stage there was an intention to sell the whole site for the price that was eventually paid for the majority of the site, the undervalue is considered acceptable. Furthermore, any sale needs to make financial sense for Aldwyck and they could just develop the slightly smaller area, which would mean that:
- The Council does not receive any additional capital receipt
 - There would be one less property developed on the site, which the Council could have received New Homes Bonus for.
 - The Council would be required to continue to maintain the strip of land, which would then have no value.

9. LEGAL IMPLICATIONS

- 9.1 The disposal of land and buildings where the purchase price is below £250,000 is delegated to Officers. However where sales are proposed to be at an undervalue then there is a requirement that it is considered whether they should be referred to Cabinet for a final decision.
- 9.2 Section 123(1) of the Local Government Act 1972 gives a Local Authority the power to dispose of land but requires that the Secretary of State consents to any disposal at less than the best consideration reasonably obtainable. The Secretary of State has issued a General Disposals Consent which permits the disposal of land at less than best consideration if:

a) *the local authority considers that the purpose for which the land is to be disposed is likely to contribute to the achievement of any one or more of the following objects in respect of the whole or any part of its area, or of all or any persons resident or present in its area;*

i) the promotion or improvement of economic well-being;

ii) the promotion or improvement of social well-being;

iii) the promotion or improvement of environmental well-being; and

b) *the difference between the unrestricted value of the land to be disposed of and the consideration for the disposal does not exceed £2,000,000 (two million pounds).*

The proposed disposal of this land falls within the terms of the General Disposals Consent.

10. FINANCIAL IMPLICATIONS

10.1 The income from the sale is required to be treated as a capital receipt. This would be used to fund future capital expenditure. In line with the flexible use of capital receipts direction this could also be used on the revenue costs of reform projects.

11. RISK IMPLICATIONS

11.1 As highlighted in paragraph 8.2, there is a risk that if this sale is not agreed then Aldwyck will choose to just develop the land that they already own.

12. EQUALITIES IMPLICATIONS

12.1 In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.

12.2 There are no equalities implications arising from this report.

13. SOCIAL VALUE IMPLICATIONS

13.1 The Social Value Act and “go local” policy do not apply to this report.

14. HUMAN RESOURCE IMPLICATIONS

14.1 There are no Human Resource implications arising from this report.

15. APPENDICES

15.1 Appendix 1 - Location plan showing the original site and the land that is now proposed to be sold (edged in black).

16. CONTACT OFFICERS

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17. BACKGROUND PAPERS

- 17.1 Cabinet report, 22 March 2011, Minute 124.
- 17.2 Cabinet report, 1 November 2012, Minute 66.
- 17.3 Cabinet report, 28 January 2014, Minutes 104 and 106.