

## **CABINET REPORT**

# **DISPOSAL OF LAND AT BLACKSHAW LANE, ROYTON. (Royton South Ward)**

## **Asset No: L02076**

**Portfolio Holder:** Cllr S Fielding - Cabinet Member (Economy and Enterprise)

**Senior Responsible Officer:**

Helen Lockwood – Deputy Chief Executive – People and Place

**Report Author:**

Nikolaj Dockree – Senior Consultant Surveyor – Unity Partnership

**27 January 2020**

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### **Reason for Decision**

To recommend the disposal of the Freehold interest in the above asset. This is an expansion in the existing authority to dispose of the Long Leasehold interest from 2015.

### **Executive Summary**

This report summarises the background to previous attempts to sell the subject land and following the most recent unsuccessful auction,

### **Recommendations**

It is recommended that the Council:

- Dispose of the Council freehold interest via a tender exercise.
- Authorise the Deputy Chief Executive in consultation with the Portfolio Member (Economy and Enterprise) to accept the highest tender received.

## **DISPOSAL OF LAND BLACKSHAW LANE**

### **1. Background**

- 1.1. The subject land (shown edged red in Appendix I) extends to approximately 0.635 hectares (1.57 acres). The land has been designated as a Phase 1 Housing allocation in the joint core strategy and development management policies, development plan document, adopted in November 2011.
- 1.2. An application to dispose of the land pursuant to Schedule 1 of the Academies Act 2010 was approved by the Secretary of State for Education (Education Funding Agency) on the 28<sup>th</sup> September 2012.
- 1.3. Given that the subject land could be considered Public Open Space, in accordance with the provisions of the Local Government Act 1972 it was necessary for the Council to undertake a statutory procedure and advertise its' intention to dispose of the land and thereafter to consider any objections that may arise prior to potentially declaring the land surplus to the Council's requirements and making it available for disposal. By the closing date specified in the adverts four objections were received. These objections were considered and noted in accordance in the Land and Property Protocols.

### **2. Current Position**

- 2.1. Following a marketing exercise in 2014, offers were received for the site. This was reported to Cabinet in January 2015, on the basis of a 250 year lease at a peppercorn.
- 2.2. The transaction did not proceed because the developer sought to alter the terms of their tender including delaying the process and reducing their offer. This led officers to withdraw the site from the market with the asset remaining in Council ownership.
- 2.3. It is now proposed to put the site back to the open market on the basis of a freehold disposal and as a consequence a further approval from Cabinet is required.
- 2.4. To support the proposed sale of the land, an outline planning application has been re-submitted. If this is subsequently approved, then the land will be marketed with the benefit of any such consent.
- 2.5. Furthermore in July 2018, the Government published a House of Commons Briefing Paper relating to Leasehold and Commonhold Reform, which amongst other things outlined the Government's intention to legislate and prohibit the creation of new long leasehold tenancies on houses. The report highlights London and the North West as areas with particularly high proportions of leasehold Sales and identifies Oldham as one of the areas with the highest proportion of leasehold residential sales.

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Interestingly the latest briefing paper mentions that when giving evidence to the Housing, Communities and Local Government Select Committee on the 4 February 2019, the Minister, Heather Wheeler, said that the number of new build houses being sold on a long lease “have absolutely dropped dramatically”.

### 3. **Options/Alternatives**

In terms of how the Council now wishes to proceed it has the following options:

#### 3.1. **Option 1**

To retain the land: This option is not recommended for the following reasons:

- Retention of the site is contrary to the Council’s continuing commitment to good Asset Management i.e. to seek wherever possible to make best use of its land and property assets, which in this case would be a disposal.
- The Council would also be giving up the opportunity to realise a capital receipt as well as development of new houses which would attract a New Homes bonus.

#### 3.2. **Option 2**

To dispose of the land on either an unconditional or conditional tender basis. As part of this option, authority to approve the preferred tender is recommended to be delegated to the Deputy Chief Executive in consultation with the Portfolio Member (Economy and Enterprise). The tender will be based on the following:

- Freehold sale.
- A “Buy Back” option with a deadline included if the site has not been developed within 3 years.
- Payment of the Council’s professional fees equivalent to £25,000
- A non-refundable deposit of 10% payable at the point of exchange of contracts which is to occur within six weeks of acceptance of the preferred tenderer’s offer.

In the event the tender exercise is not successful due to a change in terms by the developer, Officers can, with the approval of Deputy Chief Executive in consultation with the Portfolio Member (Economy and Enterprise), withdraw from negotiations and either re-tender the site or enter the site into the next available auction.

#### 3.3. **Option 3**

To dispose of the land at auction either via Pugh & Co as previously or via an alternative National firm of Auctioneers to be approved by the Director of Economy, which may offer more widespread coverage and interest in what is considered to be a high value / prime residential development opportunity. The recommended terms of sale are to be as follows:

- Freehold.

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- A “Buy Back” option included if the site has not been developed with 3 years.
  - Payment of the Council’ professional fees equivalent to £25,000.

The authority to agree the reserve is to be delegated to the Director of Economy. This will be set before the auction.

#### 4. **Preferred Option**

- 4.1. The preferred option / recommendation is to approve **OPTION 2**.

#### 5. **Consultation**

- 5.1. Royton South Ward Councillors have been consulted.

#### 6. **Financial Implications**

##### 6.1. **Capital Implications**

- 6.1.1 The proposal would be a disposal of asset number L02076.

- 6.1.2 Any profit or loss on sale will be reflected in the balance sheet of the Authority and will not impact directly on the financial position of the Council.

(Jit Kara)

##### 6.2 **Revenue Implications**

- 6.2.1 The Council does not hold specific revenue budgets for the asset and is not currently incurring expenditure on the asset. It is intended that the Council will recoup £25k to cover Council costs.

(Jamie Kelly)

#### 7. **Legal Services Comments**

- 7.1. By virtue of Section 123 of the Local Government Act 1972 the Council has the necessary statutory powers to dispose of its land. On a disposal of its land the Council are under a statutory obligation to obtain the open market value and the best consideration that can reasonably be obtained.

- 7.2. The process of disposal by way of an informal tender will ensure that there is a competitive edge to all bids received for the property. By requesting that the successful bidder enters into a conditional building agreement subject to acceptable planning permission being obtained before the legal ownership is transferred the process will endeavor to ensure that the land can be developed at the earliest opportunity.

- 7.3. The Council’s Land and Property Protocols have been observed. (Rebecca Boyle)

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8. **Co-operative Agenda**

8.1. The reduction and / or efficiency improvement of the Council's property portfolio is fully aligned with the Council's Cooperative agenda.

9. **Human Resources Comments**

9.1. None.

10. **Risk Assessments**

10.1. None.

11. **IT Implications**

11.1. None.

12. **Property Implications**

12.1. Property Implications are fully covered within this report.

(Rosalyn Smith)

13. **Procurement Implications**

13.1 Strategic Sourcing note the recommendations outlined in this report. The formal process deployed by the service has had regard to value for money principles and competition.  
(Nicola Wadley)

14. **Environmental and Health & Safety Implications**

14.1. N/A

15. **Equality, community cohesion and crime implications**

15.1. None

16. **Equality Impact Assessment Completed?**

16.1. No.

17. **Key Decision**

17.1. Yes.

18. **Key Decision Reference**

18.1. ECEN-22-17.

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19. **Background Papers**

- 19.1. The following is a list of background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents which would disclose exempt or confidential information as defined by the Act:

File Ref: L02067

Name of Files: Blackshaw Lane, Royton

Records held at Unity Partnership (Property Services), Henshaw House, Cheapside, Oldham OL1 1NY

Officer Name: Rosalyn Smith

Contact No: 0161-770-1948

20. **Appendices**

- 20.1. Appendix 1 – Location Plan

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**APPENDIX 1 – LOCATION**

6357m<sup>2</sup>

Creator: GT



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