

CABINET REPORT

DISPOSAL OF LAND AT WARD LANE, DIGGLE. (Saddleworth North Ward)

Asset No: L00987

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

Officer Contact: Helen Lockwood – Deputy Chief Executive – People and Place

Report Author: Nikolaj Dockree – Senior Consultant Surveyor – Unity Partnership. Ext. 4146

27 January 2020

Reason for Decision

To recommend extending the existing authority to now include the sale of the Council's freehold interest in the above asset.

Executive Summary

This report summarises the background to previous attempts to sell the subject land and following the most recent auction that the Council now seeks to dispose of freehold interest in this asset.

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 AT WARD LANE, DIGGLE.

1. Background

- 1.1. The subject land (shown edged red in Appendix I) extends to approximately 0.397 hectares (0.98 acres). It has most recently been let as grazing land.
- 1.2. There has been a number of previous attempts to dispose of this land and the background to these is summarised in the following.
- 1.3. Given that the subject land could potentially have been considered as Public Open Space in accordance with the provisions of the Local Government Act 1972, it was deemed prudent for the Council to undertake a statutory procedure and advertise its' intention to dispose of the land and thereafter consider any objections that may arise prior to potentially declaring the land surplus to the Council's requirements and making it available for disposal.
- 1.4. In response to the advertisements placed in the Oldham Chronicle on the 5th & 12th February 2013
- 1.5. Following receipt of outline planning permission for residential development the site was advertised for sale in December 2014. Tenders were received and these were reported to Cabinet at its meeting on the 23rd February 2015.
- 1.6. This tender did not progress because the bidder sought to reduce their offer by 50% at which point Officers recommended that the Council should withdraw from the sale and re-market the site.
- 1.7. In 2017, Officers received approval from Cabinet to re-market the site on the basis of an informal tender exercise.
- 1.8. The land was re-offered for sale on the open market on the basis of a 250 year lease with a 10% non-refundable deposit. The closing date for receipts of tenders was set for 12 Noon on Monday 3rd October 2017.
- 1.9. The bids were reported to Cabinet in December 2017 with a recommendation to proceed with the highest bid.
- 1.10. Following acceptance of the tender from the preferred bidder, the purchaser sought to amend the terms of the tender, more particularly, seeking a freehold purchase with a fully refundable deposit. When Officers were unable to agree this, the purchaser withdrew from the transaction. In an attempt to salvage the sale, negotiations between senior Officers and the developer continued, but proved to be unsuccessful and as such, Officers again recommended that the Council should withdraw from the sale and place the asset into the next available auction via Pugh & Co.
- 1.11. At the Auction and in line with the authority in place from the Cabinet report, the asset was offered for sale on 19th July 2018 on the basis of a 250 year lease.

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- 1.12. The asset did not sell as the reserve (recommended by the auctioneer and subsequently approved by the then Director of Economy & Skills was not met.

2. **Current Position**

- 2.1. 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.
- 2.2. In parallel, as part of the post Auction feedback, the Auctioneer cited the long lease as being a constraint and if the freehold had been offered the level of interest would have been considerably higher.
- 2.3. 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.
- 2.4. 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.

Whilst there have been further iterations of the briefing paper published in December 2018, February and May 2019, to date legislation has not yet been introduced, though it is considered this poses a significant risk to purchasers of leasehold development sites and Officers consider this has had an impact on the marketability of the Ward Lane site.

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".

- 2.5 In view of the above Officers recommend that the Council revises its strategy for the sale of the Ward Lane site and seek to dispose its freehold interest subject to, where possible, appropriate safeguards to ensure that the development proceeds.

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.

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- 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.
- 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. Saddleworth North Ward Councillors have been consulted.

6. **Financial Implications**

6.1. **Capital Implications**

6.1.1 There are no immediate capital implications from this report, however the proposed disposal will be a disposal of asset number.

6.1.2 Any profit or loss on sale will not impact on the revenue position of the Council but will be reflected in the Balance Sheet.

(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 Professional Fees.

(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 a 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)

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. TBC.

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.

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: L00987

Name of Files: Ward Lane, Diggle

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

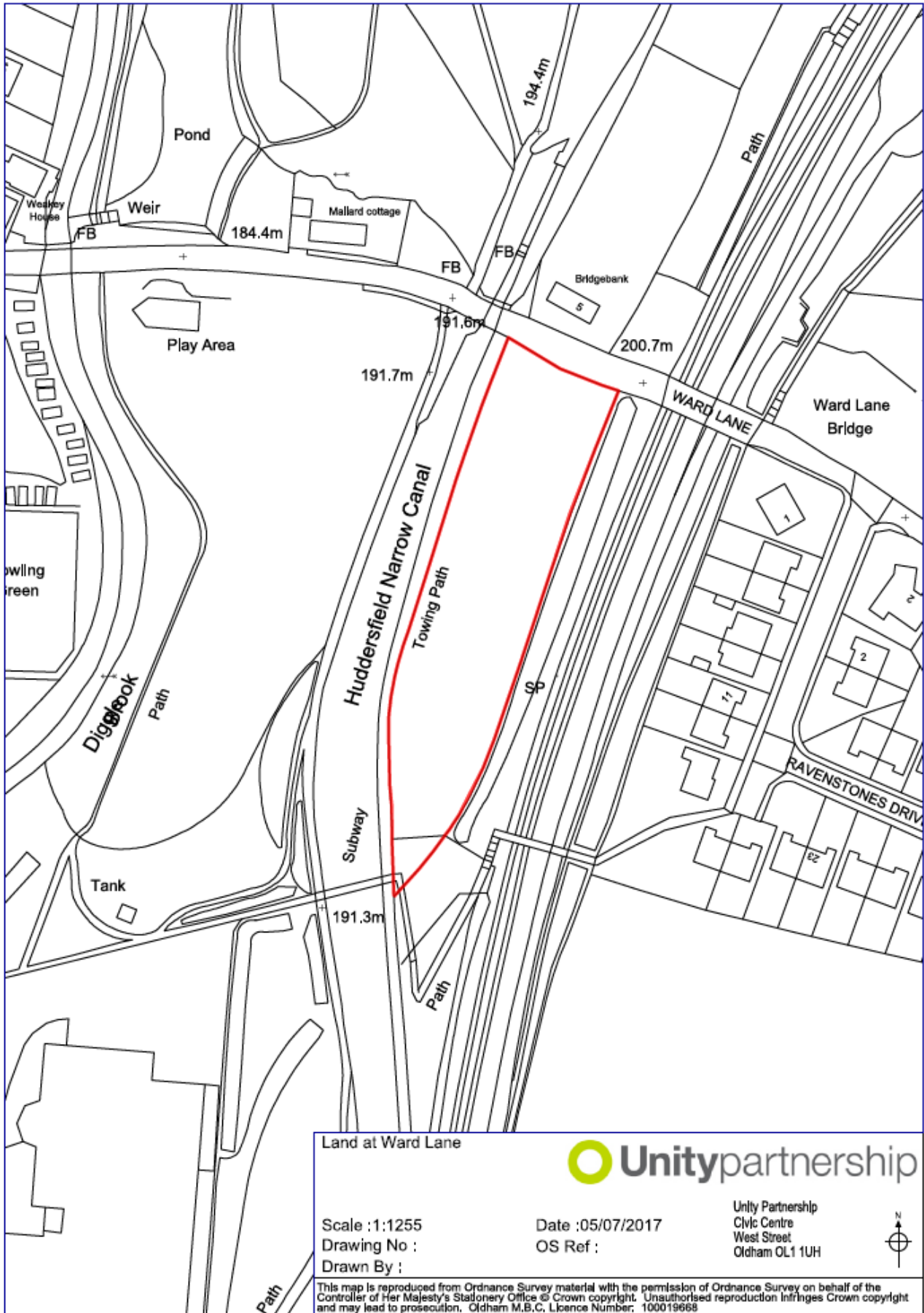
Officer Name: Rosalyn Smith

Contact No: 0161-770-1948

20. **Appendices**

20.1. Appendix 1 – Location Plan

APPENDIX 1 – LOCATION



Land at Ward Lane			
Scale : 1:1255	Date : 05/07/2017		
Drawing No :	OS Ref :		
Drawn By :			
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