

Summary Sheet

Name of Committee and Date of Committee Meeting

Cabinet and Commissioners' Decision Making Meeting – 11 June 2018

Report Title

Strategic Property – Land off Stockwell Avenue, Kiveton Park

Is this a Key Decision and has it been included on the Forward Plan?

Yes

Strategic Director Approving Submission of the Report

Damien Wilson, Strategic Director of Regeneration and Environment

Report Author(s)

Sharon Langton, Principal Estates Surveyor
01709 254037 or sharon.langton@rotherham.gov.uk

Ward(s) Affected

Wales Ward

Summary

The purpose of this report is to seek approval to the joint disposal of approximately 24 acres of land off Stockwell Avenue, Kiveton Park in partnership with the Rotherham North Notts Group (RNN). This site is allocated as a residential development site in the Local Plan that will potentially deliver 268 homes.

Recommendations

1. That the disposal of a strategic property as shown edged in red and hatched in pink at Appendix 1 and as detailed within Option 1 of this report, be approved.
2. That if the necessary verification is not obtained in relation to Option 1 then Option 2 be approved.
3. That the Assistant Director of Planning, Regeneration and Transport negotiates and agrees the terms and conditions of the proposed disposal, with the Assistant Director of Legal Services negotiating and completing the necessary legal documentation.

List of Appendices Included

Appendix 1 Location and Site Plan

Appendix 2 Exempt Financial Addendum

Background Papers

None

Consideration by any other Council Committee, Scrutiny or Advisory Panel

None

Council Approval Required

No

Exempt from the Press and Public

Appendix 2 is exempt *under paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)) of Part I of Schedule 12A to the Local Government Act 1972 . They contain sensitive commercial information about the potential disposal of land and negotiation strategy.*

It is considered that the public interest in maintaining the exemption would outweigh the public interest in disclosing the information, as the Councils commercial interests could be prejudiced by disclosure of this commercial information.

Strategic Property – Land off Stockwell Avenue, Kiveton Park

1. Recommendations

- 1.1 That the disposal of a strategic property as shown edged in red and hatched in pink at Appendix 1 and as detailed within Option 1 of this report, be approved.
- 1.2 That if the necessary verification is not obtained in relation to Option 1 then Option 2 be approved.
- 1.3 That the Assistant Director of Planning, Regeneration and Transport negotiates and agrees the terms and conditions of the proposed disposal, with the Assistant Director of Legal Services negotiating and completing the necessary legal documentation.

2. Background

- 2.1 The Council and the Rotherham North Notts Group (RNN) both own land as shown edged in red, at Appendix 1. The land owned by the Council is shown hatched in pink and the land owned by RNN is shown hatched in green. RNN has recently advised that it has Board approval to progress with the disposal of its site.
- 2.2 There are restrictions on the freehold ownership titles belonging to both the Council and RNN and these will require further consideration which will be dealt with as part of the formal negotiations and disposal process of this site.
- 2.3 The land is currently occupied under a farm business tenancy and this tenancy will be renegotiated as part of the redevelopment of this site.
- 2.4 There is also an agreement in place between both owners of this site to jointly market it and split the proceeds in an agreed apportionment 50:50. This does not negate the fact that both owners can subsequently agree to a different method of disposal.
- 2.5 There is a separate six way ransom strip agreement at the end of Chapel Way which is one of the two main proposed vehicular accesses into this site. Both of these accesses are required in order to deliver the whole area as a comprehensive residential development site; thereby, maximising housing numbers and market value. This ransom strip agreement is complex in nature and it will need to be dealt with as part of the formal negotiations and disposal process of this site.
- 2.6 The Planning Authority has advised that this land is designated as a residential development site and that this allocation will be retained in the Council's forthcoming Local Plan, with a potential capacity of 268 dwellings. In terms of the optimum access arrangements to serve this site it would need to link to the adopted highways known as Chapel Way and Lambrell Avenue. As noted above, there is a ransom strip at the end of Chapel Way. If the ransom cannot be satisfactorily dealt with by agreement; an alternative access into the site would be possible but would potentially reduce the number of dwellings capable of being developed.

- 2.7 This site is within close proximity to local services, existing housing areas and near to public transport services with links into the town centre and Sheffield. Therefore the site complies with a number of key Core Strategy policies within a highly sustainable location.

3. Key Issues

- 3.1 A Special Purchaser is a particular buyer for whom a particular asset has special value because of advantages arising from its ownership that would not be available to other buyers in a market. On this subject site a housing developer owns a proportion of the ransom strip. The housing developer is willing to give up its share of the ransom value, if the whole site is sold to them at special value. This will create a special (additional) value that can then be shared equally between the Council and RNN.

The market value of a site cannot be fully tested unless it is advertised for sale on the open market. However, in this case, it is acknowledged that a special value can be achieved by way of a Special Purchaser which is not able to be provided by multiple market participants on the open market. As such, the way to test that best value is achieved is to have this verified by an independent view (an assessment of this value by an independent valuer). In addition, the Council can also deliver best value in Option 1 by enabling the development to proceed more rapidly; with a developer the Council has a working relationship with the Council can ensure that it has the maximum amount of housing on the site because of the use of the ransom strip being included by the developer. Furthermore, Option 1 removes the requirement for the marketing of the site which can be time consuming with an offer accepted and subsequently withdrawn as part of this process.

- 3.2 In consideration of the fact that the Special Purchaser has offered to waive its ransom strip element as part of the formal negotiations, Asset Management officers are of the opinion that best value would be obtained if sold to the Special Purchaser rather than offering the whole site to the open market subject to the ransom strip.
- 3.3 The outcome of the negotiations/agreed deal with the Special Purchaser will be subject to verification or determination by an Independent Valuer; whether this is a sale of the whole or the agreed phased apportionment of the staged development of the whole site.
- 3.4 The Council currently receives revenue income from its proportion of the farm business tenancy and part of this income would be lost on the developable part as a result of the sale. The current rent apportionment and reduced rental is contained within the exempt financial addendum at Appendix 2.

4. Options considered and recommended proposal

- 4.1 **Option 1** That Cabinet resolves to dispose of this land to a Special Purchaser; subject to the necessary verification/determination from an Independent Valuation that the private treaty transaction is reasonable (fair value). It is Asset Management's opinion that if this option is pursued the Council will achieve best value and consideration. For this reason it is recommended that this option is pursued.
- 4.2 **Option 2** That Cabinet resolves to offer to dispose of this land on the open market. This provides any and all prospective purchasers the opportunity to bid for the site. With full marketing this should ensure that Market Value is obtained. However, considering the fact that the full cost of the ransom strip will be enforced and that the Special Purchaser wishes to develop the site, it is anticipated that it may put up obstacles to the delivery of this housing growth by an alternative developer. Option 2 will, however, deliver a capital receipt based on market value but not best value and consideration in terms of exploring Option 1 in the first instance, as the full cost of the ransom strip will need to be taken into account.
- 4.3 It is recommended that Option 1 is firstly pursued subject to Independent Valuation verification/determination in the disposal process. If this method of disposal falls through then it is recommended that Option 2 is pursued.

5. Consultation

- 5.1 Wales Ward Members have been consulted on the proposal and are supportive of the recommendations.

6. Timetable and Accountability for Implementing this Decision

- 6.1 The Special Purchaser would like to either purchase the freehold interest or have a development agreement in place to purchase in phases as soon as possible.
- 6.2 Once the options have been considered and a course of action agreed, Asset Management will be given formal instructions to conclude the negotiations.
- 6.3 Dependent upon the outcome of the negotiations and planning application by the purchaser, the capital receipt is targeted in the financial year 2019-20. This could either be the full amount or a proportion thereof based on phased development over 3 financial years (2019-20, 2020-21, 2021-22). This will be dependent on a potential increase of housing numbers when the purchaser's layout and design goes through the planning process.

7. Financial and Procurement Implications

- 7.1 The estimated capital receipt from the proposed disposal of this strategic property is contained within the exempt financial addendum at Appendix 2.

- 7.2 It is anticipated that the costs of obtaining an Independent Valuer verification of the purchase price will be in the region of £2,500 plus VAT, which is expected to be met by the Special Purchaser as part of the transfer costs (subject to negotiation).
- 7.3 It is also anticipated that the Council's legal and professional Fees in dealing with the disposal will be met by the Special Purchaser. This is estimated to be in the region of 2.5 % of the total capital receipt.
- 7.4 There are no general holding costs associated with this asset as all such costs are met by the Farmer under the farm business tenancy. However, there may be potential repair costs associated with the land drain which is estimated to potentially be £20,000 up until disposal which will be met by the Council.
- 7.5 There are no known procurement implications associated with this report.

8. Legal Implications

- 8.1 The full legal implications can be confirmed once the negotiations are finalised and Independent Valuation verification/determination is agreed.
- 8.2 As noted at paragraph 2.2 above and 13.1 below there are restrictions on the freehold ownership titles belonging to both the Council and RNN

9. Human Resources Implications

- 9.1 There are no HR implications arising from this report

10. Implications for Children and Young People and Vulnerable Adults

- 10.1 None Considered

11. Equalities and Human Rights Implications

- 11.1 None considered

12. Implications for Partners and Other Directorates

- 12.1 None Considered

13. Risks and Mitigation

- 13.1 There are restrictions on the titles of both the Council and RNN, in particular the ransom strip detailed within the report. These are complex in nature and will need further legal and valuation consideration as part of the disposal process. It is anticipated they will be resolved either as part of the formal negotiations or through the legal disposal process of this site. For example, it may be that defective title indemnity insurance needs to be obtained. The negotiated solutions to these restrictions will be factored into the referral to the independent valuer to ensure overall best consideration.

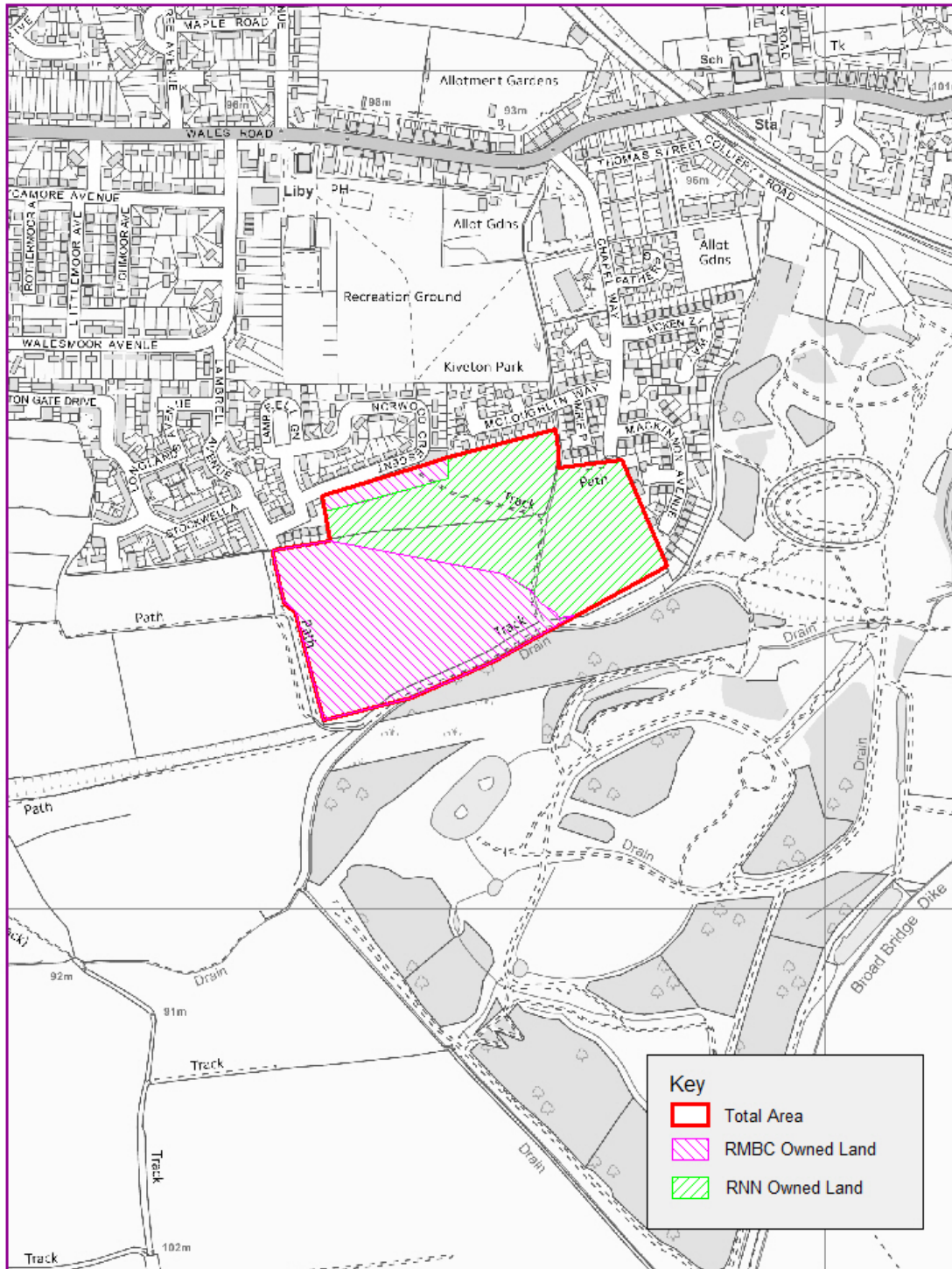
14. Accountable Officer(s)

Damien Wilson, Strategic Director of Regeneration and Environment
Sharon Langton, Principal Estates Surveyor, Asset Management

Approvals obtained on behalf of:-

	Named Officer	Date
Strategic Director of Finance & Customer Services (S.151 Officer)	Paul Stone	15/05/18
Assistant Director of Legal Services (Monitoring Officer)	Neil Concannon	15/05/18
Head of Procurement (if appropriate)	N/A	
Head of Human Resources (if appropriate)	N/A	

This report is published on the Council's website or can be found at <http://moderngov.rotherham.gov.uk/ieDocHome.aspx?Categories>



Based upon the Ordnance Survey mapping with the permission of the Controller of Her Majesty's Stationery Office © Crown copyright.
 Unauthorised reproduction infringes Crown copyright and may lead to prosecution or civil proceedings. Rotherham MBC Licence No. LA076287.

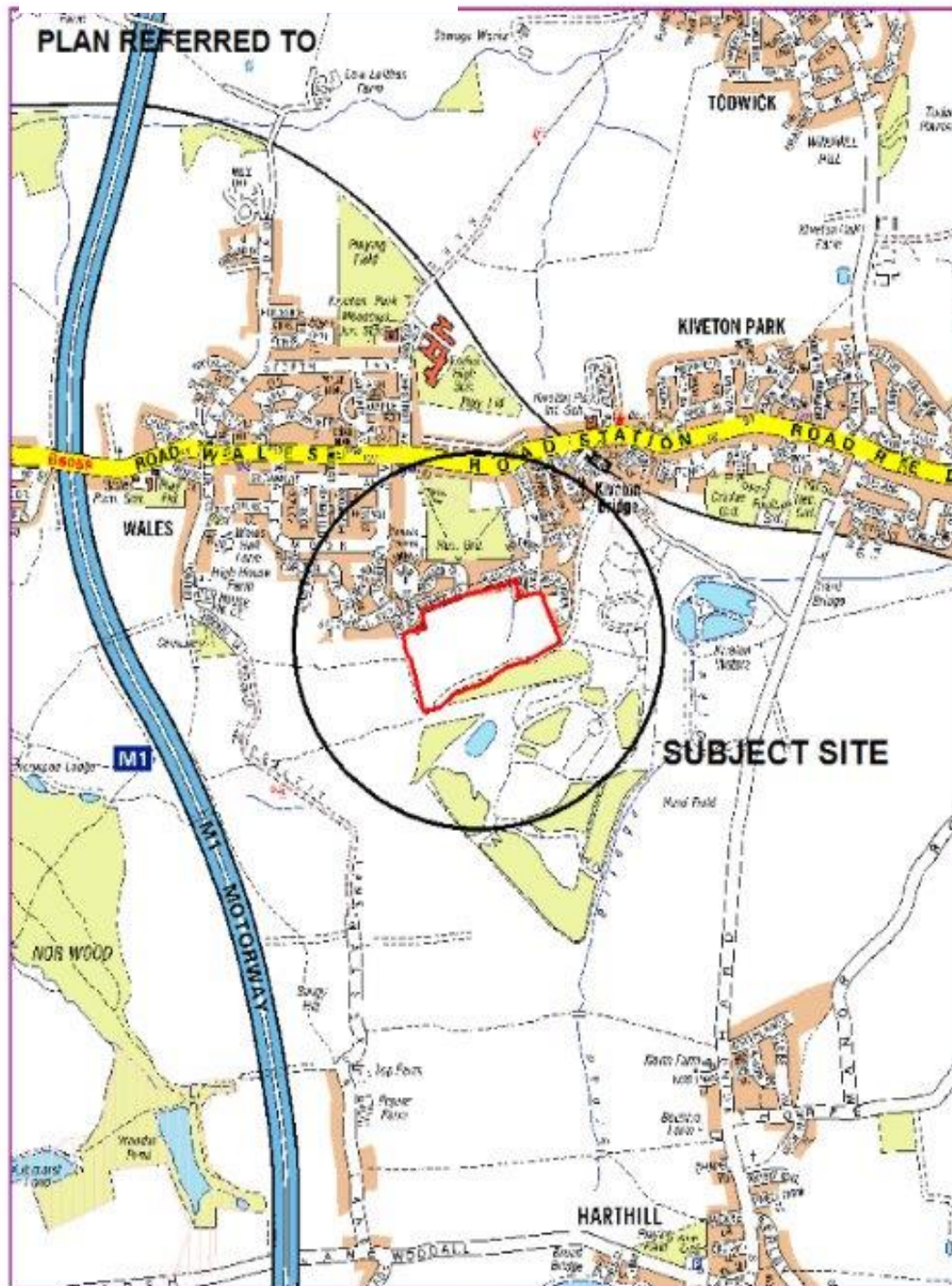
Scale 1:6000

For identification purposes only.
 Not to be used as a deed plan.

LAND AT STOCKWELL AVENUE
 KIVETON PARK
 SHEFFIELD

Rotherham Metropolitan Borough Council

MSPT/Anjie/Gen/Enc.wrt



Based upon the Ordnance Survey mapping with the permission of the Controller of Her Majesty's Stationery Office © Crown copyright.
 Unauthorised reproduction infringes Crown copyright and may lead to prosecution or civil proceedings. Rotherham MBC Licence No. LA070207



Scale 1:15000

Land at Stockwell Avenue
 Kiveton Park
 Sheffield

FOR IDENTIFICATION ONLY

