

Exempt Report
Delegated Officer Decision

Committee Name and Date of Committee Meeting
Delegated Officer Decision – 30 September 2022

Report Title
Acquisition of Various Land Holdings at Sheffield Road/Westgate

Is this a Key Decision and has it been included on the Forward Plan?
No, but it has been included on the Forward Plan

Assistant Director Approving Submission of the Report
Simon Moss, Assistant Director, Planning, Regeneration & Transport

Report Author(s)
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Ward(s) Affected
Boston Castle

Report Summary
The purpose of this report is to sign the Heads of Terms and complete the necessary transactions to acquire parcels of land at Sheffield Road/Westgate.

Recommendations

1. Exercise the delegation to the Assistant Director for Planning, Regeneration and Transport to complete the negotiation and acquisition by agreement of the property interests at Appendix 2, as detailed in the Heads of Terms at Appendix 1, in consultation with the Council's Section 151 Officer and the Cabinet Member for Jobs and the Local Economy
2. Exercise the recommendation to Cabinet on 28th March 2022 to acquire the Freehold and Leasehold interests in the land and properties shown edged red for identification purposes only on the plans at Appendix 2.
3. Exercise the delegation to the Assistant Director of Legal Services to negotiate and complete the necessary transactions.

List of Appendices Included

Appendix 1 Heads of Terms
Appendix 2 Red Line Boundary Plans
Appendix 3 Carbon Impact Assessment

Background Papers

[Town Investment Plan](#)

[Cabinet Report: Regeneration Programme: Strategic Land Assembly](#)

Consideration by any other Council Committee, Scrutiny or Advisory Panel

Name of Committee – Click here to enter a date.

Name of Committee – Click here to enter a date.

Council Approval Required

No

Exempt from the Press and Public (until land transaction completed)

An exemption is sought for Appendix 1 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 of the Local Government Act 1972 is requested, as this report contains sensitive commercial information with regards to commercial agreements which could disadvantage the Council in any negotiations if the information were to be made public.

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

Acquisition of Various Land Holdings at Sheffield Road/Westgate

1. Background

- 1.1 Rotherham Council is embarking on its most significant regeneration opportunity following the securing of major public sector investment. The impact of this programme will bring benefits across the entire Borough and the community of Rotherham.
- 1.2 Ambitions to diversify the town centre and bring forward a new residential community was identified in the 2017 Town Centre Masterplan. This development site known as Riverside Residential Quarter (RRQ) lies along the spine of Sheffield Road adjacent to the River Don.
- 1.3 171 new homes will be completed in 2022 on Council owned sites. Further development is dependent on the acquisition of land in private sector ownership. Having secured funding from the Town Deal and Levelling Up Funds, the Council is now able to acquire further land and continue development.
- 1.4 In March 2022 a report was presented to Cabinet seeking approval to negotiate and acquire further land holdings at Sheffield Road/Westgate. Negotiation is now complete and this report seeks to agree the Heads of Terms (Appendix 1) and exercise the delegation to negotiate and complete the transaction to acquire land holdings as detailed in Appendix 2.

2. Key Issues

2.1 Acquisition

Acquisition by negotiation, rather than the use of Compulsory Purchase powers is always preferable and the Council have agreed an offer of £ [REDACTED]. The basis and justification of this offer is summarised below:

Property Cost Estimate	[REDACTED]
Income Generation	[REDACTED]
CPO Fee Estimate	[REDACTED]
TOTAL	[REDACTED]

- 2.2 A Property Cost Estimate (PCE) exercise has been undertaken by consultant surveyors Gateley Hamer on behalf of the Council. The PCE exercise estimates the combined cost (of acquiring all freehold interests as outlined in Appendix 2, and the leasehold interests where vacant possession would be secured through negotiation) to be £ [REDACTED].
- 2.3 The estimated income from the land is circa £ [REDACTED] per annum. By acquiring the land now, it is reasonable to assume that the Council would benefit from this income for two to three years before commencing a scheme. This would equate to circa £ [REDACTED], before starting on site. If the land was not acquired at this stage and CPO powers were implemented the acquisition would take place in two to three years' time and the Council would not benefit from this income.

2.4 Use of CPO powers and related fees are estimated at approximately £ [REDACTED]

2.5 Although outside of the current proposals for the RRQ, an option for the purchase 82-86 Westgate was agreed. This property comprises the last remaining piece of land held by the Satnam Group and the deal was contingent upon the inclusion of this land. The Council will take a 5-year option to purchase the site for £ [REDACTED], deductible from the final agreed sale price. The property sits on the opposite side of Sheffield Rd to the identified RRQ and could eventually comprise part of further development continuing the development of housing in this area.

2.6 **Revenue Implications**

The land identified is largely occupied and generating an income. Although redevelopment is the long-term plan, it is anticipated there will be 2-3 years of income for the Council while development proposals are formulated and funded. Detailed as follows:

Property	Income	Anticipated revenue expenditure
73-73a Westgate	[REDACTED]	[REDACTED]
Westgate Car Park, 31 Westgate	[REDACTED]	[REDACTED]
23-25 Westgate	[REDACTED]	[REDACTED]
29 Westgate	[REDACTED]	[REDACTED]
27 Westgate	[REDACTED]	[REDACTED]
TOTAL	[REDACTED]	[REDACTED]

2.7 **Capital Implications**

The acquisition of this land is funded through the Town Deal and Levelling Up Fund. The budget has capacity to accommodate demolition of the properties which would no longer be required in the redevelopment. However, as the Town Deal funding programme runs to March 2025 the funding programme may time out before a demolition and redevelopment is required. Should this be the case a funding solution would be found in the redevelopment proposals.

2.8 27 Westgate is currently derelict with no scheme or funding in place. An options appraisal is required to determine the most appropriate future for this property. In the meantime, revenue holdings costs are accounted in the table above. No capital funding is identified.

2.9 Car Parking Services will run the Westgate Car Park temporarily and will implement a minimal upgrade at a cost of £ [REDACTED] to be borne by the Town Deal.

3. Options considered and recommended proposal

3.1 The preferred option as required by Government guidance is to always acquire by agreement and negotiation is a mandatory precursor to any CPO action. This acquisition will enable a large part of the development site (RRQ) to come

forward without the need to use CPO powers thus significantly reducing the inherent risks in terms of time and expense of exercising CPO powers.

- 3.2 There are two statutory undertakers with interests in the wider site, namely Royal Mail and Telereal Trillium (British Telecom). Statutory Undertakers are able to block a CPO being made if the acquisition is deemed to impact on their operation. The inclusion of their land is of significant benefit to the delivery of the RRQ and whilst the acquisition of the land identified at Appendix 2 does not remove Royal Mail and BT it allows the flexibility to deal with both by introducing the potential to negotiate through the exchange of land.
- 3.3 Consideration has been given to entering into partnership arrangements with landowners rather than taking full control of the land. However as understood through the negotiation process, the landowners do not wish to bring forward schemes fitting with masterplan ambitions.
- 3.4 A do-nothing option would see the Council unable to deliver on its ambitions plans for the regeneration of the town centre.

4. Consultation on proposal

- 4.1 Asset Management Board and the Strategic Regeneration Programme Board have been consulted on the proposals to acquire this land.
- 4.2 The Town Deal Board retain oversight for the delivery of all Town Deal and town centre Levelling Up Fund projects. Regular updates on progress against programme are provided to the group. The Board remain fully supportive of the schemes and this proposal to acquire these landholdings. The Board agreed to proceed with this agreement on 17th August 2022.

5. Timetable and Accountability for Implementing this Decision

- 5.1 Negotiation has been ongoing since March 2022. Exchange of contracts is scheduled for the first week in November with completion two weeks subsequently, although this timescale is dependent upon the vendor supplying all necessary title and other documentation and the progress of legal negotiations.
- 5.2 Expenditure of Town Deal funds must take place by March 2025 and Levelling Up Funds by March 2024.

6. Financial and Procurement Advice and Implications (to be written by the relevant Head of Finance and the Head of Procurement on behalf of s151 Officer)

- 6.1 There are no direct procurement implications arising from the recommendations detailed in this report.
- 6.2 The project to acquire Westgate Sheffield Road landholdings and associated sites is funded from Levelling Up Fund and Town Deal grants. The project is included in the Council's Approved Capital Programme. The revenue liabilities

can be covered by the income from the commercial tenancies. Existing approved budgets are in place to cover the management of the properties that are added to the Council's non-operational estate.

7. Legal Advice and Implications (to be written by Legal Officer on behalf of Assistant Director Legal Services)

7.1 As this land is so key to the success of the Council's aims in the RRQ, we would, if we could not acquire by private treaty, seek to use our CPO powers. As this acquisition is, therefore, being made under the shadow of a potential CPO, we may take into account additional costs which we would have had to incur had the acquisition been made via the CPO process. Accordingly, it is appropriate to offer the higher amount in order to avoid a CPO as detailed in this report.

8. Human Resources Advice and Implications

8.1 There are no human resources implications arising from this report.

9. Implications for Children and Young People and Vulnerable Adults

9.1 There are no direct implications arising from this report

10. Equalities and Human Rights Advice and Implications

10.1 An Equality Impact Assessment accompanied the Riverside Residential Quarter Full Business Case and is included here at Appendix 4. There are not considered to be any direct equality implications arising from the acquisition of this land.

11. Implications for CO2 Emissions and Climate Change

11.1 There are not considered to be any direct impacts from the acquisition of properties.

12. Implications for Partners

12.1. There are no implications anticipated from these acquisitions

13. Risks and Mitigation

13.1 A full risk register accompanies the Riverside Residential Quarter Acquisitions Full Business Case.

14. Accountable Officers

Tim O'Connell, Head of RIDO
Jonathan Marriott, Head of Assets

This report is published on the Council's [website](#).