

WRITTEN STATEMENT OF A KEY DECISION CABINET MEMBER CONTRACTS & ASSETS

ITEM:	CONFIRMING DISPOSALS POLICY FOR COUNCIL OWNED LAND ON THE HEREFORD ENTERPRISE ZONE
Date of Decision:	7 January 2016
Exempt:	No
Confidential	No
<p>This is a key decision because</p> <p>It is likely to result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.</p>	
<p>A notice was served in accordance with Part 3, Section 9 (Publicity in connection with key decisions) of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.</p>	
Urgency/Special Urgency: (As defined in Constitution)	No
Purpose:	To seek cabinet member approval of the policy for the disposal of council owned land on the Hereford Enterprise Zone.
Decision:	<p>THAT:</p> <p>(a) the policy attached at appendix A of this report is approved; and.</p> <p>(b) authority is delegated to the director of resources to confirm individual disposals (to a maximum value of £1m per disposal) in accordance with that policy.</p>
Reasons for the Decision:	<ol style="list-style-type: none"> 1. This proposal clarifies the policy for the disposal of the councils development land on the Hereford EZ. 2. The EZ board will continue to consider and recommend sales to the council having regard to the EZ objectives in terms of business sectors it is targeting, investment and job creation that will be generated as a result of the land sale. The EZ board also makes recommendations in respect of other third party land on the EZ (Goodwin land) but for clarification the council has no financial interest or control over the sale of third party land. 3. The approach provides certainty and clarity to investors that there is an approved disposal policy and following EZ Board endorsement purchasers can proceed with some confidence in progress their purchase and mobilising construction and occupation.

	<ol style="list-style-type: none"> 4. Each disposal will require a report approving the disposal terms in accordance with the councils financial procedure rules 5. Speed of land sale and occupation is essential for the success of the EZ as this boosts the rates relief pot for the Local Enterprise Partnership (and hence the Council).
<p>Options Considered:</p>	<ol style="list-style-type: none"> 1. Not to have a disposals policy for council land on the Hereford EZ. 2. This would require each disposal to be considered on its own merits and would lengthen considerably the negotiation and decision making process of each sale. This would put the EZ at a considerable disadvantage when trying to secure new occupiers and investment. Furthermore it may result in an inconsistent decision making process and a lack of transparency to businesses and the public as to why businesses are/are not able to purchase land and benefit from the incentives available when located on the EZ 3. Sell long leasehold interest instead of freehold. <ul style="list-style-type: none"> <u>Advantages</u> Some additional control and influence over the land's use going forward. Greater control and ability to impose estate management of the common parts of the estate and recovery of costs from occupiers/owners. <u>Disadvantages</u> Sales would be slower and at lower value as demand from potential purchasers is strongest for freehold property. The EZ has handled 5 sales to date with 9 more in the offing. All purchasers have required freehold as a pre-condition of sale – in most cases as a requirement to access the financial backing to proceed. In the 4 years of the Zone lifetime there has been a very strong preference for freehold sales and it is questionable if any of the transactions would have proceeded if the land were only offered on a long leasehold basis. 4. Sell Freehold interests <ul style="list-style-type: none"> <u>Advantages</u> Maximises capital receipt for each sale and accelerates overall receipts income as a result of increased demand. <u>Disadvantages</u> Control of land use is governed by planning rather than through lease terms. Ability to impose a comprehensive estate management plan and recover the costs from freeholders is not as effective and may require court action to recover costs.

	<p>5. Sell land as is, without investment in services</p> <p><u>Advantages</u> No prior capital investment required from the Council.</p> <p><u>Disadvantages</u> Sales are very likely to cease or be extensively delayed.</p> <p>Utilities investment is best carried forward on a strategic basis in terms of capacity/demand, analysis and provision. Planning this takes time, effort and resources and is more difficult on a piecemeal basis.</p> <p>Installation costs can be inhibitory for individual plot purchasers as opposed to landowners; in any event or they would expect costs to be netted off land sale value.</p> <p>6. Retain land</p> <p><u>Advantages</u> Market value may increase. No capital expenditure required.</p> <p><u>Disadvantages</u> Would be directly contrary to the ethos of the Enterprise Zone, which was applied for and secured on the basis of accelerating the delivery of business development (and by implication land sales) at Rotherwas. Anticipated sales and capital receipt would be lost.</p>
Conflict of Interest ■ (See below):	
Date the key decision is due to take effect:	13 January 2016

COUNCILLOR H BRAMERDate: 7 January 2016
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■ a record of any conflict of interest declared by any executive member who is consulted by the member which relates to the decision;

And

■ in respect of any declared conflict of interest, a note of dispensation granted by the relevant local authority's head of paid service.