

<b>Decision maker:</b>	<b>Chief finance officer</b>
<b>Decision date:</b>	<b>25 April 2017</b>
<b>Title of report:</b>	<b>Disposal of land within the Enterprise Zone at plot N4 (part), Skylon View</b>
<b>Report by:</b>	<b>Development manager</b>

## **Classification**

Open

## **Key decision**

This is not a key decision.

## **Wards affected**

Dinedor Hill

## **Purpose**

To seek the approval of the chief finance officer for the disposal of development land at plot N4, Skylon View on the Hereford enterprise zone in accordance with the district valuer valuations and Hereford enterprise zone (EZ) Land Disposal Policy.

## **Recommendation(s)**

**THAT:**

- (a) **the council sells its freehold interest in a plot of development land extending to approximately 0.6 acre at plot N4, Skylon View, Rotherwas to Clearview Industrial Ltd.**

## **Alternative options**

- 1 Not proceeding with the sale on the terms outlined above.

### Advantages

None

## Disadvantages

Would not comply with the approved disposals policy and would adversely impact the council's ability to achieve the outcomes expected of the enterprise zone.

## **Reasons for recommendations**

- 2 Compliance with approved council policy.
- 3 Safeguard an existing Hereford business in the city and facilitate its further expansion.
- 4 Deliver private sector investment and job creation in the EZ which will boost confidence and interest from others and help generate further private sector investment and job creation. Speedy occupancy will boost the rates relief pot for the Local Enterprise Partnership (and hence the council).

## **Key considerations**

- 5 Following the award of enterprise zone status in August 2011 approximately 50 hectares (120 acres) of council owned land was included, along with other privately owned land, in the designated EZ. The EZ status has resulted in the council and occupiers within the EZ benefiting from a number of government incentives such as significantly increased awareness and profile of the location and opportunity, business rates relief and retention, improved access to broadband etc. These factors have resulted in an increase in interest from local, national and international businesses in active and advanced negotiations with the council to acquire land within the EZ.
- 6 This area of land is centrally located within the EZ and has been identified for general employment use as opposed to the sector specific uses which are accommodated elsewhere within the EZ.
- 7 The sale of the land is on a freehold basis. The purchaser will not accept or proceed with the purchase on any other basis.
- 8 All the EZ land is being actively marketed, and is being sold according to district valuer valuations and the EZ Land Disposal Policy which was approved by cabinet member on 7 January 2016.
- 9 This sale represents the thirteenth land sale to complete on the enterprise zone and the eighth by the council.
- 10 The plot is shown for identification purposes on the plan at appendix 1.
- 11 This sale has the full endorsement of the EZ executive board.
- 12 The sale is to an expanding local business that owns property in Hereford which is no longer sufficient for their needs. They now wish to build larger premises to enable their expansion and if the council does not proceed with the disposal the business's expansion plans will be delayed or abandoned or they will move elsewhere.
- 13 Services are being brought to the site, which will also serve other nearby proposed developments.

## Community impact

- 14 There is no adverse impact on the community in approving the disposal of this land on the terms outlined. The purchaser will be obtaining planning permission for the proposed building they intend to erect on the site. They are likely to be approved under the Local Development Order which has been subject to public consultation.
- 15 Failure to proceed with the sale will mean the loss of new job opportunities and may put at risk the existing job should the company relocate outside of the city/county.

## Equality duty

- 16 Section 149 of the Equality Act 2010 imposed a duty on the local authority to have due regard to the need to;
  - a) Eliminate discrimination,
  - b) Advance equality of opportunity
  - c) Foster good relations
- 17 The development of the enterprise zone will support the council's commitment to equality by advancing equality of opportunity, with the potential of increased job opportunities.

## Financial implications

- 18 The total plot area to be sold is 0.6 acre and the sale price is £136k, a price equivalent to £225k per developable acre.
- 19 The capital receipt will form part of the council's capital receipt's target in 2017/18.
- 20 There will be legal costs and other administrative costs in relation to the preparation and completion of the sale which will be deducted from the overall receipt cost, up to a maximum of 4%. If disposal costs exceed this value they will need to be met from existing enterprise zone revenue budgets.

## Legal implications

- 21 A principal council cannot dispose of its land for a consideration less than the best that can be reasonably obtained in the market, except with the express consent of the Secretary of State (section 123(1), Local Government Act 1972 (LGA 1972)). The council needs to be able to evidence that the best price has been obtained for the site and it will only be able to demonstrate that it achieved the best consideration possible by:
  - marketing the property;
  - obtaining an appropriate independent valuation; or
  - both of the above.

The EZ plots are being actively and comprehensively marketed and are subject to district valuer valuations so the council can demonstrate that best consideration is being achieved for both freehold or leasehold disposals.

- 22 The council's legal team will deal with the transaction.
- 23 Consideration will be given to the reservation of rights in the transfer documentation for running of services etc. for the benefit of remaining plots. The transferee should also indemnify the council against future breach of any existing covenants affecting the plot, as contained in the relevant registered title with the imposition of site specific further obligations and covenants as appropriate.

## **Risk management**

- 24 There are no significant risks associated with this transaction. However if the sale is not approved then there will be a negative impact on both the EZ and the council in terms of limiting the ability of an existing local company to expand. Furthermore the ability for the council to deliver the projected jobs, investment etc. stated in the EZ bid document will be hampered, and at best delayed.

## **Consultees**

- 25 EZ stakeholder group which includes local member.

## **Appendices**

Appendix 1 - Map showing the plot

## **Background papers**

- None identified.