

## Record of officer decision

<b>Decision title:</b>	Disposal of Plot N26 within the North Magazine at Hereford Enterprise Zone, Rotherwas
<b>Date of decision:</b>	25 July 2019
<b>Decision maker:</b>	Director for Economy and Place
<b>Authority for delegated decision:</b>	<p>Herefordshire Council's constitution - Scheme of Delegation Part 3 Functions Scheme, Section 7 Officer Functions - 3.7.5 operational decisions.</p> <p>Disposals Policy for Council owned land on the Hereford Enterprise Zone <a href="http://hc-modgov:9070/ieDecisionDetails.aspx?ID=3123">http://hc-modgov:9070/ieDecisionDetails.aspx?ID=3123</a></p>
<b>Ward:</b>	Dinedor Hill
<b>Consultation:</b>	None. This is not a new service.
<b>Decision made:</b>	That the council commits to sell its freehold interest in a plot of development land extending to approximately 0.43 acre on the North Magazine, Rotherwas.
<b>Reasons for decision:</b>	<p>Compliance with approved council policy.</p> <p>Safeguard an existing Herefordshire business in the county and facilitate its further expansion.</p> <p>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).</p> <p>Following the award of enterprise zone status in August 2011 approximately 45 hectares (110 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.</p> <p>This area of land is located adjacent to the North Magazine site within the EZ and has been identified for manufacturing use.</p> <p>The sale of the land is on a freehold basis. The purchaser will not accept or proceed with the purchase on any other basis.</p> <p>All the EZ land is being actively marketed, and is being sold according to independent land valuations and the EZ Land Disposal Policy which was approved by cabinet member on 7 January 2016. The plot was revalued in June 2019 to reflect current market conditions. The agreed purchase price exceeds the market valuation. Valuation document attached.</p> <p>This sale has the full endorsement of the EZ executive board.</p> <p>The sale is to a local business whose current premises are no longer sufficient for their needs. They now wish to build their own premises to enable their expansion and the ability to expand the workforce.</p> <p>The purchaser and their proposal have been assessed by the Hereford Enterprise Zone Board and deemed to meet the Placement Strategy, the Board's set of criteria which</p>

	<p>each oncoming business must achieve in order to progress onto the Enterprise Zone.</p> <p>The business was assessed to have met the Placement Strategy through its job creation predictions (in excess of 30% over 3 years) and being within one of the Enterprise Zone's priority sectors (manufacturing).</p>
<b>Highlight any associated risks/finance/legal/equality considerations:</b>	<p>The purchase price will be £100,000.</p> <p>The land has not been elected for tax so VAT will not be chargeable on this transaction.</p> <p>A deposit of 10% of the purchase price will be payable on exchange of contracts. The balance will be payable in full on completion.</p> <p>The capital receipt will form part of the council's capital receipt's target in 2019/20.</p> <p>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:</p> <p>marketing the property; obtaining an appropriate independent valuation; or both of the above.</p> <p>The EZ plots are being actively and comprehensively marketed and are subject to specific independent valuations so the council can demonstrate that best consideration is being achieved for either freehold or leasehold disposals.</p> <p>The purchase price exceeds the independent market valuation of the site.</p> <p>The council's legal team will deal with the transaction. Respective partner will be responsible for their own legal costs. The council's costs will be taken from the capital receipt generated.</p> <p>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.</p>
<b>Details of any alternative options considered and rejected:</b>	<p>None – not to proceed with the sale would result in the loss of a capital receipt for the Council and 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.</p>
<b>Details of any declarations of interest made:</b>	<p>None</p>

Signed

Richard Ball  
Director for Economy & Place

Date: 25 July 2019