

Record of officer decision

Decision title:	Disposal of the North West Corner of Chapel Road, Hereford Enterprise Zone, Rotherwas
Date of decision:	12 August 2020
Decision maker:	Director for Economy and Place
Authority for delegated decision:	Herefordshire Council's constitution - Scheme of Delegation Part 3 Functions Scheme, Section 7 Officer Functions - 3.7.5 operational decisions. Disposals Policy for Council owned land on the Hereford Enterprise Zone http://councillors.herefordshire.gov.uk/ieDecisionDetails.aspx?ID=3123
Ward:	Dinedor Hill
Consultation:	Extensive discussions were held with the Council's property services, legal and procurement teams and the HEZ executive to agree the scope of the council decision paper and the methodology for testing the market. Property services , finance and economic development teams have been consulted on this subsequent disposal under the established policy
Decision made:	That the council commits to sell its freehold interest in a plot of development land extending to approximately 1.54 acres (developable) at Chapel Road, Rotherwas
Reasons for decision:	<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 in the Chapel Road area of the EZ and has been identified for general employment 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</p>

	<p>independent land valuations and the EZ Land Disposal Policy which was approved by cabinet member on 7 January 2016. The plot was revalued in February 2020 to reflect current market conditions. The agreed purchase price meets the market valuation. Valuation document attached.</p> <p>This part of the EZ houses a number of Romney Huts, designed as temporary storage accommodation in the Second World War. These are very basic (no heating) and have had primarily low value uses on very short term rental arrangements. The sale will represent a loss of income of just under £25,000 a year. Property Services have already accounted for this disposal in their rental estimates.</p> <p>The purchaser was identified through an informal market tender process, set by the Council and undertaken by the EZ to secure the best possible redevelopment ideas for the site.</p> <p>The proposal is an exciting phased redevelopment creating small workspace and shared facilities, and as preferred bidder, the purchaser has the full endorsement of the EZ executive board.</p> <p>The proposition has the potential to create significant job opportunities on site, and this together with the prospective users meet the EZ's Placement Strategy.</p> <p>The rental arrangements will be transferred to the purchaser, who is one of the tenants in this location.</p> <p>The decision to sell this plot supports council policy to use capital receipts from sale of land within the Enterprise Zone to fund the capital expenditure on installing necessary infrastructure across the site. The latest council decision to incur this expenditure is available via this link:</p> <p>http://councillors.herefordshire.gov.uk/ieDecisionDetails.aspx?ID=6182</p>
<p>Highlight any associated risks/finance/legal/equality considerations:</p>	<p>The purchase price will be £270,000.</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 2020/21. The loss of rental payments have been factored into property services ' rental stream.</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 S151 officer and the Strategic Property Services Manager have been consulted on the sale and are satisfied that best price has been achieved.</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 meets the independent market valuation of the site.</p> <p>The council’s legal team will deal with the transaction. Respective partners 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>
<p>Details of any alternative options considered and rejected:</p>	<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>
<p>Details of any declarations of interest made:</p>	<p>None</p>

Signed

Date: 12 August 2020

Richard Ball
 Director for Economy and Place