

# LAND AT FARADAY ROAD, HEREFORD

## PORTFOLIO RESPONSIBILITY: ECONOMIC DEVELOPMENT AND COMMUNITY SERVICES

CABINET

11 SEPTEMBER 2008

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### Wards Affected

Three Elms Ward

### Purpose

To seek approval for preparatory steps to be taken to acquire by agreement or make a potential compulsory purchase order for land at Faraday Road, Hereford, which is shown outlined in red on Appendix 1 (the "**Land**"). The Land is allocated for employment use at policy HE5 of the adopted UDP, and the Land is also needed for the relocation of businesses from within the ESG area as part of the wider redevelopment of the ESG area.

A further report to progress to acquire by agreement or to make any compulsory purchase order will be required.

### Key Decision

This is not a key decision.

### Recommendation

**THAT: Cabinet**

- a) **Authorises negotiations with the owners of all interests in the land at Faraday Road in an attempt to acquire the land by agreement;**
- b) **Agrees that the Council will in principle consider using its powers of compulsory purchase to promote an Order for the compulsory purchase of the Land and authorises preparatory steps to be taken as required in tandem with negotiations to acquire by agreement; and**
- c) **Notes that if the Land cannot be acquired by agreement, a further report confirming the financial implications and options available to the Council, and recommending a preferred course of action, will be prepared for Cabinet.**

### Reasons

During the redevelopment of the area known as the Edgar Street Grid the Council will seek to relocate existing businesses located within development sites to new land and premises within Hereford. The majority of these businesses would wish to remain within the boundaries of Hereford City to the north of the river Wye.

Consequently there is a need to secure suitable employment sites within the area of

Hereford to the north of the river Wye. Although a number of vacant units are currently available on the market, the location, quality, planning use, and general suitability for relocated businesses is mixed and the units are scattered throughout the northern part of the City.

Faraday Road is allocated as employment land within the current UDP, and if acquired would provide a strategic site on which a range of new units for employment use could be constructed to meet the needs of relocated businesses from the ESG area, in a location close to the existing ESG site. Faraday Road is currently the only sizeable employment development site north of the river Wye.

## Considerations

1. ESG Herefordshire Ltd is a joint venture company set up, following Cabinet approval on 15<sup>th</sup> July 2004, by Herefordshire Council and Advantage West Midlands (AWM) to coordinate the redevelopment of the 100-acre (40.7 hectares) Edgar Street Grid site in Hereford. The Company is managed by a Board of fourteen Directors and a company secretary, overseeing the work of a small executive team. The Council is represented on the Board by the Leader and Chief Executive.
2. The Unitary Development Plan (UDP) and the subsequent Supplementary Planning Document (SPD) for the ESG development, informed by the ESG Masterplan, provide a robust planning policy and design framework for the overall redevelopment of the ESG site.
3. The ESG Masterplan identifies the creation of a number of different developments within the ESG area; the Retail Quarter, Urban Village, Catherine Street area, potential University Site and Transport Hub. The creation of these projects will require substantial preliminary infrastructure including the relocation of the existing Livestock Market, creation of flood mitigation works off site, and a new Link Road running from the A49 through to Commercial Road. The proposed location of these project areas and supporting infrastructure can be seen in Appendix 2.
4. The Retail Quarter lies in the south western corner of the ESG area and is the first of the redevelopment sites to be brought forward to the market. The site lies immediately to the north of the inner ring road that separates the development from the City's historic core. The site incorporates the Hereford Livestock Market and associated business premises.
5. The Urban Village covers a gross area of approx 30 acres primarily within the northern element of the ESG site. The Urban Village is not one site but rather an allocation of a number of correlating sites that together will be developed for residential purposes. The site currently includes the Merton Meadow car park, the Essex Arms training ground, and numerous private commercial properties including the large Jewsons builder's merchants.
6. The Link Road is required from a technical transportation viewpoint and will run from a location near the current BP petrol station on Edgar Street through to a reconfigured Station Approach and accompanying junction. This preferred line runs through land and property within a number of different ownerships.
7. It is estimated that 35 businesses will be affected by the first phases of development on the line of the Link Road and the Livestock Market; there is a need, as far as reasonably practicable, for these businesses to be relocated from their current location to others within the City. Further businesses will also be affected as future

phases of the development come forward. The precise number and size of these businesses requiring relocation is being formulated on an ongoing basis as certainty over development parcels and timescales is clarified.

8. The developers of the Retail Quarter and the Urban Village have already been selected, being Stanhope and Sanctuary respectively. The developers are planning and progressing the Retail Quarter and Urban Village developments and together with the Council and ESG, will be seeking to acquire by agreement the interests needed for the implementation of the Retail Quarter and Urban Village schemes and necessary supporting infrastructure.
9. There are a number of businesses likely to be suitable for relocation to the Land at Faraday Road. The Council's Economic Development Service have commissioned Drivers Jonas to produce a report into the relocation needs of the ESG businesses, in particular those who will be affected by the Retail Quarter and Link Road projects. It is expected that this report will be completed in September 2008.

### **Land At Faraday Road**

10. The Land at Faraday Road lies within an area of safeguarded employment land under Policy E5 of the Herefordshire Unitary Development Plan, which resists the loss of proposed employment land unless there would be substantial benefits to residential amenity. The total area of the plot extends to 4.3 acres; the site is cleared, flat and has access through the Westfields Trading Estate.
11. The site was previously used by Sun Valley as part of its overall food preparation operation in Hereford, and was formerly part of the chicken processing plant that adjoins the site to the west.
12. Bovale Limited acquired the site in 2003 and unsuccessfully applied for planning permission for a residential care village in May 2006. Bovale appealed against the Council's refusal to grant planning permission, and the appeal was subsequently dismissed following an inquiry. However, Bovale is seeking a statutory challenge of the Inspector's decision which will be heard on 12th October 2008.
13. Faraday Road is considered by the Council and ESG Herefordshire Ltd to be currently the only sizeable, cleared employment development site with vacant possession north of the river of strategic value. Its development in accordance with its UDP allocation is considered of key importance. In addition, due to the scarcity of suitable land, the Land at Faraday Road is likely to be required for the relocation of a number of existing businesses to be acquired as part of the redevelopment of the ESG area.

### **Council's Powers of Compulsory Purchase**

14. Under the power to be used to compulsorily acquire the land, *S226 Town and Country Planning Act 1990 ("TCPA")*, the Council as the acquiring authority has the power to acquire compulsorily any land in its area if it thinks that the acquisition will facilitate the carrying out of development, re-development or improvement on or in relation to the land.
15. It is considered that the development of the Land at Faraday Road in accordance with its UDP allocation for employment use is of key importance. The ESG redevelopment scheme is also considered of key importance, and this would be supported by the redevelopment of the Land at Faraday Road.

## **Financial Considerations**

16. There will be a financial implication of acquiring the Land at Faraday Road, either by negotiation or via a compulsory purchase order. The preparatory work being authorised will include confirming appropriate sources of funding to finance the acquisition and this would be progressed and reported on in a subsequent report to Cabinet, should the Council be asked to confirm that it will acquire the Land by agreement or compulsory purchase order.
17. Initial discussions have taken place with the District Valuer, to discuss the value parameters of the site, and a meeting with the current owner's agent is planned for early September 2008. Depending on the outcome of the meeting, a detailed valuation may be progressed. This valuation will then form the basis for the Council's negotiations with the owner of the Land.
18. A detailed financial model for the costs of acquiring the Land at Faraday Road will be prepared as the land acquisition and/or the preparatory steps in relation to any compulsory purchase order are pursued, and this will include all legal and professional fee costs. Cabinet will receive a further report on the cost implications of acquisition prior to a request for final agreement to acquire the Land or make a compulsory purchase order and this further report will include the detailed financial model for the acquisition and an assessment of the funding options available to the Council and the implications for the Council's Medium Term Financial Strategy.

## **Risk Management**

Independent advice has been sought throughout regarding the legal process to be followed.

Independent valuation advice will also be sought with regard to the value of the Land in order to ensure value for money.

## **Alternative Options**

An alternative option is continuing to await the coming forward of employment proposals from the existing landowner. However, the current landowner has shown no willingness to progress such proposals and it is considered that a key employment site should not be lost.

In relation to the ESG relocations, an alternative is to investigate the potential to acquire numerous smaller plots of vacant employment land or units as an alternative to acquiring one strategic site. However, the businesses would need to agree to relocate to any such sites, and currently this Land is considered to be the only sizeable, cleared, employment development site with vacant possession north of the river of strategic value. The implications of this site not coming forward for employment land for the ESG redevelopment would be to reduce the risk of not being able to acquire the required amount of relocation land for ESG relocations. The benefits of securing a cleared and serviced site for relocations in proximity to the city centre, with vacant possession, north of the river (reduced acquisition costs, no demolition costs, creation of new business destination) would not be realised.

## **Consultees**

ESG Herefordshire Ltd has been instrumental in the identification of this particular site for the relocation of businesses affected by the ESG redevelopment and has been consulted throughout.

No detailed stakeholder or business consultation has occurred to date although as mentioned in Point 9 above, the Council are surveying affected ESG businesses as to their relocation needs which includes inquiring about preferred relocation sites.

## **Appendices**

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| Appendix 1 | Location Map of Faraday Road (Colour copies will be available at the meeting) |
| Appendix 2 | ESG Projects Location Map (Colour copies will be available at the meeting)    |

## **Background Papers**

None.