

# CHESHIRE EAST COUNCIL

## Cabinet

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<b>Date of Meeting:</b>	11 <sup>th</sup> February 2015
<b>Report of:</b>	Executive Director of Economic Growth and Prosperity – Caroline Simpson
<b>Subject/Title:</b>	Disposal of Part of Redsands (Areas 1, 2 & 3)
<b>Portfolio Holder:</b>	Councillor Peter Raynes – Finance

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### 1.0 Report Summary

- 1.1 An opportunity has arisen to bring a major high value inward investor into Cheshire East. HPL Prototype (HPLP) is seeking a new location to develop a design and engineering centre to supply services to a major customer based in the North West. HPLP supply design and engineering services to the automotive sector, developing drivable and non-drivable vehicle prototypes. The investment will create up to **70 high skilled jobs in the Borough**, deliver a major capital investment and add to the growing cluster of automotive design and engineering functions in Cheshire East.
- 1.2 Cheshire East Council has been in dialogue with HPLP since May 2014 working intensively to help them establish an operation in the area. The proposal is consistent with Cheshire East's ambition to attract high value investment in the automotive supply chain and will complement the Bentley Automotive's recent decision to develop a £40 million design and engineering centre in Crewe.
- 1.3 After an extensive site search HPLP has selected the Redsands Site, owned by the Council, as their preferred location to expand their business operation in the North West, given its ideal location their customers, and acknowledging economic opportunities that will be brought about by the Council's High Growth City ambition for Crewe and surrounding towns.
- 1.4 The approval of cabinet is sought to complete a direct land sale to HPLP to construct a specialised design and engineering centre, which will be used to show case cutting edge automotive concept and design to an international audience. The investment will form part of a wider regeneration programme at the Redsands site including sports, recreation and community facilities.

### 2.0 Recommendation

- 2.1 Cabinet is recommended to approve the disposal of Areas 1, 2 and 3 at Redsands as delineated red on the attached plan to HPLP on

terms and conditions to be agreed by Executive Director for Economic Growth and Prosperity, in consultation with the Head of Legal Services and Monitoring Officer; and for legal services to draw the documentation for sale to HPLP in accordance with the agreed heads of terms.

### **3.0 Reasons for Recommendation**

- 3.1 The Council has set out a clear vision and strategy for economic growth, which articulates the rationale and plans for increasing productivity and creating new jobs. This is based on the strong competitive advantage and track record that Cheshire East has in terms of its skilled workforce, existing business base, entrepreneurial spirit, quality of life and its national, regional and local infrastructure.
- 3.2 Securing the investment would add to the cluster of design and engineering functions in Cheshire East. The project will provide considerable economic benefits creating seventy new jobs, a significant capital investment and add to Cheshire East's reputation as a leading centre for automotive design and engineering. This will create a platform to attract further investment from the automotive supply chain going forward.
- 3.3 The facility will employ approximately 70 qualified design and engineering staff. HPLP is committed to deliver a training programme with local educational providers including the University Technical College to develop the design engineers of the future.
- 3.4 The opportunity is consistent with the UK Government's ambition to attract investment in the automotive sector and enhance supply chain competitiveness as set out in the 'UK automotive strategy for growth and sustainability.'
- 3.5 The sale will be subject to planning permission, proof of funding and any further terms and conditions reasonably required by the Director of Economic Growth and Prosperity (or any officer she may nominate) and Head of Legal Services.
- 3.6 The proposal from HPLP, offers the greatest significant benefits to Cheshire East, as determined from recent marketing represents economic, social, educational investment in the area. The capital receipt generated will be pooled centrally.

### **4.0 Wards Affected**

- 4.1 Wistaston

## **5.0 Local Ward Members**

5.1 Cllr Margaret Simon & Cllr Jacquie Weatherill

## **6.0 Policy Implications**

6.1 The proposal in this report relates directly to three key outcomes identified in the Council's Three Year Plan:

### **Outcome 1: Our local communities are strong and supportive**

Individuals and families are self-reliant and take personal responsibility for their quality of life. Communities are cohesive, with a strong sense of neighbourliness. There is a genuine civic pride and mutual respect.

### **Outcome 2: Cheshire East has a strong and resilient economy.**

Cheshire East is known as a good place to do business – we attract inward investment, there is access to a high quality workforce and our business and visitor economy grow, to create prosperity for all.

### **Outcome 5: People live well and for longer.**

Local people have access to good cultural, leisure and recreational facilities. Care services focus on prevention, early intervention and physical and mental well-being.

6.2 The proposal aligns strongly to the Council's Economic Development Strategy and its more recently created Vision and Strategy for Economic Growth: East Cheshire Engine of the North, all of which articulates the rationale and plans for increasing productivity and creating new jobs. This is based on the strong competitive advantage and track record that the borough has in terms of its skilled workforce, existing business base, entrepreneurial spirit, quality of life and its national, regional and local infrastructure and connectivity.

## **7.0 Implications for Rural Communities**

7.1 The opportunity is expected to benefit rural communities in equal measure in relation to the jobs created through construction and employment.

## **8.0 Financial Implications**

8.1 Land and Property Disposal will produce revenue savings on the holding costs for the site and a capital receipt in line with the Council's Strategic Asset Management Plan.

## **9.0 Legal Implications**

- 9.1 In accordance with section 123 of the Local Government Act 1972, the Council is under an obligation to obtain the best consideration reasonably obtainable upon the disposal of its property. Cheshire East Council engaged Colliers, a leading global commercial real estate company, to promote the site and received a range of offers from interested parties.
- 9.2 There will be a requirement to review terms of sale when they are prepared to ensure any issues regarding best value, procurement, and/or state aid are resolved. Terms of sale will also need to reflect any easements and rights for both the land to be disposed of and retained by the Council at Redsands. Issues may include rights to light/air, open space and restrictions on building use or development.
- 9.3 The Localism Act 2011 introduced the General Power of Competence, which allows the Council to do anything an individual can do, provided it is not prohibited by other legislation. These powers have replaced the previous wellbeing powers; however, the use of these powers must be in support of a reasonable and accountable decision made in line with public law principles.
- 9.4 The Council has a fiduciary duty at all times to the taxpayers and must fulfil this duty in a way that is accountable to local people.

## **10.0 Risk Management**

- 10.1 The offer from HPLP has been best value bid considering the significant economic, social and educational benefits to Cheshire East. It was not the highest financial offer, and therefore there is a risk other bidders may challenge the Council's decision of preferred bidder. However, the risk is considered low as the Council is not duty bound to accept the highest financial offer, and has selected HPLP as the best value bid overall.
- 10.2 Disposal to HPLP would be subject to planning consent, including a change of Planning Use. The proposed scheme will be subject to the council's policies and usual determination of applications process in due course. The requirement to secure planning and arrange appropriate access will be captured in the head of terms and contract.
- 10.3 In transferring assets the Council must behave properly to fulfil its fiduciary duty.

## **11.0 Background and Options**

- 11.1 The buildings at Redsands within areas 1 and 2 have been managed since 2009 as vacant buildings at risk. Areas 1,2,3,4 and 6 were declared surplus by the Council on 7th May 2014. Engine of the North, a wholly owned company of the council, was commissioned by the Council to openly market Area 2 of the site on a restricted basis. Area 2 was openly marketed as a 'Potential Community Use/Redevelopment/Refurbishment Opportunity' was completed by Colliers International. Deadline for the submission of offers was 5<sup>th</sup> September, 2014.
- 11.2 Criteria for the submission of bids included a requirement for precise proposals that included layout and accommodation schedule and details of public, community and economic benefits. There was also a requirement to provide intended use including employment creation and offer price and conditions.
- 11.3 Cheshire East Council received offers from 8 different parties following the market testing. In the review of the offers received and other direct interest in the site, consideration has been given the proposed use in terms of financial value, job creation, community benefit, impact upon economic, social and environment wellbeing in the area and direct benefit to key industries in Cheshire East.
- 11.4 HPLP, as the preferred option, require Areas 1, 2 and 3. Current Planning Policy states that it would only be acceptable to develop previously developed land at Redsands. The previously developed land at this site is included within Area 1 and Area 2. Area 3 could be utilised for Open Space Amenity. Area 5 has not been declared surplus and access is required to this area. Disposal to the preferred option would require creation of a separate access to Area 5 as the preferred option requires sole use of the existing access to the site.
- 11.5 In addition to this opportunity, consideration is being given to maximise the benefits of public open space to the community with additional facilities for the playing field behind the site.

## **12.0 Access to Information**

The background papers relating to this report can be inspected by contacting the report writer:

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