

CHESHIRE EAST COUNCIL

REPORT TO PORTFOLIO HOLDER –REGENERATION AND ASSETS

Report of: Director of Economic Growth and Prosperity

Subject/Title: Sale of Land at Newall Avenue, Sandbach

Date of Meeting: 13th July 2015

Portfolio Holder: Councillor Don Stockton - Regeneration and Assets
Portfolio Holder

1.0 Report Summary

- 1.1 The purpose of this report is seeking approval to the disposal of land off Newall Avenue, Sandbach

2.0 Recommendation

- 2.1 To maximise value and accept the offer from Morris Homes for the sum of £800,000 (subject to the necessary Portfolio Holder Approval), instruct Legal Services to prepare the contract documentation and proceed to legal completion on terms and conditions to be agreed by the Assets Manager and Head of Legal Services and Monitoring Officer.

3.0 Reasons for Recommendation

- 3.1 Morris Homes has secured planning consent for a 39 dwelling residential development. This includes a provision for 30% affordable housing and financial contributions of £216,665 (circa £5,500 per dwelling) in respect of S106.
- 3.2 In order to get full planning consent this requires completion of a Section 106 agreement in respect of the above obligations. A s106 Agreement cannot be completed until the site is sold because the Council cannot enter into a Section 106 agreement with itself, as landowner and local planning authority, however, the Council can enter into a s111 Agreement with the proposed purchaser which would enable the planning permission to be issued and the buyer to enter into the s106 Agreement when it has an interest in the land. This is subject to the Council entering into a conditional agreement to sell the land to the proposed purchaser.
- 3.3 The Council will receive a capital receipt from the sale of the property which will contribute to the Councils 2015/16 disposals target, as well as providing 39 new homes (which includes 30% affordable housing).
- 3.4 The Councils Planning and Highways Department have both been consulted, as part of the planning application and more recently, with

regards to the suitability of access from both Newall Avenue and Millpool Way (the existing Morris Homes development). It was confirmed that access via Newall Avenue is insufficient to serve a development of this nature alone and therefore recommended that only a small number of dwellings be served via Newall Avenue. In light of this information a sale to Morris Homes is considered the only viable sale option.

- 3.5 A sale to a named party (Morris Homes) is recommended because the offer made by Morris Homes represents best value.

4.0 Wards Affected

- 4.1 Sandbach Heath and East

5.0 Local Ward Members

- 5.1 Cllr Sam Corcoran

6.0 Policy Implications

- 6.1 There are no perceived policy implications

7.0 Implications for Rural Communities

- 7.1 There are no implications for rural communities.

8.0 Financial Implications

- 8.1 The Council will achieve a capital receipt of £800,000 from the sale of Newall Avenue.

9.0 Legal Implications

- 9.1 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.

The General Disposal Consent 2003 authorises the disposal of land for 7 years or more at less than best consideration if the undervalue is £2million or less, if the undervalue is higher than £2million consent to the disposal is required from the Secretary of State. The value will be determined at the time of sale or lease. It is noted this report states this is a best value sale.

Notwithstanding the above powers the Council has a fiduciary duty to

the taxpayers and must fulfil this duty in a way which is accountable to local people.

10.0 Risk Management

10.1 There are no risk management issues associated with the proposed disposal.

11.0 Background

11.1 The site extends to approximately 2.95 acres and is situated within a residential area.

11.2 The site consists of a Council depot (to the south western corner) comprising a two storey office building and a number of single garage buildings. The remainder of the site is the former Sandbach Ramblers Club football pitches, which are no longer in use.

11.3 The Council depot is currently occupied, but due for closure, as the site is considered surplus to the requirements of Cheshire East Council. The Council's Facilities team has confirmed a minimum of 4 weeks notice will be required in order to allow sufficient time for staff relocation.

11.4 Access is currently taken to the property via Newall Avenue, however, in order to serve the proposed development only a portion of the site can be served via Newall Avenue and the remainder of the site will be served through Morris Homes' existing site off Old Mill Road / Millpool Way. Both the Council's Planning Department and Highway Authority have been consulted on this matter and confirmed this aspect.

11.5 The extent of the adopted highway within the existing Millpool Way development ends before the boundary of the Council's property; Morris Homes therefore effectively have a ransom strip between the adopted highway and the Council's land. The value of the ransom strip has been reflected within the overall purchase price offered by Morris Homes. *Stokes v Cambridge (1961)* found that the value of a ransom strip should be a one-third split in development profit, which equates to circa £450,000 having regard to Morris Homes's appraisals; therefore a sale to Morris Homes at a price of £800,000.00 demonstrates best value.

11.6 A second option has been submitted by Morris Homes following a request from the Ward Councillor for a scheme incorporating bungalows. This offer reduces the number of units to accommodate the bungalows and produces a lower land value.

11.7 The receipt is reduced from £800,000 to £525,000 to accommodate bungalows.

12.0 Consultation with Ward Members

Extensive consultation has taken place with the local Ward Member and a request has been made to reduce the number of dwellings in the current Morris Homes scheme to include an element of bungalows.

This will in turn reduce the number of units and receipt.

13.0 Options

13.1 Alternative options for the site are:-

- To agree to the request (made by the Ward Member) and include an element of bungalows; however this will reduce the land value (by £275,000) and require a fresh planning application to accommodate the revised scheme.
- To retain the property and continue to incur holding costs.
- To take the property the market and risk a reduction the overall price due to the ransom value element which emanates from the problems with access to the site once developed.

14.0 Access to Information

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

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