

# CHESHIRE EAST COUNCIL

## Cabinet Report

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<b>Date of Meeting:</b>	28 November 2011
<b>Report of:</b>	John Nicholson – Strategic Director Places and Organisational Capacity.
<b>Subject/Title:</b>	Proposed Development of Land off Earl Road (Long Marl Lane), Handforth Dean for Employment Growth.
<b>Portfolio Holder</b>	Cllr Jamie Macrae, Portfolio Holder for Prosperity

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### 1.0 Report Summary

- 1.1 The Council-owned site known as land off Earl Road/Long Marl Lane (former Airparks site), Handforth Dean has been held as a strategic employment site for a number of years. The site is shown edged in red on the attached plan.
- 1.2 The site had been leased to Airparks UK Ltd for a number of years subject to a temporary planning permission. Following their vacation in June 2010 the site has been unoccupied despite being marketed extensively on a short-term leasehold basis.
- 1.3 Limited interest has been shown following the marketing of the site on a short term lease basis. Regular enquiries have been received however for the freehold interest of the site. Whilst the majority of these enquiries fall outside what would be classed as an employment type use there has been recent interest from a number of sources that would indicate there may be development opportunities including investment/expansion enquiries from existing Cheshire East companies. This report therefore recommends that the Council investigates the options for development of the site to maximise employment opportunities and financial returns for the Council.

### 2.0 Decision Requested

- 2.1 The Council investigates further the options for development of the site including those options outlined in 10.3 - 10.5 to maximise employment opportunities and financial returns.
- 2.2 That a feasibility exercise is undertaken and expressions of interest are sought from the market in order to better understand the current demand and occupier requirements.
- 2.3 The conclusions of the above to be reported to Cabinet in Spring 2012.

### **3.0 Reasons for Recommendations**

- 3.1 The site has been held as an employment site for a number of years without a single end user coming forward to develop it. Recent enquiries suggest there is potential for the site to be serviced and plots marketed to end users for a range of employment uses.
- 3.2 This can be achieved in a number of ways and it is important that a robust analysis of all of the options including all legal implications is undertaken to ensure the best outcome for Cheshire East and its residents.
- 3.3 Following an appraisal of the options detailed in 10.0 below it is anticipated that a further report will be considered by Cabinet in March 2012. The report will seek to outline the interest received and to recommend a suitable way forward.

### **4.0 Wards Affected**

- 4.1 Handforth

### **5.0 Local Ward Members**

- 5.1 Cllr Barry Burkhill  
Cllr Dennis Mahon

### **6.0 Policy Implications including – Carbon Reduction - Health**

- 6.1 Sustainable development will be a key feature of the marketing and vision for the site disposal/development strategy.

### **7.0 Financial Implications (Authorised by the Director of Finance and Business Services)**

- 7.1 The Council will incur costs in determining the feasibility of the various options and the advertisement inviting expressions of interest. These initial costs will be borne through existing budget provision and where appropriate the costs will be capitalised linked to future development

### **8.0 Legal Implications (Authorised by the Borough Solicitor)**

- 8.1 Section 123 of the Local Government Act 1972 allows a local authority to dispose of an interest in land on such terms as it considers appropriate subject to it obtaining the best consideration reasonably obtainable for the land interest.

- 8.2 Further legal implications will be reviewed following the initial marketing process as disposal and/or development options are evaluated in more detail. Without limitation, considerations may include the relevance of EU Procurement Regulations.

## **9.0 Risk Management**

- 9.2 As detailed in 7.1 the Council will incur costs in the feasibility and advertisements required. In the event that the Council does not dispose of the site then these costs will be abortive.
- 9.3 It may be considered that the Council is disposing of the site in a depressed market. This is offset by the Councils holding costs, capital receipt target and the stimulation of development and potential provision of a site to local expanding companies that otherwise might be forced to consider relocating outside the borough to find a suitable site.

## **10.0 Background and Options**

- 10.1 The site, known as being part of the former 61MU site, is an allocated Local Plan employment site located within a successful business location, and is immediately adjacent to the A34 – the key route between north-east Cheshire and Manchester. It is recognised as being a commercially attractive site, given its proximity to Greater Manchester and Manchester Airport. Cheshire East Council, through its Economic Development Strategy has clear ambitions to stimulate jobs growth through development, and this represents a clear opportunity for the Council to facilitate this.
- 10.2 At this stage we consider there are three main options available to the Council which could potentially secure these objectives. There is also the option to do nothing at this stage but this would result in the Council continuing to incur management costs in holding the asset pending buyers coming forward.

The remaining three options will be appraised in greater detail but briefly comprise:

- 10.3 Option 1 - Market the site for development on the basis of serviced plots with infrastructure provided by the Council.

The Council would undertake to offer tailored sites of a size to meet the requirements of the interested parties. The Council would provide infrastructure including roadways and services, etc

This option would allow the Council to facilitate development of the site for economic growth purposes. It would enable the Council to transfer a significant degree of development risk onto the purchaser but in return the purchaser would get a greater degree of any development profit.

#### 10.4 Option 2 - Council development of the site to an end user

As an extension to option 1 there may be expressions of interest from interested parties who require premises but have no desire to build out the plot themselves. In this scenario it is proposed that the Council could fund and procure construction of the required development with either a resultant disposal or letting to the end user.

This option could allow the Council to develop individual plots for economic growth purposes. In return the Council would get the benefit of any development profit in the scheme and have greater influence over the design of premises offered.

#### 10.5 Option 3 - Development Partner

The Council would enter into an agreement with a development partner, bringing the benefit of their expertise and the sharing of any risk however this also extends to any profit.

However this option has procurement implications, which may have a consequential negative effect in relation to timescales, cost and flexibility.

#### 10.6 The Council will further investigate and appraise the Options above which will involve 'soft-market' testing during January/February 2012 to seek expressions of interest from interested parties who require premises but have no desire to build out the plot themselves as outlined in Option 2.

### 11.0 ***Access to Information***

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

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