

CHESHIRE EAST COUNCIL

Cabinet

Date of Meeting:	3 rd March 2015
Report of:	Executive Director of Economic Growth & Prosperity Caroline Simpson
Subject/Title:	Disposal of land off Earl Road, Handforth
Portfolio Holder:	Councillor Peter Raynes, Finance Councillor Don Stockton, Housing and Jobs

1.0 Report Summary

- 1.1 The Council is undertaking a comprehensive delivery programme of economic growth activities to ensure Cheshire East has a strong and resilient economy; putting the needs of our residents and business first, and ensuring long-term prosperity of the Borough.
- 1.2 As a part of this ambition the Council has formed its own company, Engine of the North (EOTN), to develop and market sites for housing and employment purposes, and to maximise capital receipts.
- 1.3 Earl Road, Handforth edged red on the attached plan is a 14-acre Council owned site which has been held as a strategic employment site for many years. Engine of the North has led a comprehensive marketing exercise, undertaken between June and September 2014, to bring the site to market. This exercise generated expressions of interest from 37 parties and 53 offers.
- 1.4 Following several further bidding rounds, an invitation to submit 'best and final' offers was issued in January 2015. A detailed evaluation exercise and exhaustive due diligence exercise have been undertaken; concluding in a recommendation to the Council that CPG Development Projects Ltd be selected as the Council's preferred purchaser.
- 1.5 This proposal from CPG unlocks a key development site for an exemplar mixed use development scheme which, generates a substantial number of jobs, both during the construction phase and through the end uses. This development contributes to the Council's economic growth agenda, promotes new jobs and will make a major impact on the Borough's strong and resilient economy.

2.0 Recommendation

The Chief Executive or his identified nominee be authorised, in consultation with the Cabinet Member for Finance take all necessary

action to dispose of the Council's landholding at Earl Road, Handforth to CPG Development Projects Ltd or one of their group companies, in order to maximise capital receipts and deliver jobs on an accelerated timescale.

3.0 Reasons for Recommendations

- 3.1 The CPG Development Projects Ltd proposal is considered by the Executive Director of Economic Growth & Prosperity, following advice from Engine of the North & CBRE, to be the preferred option as this bid offers the most certainty of generating the highest capital receipt.
- 3.2 CPG Group are a substantial property investment and development company based in Alderley Edge, specialised in retail and mixed use schemes. They are well financed with an excellent credit rating (D&B 5A1).
- 3.3 CPG's offer, consistent with many other proposals, gives the Council the opportunity to receive part of the total consideration, as an advanced receipt (within 3 months) in respect of the part of the site that currently has planning permission for a Next PLC Retail Store. In addition, a further sum would be advanced in the event that planning consent was received in early course (and ahead of the main retail planning consent) for the development of a public house and drive thru restaurants.

4.0 Wards Affected

- 4.1 The site is located in the Handforth Ward but generating a substantial capital receipt has potential implications for a wider area.

5.0 Local Ward Members

- 5.1 Cllr B Burkhill, Cllr D Mahon

6.0 Policy Implications

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

7.0 Financial Implications

- 7.1 The costs of marketing and disposal of the site by Engine of the North and its agents will be met from the capital receipts generated from the sale.

8.0 Legal Implications

- 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 its obtaining the best consideration reasonably obtainable for the land interest.

- 8.2 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.
- 8.3 Notwithstanding the above powers the Council has a fiduciary duty to the taxpayers and must fulfil this duty in a way that is accountable to local people.
- 8.4 All disposals must comply with the European Commission's State Aid rules. When disposing of land at less than best consideration the Council is providing a subsidy to the occupier of the land. In such cases the Council must ensure that the nature and the amount of the subsidy complies with State aid rules, failure to comply means that the aid is unlawful and may result in the benefit being recovered with interest from the recipient. If the occupier receives less than approximately £155,000 (200,000 Euros) in state aid over a 3 year period then the De Minimis principle will apply (small amounts of aid are unlikely to distort competition).

9.0 Risk Management

- 9.1 The contract with the purchaser will be conditional on their requiring an element of the scheme to be pre-let. The Council is therefore exposed to deterioration in market conditions which may prohibit this threshold from being reached. The level of demand from purchasers and occupiers at this moment in time is very significant. This risk will be mitigated by concluding the disposal in a timely fashion.
- 9.2 The scheme, in common with all the highest value offers, is a retail led mixed use scheme and the planning application has challenges in the context of its current saved allocation on the balance of the site not proposed to be occupied by Next.

10.0 Background and Options

- 10.1 This asset, which is part of the former 61MU site, is located close to the A34 which a key route between north east Cheshire and Manchester.
- 10.2 It was leased until 2010 to Airparks UK Ltd and was subject to a temporary planning permission. The land has since been unoccupied and there have been ongoing issues with unauthorised access to part of the site.
- 10.3 The site is approximately 14 acres and is considered commercially attractive, for a wide range of uses including retail, given its proximity to Greater Manchester.

- 10.4 The Council has a clear commitment to promoting growth and employment through the proactive use of its asset base. This site represents an opportunity for the Council to deliver on this commitment and is allocated in the saved Macclesfield Local Plan for employment uses.
- 10.5 EOTN has on behalf of the Council managed the marketing and disposal process working with CBRE, a leading specialist agent, to advise on a delivery strategy, formally market the site, analyse expressions of interest, and to ultimately advise on the identification of a preferred purchaser.
- 10.6 The vast majority of the offers received were subject to a number of conditions including the need to secure suitable planning permission.
- 10.7 In terms of options, the best offer received is from CPG Development Projects Ltd. CPG Group is financially secure, privately owned, locally based and with an excellent credit rating.

11.0 Access to Information

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

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