

Committee:	Executive	Agenda Item No.:	11
Date:	3 rd February 2014	Status	Open
Category	Decision within the functions of Executive		
Subject:	Land at Southfield Lane, Whitwell		
Report by:	Senior Economic Development Officer, NEDDC		
Other Officers Involved	Assistant Director – Economic Growth		
Director	Chief Executive		
Relevant Portfolio Holder	Cllr A Tomlinson, Portfolio Holder for Regeneration		

RELEVANT CORPORATE AIMS

REGENERATION – Developing healthy, prosperous and sustainable communities

Securing this option with the HCA will help facilitate a cohesive redevelopment of this site and adjacent sites in a way that will maximise benefit to local communities

VALUE FOR MONEY

The proposed agreement with the HCA will potentially generate a 5% share of the receipt from the sale of the site, which would represent value for money relative to the investment required to market and maintain the site prior to its disposal. However, it should be noted that there are financial risks, which are set out below.

1. Introduction

1.1 Officers at NEDDC have been in discussion with representatives of the HCA regarding the potential for securing a lease with an option to purchase a site in Clay Cross adjacent to the Coney Green Business Centre. At the same time, it was proposed that a similar arrangement is considered for the Southfield Lane site.

1.2 The site, shown edged red on the attached plan, extends to 5.9 hectares (14.6 acres) and is designated as an Employment Site in the local plan. It is the location of the former Whitwell Colliery and was the subject of a planning application for an anaerobic digestion facility from Alkane, which has now been withdrawn. The proposed application would not have resulted in a net increase of jobs, although business rates would have been payable. The current Alkane site generates just

under £5000 of business rates annually. At this stage it is anticipated that the proposed activity on this site would generate less than this figure.

2. Issues for Consideration

- 2.1 Discussions with the HCA over BDC securing a lease with an option to purchase the site have resulted in a draft Heads of Terms being agreed. The main elements of the agreement are:
- BDC will be granted a peppercorn lease for 10 years with an option to purchase the site, or identify a third party purchaser/developer.
 - BDC will carry out all maintenance and marketing of the site during the period of this option.
 - If BDC purchases the site, or secures a third party purchaser, they will receive a 5% share of any receipt generated.
 - If the HCA secures a purchaser, the lease/option to purchase will be terminated unless BDC can demonstrate serious intent of developing or acquiring the site.

Potential Benefits

- 2.2 Having a ten year lease gives BDC a level of control over the site; it presents an opportunity to influence the type of development and end-use through targeted marketing of the site; if resources permit, BDC would in effect receive a 5% discount if it exercised the option; if BDC secures a third party developer to purchase the site it will receive a 5% share of the receipt.
- 2.3 To place the 5% share of the receipt into some financial context, BDC's Senior Valuer carried out a valuation of an 8 acre section of the site and, based on employment and amenity use, arrived at a value of £265,000 for employment use and £32,000 for amenity use. As there was no detailed scheme with appropriate costings to deal with the potential levels of contamination these figures should only be regarded as approximate. If a detailed scheme were commissioned to deal with the remediation then these figures could change significantly.
- 2.4 In addition to the potential financial benefits set out above, there may also be strategic planning and regeneration advantages to be gained from this proposed agreement. BDC planners have been in discussion for some time with an adjacent landowner, Welbeck Estates, over the potential for a development masterplan for land in their ownership. Securing this lease on the HCA land would enable BDC to widen the discussions with Welbeck Estates to incorporate the Southfield Lane site into the masterplanning exercise. This would help ensure a co-ordinated and coherent redevelopment of the area to the south of the railway line.

Potential Risks

Financial

- 2.5 There is some financial risk associated with this proposal. BDC would adopt all responsibilities for the management and maintenance of the site. Discussions with the HCA and the Streetscene Manager has resulted in a recommendation that £3000-£4000 per annum should be allocated to the maintenance of this site. This is a reflection of the size of the site, and the nature of the mature vegetation that covers its majority. This cost will be monitored and reported on an annual basis and adjusted as necessary. However, the cost may be offset by revenue generating opportunities, such as open storage. It has also been agreed that income secured from revenue generating activity will be paid into the grounds maintenance budget to cover these costs.
- 2.6 In addition to revenue raising opportunities, the Heads of Terms provides for BDC to be reimbursed for costs incurred and states:

in the event that the HCA dispose of the site, BDC are to be reimbursed reasonable costs incurred in maintenance of the site, less any income received on letting/use of the site during the period of the option (or lease).

Contamination

- 2.7 The largest single unknown risk is potential contamination. The site remediation costs referred to in paragraph 2.3 relate to the potential for site contamination from previous activity on the site, which was identified in a report prepared by consulting engineers Joynes Pike in 2007. This presents a further potential financial risk, in that prior to a lease being agreed with the HCA, it is strongly recommended that site investigation work is carried out to fully determine the levels of contamination on site. This would be a two stage process, with a desk study followed by work on site. It is estimated that this would cost in the region of £10,000 to £15,000. The HCA have been approached to see if they would be prepared to fund this work, but they have declined. They have also stated that these costs would not be recoverable if BDC entered into a lease agreement. However, they have said they would co-operate wherever possible and make available any information relating to ground conditions that they are aware of.

Public Liability

- 2.8 By entering into a lease agreement with the HCA (as opposed to an option/licence) BDC will have increased risk and will potentially be liable for any injuries suffered by people entering the site. It is therefore recommended that a thorough risk assessment is carried out to identify potential risks. The public liability insurance premium

payable will not increase, but the excess payable on any successful claim is £20,000. It should be noted that since the site was inherited by the HCA (and English Partnerships previously) there have been no reports of injuries or claims.

- 2.9 The HCA now want to bring the discussions over the site to a conclusion, and have set a deadline of 28th February 2014 for a lease to be signed. If that deadline is missed (assuming BDC decides to enter into a lease) then the site will be disposed of at auction by 31st March 2014. This presents an additional risk as BDC will have no influence over who purchases the site, other than in its role as planning authority in the event of a planning application being submitted.

3. IMPLICATIONS

- 3.1 Financial: As set out in paragraphs 2.5 to 2.7 above.

4. OPTIONS

- 4.1 That prior to further lease negotiations with the HCA, a desk stop study is commissioned and site investigations are carried out to fully determine the level of contamination on the site. It is estimated that a budget of £10,000 to £15,000 would be required for this, and to date a budget has not been allocated or identified. A thorough risk assessment would also be required to identify risks that BDC may be exposed to as leaseholder on the site.
- 4.2 That BDC purchase the site outright. Again, no budget has been allocated for this, and it is unlikely that a developer would be identified to unlock the value in the short to medium term, leaving BDC with a long term maintenance and management liability.
- 4.3 That a third party, e.g. the affected Parish Council(s) or Welbeck Estates, purchase the site. Neither the Parish(es) nor Welbeck Estates have been approached to discuss this, so this remains an unclear option.
- 4.4 That all discussions with the HCA are suspended and that they take the site forward to auction to dispose by 31st March 2014.

ATTACHMENTS: **Site Plan**