

# MIDDLESBROUGH COUNCIL

## EXECUTIVE REPORT

**Proposed Sale of Land at Stainton Way, Hemlington, Middlesbrough**

**The Mayor David Budd**

**Executive Director for Corporate and Commercial Services - Tony Parkinson**

**Date 7<sup>th</sup> June 2016**

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### PURPOSE OF THE REPORT

1. To approve the proposed sale of land at Stainton Way, Hemlington to the Police and Crime Commissioner for Cleveland (PCC).

### SUMMARY OF RECOMMENDATIONS

2. The Mayor is recommended to:
  - a) approve the terms of sale of the land and
  - b) approve the granting of an option for the future sale for a further area of land

### IF THIS IS A KEY DECISION WHICH KEY DECISION TEST APPLIES?

3. It is over the financial threshold (£150,000)   
It has a significant impact on 2 or more wards   
Non Key

### DECISION IMPLEMENTATION DEADLINE

4. For the purposes of the scrutiny call in procedure this report is:

Non-urgent   
Urgent report

**The report is considered to be urgent to allow the Police and Crime Commissioner to submit an immediate planning application for the proposed development and for contractual legal documents to be completed.**

## BACKGROUND AND EXTERNAL CONSULTATION

5. The Executive Sub Committee for Property approved a confidential report on the proposals for the sale of a site on Stainton Way of approx. 3.1ha (7.66 acres) at its meeting on 24 March 2015 for the provision of a new Police Community Safety Hub to replace their existing facility on Ladgate Lane.
6. The formal resolution ordered –
  - A: that the sale to the Police and Crime Commissioner be approved, and*
  - B: That if the sale did not proceed in accordance with the above recommendation, the subsequent decision on how to proceed with the disposal should be referred back to the Property Sub Committee in the event of any reduction exceeding £150,000 or to the Director of Commercial and Corporate Services as appropriate in consultation with the Director of Economic Development and Communities.*
7. The report at that time referred to the need for the Council to provide a serviced site to allow for the development and how the attendant costs of those affected the net value of the site.
8. The Police have since reviewed their intended development in the light of changing requirements and available finance which has resulted in the scheme and their land requirements being reduced to such an extent that they now only require approximately half the original site .This is shown by black edging on the attached plan (Appendix 1) and now amounts to approx. 1.78 ha(4.33acs).
9. However, whilst the size and potential capital receipt have both reduced, the costs of servicing the site have remained unchanged and thus resulting in a much smaller anticipated capital receipt. The estimated budget costs are set out on Appendix 2 and result in a potential sale value after costs of approx. £75,000. Whilst these costs are required to commence development of the Police site, they are also required, in part, to service the remaining employment development land and therefore have additional benefits to the Council's retained land when other plots come forward.
10. In addition to the above costs, an agreement has also been reached whereby the CPP will make a contribution of 35% to the agreed costs of a new road access and estate roads into the site from Stainton Way. The PCC will fund and undertake that work alongside construction of the new Hub building contract and the Council will agree to repay the balance of 65% within a period of 10 years from completion of the new Hub or as other sales come to completion.
11. As all designs and costs are yet to be formally confirmed, they remain subject to the PCC having the Councils agreement on an 'open book' basis. The proposals will also require a planning approval and an application being submitted for the proposed development is expected in the very near future.
12. The front funding and provision of the initial service facilities and road access will assist in the future development of the retained employment land and also the possible early release of new housing land as part of the wider Hemlington Grange Masterplan proposals which are now coming to fruition .

## **Option Proposal.**

13. In addition to the proposed sale of the freehold for the main site, the PCC have also sought an option to purchase an additional area of land amounting to 1.38ha (3.4acs) to enable them (or another emergency service) to extend or develop the site in the future. This land lies to the south of the main site and is shown by hatching on the plan as Appendix 1.
14. The option would be granted for a non refundable fee of £20,000 and, if not exercised, will expire 31 December 2020. The option would be exercisable at a value of £150,000 per acre or the then market value whichever is the higher.

## **Ancillary Issues IMPACT ASSESSMENT (IA)**

15. An Impact Assessment was undertaken in the previous report and no adverse impacts were found at that time and this proposal is not judged to present any new equality and diversity issues.

## **OPTION APPRAISAL/RISK ASSESSMENT**

16. **OPTION 1** - To proceed to dispose of the two areas of land to the PCC on the basis set out above.
17. This option would secure the provision of the new police Community Hub in Middlesbrough with the attendant retention of jobs in the town whilst at the same time generating a relatively small capital receipt and providing additional services to the Councils retained site.
18. An attendant risk in proceeding as currently envisaged is that tendered costs will exceed the current budget estimates. The terms call for open book disclosure of tender costs and the current proposals do leave some scope to reduce or increase the capital receipt depending on final outturn figures. However, in the event of costs increasing to such an extent that they create a negative value, the provisionally agreed terms only allow for a minimum of zero receipt with the risks of any further costs falling to the Police or both parties agreeing to withdraw from the proposals.
19. Provision of the Hub will generate a substantial benefit for the Council in the form of additional business rates once completed and expected to act as a catalyst to further development on the site.
20. **OPTION 2** - Not to proceed.
21. Given that this proposal has been under discussion for some years, this may lead to a reputational loss to both the Police and Council, loss of any capital receipt, loss of contributions towards infrastructure costs, loss of business rates income and the employment possibly being relocated outside Middlesbrough.

22. The Police have already committed the sale of their existing site at Ladgate Lane to Persimmon Homes and any delay in the re-provision of the Hub will have contractual implications.

## **FINANCIAL, LEGAL AND WARD IMPLICATIONS**

23. The proposals will secure a capital receipt in the immediate future and also potentially a second receipt in the event of the option to buy being taken up in the longer term. Once completed, this will generate business rates to the Council.

24. The land is situated within the Stainton and Thornton Ward and the Police have already consulted widely on both the original and revised proposals prior to a revised formal planning application being submitted in the immediate future.

## **RECOMMENDATIONS**

25. The Mayor is recommended to:

- a) Approve the proposed sale of the land at Stainton Way shown by black edging at Appendix 1 to the Police and Crime Commissioner for Cleveland on the basis set out in the report ;
- b) Approve the Council entering into an option Agreement with the Police and Crime Commissioner for Cleveland to sell that land shown by hatching at Appendix 1 on the terms set out in the report.

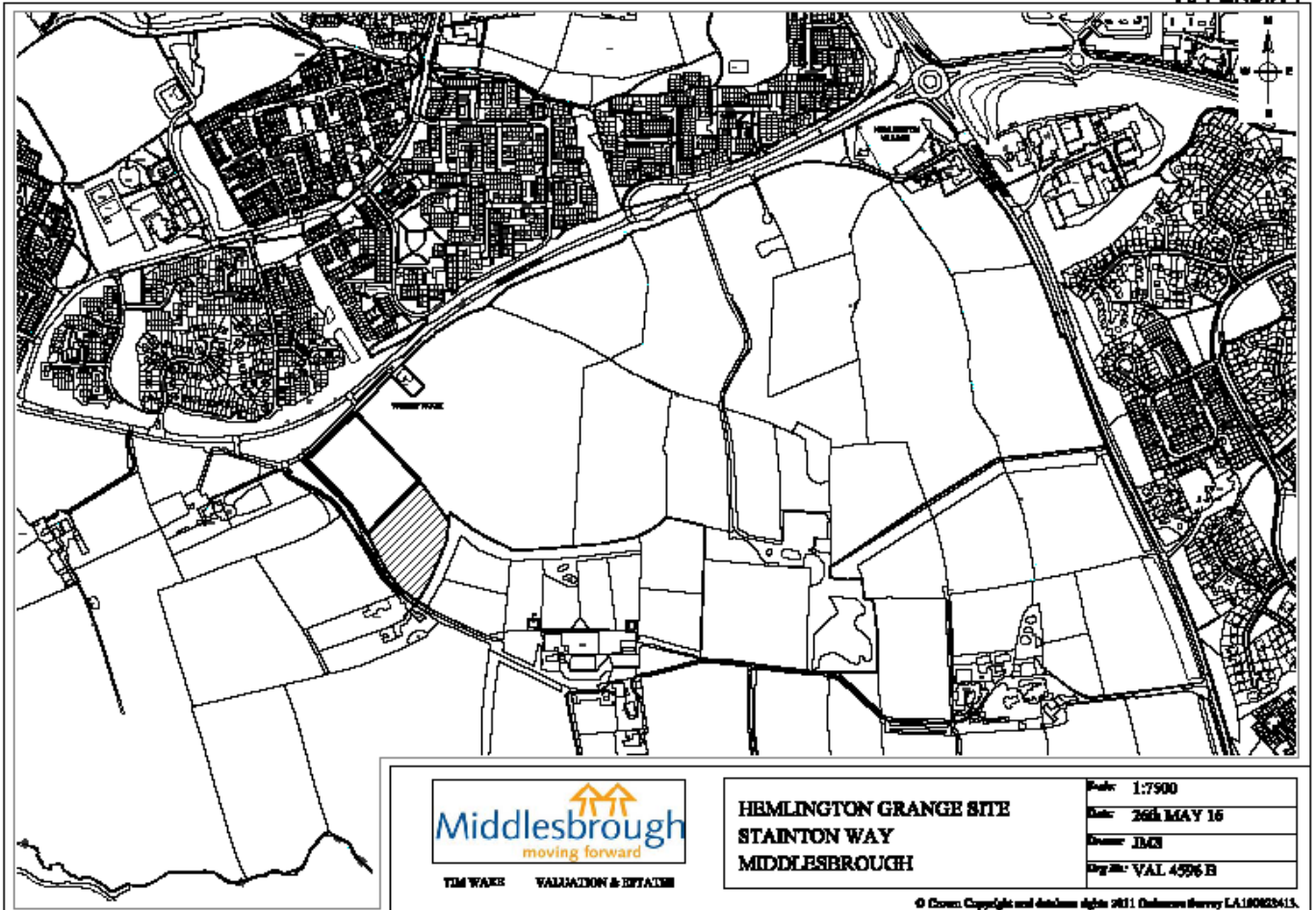
## **REASONS**

26. To secure the sale and development of the land for the new Police Community Hub and longer term development of the wider Hemlington Grange site.

## **BACKGROUND PAPERS**

27. CONFIDENTIAL - Executive Sub Committee for Property report 24 March 2015 - The report is not for publication pursuant to Paragraph 1 and 3 of Schedule 12A of The Local Government ACT 1972

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- Reduced land – 1.78ha/4.38 acres
- Value of land @ £150,000/acre = £657,000 (A)
- Abnormal costs to provide serviced site

| Item (BUDGET COST)             | £           |
|--------------------------------|-------------|
| Water Supply                   | 63,000      |
| BT                             | 10,500      |
| Offsite foul drainage          | 130,000     |
| Temporary Access abortive fees | 9,020       |
| Offsite surface drainage       | 360,000     |
| Fees                           | 9,500       |
| Total                          | 582,020 (B) |

- Net land receipt (A-B) = £74,980
- Costs are on the whole budget estimates and will be reviewed throughout the process on an open book basis – N.B costs could go up or down. Any balance, reflecting the actual cost of any abnormals incurred by the CPA will be paid on legal completion following construction of the new building.
- Revised access solution – T-junction with protected right hand turn and extended spine road = £493,000 (C)
- Total enabling costs (B+C) = £1,075,020
- The CPA is proposing to deal with the access costs (C) separately by the means of a separate agreement with the cost of the new access being shared on the basis of 35% CPP and 65% MBC.