

MIDDLESBROUGH COUNCIL

EXECUTIVE REPORT

**Report Title : Disposal of Council Depot and Tennis World sites,
Ladgate Lane**

**Executive Member for Regeneration and Economic Development – Cllr
Charlie Rooney**

Deputy Mayor and Executive Member for Resources: Cllr David Budd

Director of Regeneration: Kevin Parkes

Director of Resources: Paul Slocombe

Date 27th March 2012

PURPOSE OF THE REPORT

1. The purpose of this report is to seek approval to commence marketing and disposal of the former Council Depot site and adjacent Tennis World site on Ladgate Lane; and, provide update on the current position of the wider Prissick Masterplan.

SUMMARY OF RECOMMENDATIONS

2. That the Executive approves the marketing and disposal of the former Council Depot and Tennis World site following agreement of the final brief and;
 - a. delegated responsibility to the Director of Regeneration to make any amendments to the development brief following consideration of any comments received and agreeing these with the Executive Member for Economic Development and Regeneration;
 - b. that the contributions from the capital receipt to affordable housing as set out in paragraph 38 of the brief are agreed.

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

If urgent please give full reasons

BACKGROUND AND EXTERNAL CONSULTATION

5. Before Christmas the Mayor announced his vision for a 21st Century Sports Village and re-provision of various existing facilities. At this time (6/11/12) the Executive Member for Regeneration and Economic Development approved the principles of the masterplan for consultation (Prissick Sports Village Masterplan report).
6. The Council's vision for Prissick Sports base is as follows:
 - A 21st Century Sports Village: a centre of excellence for both niche and conventional sports; a hub with core and co-located facilities such as Tennis World, gym, athletics and other commercial elements that could include, sports-retail, 5-a-side football etc.
 - High quality housing developments required to fund the sports village:
 - Prissick Depot / Tennis World, up to 200 houses; and,
 - PRU/former Brackenhoe School site, up to 125 houses.
 - A new junction from Ladgate Lane servicing the residential development and Sports Village. In conjunction with James Cook University Hospital (JCUH) the access will also enable a parking solution for the hospital.
 - An attractive and accessible landscape setting for informal recreation and healthy pursuits.

A diagrammatic masterplan is included as an appendix to the attached development guidance note.

7. The highways study and preliminary design is due to finish at the end of March. It is now intended to commission further work to prepare a similar level of design for the proposed link road, new car park provision for JCUH and the Brackenhoe housing site. The commission will include drainage and landscaping for the highway, footpaths, cycleways, and informal recreation activities and the potential opening up of the existing culvert. A brief for these works is being discussed currently.
8. Consultants Knight Kavanagh & Page (KKP) have been appointed to work with the Council and liaise with all leisure stakeholders including national governing bodies and local organisations such as Tennis World, Middlesbrough College, Middlesbrough Football Club, JCUH and Teesside University in order to prepare an options and business plan for the delivery of the sports village. This will include re-provision options for Tennis World and athletics facilities from Clairville Stadium. This will guide the Council in its decision-making and commitments.

Ladgate Lane Development

9. A development guidance note for residential development (with an element of mixed use potential) has been prepared for the Ladgate Lane site (comprising former Council Depot and Tennis World) to advise prospective developers. See attached copy. The main principles include:
 - a. approximately 200 high quality family homes;
 - b. a green and landscaped setting; and,
 - c. improved connections with existing footpaths and cycleways, including to and from Stewart Park

10. It will play an important role in the marketing of the Ladgate Lane as it details the acceptable uses, design principles and Council aspirations for the site, including the proposed deductions that the Council will expect from the development for infrastructure provision. The Council will consider all tender returns on the basis of both design and the financial bid.
11. In terms of infrastructure provision the new junction and access road up to and including the roundabout to the north of the site (Phase 1) will be a development requirement. Depending on the overall Prissick Project plan and expenditure profile this section of the access road will be implemented either by:
 - a. the Council providing a detailed design and letting a construction contract, funded from the capital programme; or,
 - b. by the developer as a planning requirement.
12. The housing site is not wholly in Council control. The Tennis World site freehold is owned by Middlesbrough Council, but the remaining leasehold of 114 years is with Tennis World. However, if the land is sold and all the receipt reinvested in re-provision of the Tennis World facility and the Sports Village then the split of values interest in the site is not relevant. Consultation with Tennis World has taken place and will continue to do so throughout the process of site disposal.
13. The Tennis World site will only become available for development following re-provision within the Sports Village facility. In order to release part / all of the value of the site the Council needs an assured amount of timing and receipts subject to the re-provision of Tennis World. Following discussions with developers, external commercial consultants and the in house Valuation team a number of options for the disposal of the site have been identified. The Council expect to receive a range of options in return tenders and these would be considered as part of the tender / contract negotiations with bidders. These include:
 - a. Do not sell the occupied site until new facilities are provided -This could delay the receipt from the site and considering the sites as distinct elements could decrease the marketability and therefore value of the overall site. It will also be difficult to ensure compatibility with the adjacent site with regard to statutory services, access and design etc.
 - b. Sale of the site and leaseback for the interim period - This would only be attractive to a developer in the short-term, e.g. 6-12 months. The other options offer more certainty of development to the Council.
 - c. Option Agreement - This would allow the Council to enter into an agreement with a preferred developer where the developer would pay annual fee over a fixed or extendable period to give them exclusive rights to acquire the site at a future date. The ultimate purchase price would be at a fixed price agreed at the outset, or by a market valuation at the point of sale determined by independent valuer or an agreed cost index. However, the weakness is that developer can decide not to proceed when the timeframe lapses.
 - d. Conditional contract – This would allow the Council to enter into negotiations with a preferred developer whereby it can be included that both parties can enforce

sale of the site. A period of time will be given to the developer to carry out site investigations and obtain planning permission (could be done with depot site). A net price is then agreed, taking into account site preparation / abnormal costs and a contract entered in to. This price offer could be over a fixed period, giving a number of years to make the site available, but with flexibility for overage and extension. The developer may want the ability to withdraw from the contract if the site is not made available within the agreed period, and to recoup costs. This option may be in a developer's interest as it allows them to obtain sites, which will be developed in the future when the housing market has picked up. From the Council's point of view, we will know what capital receipt will be available at a future date, to feed in to the financial model for Prissick.

Next Steps

14. The next steps for the consultation, marketing and disposal of the Ladgate Lane site are set out in the programme in Appendix 1.

IMPACT ASSESSMENT (IA)

15. Following advice sought from the Corporate Policy Officer responsible for Impact Assessments it is considered that there is no need to carry out an Impact Assessment on this policy as each of the sites have been subject to individual assessments through the Local Development Framework process.

OPTION APPRAISAL/RISK ASSESSMENT

16. If the land is not sold the Council will not have the capital to provide for the access road to the Sports Village or facilitating the wider masterplan aspirations and Sports village itself. The Council will be left with an empty depot site and the opportunity will be lost to create a stable financial future for Tennis World. The lack of new high quality family houses will contribute to the continued increase in out-migration of economically active households as they seek appropriate housing elsewhere.
17. Failure to provide the access road will not create the required reduction in congestion and increased capacity required (particularly along Marton Road), to meet the Highway Agency's requirements and bring forward the housing development in south Middlesbrough.
18. The closure of other sports and leisure facilities in Middlesbrough will put significant pressure on the remaining facilities. Failure to deliver alternative options at Prissick could leave residents without access to sporting opportunities. Failure to provide innovative high quality sports and leisure facilities attractive to incoming new households may hold back the aspirations for housing and economic growth in the town.

FINANCIAL, LEGAL AND WARD IMPLICATIONS

19. **Financial** – The sale of the site will provide a capital receipt to the Council to be reinvested into Prissick Base. This includes the finance for (or provision of) the first phase of the hospital relief road and access road to the Sports Village.
20. **Ward Implications** – The development of the land at Ladgate Lane will provide additional housing development for Marton and provide additional quality family

housing for sale. The development of the site will be subject to further extensive public consultation with the local community by the developers as part of the planning process.

21. **Legal Implications** – The existing Tennis World lease has 116 years remaining and restricts the use of the site to tennis. The club cannot develop the site without the Council's consent and the Council cannot dispose of it without relocating the club. This may require the Council to enter into a new lease arrangement with Tennis World for the new facility.
22. There are no contributions from the site to be agreed between the Council and the developer. All associated works will be funded via deductions from the Council's capital receipt and will not require a legal agreement. The construction of the road, if provided by the developer will be a subject to a legal agreement.

RECOMMENDATION

23. That the Executive approves the marketing and disposal of the former Council Depot and Tennis World site following agreement of the final brief and;
 - a. delegated responsibility to the Director of Regeneration to make any amendments to the development brief following consideration of any comments received and agreeing these with the Executive Member for Economic Development and Regeneration;
 - b. that the contributions from the capital receipt to affordable housing as set out in paragraph 38 of the brief are agreed.

REASONS

24. In order to secure a capital receipt from the sale of the land which will be reinvested back into the Prissick Base.

BACKGROUND PAPERS

The following background papers were used in the preparation of this report:
Single Member Executive Paper 6th December 2011; Prissick Sports Village Masterplan

AUTHOR: Rachael Coar
TEL NO: 729056

Address:

Website: <http://www.middlesbrough.gov.uk>

APPENDIX 1 – LADGATE LANE SITE CONSULTATION, MARKETING AND DISPOSAL PROGRAMME

Action	Time to Complete	Date
Following Prissick Management Team Meeting (6 th March) report to Executive Property Sub Committee for approval to market site.**		27/03/12
Undertake public consultation	4 weeks	19/03/12-15/04/12
Brief Executive & Ward Members		w/c 12/03/12
Press Release		19/03/12
Article on Council website.		19/03/12-15/04/12
Flyer to neighbouring residents (Easterside & Marton) & letter to stakeholders		19/03/12
Information boards in community facility (<i>Easterside Library / Tennis World / Cycle Track office / Marton Library</i>)?		19/03/12-15/04/12
Marton Community Council		27/03/12
Analyse feedback & report back to Executive / CMT.	1 weeks	w/c 16/04/12
Competitive tender process – site advertised, tenders returned etc.	10 weeks	23/04/12-1/07/12
Submitted tenders scored against pre determined criteria.	2 weeks	2/07/12-15/07/12
Guidance sought from Corporate Property Panel on bids received.	2 weeks (meetings held every 2 weeks)	w/c 16/07/12
Seek approval from Executive Sub Committee for Property to accept preferred offer – also seek approval for delegated authority for any re negotiated offer to be approved by the Director of Finance and Director of Regeneration.	4 weeks (meetings can be arranged on a need basis)	w/c 30/07/12
Write to successful and unsuccessful tenderers	1 week	w/c 26/08/12
Instruct Legal Services to prepare conditional contract subject to planning permission and other abnormal costs.	Tender document to make reference that exchange of contracts should be within 12 weeks.	27/08/12-18/11/12
Potential for re negotiations following site investigations/discussions with planning, this to be approved by the Directors of Finance and Regeneration		w/c 19/11/12

** Executive approval already established (6/12/11) to market site and consult on relief road and wider Prissick masterplan.