

EXECUTIVE SUB-COMMITTEE FOR PROPERTY

Date: Wednesday 4th September, 2024
Time: 2.30 pm
Venue: Mandela Room

AGENDA

1. Apologies for Absence
2. Declarations of Interest
3. The Disposal of Land at Nunthorpe Grange 3 - 28
4. Exclusion of Press and Public

To consider passing a Resolution Pursuant to Section 100A (4) Part 1 of the Local Government Act 1972 excluding the press and public from the meeting during consideration of the following items on the grounds that if present there would be disclosure to them of exempt information falling within paragraph 3 of Part 1 of Schedule 12A of the Act and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

5. **EXEMPT - The Disposal of Land at Nunthorpe Grange - Appendix 4** 29 - 30

Charlotte Benjamin
Director of Legal and Governance Services

Town Hall
Middlesbrough
Tuesday 27 August 2024

MEMBERSHIP

Mayor C Cooke (Chair), Councillors T Furness, P Gavigan, P Storey, J Thompson, Z Uddin and N Walker

Assistance in accessing information

Should you have any queries on accessing the Agenda and associated information please contact Scott Bonner/ Chris Lunn (01642 729708/ 729742)

MIDDLESBROUGH COUNCIL	
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Report of:	Director of Regeneration and Interim Director of Finance
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Relevant Executive Member:	Executive Member for Regeneration and Executive Member for Finance
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Submitted to:	Executive Sub-Committee for Property
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Date:	4 September 2024
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Title:	The Disposal of Land at Nunthorpe Grange
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Report for:	Decision
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Status:	Public
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Strategic priority:	Physical environment
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Key decision:	Yes
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Why:	Decision(s) will incur expenditure or savings above £250,000
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Subject to call in?:	Yes
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Why:	Non-urgent Report, and place on Executive Forward Work Programme.
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Proposed decision(s)

<p>That the Executive approves:</p> <ul style="list-style-type: none"> a) the private treaty sale of land at Nunthorpe Grange to Housing Developer (Ref A – Exempt Appendix 4) for the development of housing for the sum of (Ref B – Exempt Appendix 4); and, b) the private treaty sale of land at Nunthorpe Grange to Care Home Provider (Ref C – Exempt Appendix 4) for the development of an elderly persons care home for the sum of (Ref D – Exempt Appendix 4).

Executive summary

The Executive considered a report on the 23rd December 2023 that gained approval for the marketing and disposal of the Nunthorpe Grange housing site.

The report also set out the next steps that would be undertaken to “de-risk” the site prior to marketing in order to maximise the potential capital receipt, which included undertaking due diligence and securing an outline planning consent. This would lead to the generation of a capital receipt, estimated to be paid between 2025 and 2029.

Since the approval of the Executive report in December 23, the Council has been approached by two parties who expressed an interest in acquiring land at Nunthorpe Grange for the development of housing and for the provision of an elderly persons care home.

The respective developers have subsequently submitted formal private treaty offers to acquire land in advance of the Council “de-risking” the site. This would lead to a significant capital receipt being wholly-paid during the current financial year.

This report will seek Executive approval for the private treaty sale of land at Nunthorpe Grange for the development of housing and an elderly persons care home.

This report contains exempt information under paragraph 3 of Part 1 of Schedule 12 A of the Local Government Act 1972 the detail of which are contained within Appendix 4 to the report being the purchasers names, purchase prices and valuations, the disclosure of which could compromise completion of the sales, ability to obtain best value and restrict future transactions and negotiations.

1. Purpose

- 1.1. To seek Executive approval for the private treaty sale of land at Nunthorpe Grange for the development of housing and an elderly persons care home.

2. Recommendations

- 2.1 It is recommended that the Executive approves:
 - a) the private treaty sale of land at Nunthorpe Grange to Housing Developer (**Ref A – Exempt Appendix 4**) for the development of housing for the sum of (**Ref B – Exempt Appendix 4**); and,
 - b) the private treaty sale of land at Nunthorpe Grange to Care Home Provider (**Ref C – Exempt Appendix 4**) for the development of an elderly persons care home for the sum of (**Ref D – Exempt Appendix 4**).

3 Rationale for the recommended decision(s)

- 3.1 Disposal of land at Nunthorpe Grange meets the established objectives of Policy H29 of the Housing Local Plan, which allocates land at Nunthorpe Grange Farm for the development of high quality, mixed, medium to higher density housing. The development will make a significant contribution to the prescribed national housing targets for Middlesbrough. In addition, securing a significant capital receipt in the 2024/25 financial year would assist in achieving the required level of receipts to support the delivery of the main capital programme and the Council's Transformation portfolio.

4. Background and relevant information

- 4.1 Executive considered a report on the 23rd December 2023 and approved the marketing and disposal of a 14.03ha site at Nunthorpe Grange for the development of new homes.
- 4.2 The subject parcel of land identified for disposal formed part of a much larger, now defunct, agricultural landholding situated at Nunthorpe Grange Farm – close to both Poole Roundabout on the junction of Guisborough Road [A1043] with Stokesley Road, and the site of the newly constructed Nunthorpe Medical Centre building.
- 4.3 Policy H29 of the Housing Local Plan allocates land at Nunthorpe Grange Farm for the development of high quality, mixed, medium to higher density housing'. In addition to the subject site held by the Council at Guisborough Road, the LPF housing allocation includes two parcels of privately owned land, together with a further parcel of land held by the Council earmarked for mixed community purposes.
- 4.4 The parcel of land was farmed for a number of years under an agricultural tenancy, prior to the Council acquiring the subject lease in April 2018. Letting of the land continued via a Farm Business Tenancy in the interim, thus affording the Council opportunity to continue drawing revenue income from the asset until the formal decision was made by the Council to bring the same forward for disposal.
- 4.5 The Asset Disposal Business Case (ADBC) that was appended to the December 23 report stated that the site was valued at **(Ref E – Exempt Appendix 4)** pending agreement of any allowable scheme development, infrastructure & abnormal cost deductions identified following the completion of relevant site planning, engineering, diligence & investigations.
- 4.6 The report set out the next steps that would be undertaken to “de-risk” the site prior to marketing in order to maximise the potential capital receipt, which included:
- a) updating the adopted Masterplan and Design Code;
 - b) undertaking due diligence; and,
 - c) securing an outline planning consent.
- 4.7 Since the original Design Code was adopted in 2018, a GP Surgery has been developed on the site, and in July 2023 Executive approved the disposal of a parcel of land for the development of a place of religious worship. The updated Design Code will therefore

reflect the development that has been undertaken to date and that proposed for the future. A consultant has been appointed to undertake the review.

Private Treaty Offers

- 4.8 The traditional method for disposing of a site such as this is to place the property on the open market, with a reasonable marketing period being allowed, and then accepting the most advantageous (usually the highest) offer that is received. The definition of ‘advantageous’ can include not just the amount, but also the conditions that the bidder has identified, the likely timescales to completion and the extent to which the bidder is likely to be able to proceed to completion.
- 4.9 A conditional contract is then entered into, to allow the bidder to resolve issues such as planning requirements and abnormal development costs. These issues may lead to a revision of the consideration prior to completion of the sale. This marketing procedure is generally considered to maximise the capital receipt to the vendor and is also the most transparent as wide exposure to the market enables all interested parties to bring forward an offer.
- 4.10 However, it should also be noted that there is a subjective aspect to this issue in that an individual landowner such as the Council will have their own requirements/considerations in determining the terms of sale that they wish to agree to, according to whether they wish to either maximise the overall capital receipt over the time available, or prioritise the receipt of sums in the shortest possible time period.
- 4.11 From a legal perspective, the traditional position assumes that the transaction would be subject to a staged exchange of contracts and legal completion involving the payment of a price equivalent 10% deposit sum with the balance payment of 90% subsequently triggered by the grant of a satisfactory planning permission, confirmation/agreement of all development related abnormal cost deductions and other scheme risk items prior to contract completion and transfer of the site. All of which could take a period of 18 months to two years to procure, facilitate and close off; in contractual terms. Phased payments based on build-out rates can be received over numerous years. The payment profile of the receipt for Nunthorpe Grange would have potentially been as follows:

Marketed site – Optimistic Payment Profile

Deposit	Design and Planning Permission	Phased Payment 1	Phased Payment 2	Phased Payment 3	Total
2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	
(Ref F: Exempt Appendix 4)					
10%	0%	30%	30%	30%	100%

Unredacted table available at (Ref F: Exempt Appendix 4)

- 4.12 Since the approval of the Executive report in December 23, the Council has been approached by two parties who expressed an interest in acquiring land at Nunthorpe Grange for the development of housing and for the provision of an elderly persons care home.
- 4.13 The respective developers have subsequently submitted formal private treaty offers to acquire land in advance of the Council “de-risking” the site.

Care Home

- 4.14 The Council has received an unsolicited enquiry from Care Home Provider (**Ref C – Exempt Appendix 4**) that is prepared to approach the matter of the site acquisition predicated on the payment of full and benchmarked open market value. The benefit to the Council of arranging disposal via such a private treaty method being the opportunity to expedite the sale of the asset without the need to schedule a formal tender marketing exercise, but with the agreed sale price having been favourably benchmarked against comparable values from recent known site disposal transactions.
- 4.15 The 0.775ha site is held on the Council’s asset register at a figure of (**Ref G – Exempt Appendix 4**), following its valuation by an independent third-party surveyor, assuming that an open market sale was to be delivered via tender going forward. The open market valuation provided also assumes that such a sale would be predicated on the site’s use for care purposes, with bidders approaching its acquisition upon a conditional contract basis with the transaction to acquire the site being subject to the confirmation and agreement of any allowable scheme development, infrastructure and abnormal cost deductions identified following the completion of relevant site planning, engineering, diligence and investigations. An ADBC is attached as Appendix 1.
- 4.16 There are various implications in terms of value that arise from seeking to bring forward the date of sale completion and from the Council’s point of view, if a decision is taken to sell a given asset, then the period of time from that decision being made to the receipt being realised can be seen in accounting terms as representing a cost to it.
- 4.17 Discussions with the prospective buyer have resulted in a sum of (**Ref D – Exempt Appendix 4**) plus fees being agreed by the parties following detailed negotiations.
- 4.18 From a valuation perspective, the offer made by the buyer for the 0.775ha site is considered to represent best consideration for a development site offered on a conditional basis for the purposes of care use – either matching or exceeding the Market Value known to have been paid for comparable parcels of land and also representing a price 30% higher than that currently listed by the Council on its asset register.
- 4.19 By using private treaty methodology to expedite the sale in such a way, the Council is in a position to generate and bank the payment of a significant benchmarked capital receipt during the forthcoming financial year 2025/26.

- 4.20 The offer is subject to the agreement of any allowable scheme development, infrastructure and abnormal cost deductions identified following the completion of relevant site planning, engineering, diligence and investigations limited to a combined capped sum of **(Ref H – Exempt Appendix 4)**.
- 4.21 The offer is also conditional upon the granting of a satisfactory planning consent for the development of the care home facility.
- 4.22 The proposal will contribute towards improving Middlesbrough's overall offer, ensuring there is a sufficient supply of high-quality location options to prevent older residents moving outside of the town whilst also attracting new economically active residents from neighbouring areas.
- 4.23 As this disposal negates the requirement to conduct site de-risking planning and investigations, this would save the Council approximately £50,000 (economies would have arisen from joint work with the residential land parcel).

Housing

- 4.24 The Council received an unsolicited enquiry from a residential developer that was prepared to approach the matter of site acquisition on an unconditional contract basis with the full **(Ref B – Exempt Appendix 4)** balance paid on the transfer of the land. The benefit to the Council of arranging disposal in such a way being the opportunity to expedite the sale of the asset and potentially deliver payment of the associated capital receipt during October 2024.
- 4.25 The offer was for a reduced area of 12.45ha that excluded a part of the wider site identified for the development of an elderly persons' care home and land retained to provide an access corridor.
- 4.26 The site is held on the Council's asset register at a figure of **(Ref I – Exempt Appendix 4)** following its valuation by an independent third-party surveyor, assuming that an open market sale was to be delivered via tender going forward. The open market valuation provided also assumes that such a sale would be predicated on the site's use for residential purposes, with bidders approaching its acquisition upon a conditional contract basis with the transaction to acquire the site being subject to the confirmation & agreement of any allowable scheme development, infrastructure & abnormal cost deductions identified following the completion of relevant site planning, engineering, diligence & investigations. The ADBC is attached as Appendix 2.
- 4.27 Negotiations with the prospective buyer have resulted in a sum of **(Ref B – Exempt Appendix 4)** being agreed by the parties following stepped negotiations over a three-month period – the final price agreement representing a significant increase (as against an opening offer **(Ref J – Exempt Appendix 4)** on the initial offer presented by the buyer at the outset of the negotiation.

- 4.28 As per the Executive report of December 2023, Council officers were in the process of preparing marketing particulars, de-risking surveys and other work to bring the site forward for disposal. The site has not yet been marketed. That process has been paused pending Executive consideration of the relative merits, lack of conditionality and timing, of this proposal. Should the Executive not be minded to take the offer set out, officers would revert to the marketed disposal route.
- 4.29 There are various implications in terms of value that arise from seeking to bring forward the date of sale completion and from the Council’s point of view, if a decision is taken to sell a given asset, then the period of time from that decision being made to the receipt being realised can be seen in accounting terms as representing a cost to it.
- 4.30 To consider the comparable price impact of facilitating earlier payment of the capital receipt versus a marketing and assessment process, a discounted cash flow (DCF) can be applied to the valuation of **(Ref I – Exempt Appendix 4)**, by applying a prudent discount rate of 3.5% and assuming a 10% deposit, followed by a year of no payments – to reflect design, planning and site investigation; and, a further three years of phased payment (30% per year) to reflect an ambitious build-out rate of C. 50 plus units per year. This arrives at a net present value of **(Ref K – Exempt Appendix 4)**, as set out in para 4.38.
- 4.31 The payment profile of the receipt for Nunthorpe Grange would have potentially been as follows:

Marketed site – Optimistic Payment Profile

Deposit	Design and Planning Permission	Phased Payment 1	Phased Payment 2	Phased Payment 3	Total
2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	
(Ref F: Exempt Appendix 4)					
10%	0%	30%	30%	30%	100%

Unredacted table available at **(Ref F: Exempt Appendix 4)**

- 4.32 In addition to this the Council would not be required to outlay the de-risking costs associated with site due diligence and outline planning fees, which were estimated to be £200,000.
- 4.33 Therefore, from a valuation perspective, the offer made by the buyer of **(Ref B: Exempt Appendix 4)** plus fees, for the 12.45Ha [30.76 Acres] site is considered to represent best consideration for a development site offered on an unconditional basis for the purposes of residential use – either matching, or exceeding, the Market Value known to have been paid for comparable parcels of land offered on a closed sale basis within the local environs. In addition to which, the net figure of **(Ref B: Exempt Appendix 4)** stated is

protected going forward with all associated development and finance risks related to the buyer’s proposal being borne by the buyer under the terms of the contract, without further financial recourse to the Council.

- 4.34 The view from Align is that this represents the best likely offer, and this is comparable in terms of net present value.
- 4.35 The offer offsets expense of £200,000 in site de-risking and preparation costs, as well as any unforeseen delays.
- 4.36 This route avoids any risks associated with a protracted negotiation period and the incremental chipping away at an agreed price, following detailed site surveys and any arising abnormal costs.
- 4.37 This offer avoids Council costs and liabilities associated with the provision of any site access and infrastructure – previously estimated at including the provision of a roundabout associated with the site estimated to cost C.£1m.
- 4.38 The Net Present Value of the marketed approach is set out below.

Assumptions:

- a) 3.5% annual discount rate
- b) 10% deposit paid in 2024/2025.
- c) 2025/2026 assumes no income as design and planning phases
- d) Build-out rate of 50+ units per year – from 2026/2027
- e) Equal phased payments from 2026 to 2029

Discount rate	3.50%					
Year	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	Totals
Cumulative discount rate	1	0.965	0.931225	0.898632125	0.867180001	
Payment Profile (before discount)	(Ref L: Exempt Appendix 4)					
	10%	0%	30%	30%	30%	100%
Net Present Value	(Ref L: Exempt Appendix 4)					

- 4.39 The net present value of **(Ref I: Exempt Appendix 4)** made over the payment schedule set out above, is equivalent to a real-terms amount of **(Ref K: Exempt Appendix 4)**, today.
- 4.40 Applying the negated outlay of £200,000 for site de-risking and associated work would give a comparable net receipt of **(Ref M: Exempt Appendix 4)**, which shows the net present value of the current offer marginally exceeds the Align valuation, which is considered to be at the upper-end of their concluded estimate.

Unredacted table available at **(Ref N: Exempt Appendix 4)**

- 4.41 By using an unconditional contract mechanism in order to expedite this sale, the Council is in a position to generate and bank the payment of a significant capital receipt during the current financial year 2024/25 with the potential timeframe for the freehold disposal & legal transfer of the subject site being brought forward by a period of at least 18 months.
- 4.42 It should be noted that whilst the developer's offer is not conditional upon securing full planning approval, the Council is required to provide mitigation to offset the development impact of both Nutrient Neutrality and Biodiversity Net Gain at nil cost to the buyer. The Council would have been obliged to provide this mitigation irrespective of the disposal route, so it does not constitute an additional cost.

Financial rationale for accepting private treaty offers.

- 4.43 The Council needs to achieve a programme of asset sales to support the delivery of its Medium Term Financial Plan (MTFP) whilst ensuring that it realises the best value upon disposal of each asset. Securing capital receipts earlier than anticipated within the MTFP has the potential benefit of reducing the Council's need to borrow to finance its capital programme and therefore potentially reducing the revenue costs of borrowing. Furthermore, once inflation is factored in through the NPV calculations, the value to the Council of receiving **(Ref B: Exempt Appendix 4)** for the housing site now, exceeds the alternative of receiving the potential **(Ref I: Exempt Appendix 4)** from market sale via stage payments in two to three years' time.
- 4.44 An alternative proposal of putting the site on the market 'sold as seen' and requesting competitive unconditional offers has been considered, but the limited potential for increasing the receipt through a competitive process is balanced out by the timing of the receipt being delayed until 2025/26. It is not felt that a competitive process based on unconditional offers would increase the receipt by enough to justify that course of action.
- 4.45 In addition to the capital receipt that will be generated by the disposal, the sale of the site will contribute towards the Medium-Term Financial Plan (MTFP) via the income achieved through growth in the Council Tax base once houses are constructed and occupied; as well as an annual business rates yield on the care home facility. It is anticipated that the generation of Council Tax will be brought forward approximately 18 months if the private treaty bid is accepted.

- 4.46 The developer's proposal is for the development of approximately 160 units on the 12.45ha site. It is envisaged that the dwellings will primarily be a mix of Council Tax Band D to F. Assuming an average of Band E, this would generate £0.463m, per year upon completion of the development.
- 4.47 The December 23 report set out that the Council may be required to incur expenditure to provide a new site access. The private treaty offer does not require the Council to commit this expenditure as the developer will provide the access at their own expense. Furthermore, an early transfer of the land via this route would avoid up to two years of site management and maintenance costs.

Potential Ongoing Costs

- 4.48 The scheme is likely to require Sustainable Urban Drainage system (SUDs) to attenuate the land to reduce risks from flood events. Consultation is underway on the Governments Flood and Water Management Act.
- 4.49 Under Schedule 3 of the new proposals, local authorities will be required to adopt and maintain SUDs for new developments. This cost will be fully understood when the Government either issues further guidance and/or legislates the proposals within the consultation on the Flood and Water Management Act. If this arises, this will be a revenue liability for the Council in terms of maintenance. Although this will be offset by growth in Council Tax income, it must be reflected in services budgets / plans.

5. Other potential alternative(s) and why these have not been recommended

Don't sell the land

- 5.1 This would result in the Council foregoing the benefit of the capital receipt which is required to support the delivery of the MTFP. In addition, there would be no opportunity, on this site to grow Council Tax revenue and business rates revenue over the longer term. Failure to dispose of the land would be contrary to the Local Plan (2014). The overall integrity of the Local Plan depends upon the land supply identified within it being made available; the Council would be open to significant challenge from the housebuilding industry if it were seen to constrain land supply.
- 5.2 Furthermore, this approach would result in abortive costs to date of **(Ref O: Exempt Appendix 4)** for the Council resulting from the surrender of the farming tenancy, and assuming no onward disposal.

Sell the land after undertaking due diligence and achieving outline planning approval

- 5.3 The Council's proven financial approach to housing site disposals has been to maximising capital receipts by 'de-risking' sites. This involves undertaking site investigation works, producing design guidance or masterplans and gaining outline planning approval to competitively market sites. As outlined above, this approach may generate a higher capital receipt at a stage in the future, but there are benefits associated with receiving a guaranteed receipt earlier than anticipated.

- 5.4 It remains the case that undertaking measures to de-risk sites, bringing sites to sale and the competitive marketing of sites, is the preferred route for the disposal of sites and demonstrating best value in terms of the capital receipts achieved. However, the payment schedule, timing and relative value of this proposal is closely reflective of the independent valuation for the site and is, therefore, worthy of Executive consideration.

Enter a Joint Venture

- 5.5 Independent advice and professional analysis consistently draws the conclusion that the proposal to collaborate with external partners on the disposal and delivery of housing site does not present Best Value for Money for the Council.

6. Impact(s) of the recommended decision(s)

Financial (including procurement and Social Value)

- 6.1 The sale of the land for the proposed care home will generate a minimum receipt of **(Ref P: Exempt Appendix 4)** within this financial year. Additionally, the Council will receive business rates upon the completion of the building.
- 6.2 For the residential component, the upfront payment of **(Ref B: Exempt Appendix 4)** would be paid in the current financial year.

This approach negates the requirement for the Council to finance £200,000 on site de-risking costs. The table below compares the value of the receipt received within this financial year opposed to the assumed phased receipt using net present value methodology. Unredacted table available at **(Ref Q: Exempt Appendix 4)**

- 6.3 This approach avoids protracted negotiations and the erosion of the headline offer through application of abnormal costs.
- 6.4 This approach dispenses with any Council costs and liability in terms of preparatory highway infrastructure and access arrangements.
- 6.5 By using an unconditional contract mechanism in order to expedite this sale, the Council is in a position to generate and bank the payment of a significant capital receipt during the current financial year.
- 6.6 Council Tax income funds a significant proportion of the Council's revenue spending and the recent growth in housing numbers across the town has ultimately enabled key services to be protected.. Assuming an average Council Tax rating of Band E, the site is expected to generate £0.463m from the development of 160 units per year upon completion of the development. There is currently **(Ref R: Exempt Appendix 4)** of Council Tax growth built each financial year within the MTFP and this development will contribute to achieving that target.
- 6.7 Should MHCLG announce the continuation of New Homes Bonus Scheme, the 160 dwellings will contribute towards the net addition to the housing stock that is required in order to qualify for new homes grant.

- 6.8 The Council would receive a minimum net total capital receipt of **(Ref S: Exempt Appendix 4)** (which assumes that 100% of the capped deductions are being drawn down) from the disposal of both sites. This would enable the Council to utilise the capital receipts as per the approved MTFP for the following purposes:
- a) to fund investment in projects that will either deliver ongoing revenue savings or deliver transformation in public service delivery through cost and/or demand reduction in accordance with Government regulations governing the Flexible Use of Capital Receipts;
 - b) to repay the Council's debt and reduce the annual costs of repaying principal and/or interest on such debt; and,
 - c) to invest in infrastructure through the capital programme.
- 6.9 It is recognised that development of the scale proposed for the site will result in impacts on local infrastructure. In order to enable permission to be granted for any future planning application it is important that the developer provides mitigation to address these impacts through a S106 Agreement that accompanies any planning approval.
- 6.10 It is not possible at this stage to identify the exact nature of the infrastructure requirements as these will be determined via the planning application process and will only be identified through the proper assessment of the application including consultation with infrastructure providers and the community. This assessment will identify the cost (at current values) and timing for delivery of the infrastructure and the contribution required from development of the site.

Legal

- 6.11 The land would be disposed of freehold in accordance with standing financial orders and the established asset disposal protocol.
- 6.12 The Council will follow the relevant legal processes when disposing of sites, the nature of which will depend on the presence of any existing designations (such as allotments or public open space).
- 6.13 The process of disposing of sites requires significant input from Legal Services and Procurement, as the process is inherently contractual in nature and the Council needs to achieve Best Consideration in respect of any asset disposal.
- 6.14 The Council's governance processes will be observed accordingly throughout the disposal process.

Risk

- 6.15 The project will contribute towards the following strategic aims and objectives:
- a) Place - Securing improvements in Middlesbrough's housing, infrastructure and attractiveness, improving the town's reputation, creating opportunities for local people and improving our finances.

- b) People - Working with communities and other public services in Middlesbrough to improve the lives of local people.
- 6.16 The generation of the significant capital receipt through the sale of land at Nunthorpe Grange would contribute towards reducing the overall risk to the Council's ability to set a balanced budget (SR-01).
- 6.17 The following high-level risks identified in the Strategic and Directorate Risk Registers, will also be reduced as a consequence of the sale of land at Nunthorpe Grange:
- a) O1-045 - If the Housing Programme does not meet the projected targets, then this can have a negative impact on the assumptions within the MTFP.
 - b) O8-059 - If incorrect assumptions are made in the MTFP this will result in a funding gap requiring further savings to be made.
 - c) O1-029 - Insufficient Council Tax Band D+ properties are built to enable Middlesbrough to retain its economically active population resulting in further population decline and impact upon the MTFP.
- 6.15 The development of greenfield land is often contentious and there is a strong and active anti-development movement in Middlesbrough.

Human Rights, Public Sector Equality Duty and Community Cohesion

- 6.16 The Impact Assessment, attached as Appendix 3, has concluded that the decisions would not have any disproportionately negative impacts on protected groups.

Climate Change / Environmental

- 6.17 As part of the Council's drive to achieve net carbon and in line with One Planet Living, developers will be encouraged to implement energy efficiency measures in line with building regulations, and to reuse and source local materials and labour to reduce transportation impacts.

Children and Young People Cared for by the Authority and Care Leavers

- 6.18 The Impact Assessment demonstrated that this development presents no impact on children and young people cared for by the Authority and care leavers.

Data Protection / GDPR

- 6.19 The proposed decision does not involve the collation and use of personal data.

Actions to be taken to implement the recommended decision(s)

Action	Responsible Officer	Deadline
Completion of the legal sale of land at Nunthorpe Grange to the identified housing developer.	David Velemir	31 st October 2024
Completion of the legal sale of land at Nunthorpe Grange to the identified care home developer.	David Velemir	31 st March 2026

Appendices

1	Asset Disposal Business Case – Care Home site
2	Asset Disposal Business Case – Housing site
3	Impact Assessment
4	Exempt Appendix 4 – Exempt from Publication

Background papers

Body	Report title	Date
Executive	The Disposal of Land at Nunthorpe Grange for Housing	20 th December 2023

APPENDIX 1

Asset Disposal Business Case

Name of Asset:	Nunthorpe EPCH - Land Adjacent Stokesley Road, Nunthorpe, Middlesbrough TS7 0NB
Asset Register Number:	12062/003
Current Use:	Agricultural Land
Valuation at Current Use (Asset Register):	(Ref G: Exempt Appendix 4)
Reason for Disposal:	<p>Housing Policy H29 of the Local Plan Framework allocates land at Nunthorpe Grange Farm for the development of high quality, mixed, medium to higher density housing’.</p> <p>The LPF housing allocation includes 2 parcels of privately owned land, together with a further parcel of land held by the Council for mixed community purposes.</p> <p>Development of the subject site, measuring 1.91 Acres [7,746.81 Sqm] for care purposes, will contribute towards improving Middlesbrough's overall offer, ensuring there is a sufficient supply of high quality location options to prevent older residents moving outside of the town whilst also attracting new economically active residents from neighbouring areas.</p> <p>As well as generating payment of a significant capital receipt, it is hoped that the proposed development will increase the vibrancy of the town, supporting overall economic growth and stemming out migration.</p>
Latest Valuation (Proposed Disposal):	(Ref D: Exempt Appendix 4) – pending agreement of any allowable scheme development, infrastructure & abnormal cost deductions identified following the completion of relevant site planning, engineering, diligence & investigations.

Asset Disposal Stream (Please Select):

Generate Capital Receipt	(1)
Stimulate Economic Activity	(3)
Support Communities	(2)

In the event of more than one stream being relevant please rank in order of importance; (1), (2), (3)

Officer requesting Disposal (Responsible Service Manager):

Name:	Peter Brewer
Position:	Housing Growth Project Officer

Could the asset be disposed of for an alternative use that may give a higher capital receipt to the Council?

(To be completed by Valuation and Estates): (Tick)

Yes		No	✓
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If yes please outline potential use:

N/A

Estimated Value at Alternative Use:	£ N/A
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Key factors to be considered when assessing potential disposals:

1.	Capital receipt generated
2.	Suitability of development in line with the site masterplan
3.	Quality of development being proposed
4.	Provision of recurring income [Business Rates & Council Tax] in perpetuity

Any additional financial factors to be considered other than immediate capital receipt:

<p>Disposal as proposed brings forward the development of land measuring @ 1.91 Acres [7,746.81 Sqm] at Guisborough Road, Nunthorpe for care purposes.</p> <p>The land was farmed for a number of years under an agricultural tenancy, prior to the Council acquiring the subject lease in April 2018.</p> <p>Letting of the land has continued via a Farm Business Tenancy, thus affording the Council opportunity to continue drawing revenue income from the asset until the same is capable of being taken forward for disposal.</p> <p>Disposal of the site proposed will generate a significant capital receipt for the Council and help deliver improved care provision within the locality.</p> <p>The proposed transaction to dispose of the asset to Care Home Provider (Ref C: Exempt Appendix 4) will enable the delivery of a sustainable and viable development scheme, capable of bringing this parcel of land into far more beneficial use whilst also stimulating economic activity in this specific micro-location.</p>
--

Asset Not Needed by the Council - Approved to proceed:

Head of Asset Management:	(Yes) Tick	No (Tick)	Date:
<i>David Jamison</i>	✓		02/08/2024

Preferred Method of Marketing (to be completed by Valuation & Estates): (Tick)

Formal / Informal Offers	
Private Treaty	✓
Auction	
Community Asset Transfer Process	

Method for Final Approval (before proceeding with preferred method of marketing) :

Estimated Value:	Approval Required:	Authorised:	Date:
Less than £50,000	Valuation & Estates Manager		
Between £50,000 & £250,000	Director of Finance		
More than £250,000	Executive Property Sub Committee or Executive	<i>David Valenti</i>	02/08/2024



 ©Crown Copyright and database rights 2019 Ordnance Survey LA10023413	Care Home Site	Scale : 1:1,250
	Nunthorpe Grange Farm	Date : 27.06.2024
	Nunthorpe	Drawn : E.S
	Middlesbrough	Drg No : VAL 6475

APPENDIX 2

Asset Disposal Business Case

Name of Asset:	Land at Nunthorpe Grange Farm – 12.45Ha (30.76 Acres)
Asset Register Number:	12062/003
Current Use:	Agricultural Land
Valuation at Current Use (Asset Register):	(Ref I: Exempt Appendix 4)
Reason for Disposal:	<p>Policy H29 of the Housing Local Plan allocates land at Nunthorpe Grange Farm for the development of high quality, mixed, medium to higher density housing’.</p> <p>In addition to the subject site held by the Council at Guisborough Road, the LPF housing allocation includes 2 parcels of privately owned land, together with a further parcel of land held by the Council for mixed community purposes.</p> <p>Development of this site will contribute towards improving Middlesbrough's overall housing offer, ensuring there is a sufficient supply of high quality housing to prevent residents moving outside of the town whilst also attracting new economically-active residents from neighbouring areas.</p> <p>There is currently an adopted masterplan/design guide for the whole housing allocation site, but it is in need of a refresh to reflect the current position and ambitions. This will be completed alongside the work that will be done to bring the site forward for sale.</p> <p>It is hoped that the disposal, as proposed, will increase the vibrancy of the town, supporting overall economic growth and stemming out migration.</p>
Latest Valuation (Proposed Disposal):	(Ref B: Exempt Appendix 4)

Asset Disposal Stream (Please Select):

Generate Capital Receipt	(1)
Stimulate Economic Activity	(3)
Support Communities	(2)

In the event of more than one stream being relevant please rank in order of importance; (1), (2), (3)

Officer requesting Disposal (Responsible Service Manager):

Name:	Peter Brewer
Position:	Housing Growth Project Officer

Could the asset be disposed of for an alternative use that may give a higher capital receipt to the Council?

(To be completed by Valuation and Estates): (Tick)

Yes		No	✓
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If yes please outline potential use:

N/A

Estimated Value at Alternative Use:	£ N/A
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Key factors to be considered when assessing potential disposals:

1.	Capital receipt generated
2.	Fulfilment of the Borough's Local Plan Framework housing requirement
3.	Suitability of development in line with the site masterplan
4.	Quality of development being proposed

Any additional financial factors to be considered other than immediate capital receipt:

<p>Disposal as proposed brings forward the residential development of the remnant LPF housing allocation site measuring @ 12.45Ha (30.76 Acres) at Guisborough Road, Nunthorpe.</p> <p>The land was farmed for a number of years under an agricultural tenancy, prior to the Council acquiring the subject lease in April 2018. Letting of the land has continued via a Farm Business Tenancy, thus affording the Council opportunity to continue drawing revenue income from the asset until the same is capable of being taken forward for disposal.</p> <p>Disposal of the site proposed will generate a significant capital receipt for the Council.</p> <p>With an unconditional offer now being sought by the Council in order to generate the payment of a significant capital receipt during the current financial year 2024/25, the potential timeframe for the freehold disposal & legal transfer of the subject site could be brought forward by a period of @ 18 months.</p>
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Asset Not Needed by the Council - Approved to proceed:

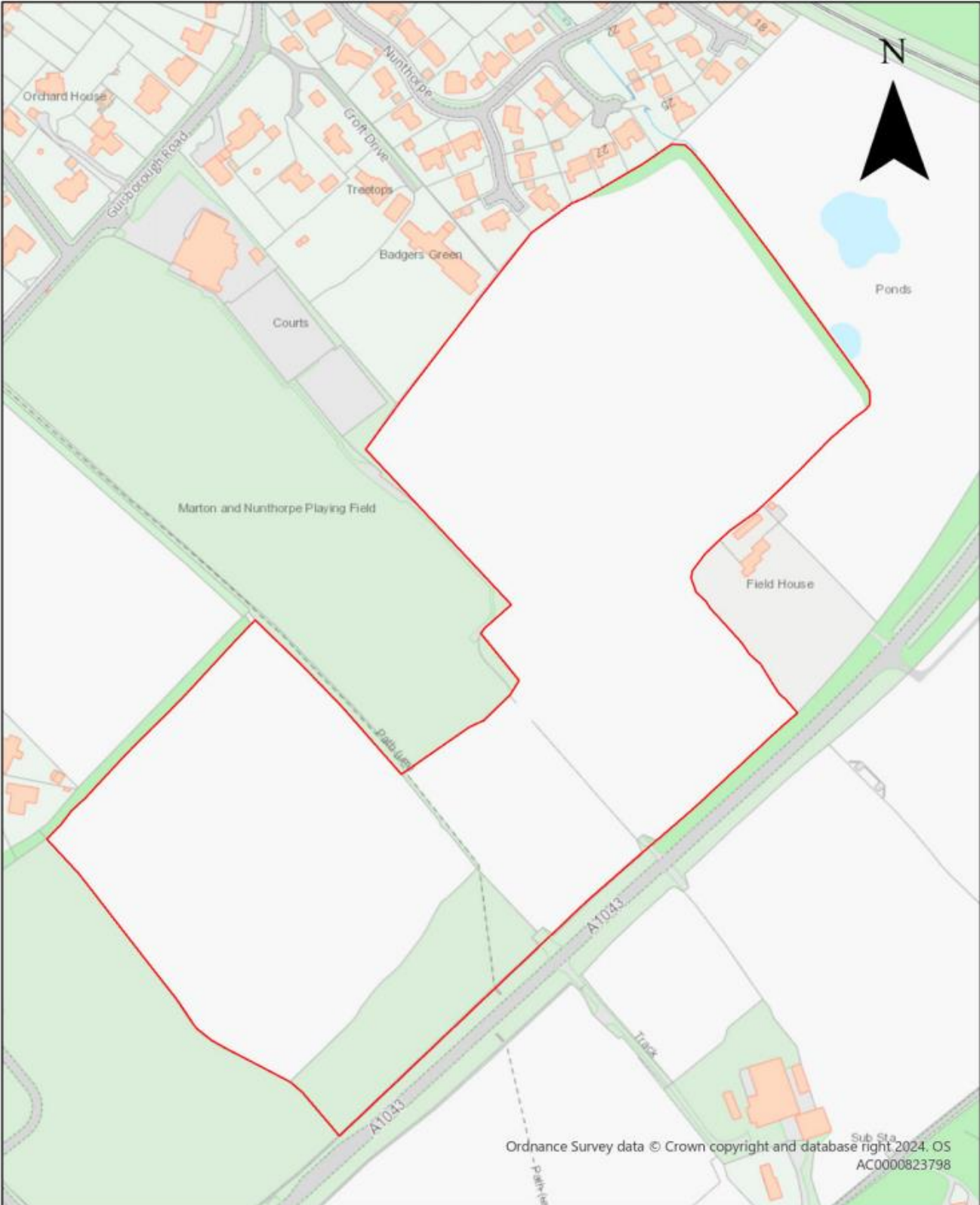
Head of Asset Management:	(Yes) Tick	No (Tick)	Date:
<i>David Jamison</i>	✓		15/07/2024

Formal / Informal Offers	
Private Treaty	✓
Auction	
Community Asset Transfer Process	

Preferred Method of Marketing (to be completed by Valuation & Estates): (Tick)

Method for Final Approval (before proceeding with preferred method of marketing) :

Estimated Value:	Approval Required:	Authorised:	Date:
Less than £50,000	Valuation & Estates Manager		
Between £50,000 & £250,000	Director of Finance		
More than £250,000	Executive Property Sub Committee or Executive	<i>DWif Alami</i>	15/07/2024



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Ordnance Survey LA10023413

Remnant Housing Allocation Site
Nunthorpe Grange Farm
Nunthorpe
Middlesbrough
TS7 0NB

Scale : 1:3,000
Date : 27.06.2024
Drawn : E.S
Drg No : VAL 6474

Impact Assessment Level 1 – Initial Screening Assessment

Subject of assessment:	The private treaty disposal of the Council’s freehold interest in land at Nunthorpe Grange for the development of housing and an elderly persons care home.			
Coverage:	Service specific			
This is a decision relating to:	<input type="checkbox"/> Strategy	<input type="checkbox"/> Policy	<input type="checkbox"/> Service	<input type="checkbox"/> Function
	<input type="checkbox"/> Process/procedure	<input type="checkbox"/> Programme	<input checked="" type="checkbox"/> Project	<input type="checkbox"/> Review
	<input type="checkbox"/> Organisational change	<input type="checkbox"/> Other (please state) Asset management		
It is a:	New approach:	<input checked="" type="checkbox"/>	Revision of an existing approach:	<input type="checkbox"/>
It is driven by:	Legislation:	<input type="checkbox"/>	Local or corporate requirements:	<input checked="" type="checkbox"/>
Description:	<p>Key aims, objectives and activities To assess the impact of the proposal to dispose of Council assets at Nunthorpe Grange via private treaty.</p> <p>Statutory drivers (set out exact reference) The Local Government Act 1972 Section 123, as amended by the Local Government Planning & Land Act 1980 Section 118 Schedule 23 Part V.</p> <p>Differences from any previous approach The site was originally intended to be de-risked and marketed for disposal prior to receipt of the private treaty offers. There are no Council staff, or services that will be affected by the disposal proposed.</p> <p>Key stakeholders and intended beneficiaries (internal and external as appropriate) The Council, buyers and the local community.</p> <p>Intended outcomes The proposed disposal of the subject site would:</p> <ul style="list-style-type: none"> • generate a significant capital receipt for the Council; • generate revenue by increasing the Council Tax base; and • remove the Council’s liability for future holding costs, responsibility for, and maintenance of the site. 			
Live date:	September 2024			
Lifespan:	Not applicable.			
Date of next review:	Not applicable.			
Screening questions	Response			Evidence
	No	Yes	Uncertain	

<p>Human Rights Could the decision impact negatively on individual Human Rights as enshrined in UK legislation?*</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>It is considered that the disposal of the site will not impact negatively on individual human rights.</p>
<p>Equality Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?*</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The Council has a duty to consider the impact of the proposed decision on relevant protected characteristics, to ensure it has due regard to the public sector equality duty. Therefore, in the process of taking decisions, the duty requires the Council to have due regard to the need to:</p> <ul style="list-style-type: none"> (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act; (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it, and (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it. <p>Consideration of this duty has shaped the proposals.</p> <p>It is considered that the proposal will not have a disproportionate adverse impact on a group, or individuals, because they hold a protected characteristic.</p> <p>Evidence used to inform this assessment includes engagement to date with relevant Council departmental teams and the proposed purchasers, together with analysis of the terms and conditions that will be incorporated within the proposed sale.</p>
<p>Community Cohesion Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>There are no concerns that the proposal could have an adverse impact on community cohesion.</p>
<p>Sustainable Community Strategy Objectives Could the decision impact negatively on the achievement of the vision for Middlesbrough?* Does this decision impact on the statutory duties associated with these key objectives?*</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>In consideration of these outcomes, the proposal does not impact negatively upon the Council’s sustainable community strategy objectives.</p>
<p>Organisational Management / Transformation Could the decision impact negatively on organisational management or the transformation of the Council’s services as set out in its Transformation Programme?*</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>No tangible relationship between the disposal of the site and the organisational management of the Council, or the transformation of its services (as set out in its Transformation Programme), have been identified. The funding secured through sale would however have the potential to contribute positively to the future transformation.</p>

*Consult the Impact Assessment further guidance appendix for details on the issues covered by each of these broad questions prior to completion.

Next steps:

- ➡ If the answer to all of the above screening questions is No then the process is completed.
- ➡ If the answer of any of the questions is Yes or Uncertain, then a Level 2 Full Impact Assessment must be completed.

Assessment completed by:	Andrew Carr	Head of Service:	Sam Gilmore
Date:	05/08/24	Date:	05/08/24

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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