

MIDDLESBROUGH COUNCIL

Report of:	Director of Regeneration Director of Finance and Transformation
Relevant Executive Member:	Executive Member for Development Executive Member for Finance
Submitted to:	Executive Sub-Committee for Property
Date:	5 February 2025
Title:	Part A – The Disposal of Land at Hemlington Grange South
Report for:	Decision
Status:	Public
Council Plan priority:	Delivering Best Value
Key decision:	Yes
Why:	Decision(s) will incur expenditure or savings above £250,000
Subject to call in?:	Yes
Why:	Non-urgent report and can be called in by the Overview and Scrutiny Board

Executive summary

This report seeks Executive Sub Committee for Property approval for the disposal of Hemlington Grange South, following a competitive bidding process, to the preferred bidder for housing development. The report also seeks approval to conclude the process of removing associated land from a Public Open Space designation.

The disposal of the site in return for a capital receipt to the Council which will assist with meeting the targets set out within the Medium Term Financial Plan. The site will provide quality family housing, ensuring there is an adequate supply of housing to stem outward migration and attract new residents into Middlesbrough. In addition to the funds generated from disposal the development of the site will add to the Council Tax base and, subject to central Government's spending review, has the potential to attract the New Homes Bonus development incentive.

The Council has the option not to dispose of the land, however the absence of new development on this site, will result in foregoing critical income via capital receipts, council tax yields and potential New Homes Bonus for Middlesbrough Council.

Purpose

1. For Executive Sub Committee for Property to consider the bids received by the Council, to approve the disposal of the site to the preferred bidder and conclude the process to remove the designation of associated land as Public Open Space.
2. The report is being considered by the Executive Sub Committee for Property as per the Council's Scheme of Delegation. The terms of reference for this group states that when not referred to the Mayor, Executive or Executive Member to determine, the Executive Sub-Committee for Property is delegated the power to consider and determine the acquisition and disposal of assets (including land and buildings), other than equipment, plant and machinery for resale, in accordance with the requirements of Financial Regulations and Contract Standing Orders.

Recommendations

3. It is recommended that the Executive Sub Committee for Property:
 - a) notes the information contained in Part A of the report;
 - b) approves the disposal of the land at Hemlington Grange South to the preferred bidder, following consideration of the commercially confidential or exempt information contained in Part B of the report;
 - c) approves the removal of the Public Open Space designated for the associated development land;
 - d) delegates any necessary / technical amendments, to the Heads of Terms to the Valuation and Estates Manager in consultation with the Director of Regeneration; and,
 - e) delegates authority to the Director of Regeneration to conclude the additional Public Open Spaces process to allow the offsite highway improvement works to progress as per planning conditions.

Rationale for the recommended decision(s)

4. The capital receipts arising from the disposal of the site will assist with meeting the targets set out within the Medium Term Financial Plan.
5. The site will be subject to the planning process and is targeted to provide quality family housing, ensuring there is an adequate housing supply, to stem outward migration and attract new residents into Middlesbrough. In addition, the development of the site will add to the Council Tax base and subject to central Governments spending review, has the potential to attract the New Homes Bonus development incentive.

Background and relevant information

6. In July 2022, Executive approved the marketing and disposal of Hemlington Grange South site, for the purpose of enabling housing development.
7. Located towards the southern fringe of Middlesbrough, the site is a vacant, 7.05 hectare (ha) Council-owned site and is allocated within the adopted Housing Local Plan (2014).

8. Development Guidance was drafted for the site and this was subsequently adopted in October 2020 following public consultation. The development guidance provides design principles and expectations with regards to how the scheme should come forward in the future. The Development Guidance was provided to bidders as part of the tender pack when marketing the site; so that any bids would be truly reflective of the standard expected on the site.
9. The site constitutes the southeastern most section of the wider Hemlington Grange site, which is also allocated in the adopted Middlesbrough Housing Local Plan as a strategic urban extension comprising 1,230 dwellings. To date, detailed planning permission has been granted for 846 dwellings on the Hemlington Grange site, of which 699 have been completed and occupied. The Council is aware that the site is an extremely popular and successful development.
10. The site is ideally situated to enjoy the surrounding coastline and countryside with Saltburn by the Sea located around 14 miles to the east and the North York Moors National Park a relatively short drive to the south.
11. The site benefits from outline planning approval which was granted in April 2024, prior to site marketing. The site is estimated to be able to deliver up to a total of 150 units, subject to Planning, creating a high-quality development.
12. As part of the normal process of preparing the main allocated site for development, notices of intention to dispose of public space and notice of intention to appropriate open space for planning purposes were completed. No objections to the formal process were received, and it is therefore proposed the designation of Public Open Space is formally removed.
13. In addition, further notices will be issued for the intention to remove a parcel of land outside of the redline boundary for the main site as public open space and to appropriate the land for highway purposes. The land in question is shown within Appendix 2. This will allow the offsite highway improvement works to proceed as per the outline planning application conditions. This report will seek delegated authority for the Director of Regeneration to conclude this process.
14. The residential development 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 borough and attracting new residents from neighbouring areas. This will increase the vibrancy of the area, support Middlesbrough's overall economic growth ambitions and stem out migration.
15. The site was competitively marketed through the NEPO e-tendering portal between September and November 2024. Following the scoring of the bids, a preferred bidder has been identified.
16. The Ward Member for Stainton & Thornton has been briefed in relation to the proposed land disposal.
17. The anticipated timescales for delivery of this site are as follows:

- a) Highway Public Opens Space and Appropriation Process – February 2025
- b) Exchange of Contracts – March 2025
- c) Receive Deposit – March 2025
- d) Detailed Planning Application – October 2025
- e) Legal Completion – November 2025
- f) Developer Start on Site – January 2026
- g) First Completions – January 2027

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

- 18. The Council has the option not to dispose of the land, however the absence of new development on this site will result in forgoing critical income via capital receipts, council tax yields and potential New Home Bonus for Middlesbrough Council.
- 19. The site has been allocated for housing in Middlesbrough’s Local Plan which was subject to extensive consultation. The disposal of the site will facilitate housing growth and support Middlesbrough's aspirations as a place where people want to live and ensuring that high quality housing is available to all.

Impact(s) of the recommended decision(s)

Topic	Impact
Financial (including procurement and Social Value)	<p>The Council will receive a capital receipt for the sale of Hemlington Grange South of which will be outlined within the confidential Part B report.</p> <p>Upon completion of the development, the Council will receive annual Council Tax of between £256,849 and £296,364 once the development is complete. This is based on the development of 130-150 units with an average property band D for the properties and using the 2024/25 Council Tax figures, but the actual amount will depend on the bandings of the houses built.</p> <p>Subject to Central Government spending review, the sale and subsequent development of the properties also has the potential to attract the New Homes Bonus development incentive.</p>
Legal	<p>The Council has justification to use appropriate powers of disposal under Section 123 of the Local Government Act 1972 and the General Consent under Circular 06/03, and the transaction will be documented in accordance with required legal procedures. The Council has a statutory duty to dispose of land for the best consideration that can be reasonably obtained.</p> <p>The Public Open Space Disposal and Land Appropriation process were and will be conducted under the Open Spaces Act 1906 and Under S122 (1) of the Local government Act 1972. As no representations were made following advertisement of the main development site, the Council will now complete this process. Delegated authority is sought to conclude the process for the offsite area identified within Appendix 2.</p> <p>Should a decision to proceed with the disposal (in accordance with planning reference 23/0390/OUT) a further appropriation notice will be necessary to achieve the highways works identified upon neighbouring land to the east as referred to in condition 12 of the outline planning permission.</p>

	All Council's governance processes will be observed accordingly throughout the disposal process.
Risk	<p>The proposed disposal to the preferred bidder is compliant with the Council's procurement processes. As with any disposal, there is a risk that the Council is challenged on its selection of a preferred bidder, however the Council can demonstrate that the scoring process set out in the request for bids has been adhered to and therefore the risk is limited. All of the bids have been reviewed and assessed by a scoring panel in accordance with the request.</p> <p>It must be noted that there is a risk that the preferred Bidder, will, subject to discussions with Planning withdraw from the process due to decreased viability.</p>
Human Rights, Public Sector Equality Duty and Community Cohesion	The attached Impact Assessment, attached as Appendix 1, has concluded that the decisions would not have any disproportionately negative impacts.
Climate Change / Environmental	<p>Biodiversity Net Gain is an approach to mitigate the impacts of development and improve an area's ability to host biodiversity. It makes sure that habitats for wildlife are left in a measurably better state than they were before the development.</p> <p>In England, Biodiversity Net Gain is mandatory under Schedule 7A of the Town and Country Planning Act 1990 (as inserted by Schedule 14 of the Environment Act 2021).</p> <p>Although this site gain outline approval before this legislation was passed, developers within their bids demonstrated their ambitions in relation to Biodiversity Net Gain. This means a development will result in more or better-quality natural habitat than there was before development.</p> <p>The development of new housing will adhere to all current planning and building control requirements.</p>
Children and Young People Cared for by the Authority and Care Leavers	The attached Impact Assessment, attached as Appendix 1, has concluded that the decisions would not have any disproportionately negative impacts.
Data Protection	Not Applicable

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

Action	Responsible Officer	Deadline
Highway Public Opens Space and Appropriation Process – February 2025	Ryan Harwood / Richard Horniman	February 2025
Exchange of Contracts	Ryan Harwood	March 2025
Receive Deposit	Ryan Harwood / Paul Shout	March 2025
Detailed Planning Application	Developer / Paul Clarke	October 2025
Legal Completion	Ryan Harwood	November 2025
Developer Start on Site	Developer	January 2026
First Completions	Developer	January 2027

Appendices

1	Impact Assessment Level 1: Initial Screening Assessment
2.	Appropriation of Land for Highway Purposes

Background papers

Body	Report title	Date
Executive	Strategic Housing Site Disposals - Part A	12 th July 2022

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