

CABINET

THURSDAY, 3RD APRIL 2014

REPORT OF THE PORTFOLIO HOLDER FOR ECONOMY AND EDUCATION

GOLF COURSE RE-DEVELOPMENT PROJECT (DEFERRED RECOMMENDATIONS FROM 20/2/14)

EXEMPT INFORMATION

N/A

PURPOSE

To revisit the report dated 20th February and in particular the two deferred recommendations shown below. Recommendation one has been revised from the proposed recommendation on the 20th February 2014.

RECOMMENDATIONS

That Cabinet;

1. Delegate authority to the Portfolio Holder Economic Development and Education to approve an Engagement Strategy following further discussions with residents and other stakeholders. To approve in the interim the implementation of a regular electronic newsletter and regular press releases to support communications on progress to residents.
2. Approve the recommended approach for disposal of the site through an unconditional sale following outline planning consent being secured (appendix a)

EXECUTIVE SUMMARY

Since the Cabinet meeting on the 20th of February 2014 the Council has secured the services of Atkins through a tender process to deliver a range of technical studies. Further updates on progress will be brought to Cabinet as the project progresses. This report revisits the two deferred recommendations.

Engagement

Following Cabinet on 23rd January 2014 the Leader of the Council met with residents and agreed to engage with them through a consultative group. An initial meeting with residents was held for the 13th February 2014 to discuss how the Council and residents could work together. In initial discussions, local residents were concerned about the impact on them from any future development. They were keen to see the provision of open space and areas for biodiversity. This could be addressed through the masterplanning process. Each of the disposal options have different levels of control for the Council to exert on this process. It is important the Council progress with the local residents taking into account their views and needs of the area.

Following the deferral of the proposed Engagement Strategy on the 20th February the Council has been awaiting further dialogue with the Amington Residents Association and considering its engagement strategy generally. The Council remains keen to engage representatives from the Amington Residents Association but also to ensure that wider input is achieved through the representation of other groups. Therefore it is likely that any future consultative meeting will include representatives from a range of stakeholders.

The Council recognises the ARAs wishes to object to previous Council decisions but involvement in any consultative group meetings relating to the redevelopment project needs to be focused on reviewing the planned re-development and not focus on historic issues relating to the previous operator or the decision making process for disposal. Residents of course remain free to register their disagreement on the disposal decision and to question the Council in other forums and by other means.

Disposal options

The Council has a number of options as to how it progresses the disposal of the site for re-development.

A high level options appraisal has been undertaken and is shown in appendix A. The recommendation to Cabinet is to progress with an application to secure outline planning consent for redevelopment and then to proceed to an unconditional sale as this gives the best opportunities for influencing the development while generating a good commercial return.

The term unconditional sale needs to be made clear. The nature of an unconditional sale is such that the seller in this case Tamworth Borough Council can place conditions on the sale but that the purchaser can not impose conditions on the sale to the seller. The Council plans to retain some of the site from the sale for use as public open space

RESOURCE IMPLICATIONS

The cost of the engagement process will be financed from existing budgets.

LEGAL/RISK IMPLICATIONS BACKGROUND

A project risk assessment will be completed as part of the project documentation but high level project risks include

- Securing appropriate technical support
- Project costs
- Environmental constraints
- Infrastructure constraints
- Securing outline planning permission
- Housing market changes
- Securing a sale
- Political mandate

SUSTAINABILITY IMPLICATIONS

There are a range of sustainability issues to consider and the project will develop information to help address sustainability questions as part of the proposed planning application and subsequent sale of the land.

BACKGROUND INFORMATION

None

REPORT AUTHOR (S)

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LIST OF BACKGROUND PAPERS

Cabinet Report 20/2/14
Cabinet Report 24/1/14

Appendix A

Disposal Options Appraisal

There are a number of options for the disposal of the asset and these are described below.

Joint Venture: This is where the public and private sector come together through a legal agreement to deliver a project or service. A Joint Venture involves both partners committing (at different levels depending on the contract) to provide capital money, an asset and technical expertise. In this scenario the Council would tender for a partner who would take forward the survey work required, submit a planning application and if successful would be responsible for marketing and selling the site. The value of the site is determined through professional valuations and negotiation.

Unconditional sale following planning consent: In this scenario the Council would undertake the work required to make a planning application and if successful would then appoint a selling agent to dispose of the site for a capital receipt. There would be no conditions attached to the sale by the purchaser so the price tendered would be the receipt received. The Council can decide which land is to be sold. The value of the site is determined through a competitive tender.

A conditional sale: in this scenario the council could offer the site for sale now. Conditional sales can be complicated and typically purchasers would offer a price subject to a range of conditions being met, including obtaining planning permission. This could include the purchaser paying an annual fee to the Council for the option of purchasing the site until planning consent was achieved. The value of the site is determined through professional valuations and negotiation.

Unconditional sale: in this scenario the council could offer the site for sale now and take the best price. That would be the end of the Council's involvement in the land. The value of the site is determined through a competitive tender

A RAG (Red, Amber, Green) status has been applied to each of the options. A green status is where the option would allow the Council to meet the project outcomes. A red status is where the option meets a low number of the project outcomes, if any.

Disposal Method	Delivery of development	Financial Implications	Control	Summary
Joint Venture	<p>This option would enable the Council to influence and drive the progress of the project up until the point of sale, but responsibility would usually remain with the development partner.</p> <p>Restrictive Covenants in the Conveyance would allow the Council some control of what happens to the site after the sale. Once the land is sold the Council has no influence on when the development may start.</p>	<p>This option would carry a medium financial cost to the council to procure a development partner. Specialist legal and property expertise would need to be procured.</p> <p>This scenario would see the private sector partner funding the planning application and sale process.</p> <p>The final sale figure is likely to be maximised but the development partner in the joint venture would take a substantial cut of this. If the development partner was also the developer and would build the development then there would likely to be further negotiations on the final price.</p> <p>This option could take a long time to achieve a receipt as it is would take an estimated 6 – 9 months to appoint a partner to a JV. This is before any site investigation or masterplanning could take place. A Sale may not be achieved until the end of 2016.</p>	<p>The Council retains overall control of the project. The partner acts as a check and balance to ensure the disposal of the site maximises return. The council can specify in the tender documentation what is required from the partner in terms of consultation, studies, masterplanning and Council sign off. The more restrictions placed on the partner, the higher the risk for them and therefore the higher their potential % of the sale.</p>	<p>The cost to the Council in progressing a planning application and sale will be shared or borne by the development partner. However, the final return would be shared with the development partner. This option is less risky but the Council has less control and may not maximise the capital receipt.</p> <p>AMBER</p>
Unconditional sale following planning consent	<p>This option would allow the Council to retain control over the program up until the point of sale.</p> <p>Restrictive Covenants in the Conveyance would allow the Council some control of what happens to the site after the sale. Once the land is sold the Council has no influence on when the development may start.</p>	<p>Know what the receipt will be upon sale. and the risk of an extended period of negotiation over price or conditions of sale is removed.</p> <p>This option is likely to maximise the return to the Council and also be the quickest.</p> <p>This option is likely to be the highest cost to the Council initially to prepare all the necessary investigation reports to support a planning application.</p>	<p>The council retains control of the project until sale. It can through the masterplanning process involve the public. However, it must be mindful of what potential purchasers require in order to maximise return. It can also through the masterplanning process determine if there are any parts of the site which would be retained. Once the site is sold, there is nothing to stop the purchaser seeking an alternative consent.</p>	<p>Although this is the highest cost to the council initially, the increase in potential return is much greater. It also provides the Council with a high degree of control over the process and the final outcome.</p> <p>GREEN</p>
Conditional Sale	<p>This option would likely to see the preferred purchaser seek planning permission before completing the sale. This could be a protracted process as negotiation takes place on the final sale price.</p> <p>Restrictive Covenants in the Conveyance would allow the Council some control of what happens to the site after the sale. Once the land is sold the Council has no influence on when the development may start.</p>	<p>This could take a long time to achieve a financial return, with the earliest timeframe for a receipt being early 2016.</p> <p>The costs associated with this scenario are judged to be medium as legal expertise would be required over the course of the sale which could be protracted</p> <p>This could be a low financial return. Typically, developers ensure that the original price tendered is knocked down through the process.</p>	<p>Council retains some control until the land is sold.</p>	<p>This option is likely to lead to the lowest financial return and less control over the final design and programme.</p> <p>RED</p>
Unconditional Sale	<p>Restrictive Covenants in the Conveyance would allow the Council some control of what happens to the site after the sale. Once the land is sold the Council has no influence on when the development may start.</p>	<p>A financial receipt could be obtained quickly A low cost to the council to dispose. The financial receipt is likely to be the lowest.</p>	<p>The Council has no control once the site is sold.</p>	<p>The financial return is likely to be low but could be achieved fairly quickly. The Council would have no control on the final design and programme.</p> <p>RED</p>

