

DECISION-MAKER:	CABINET		
SUBJECT:	DISPOSAL OF LAND AT TEST LANE		
DATE OF DECISION:	20 AUGUST 2013		
REPORT OF:	CABINET MEMBER FOR RESOURCES		
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY

Confidential Appendix 2 contains information deemed to be exempt from general publication based on Category 3 of paragraph 10.4 of the Council's Access to Information Procedure Rules. The appendix includes details of a proposed transaction which, if disclosed prior to entering into a Legal contract, could put the Council at a commercial disadvantage. In applying the public interest test it is not considered appropriate to make public the bids received as this could lead to a revision of bids and, in the event of the transaction failing to complete, prejudice re-tendering of the property, therefore reducing the amount receivable by the Council.

BRIEF SUMMARY

This report sets out the results of the marketing of the land at Test Lane, Redbridge (a 16 acre site currently allocated for commercial development) and seeks approval for disposal of the site as recommended.

RECOMMENDATIONS:

- (i) To approve the sale of the land at Test Lane to the recommended bidder as set out in Confidential Appendix 2 and to delegate authority to the Head of Property, Procurement & Contract Management to negotiate final terms and accept the next best bid in the event of the selected bidder not proceeding or in the event they seek to renegotiate the price below that of the next best bid and to continue such process as necessary, including re-marketing the property if necessary.
- (ii) To delegate authority to the Head of Property, Procurement & Contract Management to negotiate the inclusion of additional land owned by the Council between the land outlined in red on the attached plan attached at Appendix 1 and Test Lane to the west and Gover Road to the south west where required to facilitate access to, or servicing of, the site.
- (ii) To authorise the Head of Legal, HR and Democratic Services to enter into any legal documentation necessary in respect of the sale of the site.

- (iv) To authorise the Director of Corporate Services to take any further action necessary to give effect to the decision of the Executive in relation to this matter.
- (v) To note that the estimated value of the capital receipt from this disposal has already been built into the funding of the capital programme. Any receipt that differs from the estimates will need to be considered corporately as part of any future prioritisation of resources.

REASONS FOR REPORT RECOMMENDATIONS

1. The land at Test Lane is a property asset not held for long term strategic purposes and is on the Council's current disposal programme. The disposal of the site will enable the Council to realise a significant capital receipt and provide an opportunity for new development in the City which will attract new investment and employment opportunities.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. In considering the bids received the options are to sell the site to the recommended bidder, sell the site to a different bidder, not to sell at all following this tender and remarket the site or retain the site. It is considered that no significant benefit would be gained from remarketing the site as the offer of the recommended bidder realises best consideration.

DETAIL (Including consultation carried out)

3. The land at Test Lane extends to approximately 16 acres (6.5 hectares) as shown outlined in red on the plan attached at Appendix 1. The site was transferred to the Council in 1997 on local Government Reorganisation. Grazing on the site ceased in 2000 and following that the site was used as a Boat Show Park & Ride car park each year until 2008. It is identified in the Local Plan Review for B1 (light industrial and research and development) and B8 (storage and distribution) uses with ancillary office use.
4. The site is allocated under Policy MSA 19 'Test Lane South' which states:
"Test Lane South is safeguarded for B1, and B8 uses. Development will be permitted which:
 - (i) provides a buffer of landscaped and planted open space on the southern boundary of the site; refer to CLT 7;
 - (ii) would not adversely affect the residential amenity of the occupiers of nearby properties on Gover Road and Coniston Road.

Built development will not be permitted on the southern part of the site."

5. Prior to marketing an Information & Development Brief was prepared to highlight the opportunities and constraints of the site. The Brief highlighted the requirement to provide a suitable buffer zone (area of open space of a minimum of two acres) along the southern boundary to protect the amenity of the residential area to the south of the site. Due to the location of the site there will also be requirements for flood mitigation measures, drainage attenuation, some remediation to deal with areas of historic landfill/tipping (which is known to exist of the site) and local highway improvements. Any proposed development will also need to ensure it does not impact on the Test Nature Reserve to the west.
6. The property has now been marketed and offers invited by way of informal tender in accordance with the Council's normal sale procedures. Offers were invited on a 'subject to planning basis' as this was considered the best way of securing the highest price for the site and realising best consideration.
7. In order to facilitate vehicular access to the site and connections to mains services (water, gas, electricity etc.) the Council may be requested to grant the developer the necessary rights to make these connections across the adjoining land owned by the Council between the site (outlined in red on the Plan at Appendix 1) and Test Lane to the West and Gover Road to the South West. This may also require the transfer of some freehold parcels of this land. Recommendation (ii) seeks the necessary authority for this.
8. At this stage no specific occupiers have been identified for the site but it is envisaged that the greatest demand is likely to be from the logistics and distribution sector along with, to a more limited extent, some light industrial uses. As the planning process is taken further forward and occupiers can see that delivery of the development is more certain we anticipate that occupiers will seek to commit to the site. The amount of employment generated will vary depending on occupiers but having taken advice from Economic Development, based on average employment densities a scheme of say 21,000 square metres of accommodation with 70% B8 (Storage & Distribution) and 30% B1 (light industrial) uses could deliver in the region of 320 full time jobs. Research has shown that the logistics sector creates a wide range of job opportunities from delivery and warehouses operatives to marketing, sales and logistics staff.

RESOURCE IMPLICATIONS

Capital/Revenue

9. The sale of the site will release a 100% capital receipt to the General Fund which has already been built into the funding of the current capital programme. This assumed that the sale would complete in 2013/14 but it is now anticipated that the sale receipt is unlikely to be received until 2014/15 and could possibly even slip into 2015/16. Any receipt that differs from the estimates in terms of value and timing will need to be considered as part of any future prioritisation of resources.

10. As reported in February 2013 the capital programme is fully funded based on the latest forecast of available resources although the forecast can be subject to change; most notably with regard to the value and timing of anticipated receipts. In addition to the forecast capital receipts there will be additional receipts which will flow from the enhanced sale of assets programme as this comes to fruition. Towards the end of 2013/14 it should be possible to better estimate the amount and timing of these forecast additional receipts.
11. The future intention is to use any additional capital receipts from disposals over and above those which are funding the current programme to repay long-term council borrowing. In practice this will be subject to the current position on temporary borrowing at that time together with any future prioritisation of resources.
12. There will be no loss of income from the disposal of the property as rental income is not received. The ongoing holding costs for grass cutting, fencing repairs and inspections of the site up to the point of sale will be met within the Resources Portfolio Property Management budget, which exists for this purpose.

Property/Other

13. The disposal of the land at Test Lane is consistent with the Corporate Property Strategy and it is property that is surplus to requirements.
14. The land is currently vacant.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

15. The relevant power of disposal is Section 123 of the Local Government Act 1972.

Other Legal Implications:

16. Not applicable

POLICY FRAMEWORK IMPLICATIONS

17. The disposal of a Council property for a capital receipt supports the Council's capital programme. Any additional receipt over and above those which are funding the current programme may be used to repay long-term borrowing, subject to the current position on temporary borrowing at that time together with any future prioritisation of resources.

KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED:	Redbridge
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SUPPORTING DOCUMENTATION

Appendices

1.	Site Plan
2.	Confidential Appendix containing details of the proposed transaction and bids received.

Documents In Members' Rooms

1.	None
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Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.	No
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Other Background Documents Equality Impact Assessment and Other Background documents available for inspection at:

Title of Background Paper(s) Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)

1.	None	
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