

# Chichester District Council

**CABINET**

**8 September 2015**

## **Land at Church Road, Portfield, Chichester**

### **1. Contacts**

#### **Report Author:**

Vicki McKay, Deputy Valuation and Estates Manager  
Tel: 01243 534519 E-mail: [vmckay@chichester.gov.uk](mailto:vmckay@chichester.gov.uk)

#### **Cabinet Member:**

Mrs. Gillian Keegan, Cabinet Member for Commercial Services  
Tel 01798 344084 E-mail: [gkeegan@chichester.gov.uk](mailto:gkeegan@chichester.gov.uk)

### **2. Recommendation**

- 2.1. Having considered the recommendations of Overview & Scrutiny Committee and the comments of officers set out in this report,**
- (a) That it be noted that the delegated powers in minute 6(3) of 2 June 2015 have not been exercised and that that decision be accordingly rescinded.**
  - (b) To proceed with the freehold disposal of the site as recommended in paragraphs 5.4 and 5.5. and that the decision in minute 6(1) of the Cabinet meeting on the 2 June in relation to the selection of a preferred bidder be rescinded.**
  - (c) To conclude a sale with the party shown "B" in the exempt Appendix 2.**
  - (d) In the event that the sale does not proceed that the Head of Commercial Services be authorised, following consultation with the Cabinet Member for Commercial Services, her Special Adviser and the Leader of the Council, to conclude a freehold sale at not less than the figure indicated in the exempt Appendix 2 as the minimum acceptable sale price and an affordable housing level of 40%.**

### **3. Background**

3.1. Cabinet considered the disposal of this site on 2 June when it resolved to select a named bidder as its preferred purchaser, based on the financial offer and level of affordable housing proposed.

3.2. The Cabinet also resolved:

"(3) That, should the sale to the selected preferred bidder not complete, the Head of Commercial Services be authorised, following consultation with the Executive Director and with the Cabinet Member for Commercial Services, to conclude a sale to another bidder at an affordable housing percentage of not less than 40% and of not less than the figure stated in Appendix 2 (exempt)

as the acceptable minimum sale price.”

- 3.3. This resolution (3) was the subject of a call in and was considered by Overview & Scrutiny Committee at its meeting on 2 July, where it was resolved (see Appendix 1) to recommend:
  - (a) That decision (3) in respect of agenda item 6 of the Cabinet meeting of 2 June relating to Land at Church Road Chichester be reconsidered;
  - (b) That Cabinet gives further consideration to alternative ways of securing best financial value and community benefits from the site
- 3.4. Following the resolution of Cabinet, further discussions with the preferred bidder have taken place. The bid from that company is now less certain than at the time reported to Cabinet due to an apparent change of position on infrastructure works, the intended Housing Association partner and the budget announcement of a reduction in registered provider rents by 1% per annum for 4 years.
- 3.5. Informal contact has been made with other bidders whose offers were of interest to the Council. Those companies have confirmed their continued interest in the land and submitted revised bids with a differing level of affordable housing. Details of those bids are shown at Appendix 2 (Exempt).

#### **4. Outcomes to be achieved**

- 4.1. The Council is seeking to achieve the successful disposal of this site within its valuation parameters and securing a level of affordable housing for the site that reflects the need in this area of the district.
- 4.2. The Council is seeking a capital receipt from this disposal.

#### **5. Points for Consideration and Proposal**

- 5.1. On giving consideration to the call-in, the Overview & Scrutiny Committee has referred the decision made by Cabinet on 2 June back to Cabinet for further consideration and in particular has asked that Cabinet gives further consideration to alternative ways of securing best financial value and community benefits from the site.
- 5.2. In this regard Cabinet is reminded that the property was widely marketed and competitive bids sought by the Council and this is considered by officers as the best means of securing the best financial value and community benefits from the site.
- 5.3. A suggestion made in connection with the call in is for the Council to retain an interest in the land and to be involved in a joint venture housing development with another party. Members are advised, however, that in marketing the site interested parties were given the opportunity to bid on this basis. No proposals were received on this basis. Also in advance of the marketing of the site discussions had taken place with a housing provider to explore the potential for a joint venture with them but the return offered from that organisation to the Council was much lower than the bids received for the purchase of the site and the proposal was not submitted in accordance with the bidding deadline.

- 5.4. Cabinet is therefore recommended to proceed with the freehold disposal of the land for housing development.
- 5.5. Having regard to the current value of the offer received from the previously selected preferred bidder and the revised bids received from the three next highest bidders based on a 40% affordable housing provision, it is recommended that the Council seeks to conclude a sale to the company marked 'B' at Appendix 2 at the offer price shown. Should that sale not successfully complete, it is recommended that the Head of Commercial Services be authorised, after consultation with the Cabinet Member for Commercial Services, her Special Adviser and the Leader, to conclude a freehold sale at not less than the figure stated in the exempt Appendix 2 as the minimum acceptable sale price and an affordable housing level of 40% and failing a successful outcome that the site is remarketed.

## **6. Alternatives that have been considered in connection with this disposal**

- 6.1. Cabinet at its meeting on 11 February 2015 was also given the opportunity to pursue different courses of action and the bids considered at the Cabinet meeting were the result of pursuing the chosen alternative. Options for the site were considered further at the Cabinet meeting on 2 June 2015.

## **7. Resource and legal implications**

- 7.1. Due to its complexities, the legal work associated with this disposal is being undertaken by an external solicitor, the cost of which will be an allowance against the costs of sale. Draft contract documentation has already been produced, the detail points of which will need agreeing.
- 7.2. The detail of the projected capital receipt is set out in Appendix 2 (not for publication).

## **8. Consultation**

- 8.1. External consultation on the development of the site was facilitated through the planning application process.
- 8.2. Members have been consulted on the general proposals for this area via previous reports to the Executive Board and Cabinet. Planning officers have been consulted as part of the previous planning extension process.
- 8.3. Housing officers have been involved in the marketing process and in considering the bids received. Cabinet at its meeting on 2 June 2015 proposed that any further marketing or negotiations with parties other than the preferred bidder should seek to achieve 40% affordable housing.

## **9. Community impact and corporate risks**

- 9.1. There is a general risk that the proposal in paragraph 5.5 does not result in a completed sale.

Should an alternative purchaser not be in a position to proceed, the Council would need to plan and commence new marketing of the site, leading to a potentially significant delay in completing the disposal.

- 9.2. As previously reported, there is a specific risk relating to planning permission, firstly in respect of a further extension of time application for the current planning permission; secondly, a new application made by the selected purchaser also carries the risk of refusal or protracted appeal proceedings that could delay the capital receipt for a period of time or result in the sale being frustrated and not completing.

## 10. Other Implications

<b>Crime &amp; Disorder:</b>	None
<b>Climate Change:</b>	None
<b>Human Rights and Equality Impact:</b>	None
<b>Safeguarding:</b>	None

## 11. Background Papers

11.1. None

## 12. Appendices

- Appendix 1 - Minute extract Overview & Scrutiny Committee 2 July 2015
- Appendix 2 - Details of bids received (Not for Publication)