

CABINET MEETING – 11 FEBRUARY 2015

EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

Disposal of land at Philadelphia, Houghton le Spring, Sunderland

Author(s):

Report of the Deputy Chief Executive

Purpose of Report:

To seek approval for the disposal of the Council's freehold interest in land at Philadelphia, Houghton le Spring, Sunderland.

Description of Decision:

Cabinet is recommended to:

Agree to the disposal of the Council's freehold interest in approximately 6.03 acres of land at Philadelphia, Houghton le Spring, Sunderland to Esh Developments (Esh) at a price which is the best consideration reasonably obtainable and on terms to be agreed by the Deputy Chief Executive, the Leader and Cabinet Secretary.

Is the decision consistent with the Budget/Policy Framework?

Yes

If not, Council approval is required to change the Budget/Policy Framework

Suggested reason(s) for Decision:

To secure further investment in the city and facilitate a residential development, which will be of benefit to the Council by providing a satisfactory capital receipt, securing an increase in Business Rates, the council tax base and income through the new homes bonus.

Alternative options to be considered and recommended to be rejected:

The alternative options are:-

- (i) Retain the land. This would not secure further investment in the City or the capital receipt, business rates, council tax and New Homes bonus. The Council will continue to incur holding costs of the vacant site.
- (ii) Advertise the site on the open market. The Council has received an offer for the site without the costs and delay of marketing the opportunity. The offer complies with the Council's statutory duty to obtain the best consideration reasonably obtainable for disposals of land which is supported by external valuation evidence. The proposed

development is appropriate in planning terms.
Furthermore by agreeing to a direct sale to the owner of the adjacent sites it will ensure that a comprehensive development can be achieved.

Both of the options have been considered and are not recommended.

Impacts analysed;

Equality N/A Privacy N/A Sustainability N/A Crime and Disorder N/A

Is this a “Key Decision” as defined in the Constitution?

Yes

Scrutiny Committee

Is it included in the 28 day Notice of Decisions?

Yes

**DISPOSAL OF LAND AT PHILADELPHIA, HOUGHTON LE SPRING,
SUNDERLAND****REPORT OF THE DEPUTY CHIEF EXECUTIVE****1.0 Purpose of the Report**

- 1.1 To seek approval for the disposal of the Council's freehold interest in land at Philadelphia, Houghton le Spring, Sunderland.

2.0 Description of Decision

- 2.1 Cabinet is recommended to:

Agree to the disposal of the Council's freehold interest in approximately 6.03 acres of land at Philadelphia, Houghton le Spring, Sunderland to Esh Developments (Esh) at a price which is the best consideration reasonably obtainable and on terms to be agreed by the Deputy Chief Executive, the Leader and Cabinet Secretary.

3.0 Background

- 3.1 The Council owns the freehold of the land at Philadelphia, shown cross hatched on the plan in Appendix 1.
- 3.2 The land forms part of Esh's wider proposal for a £100m comprehensive redevelopment around the Philadelphia Complex and the extent of which is shown in bold outline on the plan in Appendix 1. The overall proposal put forward by Esh provides for the construction of up to 500 new houses and new retail space in addition to the refurbishment of listed buildings to be used as an employment zone.
- 3.3 As the Council's land forms part of the comprehensive development scheme which is proposed for the area, and Esh have been able to secure cooperation with other land owners to assemble the development site, it is considered appropriate to deal directly with Esh to assist in the delivery of the proposed comprehensive development.

4.0 Current Position

4.1 Esh has approached the Council to purchase the Council's land for residential development which will be included in the overall scheme.

As the Council's land forms part of the comprehensive development scheme which is proposed for the area, and Esh have been able to secure cooperation with other land owners to assemble the development site, it is considered appropriate to deal directly with them to assist in the delivery of the proposed comprehensive development scheme.

Esh has made a financial offer for the site which is considered meets the Council's obligation to obtain the best consideration reasonably obtainable pursuant to section 123 of the local Government Act 1972.

The offer has been confirmed by an external third party valuation as representing best consideration.

5.0 Reasons for Decision

To secure further investment in the city and facilitate a residential development which will be of benefit to the Council by providing a satisfactory capital receipt, securing an increase in Business Rates, the council tax base, and income through the new homes bonus.

6.0 Alternative Options

Alternative options to be considered and recommended to be rejected:

The alternative options are:-

(1) Retain the land. This would not secure further investment in the City or the capital receipt, business rates, council tax and New Homes bonus. The Council will continue to incur holding costs of the vacant site.

(2) Advertise the site on the open market. The Council has received an offer for the site without the costs and delay of marketing the opportunity. The offer complies with the Council's statutory duty to obtain the best consideration reasonably obtainable for disposals of land which is supported by external valuation evidence. The proposed development is appropriate in planning terms.

Furthermore by agreeing to a direct sale to the owner of the adjacent sites it will ensure that a comprehensive development can be achieved.

Both of the options have been considered and are not recommended.

7.0 Financial Implications

The sale will realise a significant capital receipt for the Council. Should the development progress as planned there will also be additional income to the Council through Business Rates, the council tax base, and the new homes bonus.

8.0 Impact Analysis

8(a) Equalities – N/A

8(b) Privacy Impact Assessment (PIA) – N/A

8(c) Sustainability

Sustainability Impact Appraisal

Sunderland Strategy Objectives cross check with decisions outcomes:

- **Prosperous City**

The sale will result in new housing development. [and help secure the delivery of the overall development bringing new jobs and investment etc.??]

- **Healthy City / Safe City**

No impact

- **Learning City**

No impact

- **Attractive and Inclusive City**

No impact

8(d) Reduction of Crime and Disorder – Community Cohesion / Social Inclusion – N/A

9. Other Relevant Considerations / Consultations

The Director of Finance and the Head of Law and Governance have been consulted and their comments are contained in this report.

Property Services have undertaken a valuation exercise and have also obtained external valuation advice which confirms that the disposal is for the best consideration reasonably obtainable in accordance with Section 123 of the Local Government Act 1972 which is the relevant statutory provision authorising the Council to dispose of the land.

10. List of Appendices

Appendix 1 Plan of Land at Philadelphia.

11. Background Papers

N/A

