

CABINET MEETING - 8 April 2009

EXECUTIVE SUMMARY SHEET

Title of Report:

Land at the former Whitefield Pit, Station Road, Penshaw

Author(s):

Director of Development and Regeneration

Purpose of Report:

To rescind the previous Cabinet decision to accept a financial offer for the disposal of the Council's freehold interest in 0.22 hectares or thereabouts of land at the former Whitefield Pit, Station Road, Penshaw.

Description of Decision:

Cabinet is recommended to rescind its decision made at its meeting on 9 July 2008 to dispose of the Council's freehold interest in 0.22 hectares or thereabouts of land at the former Whitefield Pit, Station Road, Penshaw to Bellway Homes Limited (Bellway).

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:

The Council has previously agreed to reduce the price for the land following a request from Bellway Homes Limited despite which the company has not completed the purchase. The company is not in a position to complete the purchase and the previous Cabinet decision needs to be rescinded.

Alternative options to be considered and recommended to be rejected:

An alternative option is to leave the acceptance of the offer open to Bellway Homes Limited pending an improvement in market conditions. Cabinet will note that the price has been reduced at Bellway Homes Limited's request due to the market conditions and the Council is also unlikely to be in a position to demonstrate best consideration for its interest should this option be progressed.

A further option is for the Council to re-market the site. This is unlikely to demonstrate best consideration in the current market conditions.

These options therefore are not recommended.

<p>Is this a “Key Decision” as defined in the Constitution?</p> <p>Yes</p>	<p>Relevant Review Committee:</p> <p>Policy Co-ordination and Review</p>
<p>Is it included in the Forward Plan?</p> <p>Yes</p>	

LAND AT THE FORMER WHITEFIELD PIT, STATION ROAD, PENSHAW

REPORT OF THE DIRECTOR OF DEVELOPMENT AND REGENERATION

1.0 Purpose of the Report

- 1.1 To rescind the previous Cabinet decision to accept a financial offer for the disposal of the Council's freehold interest in 0.22 hectares or thereabouts of land at the former Whitefield Pit, Station Road, Penshaw.

2.0 Description of Decision

- 2.1 Cabinet is recommended to rescind its decision made at its meeting on 9 July 2008 to dispose of the Council's freehold interest in 0.22 hectares or thereabouts of land at the former Whitefield Pit, Station Road, Penshaw to Bellway Homes Limited (Bellway).

3.0 Background

- 3.1 At its meeting on 9 July 2008 Cabinet agreed to Bellway's request to reduce the previously accepted price for the purchase 0.22 hectares of Council land within the former Whitefield Pit site at Station Road, Penshaw for inclusion in a larger site Bellway has acquired for residential development.
- 3.2 The sale was subject to a highway stopping up order being completed. This order was subsequently confirmed but Bellway has not completed the purchase and has now advised it cannot do so at the previously accepted price given the deterioration in market conditions.
- 3.3 Cabinet may recall that the Council owned land was to form part of a larger site for residential development, and that on its own the Council site was not capable of development. Bellway has indicated that it could only proceed if the development was changed to an affordable housing scheme, delivered by one of its RSL partners. This would require negotiations with any prospective partner regarding the terms of such an arrangement, and would also require an agreement from the owners of the other land involved in the proposed development that such an arrangement was acceptable to them. Bearing this in mind, any new development opportunities will be considered in conjunction with Health, Housing and Adult Services, and a further report brought back to Cabinet for consideration if appropriate.
- 3.4 Should Cabinet agree with the recommendation, the land will be retained as informal amenity open space, until a new development opportunity can be brought forward.

4.0 Reason for Decision

- 4.1 The Council has previously agreed to reduce the price for the land following a request from Bellway Homes Limited despite which the company has not completed the purchase. The company is not in a position to complete the purchase and the previous Cabinet decision needs to be rescinded.

5.0 Alternative Option

- 5.1 An alternative option is to leave the acceptance of the offer open to Bellway Homes Limited pending an improvement in market conditions. Cabinet will note that the price has been reduced at Bellway Homes Limited's request due to the market conditions and the Council is also unlikely to be in a position to demonstrate best consideration for its interest should this option be progressed.
- 5.2 A further option is for the Council to re-market the site. This is unlikely to demonstrate best consideration in the current market conditions.
- 5.3 These options therefore are not recommended.

6.0 Relevant Consultations

- 6.1 The City Solicitor and City Treasurer have been consulted on this report.

7.0 Background papers

- 7.1 Station Road file available through the Director of Development and Regeneration.