

**REPORT OF: STRATEGIC DIRECTOR**

**TO: EXECUTIVE**

**DATES: 25<sup>th</sup> AUGUST 2016**

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## **LAND AT GREAT HOUSE FARM, RED LANE, COLNE**

### **PURPOSE OF REPORT**

1. The purpose of this report is to seek the Executive's approval to dispose of land at Great House Farm, Red Lane, Colne.

### **RECOMMENDATIONS**

2. The Executive is recommended to:-
  - a) give approval to the disposal of the land at Great House Farm, Red Lane, Colne as set out at Appendix A (including the additional land to be declared surplus as set out in the report) to Beck Developments Ltd;
  - b) agree that disposal should be on the basis of the Heads of Terms at set out at Appendix B;

### **REASONS FOR RECOMMENDATION**

3. To dispose of Council-owned land in return for a capital receipt and to facilitate the development of new build housing.

### **ISSUE**

4. At the meeting of Council in June 2013, it was resolved to declare surplus land at Great House Farm, Red Lane, Colne. A plan of the land is provided at [Appendix A](#) (which includes two additional areas of land – as marked - that the Executive is requested to declare surplus as part of the proposal set out below).
5. As Councillors may be aware, the Council's land is adjacent to land in the ownership of Beck Developments (as shown on the plan at Appendix A). Beck Developments have previously sought planning consent to develop their site but, for a variety of reasons, this has not been achieved. Indeed, they were unsuccessful with an appeal against the Council's decision to refuse planning consent on the grounds of design and location of open space; on the issue of access to their site (through the Meadows), the Planning Inspector found in their favour.

6. Discussions have taken place with Beck Developments on this matter and their view is that they can overcome the objections to their scheme and will be submitting a new application in due course. During these discussions, however, consideration has been given to a proposal for the development of the Council's land in conjunction with the land in Beck Developments ownership. By incorporating the Council's land into the proposed development, this would provide access to the developed site off Red Lane rather than through the Meadows.
7. From the Council's perspective, there is scope for the Council to realise a capital receipt from the disposal of the site whilst at the same time helping to facilitate the development of c47 houses with access off Red Lane as opposed to the Meadows (subject to planning consent being obtained). In view of this, and subject to the Executive's agreement, it is proposed to dispose of the Council's land to Beck Development to facilitate the housing development across both areas of land on the basis of the Heads of Terms set out at [Appendix B](#).
8. The Council's land has an open market value, as estimated by Liberata Property Services, of £1.2m. In addition Liberata have estimated that the sale of the Council's land to Beck Developments has *synergistic* value – this is to say that combining the Council's land with that owned by Beck Developments, with access to their land from Red Lane creates some additional value. However, Liberata acknowledge that this additional value can be difficult to determine as in effect it comes down to what a developer is willing to pay over and above the open market value of the land.
9. A figure in the region of £240,000 has been estimated by Liberata. Negotiations with Beck have yielded an offer of £60,000 giving rise to a total value for the Council's land of £1.26m and this is the value reflected in the draft Heads of Terms at Appendix B. It is stressed that this 'synergistic' value only arises in additional value to an adjacent land owner, i.e. Beck Developments given they own the adjacent site. A sale to another Developer would be limited to the open market value for the council's land.
10. The capital receipt referred to above of £1.26m is gross of both any abnormal costs that may be incurred as the site is developed and any share of Section 106 costs. The agreement with Beck allows for variation in the event that they identify abnormal costs during site investigations prior to developing the site. Such costs will be subject to agreement with the Council and the draft Heads of Terms includes provision for the referral of these costs to an independent third party. The extent of any S106 obligations placed on the development at the planning stage will also be defrayed pro-rata against the capital receipt payable to the council.
11. If the Executive resolve to proceed on this basis, a detailed Contract for Sale will be developed conditional upon, amongst other matters, achieving planning consent for the development.
12. Subject to the Executive's agreement to this matter, Beck Developments intend to submit a planning application to the Council with the current expectation that this will be received in September/October 2016.

## **IMPLICATIONS**

### **Policy**

13. There are no policy implications arising directly from the contents of this report.

## **Financial**

14. The financial implications are as given in the report.

## **Legal**

15. Subject to the Councillors resolving to the dispose of the site on the basis of the information set out in this report, a Sales Contract will be prepared by Legal from the Heads of Terms.

## **Risk Management**

16. There are risks when land is disposed of to one owner. Only if it is exposed to the open market can an actual market value be established. However in this case the sale to a designated purchaser will allow the council to ensure that both parcels of land are brought into beneficial housing use in a coordinated manner to achieve the council's strategic aims to create housing in the Borough and to provide access to Beck Developments land from Red Lane, which is the preferred option. Estimates of values have been prepared from comparable residential open market sales of development land.

## **Health and Safety**

17. There are no Health and Safety implications arising from this report.

## **Climate Change**

18. As with health and safety implications, there are no climate change implications arising directly from this report.

## **Community Safety**

19. There are no community safety issues arising directly from the contents of this report.

## **Equality and Diversity**

20. There are no equality and diversity implications arising directly from the contents of this report.

## **APPENDICES**

Appendix A – Plan of Site for Red Lane, Colne

Appendix B – Draft Heads of Terms for Sale of Land to Beck Developments

## **LIST OF BACKGROUND PAPERS**

Report to Council – Disposal of Strategic Sites – June 2013