

# CABINET

## Land at Scotforth Road, Lancaster 22<sup>nd</sup> January 2008

### Report of Corporate Director (Finance & Performance)

PURPOSE OF REPORT			
To allow Cabinet to consider the tender documents prepared for the site and determine whether the site should be marketed with a view to its disposal.			
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input checked="" type="checkbox"/>
Date Included in Forward Plan		N/A	
This report is public.			

#### RECOMMENDATIONS OF COUNCILLOR ARCHER

- (1) That cabinet approve the Tender Brief and proposals for marketing of the site and receive a further report and presentations on bids submitted in due course.

#### 1.0 Introduction

- 1.1 At their meeting in October 2007, Cabinet considered a report on the potential disposal of land of Scotforth Road, Lancaster (also known as land adjacent to Lawson's Bridge).

- 1.2 Cabinet resolved as follows:

"That the site at Scotforth (Lawson's Bridge) be marketed by way of a Development Agreement and that Officers be instructed to draw up a tender brief for approval by Cabinet prior to tenders for the land being invited."

- 1.3 Subsequently the matter was considered by the Overview and Scrutiny Committee following the call in procedure. The Committee resolved as follows:

"That Overview and Scrutiny Committee request that the draft tender brief for the Lawson's Bridge site appears before this committee before the Cabinet makes its decision."

- 1.4 A meeting of the Overview and Scrutiny Committee has been arranged prior to this Cabinet meeting and the views of that Committee will be reported to Cabinet members.

## **2.0 Proposal Details**

- 2.1 Attached to this report is the Tender documentation that has been prepared.
- 2.2 It is proposed that the land be offered for sale by way of a Development Agreement rather than a simple immediate disposal of the land, so that the Council can retain some control over the development process. This is in line with the Council's Corporate Property Strategy.
- 2.3 The tender sets out the way in which the Council would consider the information submitted by developers/occupiers by way of a scoring system which reflects the Council's requirements. It should be noted that as tender brief would allow for different forms of development, not all the elements of the scoring system would necessarily be appropriate
- 2.4 The documents also propose that once the bids have been shortlisted, developers/occupiers should present their proposals to Cabinet so that a final selection process can take place. If Cabinet approves a submitted proposal, then once a developer/occupier is contracted by signing the development agreement, a planning application will need to be submitted and as outlined in the documents, the outcome of such an application is critical.
- 2.5 For information, the dates currently given in the documents as closing dates for the submission of bids are estimated and may vary slightly according to marketing arrangements. It is unusual for a development agreement to be fully prepared without knowing the nature of the development. As a result, therefore, further information will need to be included in the documents that would relate to, for example, the completion date of any scheme should one be agreed and the staging of payments during the development process. Whilst a deposit would be received on the submission of tenders, a major payment would be made on the grant of planning permission with a final payment upon completion of the development. The details of amounts of such payments cannot really be determined until submissions are made to the Council. Other aspects of the documents may need to vary depending on the nature of the submissions to protect the Council's position.

## **3.0 Details of Consultation**

- 3.1 The proposals within this report will have been considered by the Overview and Scrutiny Committee prior to the meeting of this Cabinet.
- 3.2 The principles of disposal have also been considered both by Cabinet and the Overview and Scrutiny Committee which has resulted in the preparation of this report.

## **4.0 Options and Options Analysis (including risk assessment)**

- 4.1 Option 1 – to approve the tender documents and allow the marketing of the land to proceed. This option would enable the Council to receive a capital receipt for land that currently has no alternative, operational use for the Council. This would be in line with the initial resolution of Cabinet. There remains a major risk however that whilst the site could be marketed, the value would be dependent on the grant of planning

permission. The tender details recognise that the grant of planning permission for this site is by no means straight forward and there is therefore a risk that a major receipt may not be forthcoming. In terms of timing, whilst the Council is anticipating a receipt in 2008/09, then subject to an early resolution over the choice over a developer/occupier, it could be anticipated that a receipt may be expected in the final quarter of the 2008/09 financial year. Delays in this process would affect the Council's funding of the capital programme as indicated in the Financial Implications below.

- 4.2 Option 2 – not to approve the tender documents. This option would not offer the Council an opportunity to obtain a capital receipt for land that currently has no operational use. The Council's land would remain for small scale grazing in the immediate future.

## **5.0 Officer Preferred Option (and comments)**

- 5.1 Option 1 is the preferred option. This would allow the Council an opportunity to obtain a capital receipt for land that currently has no operational use, provided that a suitable planning permission is forthcoming.

### **RELATIONSHIP TO POLICY FRAMEWORK**

There is no direct relationship to the policy framework. However, the Corporate Plan does place a priority on the capital receipts programme at KPI 1.4.

In addition the Corporate Property Strategy identifies the need to use the Council's assets to meet the Council's corporate priorities.

### **CONCLUSION OF IMPACT ASSESSMENT**

**(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)**

The report indicates that development of the site could provide the opportunity to create a sustainable development reflected through design, use and associated transport issues.

### **FINANCIAL IMPLICATIONS**

The capital receipts schedules show a receipt of £4m in 2008/09. The land in question is currently used for grazing with an annual income of £285.

The funding of the current Approved Capital Programme is dependent on major Capital Receipts of £6 million, of which almost £2 million is required in 2007-08. If this is not achieved, then a choice will have to be made between:

- (a) a substantial reduction in the size and scope of the Council-funded Programme, with a number of important schemes being either postponed, curtailed or cancelled, and/or
- (b) funding additional amounts from Prudential Borrowing, requiring an estimated increase of £1.80, or 1.13%, in the basic amount of Council Tax, for every £1m borrowed, and/or
- (c) identifying other sources of funding, i.e. from the revenue budget.

Both (b) and (c) above would, in effect, require significant savings to be made in the services and activities funded from the revenue budget, if capping is to be avoided.

The disposal of the land at Scotforth Road, and the estimated receipt to be generated has the potential to largely secure the funding of the Council's planned programme of investment over the next five years. While there are other possible receipts, there are none that currently seem to have the same potential. A report elsewhere on the agenda will provide a full update on the General Fund capital position, however.

#### **SECTION 151 OFFICER'S COMMENTS**

The Section 151 Officer has been consulted and has no further comments to add.

#### **LEGAL IMPLICATIONS**

If option 1 is approved, Legal Services will assist in the preparation of the tender documentation & provide all other supporting agreements.

#### **MONITORING OFFICER'S COMMENTS**

The Monitoring Officer has been consulted and has no further comments.

#### **BACKGROUND PAPERS**

Cabinet and Overview & Scrutiny Committee agendas and Minutes.

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