

Report

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Report to:	Estates Committee
Date of Meeting:	12 July 2011
Report by:	Executive Director (Enterprise Resources)

Subject:	Sale of Land at Highstonehall Road, Hamilton
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ Report on the marketing of the site at Highstonehall Road, Hamilton, and to recommend acceptance of the offer received from Bett Homes Limited.

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the sale of the site at Highstonehall Road, Hamilton, extending to 25.5 hectares (63 acres) or thereby, forming part of the Hamilton Community Growth Area, to Bett Homes Limited be authorised in terms of the principal conditions as contained in section 5 of this report
- (2) that the Executive Director (Enterprise Resources) in consultation with the Head of Legal Services, if appropriate, be authorised to take appropriate action to conclude all legal agreements in the best interests of the Council.

3. Background

- 3.1. South Lanarkshire Council currently owns an area of land extending to 25.5 hectares (63 acres) which is zoned for residential development in the South Lanarkshire Local Plan, adopted in March 2009 (see Plan). This site forms part of the Hamilton Community Growth Area (CGA) which is located on the south west edge of Hamilton and has been designated for residential development to meet Glasgow and Clyde Valley Structure Plan requirements for the release of 2,000 houses.
- 3.2. The Local Plan requires that the development of this CGA be masterplanned in a comprehensive fashion covering all the interests of the various land holdings. The proposed development of the Hamilton CGA is the subject of a current planning application for permission in principle which is expected to be determined in early course.
- 3.3. The site in the Council's ownership was previously marketed in early 2007, inviting bids from residential developers to secure an option over the site with the intention that the successful bidder would be part of the consortium of land owners in the CGA whose responsibility it would be to conclude the masterplanning and achieve planning consent for the development of the site. However, due to the economic downturn and subsequent property market downturn, the proposed purchaser of the site was unable to conclude settlement.

- 3.4. The ownership of the site has remained with South Lanarkshire Council in the meantime and the Council has been part of the consortium of land owners promoting the masterplanning of the site up to the submission of the planning application for permission in principle. However, at this point in time it is appropriate that the Council's interest be disposed of to a residential developer develop the site and deal with planning matters.

4. Marketing

- 4.1. The site was marketed on 11 March 2011, with an appropriate planning brief setting out the development plan context. It was placed in the local and national press on the weeks commencing 14 March 2011, and 21 March 2011, with a closing date of 6 May 2011. The particulars were posted on the Council's web-site and e-mails were issued to an extensive list of developers, agents, etc. Offers were sought on the basis of an initial deposit and proposed percentage of market value for the subsequent phases of the development, which will be conveyed to the successful bidder at a timescale determined by the grant of detailed planning consent in development phases.
- 4.2. At the closing date of 6 May 2011, five offers were received. The best offer was received from Bett Homes and is as follows:

Deposit: £125,000 exclusive of VAT payable on conclusion of missives

Phase 1: 96% of open market value

Phase 2: 97.5% of market value

Phases 3 – 7: 100% of market value

- 4.3. The price for each phase will require to be negotiated on grant of detailed planning consent and agreed between the Council and the proposed purchaser. If no agreement is reached, there will be suitable recourse to arbitration to the D.V. In any event, the DV will be asked to ratify the final price or prices.

5. Proposals

- 5.1. It is proposed, therefore, to dispose of the site at Highstonehall Road, extending to 25.5 hectares (63 acres) or thereby, as shown on the attached indicative plan to Bett Homes Limited on the following principal terms and conditions as set out at paragraph 4.2. above.
- 5.2. The sale will be subject to the necessary planning and other statutory consents being granted for the development of the site in appropriate phases.
- 5.3. The site forms part of the CGA and so the developer of the site will be obliged to contribute to the cost of infrastructure and facilities as part of the planning process. As this contribution is necessary to enhance the land value, it is appropriate that the contribution be treated as an abnormal cost in assessing the price. The contribution will be shared proportionately and equitably with the other landowners in the CGA area.
- 5.4. The purchase price will be subject to abnormal costs to be identified following detailed site investigations. These costs will be required to be considered and approved by the Council's Geo-Technical Officer.

6. Employee implications

- 6.1. There are no employee implications.

7. Financial Implications

- 7.1. Disposal of the site will generate an initial receipt of £125,000 to be split equally between the Council's General Services Capital Programme and the Housing Capital Programme (after deduction of marketing and other expenses incurred to date). The capital receipt for each phase will be split equally between the General Services Programme and Housing Programme and will be subject to the deduction of any Section 75 requirements apportioned to this site and also any abnormal costs following detailed investigations. Any such deductions would be the subject of a future report to Committee.

8. Other Implications

- 8.1. The risks in not proceeding with this proposal are that the deposit and future capital receipts for the site will not be received and that the masterplanning and development of the Hamilton Community Growth area will be delayed. As the Community Growth Area is designated in the adopted South Lanarkshire Local Plan, failure to proceed would be contrary to Council policy and could adversely affect the Council's reputation.
- 8.2. An Experian financial check has been undertaken in respect of Bett Homes Limited and has received a low risk rating.

9. Equality Impact Assessment and Consultation Arrangements

- 9.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and therefore, no impact assessment is required.
- 9.2. All necessary consultation has taken place with relevant Council Resources and private sector partners in the Hamilton CGA.

Colin McDowall

Executive Director (Enterprise Resources)

23 June 2011

Link(s) to Council Objectives/Improvement Themes/Values

- Efficient and effective use of resources
- Improve the quality of the physical environment
- Sustainable development
- Accountable effective and efficient

Previous References

Executive Committee 21st March 2007

List of Background Papers

None.

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

Gerry McParland, Property Development, Regeneration Services

Ext: 5177 (Tel: 01698 455177)

E-mail: gerry.mcparland@southlanarkshire.gov.uk

LOCATION PLAN - For Committee Purposes Only

Land at Highstonehall Road
Hamilton



ESTATES SERVICES



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