



URN: 22-296

Subject: Strategic Partner Procurement and Disposal of Land at The Conge

Report to: ELT – 8th March 2023
Policy & Resources – 14th March 2023

Report by: Nicola Turner – Housing Director & Jane Beck – Head of Property and Assets

SUBJECT MATTER

This report provides an update on the appointment of a Strategic Partner to work with the Council in supporting the delivery of housing within the Borough and The Council's objectives as outlined within the Corporate Plan.

The report also provides an update on the Council's work to date in relation to the redevelopment of The Conge and seeks approval to dispose of land at The Conge to the Strategic Partner.

RECOMMENDATION

That Committee:

1. Note the updates regarding the appointment of the Strategic Partner and ongoing collaborative work to re-develop The Conge.
2. Delegate the disposal of the Council's land at The Conge as set out at paragraph 3 to the Strategic Partner for nil consideration to an Executive Director and Section 151 Officer.

1. Introduction

As a strategic housing allocation within the Local Plan and a key gateway between the railway station and Market Place, it is a long-stated ambition of the Council to redevelop The Conge. Outline planning permission to redevelop The Conge to provide 89 homes was granted on 13 July 2021.

The redevelopment of this site will build upon and enhance the works already undertaken at the railway station, those ongoing to the new Market Place, the new Learning Hub and the forthcoming regeneration envisaged at North Quay.

In July 2020, members approved the procurement of a Strategic Development Partner to work with the Council to support and accelerate the delivery of housing within the Borough with a particular focus on challenging sites and those with barriers to delivery. It was agreed that The Conge would be the first site for development.

2. Work to Date

- 2.1 Following a formal tender process, the appointment of the Council's Strategic Partner is nearing completion. The successful tenderer has demonstrated how they could work collaboratively to support the Council's objectives of delivering quality homes and effectively meet the needs of the Borough's residents. The successful tenderer has a track record of delivery of quality homes and as a Registered Provider are able to access Homes England funding.

The bid included proposals as to how The Conge could be developed in line with the Council's aspirations, focussing on overall regeneration and improvements to the public realm alongside delivery of high standard accommodation.

The particulars of the Development Agreement are currently being finalised with The Conge having been determined as the initial site for development by the Strategic Partner, although at this stage only the South side of The Conge will be redeveloped.

- 2.2 In parallel to the procurement of the Strategic Partner, a successful Future High Streets Fund bid has enabled assembly of the land at the South side of The Conge. Vacant possession of the final unit has been agreed for 31st March 2022.
- 2.3 The Council has also been successful in bidding to the Local Government Association (LGA) /One Public Estate (OPE) Brownfield Land Release Fund to fund demolition works to the South side of The Conge. As the funding is time bound, to meet grant funding requirements, the tender for demolition works has been advertised with physical works anticipated over the Summer.
- 2.4 The redevelopment of the North side of The Conge remains an aspiration of the Council, however, no work is currently being undertaken to progress redevelopment of this part of The Conge reflecting the long leases of the buildings on this part of The Conge which are in active use.

3. Next Steps

- 3.1 In parallel to the demolition works, Council Officers will work collaboratively with the Strategic Partner to design a high-quality place-making housing scheme to enable a full planning application to be submitted for the whole of The Conge.
- 3.2 As set out above, it is intended that the delivery of The Conge will be phased with ownership of the land transferred in tranches to the Strategic Partner at nil value reflecting the negative viability of the site. The South Side will be developed first and therefore will be transferred first. The North side will only be able to be transferred to the Strategic Partner following resolution of the long leases and the council securing vacant possession of the North side, any transfer to the Strategic Partner may therefore take place in one or two parcels.
- 3.3 See Appendix A for plans of The Conge and the South and North sides.

4. Financial Implications

- 4.1 Feasibility studies conducted demonstrate that for several fundamental reasons, The Conge has a negative residual land value; the cost to develop housing on the land far exceeds the value of the completed homes.

- 4.2 Grant funding obtained to date has improved the position however even with the land at nil value, the development is reliant upon the Strategic Partner securing further funding from Homes England to enable the scheme to be delivered. To drawdown Homes England Funding, the development land must be within the ownership of the applying Registered Provider.
- 4.3 A combination of agreed borrowing and Future High Street grant has been utilised to assemble the South Site by funding lease extinguishment costs at prescribed levels. Not all of this borrowing has been required to date.
- 4.4 Brownfield Land Release Fund grant will enable demolition of the buildings to the South. Any shortfall between the Brownfield Land Release Fund grant and the costs of demolition will be met from the agreed borrowing approval.
- 4.5 The Strategic Partner will be responsible for the pre-development costs associated with submitting a full planning application. There will be no further financial liability placed upon the Council to support this process.
- 4.6 The properties at The Conge have over the years provided a small revenue income for the Council however as these units are now empty, disposal will not adversely impact on the Council's revenue budget. There is however, an ongoing revenue cost associated with the existing properties on the South Side of The Conge as the Council becomes responsible for business rates once vacant possession passes to the Council. To mitigate this, demolition will take place as soon as possible for all properties following the return of the demolition tenders.

5. Risk Implications

- 5.1 In completing the demolition works this year, there will be a period where the land will stand vacant prior to commencement of development. However, there is a strong overriding need to utilise vital grant funding and avoid ongoing financial liabilities and risks in maintaining vacant buildings. Careful consideration of the hoardings around the site will ensure both site safety and security and improve the aesthetics of this prominent area.
- 5.2 Once land at The Conge has been transferred to the Strategic Partner, the Development Agreement between the Council and the Strategic Partner ensures that the Council will retain a good level of input and control over the design of the scheme, delivery timescales and includes a clawback provision should the site not be developed in accordance with the agreed terms. Any risks associated in passing on ownership of the land have therefore been considered and mitigated within the terms of the agreement to protect the Council's ongoing interest in the development of this key site.
- 5.3 Delivery of the North of The Conge is reliant upon site assembly. Timescales for this are not quantifiable at this stage.

6. Legal Implications

- 6.1 The General Power of Competence, introduced by the Localism Act 2011, permits a local authority exercising the general power: "... to do it in any way whatever, including— (a) power to do it anywhere in the United Kingdom or elsewhere, (b) power to do it for a commercial

purpose or otherwise for a charge, or without charge, and (c) power to do it for, or otherwise than for, the benefit of the authority, its area or persons resident or present in its area.”

- 6.2 Under Section 123 of the Local Government Act 1972 (see Appendix 1) principal councils have a duty not to sell land for a consideration less than the best consideration reasonably obtainable unless the Secretary of State’s consent has been obtained.

However, the Local Government Act 1972: General Disposal Consent (England) 2003 gives a general consent provided that any undervalue of the interest does not exceed £2 million and the transaction is considered by the local authority to help secure the promotion or improvement of the economic, social or environmental well-being of its area.

Whilst it has been ascertained that there is a negative residual land value in development terms, it could be argued that on the open market the land with outline planning permission may attract a buyer. However, it is considered that any potential offer would fall significantly below the £2 million threshold reflecting the negative residual land value of the site.

- 6.3 ‘Best consideration’ means achieving maximum ‘value’ from the disposal, not just maximum price. Disposal at less than market value must contribute to the ‘promotion or improvement of the economic, social or environmental wellbeing of the area’.

In this case, although outline planning permission for residential development has been approved, the site is financially unviable to develop therefore the generation of any potential open market receipt with no guarantee over type of development or delivery is of far lower ‘value’ to the Council than the proposal to dispose at nil value to the Strategic Partner. In addition, the disposal to the Strategic Partner will improve the environmental and social wellbeing of the area by improving the visual amenity of the area by redeveloping The Conge as high quality new homes to include a mix of affordable homes for rent and buy, with areas of new tree planting.

- 6.4 As per the Council’s Acquisition and Disposals Policy 2021, surplus or under-used land/property may be considered for disposal where the disposal helps to deliver other Council objectives e.g. the provision of housing in the Borough. In this case the land is intended for development of housing with contractual safeguards in place to ensure delivery.

- 6.5 Under the Local Government Act 1988 Section 25 the Council may provide a Registered Social Landlord with any financial assistance or gratuitous benefit of land for development as housing accommodation. This includes land for development or access, easements and rights. Both organisations within the Strategic Partnership are registered social landlords.

The aggregate value of financial assistance or gratuitous benefit provided by the disposal or grant must not exceed £10 million which this transaction does not.

- 6.6 The Council’s intention to offer the land to the Strategic Partnership was advertised to the market via the procurement process and in doing so has complied with EU and public procurement regulations.

7. Conclusion

- 7.1 This report requests authority to dispose of land at The Conge to the Council’s newly appointed Strategic Partner.

The report demonstrates that the disposal complies with the law, Council policy, is relevant in achieving the Council’s strategic aims and that in requesting authorisation has considered and confirmed the wider benefits to the community, local people and overall regeneration of this important area.

8. Background Papers

Procurement of a Strategic Development Partner – Policy & Resources Committee July 2020

Acquisitions and Disposals Policy – Full Council February 2021

Areas of consideration: e.g. does this report raise any of the following issues and if so how have these been considered/mitigated against?

Area for consideration	Comment
Monitoring Officer Consultation:	Via Officer Working Group and ELT
Section 151 Officer Consultation:	Via Officer Working Group and ELT
Existing Council Policies:	Acquisitions and Disposal Policy 2021 Core Strategy Local Plan Part 1 Policy CS17 – Regenerating Great Yarmouth’s Waterfront
Financial Implications (including VAT and tax):	Within the report
Legal Implications (including human rights):	Within the report
Risk Implications:	Within the report.
Equality Issues/EQIA assessment:	By working with a Registered Provider to deliver new homes to meet housing need and address particular shortages in supply which may currently have a negative impact on the likelihood of some households with protected characteristics from being able to have their needs met in a timely way. This recognises that households in higher levels of need will have more opportunity to be accommodated in stock owned by either the Council or Registered Provider than those with low needs.
Crime & Disorder:	New housing schemes will be designed and built to minimise properties vulnerability to crime.
Every Child Matters:	Design of new homes will take into the account the needs of children.

Appendix A



The 'North' is to the left, the 'South' is to the right



The red area is The Conge 'South' (set for demolition), the blue is The Conge 'North'