



CABINET
8 DECEMBER 2016

**SALE OF SITE OF THE FORMER ACRE LANE
PROFESSIONAL EXCELLENCE CENTRE**

Councillor George Davies, Cabinet Member – Housing and Community Safety and Deputy Leader of the Council, said:

‘The sale of the Acre Lane site demonstrates our commitment to the Wirral Plan. Rather than an under-used, expensive council office building, the Acre Lane site will now soon contain new, high-quality homes for Wirral residents.

“This supports our Pledge to deliver more housing, and it supports the council’s financial position through generating significant income from the sale of the site.’

REPORT SUMMARY

The purpose of this report is to advise Members of the terms for disposal of the site of the former Acre Lane Professional Excellence Centre, Eastham.

As part of the Council’s five year plan, the proposals in the report support the following pledges contained in the plan:

- Council making better use of its assets.
- To build 3,500 new homes

The sale of this asset affects the Eastham Ward.

The report is a key decision due to the financial implications.

Details of the minimum offer are appended. This appendix is exempt from publication under Schedule 12A of the Local Government Act 1972 due to the commercial sensitivities of that information.

RECOMMENDATION/S

1. That the terms of the sale as set out in the report be noted.
2. That Cabinet authorises officers to accept a guaranteed minimum figure or any other higher figure achieved through negotiation with the developer to reach the final figure depending on the affordable homes outcome.
3. That it be noted that as part of the Wirral Plan the proposal in this report supports the pledges to ensure the Council makes better use of its assets and to meet the Council's target of 3,500 new homes.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 To enable the sale of the Council's interest to proceed.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The proposed disposal follows the instruction of Cabinet and so no other options have been considered at this stage.

3.0 BACKGROUND INFORMATION

- 3.1 Cabinet at its meeting of 7 November 2013 declared the Acre Lane Professional Excellence Centre a surplus asset and resolved that the property should be sold in accordance with section 123 of the Local Government Act 1972. Since then, all activities at the centre were relocated to alternative Council buildings and, once vacant, the building was demolished earlier this year.
- 3.2 Lambert Smith Hampton (LSH), the Council's appointed property consultants, has marketed the site on the Council's behalf. The marketing exercise resulted initially in 7 bids from housing developers. LSH compared these bids on a 'green field' basis, which assumes that the site is fully developable and that no special conditions or abnormal ground conditions exist and allows all bids to be evaluated on the same basis. An exclusivity agreement was entered into which enabled them to undertake further investigations and arrive at a net figure for the land.
- 3.3 Morris Homes has finished its investigations and has provided a final net offer. The offer is based on a scheme of 219 residential units (this may vary for the purposes of the sale contract) and reflects deductions for abnormal costs associated with matters such as ground conditions, sewerage capacity and loss of developable area. These deductions have been assessed by LSH with the assistance of an appointed Quantity Surveyor and are considered to be reasonable.
- 3.4 In order to meet the requirements of S123 of the Local government act 1972 the net sale price offered is considered to be the best price obtainable through the negotiations. The offer is based on Morris Homes entering a contract to purchase the site, which is conditional on them securing full planning permission. The disposal will only complete once planning consent has been secured.
- 3.5 As part of the Planning Process Morris Homes will need to agree an affordable housing provision on the site to meet the Council's policy. The affordable housing requirement can be delivered in a number of ways which may include the sale of a number of properties at a discounted price, or a sale to a Registered Provider also at a discounted rate. Both scenarios will have an impact on the value of the scheme and the conditional contract for the sale will need to permit the sale price to be varied to reflect the impact of affordable housing. Morris Homes has submitted a proposal for affordable housing, however, this will only be determined with the planning application.

3.6 Whilst the impact of affordable housing is yet to be determined, Morris Homes has confirmed a minimum sale price. The sale contract will provide that the final sale price cannot drop below this guaranteed minimum figure and would allow further discussions between the Council and Morris Homes before proceeding.

4.0 FINANCIAL IMPLICATIONS

4.1 The disposal will generate a capital receipt as described and, once the site is developed it will also generate further income from Council Tax which, based on 219 units at Band 'C' would generate £259,000 per year, once the Development is completed.

5.0 LEGAL IMPLICATIONS

5.1 The transactions will require the preparation of appropriate legal documentation.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

6.1 There is no IT or staffing implications arising from this report. Asset implications are identified within the main body of this report.

7.0 RELEVANT RISKS

7.1 Should the offer fall below the minimum confirmed amount either party will be able to withdraw from the contract, at which the site will be re-marketed.

7.2 There is no contractual requirement for Morris Homes to build the homes however, given their commitment it seems unlikely that the scheme will not proceed.

8.0 ENGAGEMENT/CONSULTATION

8.1 Lambert Smith Hampton has undertaken discussions with the developers. Consultation with residents will be undertaken as part of the planning process.

9.0 EQUALITY IMPLICATIONS

9.1 No as there are no implications for equal opportunities arising from this report.

REPORT AUTHOR: Steven McMorran
Manager – Assets and Surveying
telephone: (0151) 666 3891
email: stevemcmorran@wirral.gov.uk

APPENDICES

Location Plan

REFERENCE MATERIAL

No reference material has been used in the preparation of this report.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet “Asset Management Disposals”	7 November 2013