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Land and Asset Management Committee**1 October 2015****Disposal of Land - Forge Farm, Forge Lane, West Bromwich****1. Summary Statement**

- 1.1 This report seeks consent to dispose of an additional 0.29 acres of land forming the site of the former Forge Farm, West Bromwich, for residential purposes and additionally for approval to grant a lease of the remaining site for agricultural purposes.
- 1.2 At its meeting on 29 October 2014, the former Asset Management and Land Disposal Committee authorised disposal of the freehold interest in approximately 1.18 acres of land and buildings known as Forge Farm, off Forge Lane, West Bromwich, shown edged black on the attached plan (including the land shown cross hatched), on the open market for residential purposes.
- 1.3 In accordance with that approval an agent was procured to undertake marketing of the premises. The agent noted that some of the buildings originally utilised as part of the farm, as shown hatched on the attached plan, had been excluded from the proposed sale and therefore suggested that the land and buildings should be marketed along with the remaining land to be sold.

- 1.4 Additionally, in ensuing discussions, it was agreed that to exclude the additional buildings from the sale could potentially be detrimental to any subsequent purchasers proposed redevelopment proposals for the farm on the basis that dilapidated buildings would be abutting newly refurbished premises. In these circumstances the farm was marketed and sealed offers, subject to contract, invited to include both the hatched and cross hatched lands. The land and buildings, amounting to approximately 1.478 acres was marketed for a period of two months with a deadline of 17th June 2015.
- 1.5 A total of eight offers were received, although one bid was disregarded as it was not compliant with the required criteria and required the council, as vendor, to enter into contracts based on terms that were not possible.
- 1.6 Following an assessment of all sealed offer bids a preferred purchaser has been selected in line with the required criteria.
- 1.7 It is understood that the preferred purchaser is to convert the buildings for residential development in line with the marketing criteria; however the statutory planning process will ensure that its green belt status is appropriately considered.
- 1.8 The remaining part of the farm, as shown shaded grey on the attached plan, is agricultural land and has been identified as suitable for continued agricultural use.
- 1.9 As it also forms part of the green belt any development of this land would be precluded in planning terms. There is no current directive to amend the allocation with regard to the green belt allocation however it is recommended that the council, as land owner, protects itself from any future change of policy. If the site were to be available for comprehensive residential development, it would likely attract a significant capital receipt, due to its attractive location and setting and would command upper level residential land values for West Bromwich.
- 1.10 The land could be retained and potentially leased on a long term agricultural tenancy with an estimated rent of £XXXXX per annum, however this would provide the tenant with a long term agreement and rights, effectively removing the potential for future alternative uses should the green belt status be removed. An alternative option to the a long term agricultural tenancy could be a short term agreement, removing any long term rights to the tenant and thus providing the council with flexibility should they seek to benefit from any future removal of the site's green belt status. The short term agreement would likely command a lower rent to reflect the flexibility provided to the council, as landlord.

2.0 Recommendation

That Cabinet be recommended to approve:-

- 2.1 That the Director – Governance disposes of the additional 0.29 acres of land and buildings at Forge Farm, Forge Lane, West Bromwich, as shown hatched (together with the land shown edged black) on the attached plan to the highest offeror or, in the event of the highest offeror failing to proceed, to any offeror whose offer is deemed appropriate and otherwise on terms and conditions to be agreed by the Director - Regeneration and Economy.
- 2.2 That the Director - Governance grant a short term lease only of the land at Forge Farm, Forge Lane, West Bromwich, as shown shaded grey on the attached plan, for agricultural purposes on terms and conditions to be agreed by the Director - Regeneration and Economy.
- 2.3 That the Director - Governance enters into or executes under seal, if necessary, any other related documentation in connection with the disposal of the land referred to in 2.1 above, on terms to be agreed by the Director - Regeneration and Economy.

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3.0 Strategic Resource Implications

- 3.1 On the assumption that the preferred offeror proceeds to completion, the proposed disposal should deliver a capital receipt of £XXXXXXX in respect of the land edged black combined with the land hatched on the attached plan, subject to any reasonable deduction, however at this stage there are no anticipated deductions from this offer expected. This offer exceeds the pre-marketing estimate of valuation of £XXXXXXX which was assessed by independent Chartered Surveyors Fisher German, who also carried out the marketing campaign on behalf of the council.
- 3.2 The site does not form part of the Housing Revenue Account.

- 3.3 It is estimated that the letting of the land shown shaded grey on the attached plan would derive a rental income of £XXXXXX per annum if let on the basis outlined in paragraph 1.9 of this report.

4.0 **Legal and Statutory Implications**

- 4.1 Local authorities have powers under the Local Government Act 1972 to dispose of land.
- 4.2 It is Government policy that local authorities should dispose of surplus land wherever possible. Section 123 of the Local Government Act 1972 imposes a statutory duty on local authorities that land should be sold for the best consideration reasonably obtainable. Secretary of State consent is required if land is to be sold at less than best consideration. Specific Secretary of State consent is not required if an authority considers it appropriate to dispose of land at an undervalue in order to secure the promotion or improvement of the economic, social or environmental well being of its area – in that case the disposal will fall under the Secretary of State's general consent (as long as the undervalue is less than £2m). Evidence of refurbishment costs should be sought to ensure that any sale at less than market value can be justified.
- 4.4 There is an historic right of way that crosses the site and which did link up with Dartmouth Golf Course and the former Churchfields school before the M5 was built, which is shown cross hatched on the attached plan. Despite this and the fact that the route has been blocked for some years by the farmyard it is still a highway and it would need to be considered in any residential conversion. A diversion or incorporation of the path into any new layout may be required; however an alternative option is to close it on the grounds that it is no longer necessary. Discussions will be held with the purchaser to assess the best way to deal with the right of way.
- 4.5 With regard to the land hatched on the attached plan, full information about the type of agricultural use should be sought to ensure the correct form of tenancy is used and that any tenant does not obtain security of tenure.

5.0 **Implications for the Council's Scorecard Priorities**

5.1 Great People and Great Place

The proposal will potentially bring the currently vacant site and vandalised buildings back into meaningful use and occupation, improving the immediate environment.

5.2 Great Performance

The proposed disposal will remove a potentially costly management responsibility from the council portfolio while providing a capital receipt/and or revenue stream.