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Report to Land and Asset Management Committee

12 May 2016

**Land off Kelvin Way, West Bromwich
(Key Decision Ref. No. LAM016)**

1. Summary Statement

- 1.1 In accordance with Minute No 15/13 of the Asset Management Land Disposal Cabinet Committee at its meeting on 28 March 2013, the Director – Regeneration & Economy negotiated the terms of an Option Agreement for disposal and subsequent development of land off Kelvin Way, West Bromwich.
- 1.2 A petition in relation to the proposed sale and development was subsequently received from local residents who wished to see the site retained as open space. Following a visit to the site the Asset Management Land Disposal Cabinet Committee considered the petition and decided to set it aside, subsequently authorising officers to continue to work with the developer in order to progress a development scheme (Minute No 41/13) refers. Over the last three years the developer has worked tirelessly to bring the site forward. However, due to uncertainty and volatility in the market this has proved to be very difficult.
- 1.3 The developer is very keen to progress development in this location and has procured significant speculative development finance to develop a high quality B8 warehouse on Kelvin Way. This will be built on a speculative basis which is an indication of the markets insight and the emerging strength of the commercial market within Sandwell.

- 1.4 Negotiations for disposal and subsequent development of the site have been ongoing for a considerable period of time. Principle terms have been agreed subject to any necessary member approval which will lead to the development of 180,000sq ft (16,774 sq m) of commercial development on the 8.7 Acre (3.5Ha) site and it will include 172 car parking spaces to accommodate the requirements of the end user. Clearly a development of this magnitude would deliver a significant capital receipt for the Council significant business rates and an estimated 100 new jobs in the completed development.
- 1.5 In the adopted statutory Development Plan the site is allocated as community open space. The Council has undertaken the statutory consultation in the local press to allow the site to be developed and the planning application for the development will be advertised to comply with the current legislation. It is proposed that the Council's land holding be disposed of to create a development opportunity employment uses.

Further details are attached for your information.

2. Recommendations

That Cabinet be recommended to approve:-

- 2.1 That the land on Kelvin Way identified by plan No SAM/27260/010 be declared surplus to the requirements of the Council.
- 2.2 That the Director – Governance be authorised to dispose of the freehold interest of the site at Kelvin Way West Bromwich to Opus Land (Kelvin Way) Ltd on terms and conditions to be agreed by the Director Regeneration and Economy.
- 2.3 That the Director – Governance be authorised to enter into or execute underseal, if necessary any other related documentation in connection with the disposal of the site on terms and conditions to be agreed by the Director - Regeneration and Economy.

Nick Bubalo
Director – Regeneration and Economy

Neeraj Sharma
Director – Governance

Darren Carter
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3 Strategic Resources Implications

- 3.1 The Council has received an offer from the developer in excess of XXX XXX for the site. This is subject to detailed site investigations which may impact upon the Council's capital receipt for the site. The Council has commissioned an external valuation of the site for commercial development and the developer's offer is XXXXXX of that valuation.

4. Legal and Statutory Implications

- 4.1 Paragraph 1.4 indicates that the land is Open Space. Section 123(2A) of the Local Government Act 1972 states:
“ a Principal Council may not dispose under subsection (1) of any land consisting or forming part of an open space unless before disposing of the land they cause notice of their intention to do so, specifying the land in question, to be advertised in two consecutive weeks in a newspaper circulating in the area in which the land is situated, and consider any objections to the proposed disposal which may be made to them.”
Paragraph 1.4 confirms that the relevant statutory obligations have been carried out.
- 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. Paragraph 3.1 states that the developer's offer for the site XXXXX the external valuation that has been carried out and therefore indicates compliance with section 123 of the Local Government Act 1972.
- 4.3 The site plan denotes that the site is playing fields. It is unclear whether the site is still used for this purposes and if not, the period of time for which it was used for such purpose. Disposal of playing field land will require consent under Section 77 of the Schools Standards and Framework Act 1998, and consent is also required for disposal of any land used by a school or academy under Schedule 1 to the Academies Act 2010 depending on the specific circumstances.

5. Implications for the Council's Scorecard Priorities

5.1 Great Place

Although the site is currently open space and is used by local residents members have previously set aside a petition to keep the site undeveloped. Given the poor state of the local economy, the proposed significant private sector development will bring forward local employment opportunities making Sandwell a great place to live.

5.2 Great People

This proposal could provide new employment opportunities by attracting companies currently not trading within Sandwell onto Kelvin Way. Through working closely with the developer the project will deliver construction training along the way as well as, in the longer term permanent jobs and the ensuing benefits.

5.3 Great Performance

This proposal will enable new investment to come forward in this key location. In the longer term the development will deliver significant business rates for the Council which will link to the Facing the Future agenda being devised by the Council. This is combined with the capital receipt that the Council will receive.

5.4 Great Prospects

The development of this site and the construction of modern industrial accommodation will create increased levels of economic activity by adding confidence to the development industry and in turn provide a catalyst for additional investment in the area.

6 Background Details

- 6.1 The site is located on the north side of Kelvin Way some 200 m east of its junction with Bromford Lane and Brandon Way. Significantly the site is within 1 mile of Junction One of M5 and two miles away from Junction Two on the M5 the sites location affords good accessibility to the national motorway network. To the west the site adjoins the Bethel Convention Centre, to the north of the site are allotments and Lyttleton Street Primary School and to the east is residential development.
- 6.2 The development site is fairly flat and sits at a higher level than Kelvin Way. In recent years it has been used on an informal basis by local residents as a recreational area and occasionally by the nearby Bethel Centre to accommodate overspill car parking.
- 6.3 The potential development of this site for commercial development was originally considered by Committee in 2013 when a petition was submitted to the Council to keep the site undeveloped. The July 2013 meeting of the Asset Management and Land Disposal Committee recommended that no action be taken in regard to the petition and officers continue to work with the developer in order to progress the development proposal.

- 6.4 The developer has been tenacious in identifying potential occupiers for this high profile site and in spite of very difficult market conditions where the finance industry have been unwilling to invest in property the developer has secured significant development finance to permit the development to progress.
- 6.5 Currently there is no identified end user for the development, but the developer has sufficient confidence in the market to commence the development and anticipates that before practical completion of the development an occupier will have been identified. This situation is very good news for Sandwell since the development industry are now willing to speculatively undertake commercial development within the Borough, this has not been the case since before the economic down turn in 2008.
- 6.6 This speculative development will have a significant impact upon the Kelvin Way area and could have a catalytic effect and bring other developments forward. These potential developments will be able to benefit from financial assistance towards land reclamation from new resources that will come on stream through the Combined Authority specifically targeted at contaminated brown field land.
- 6.7 This new development will provide an estimated 100 new jobs within the Borough, and will contribute to the Facing the Future initiative through the occupiers payment of Business Rates.