
Report to: Leader of the Council
Date of Issue: 24 July 2015
Date of Decision: 31 July 2015

Cabinet
Date of Meeting: 3 September 2015

Subject: Senate Business Park, Bridle Road, Bootle - Decision taken by Leader of the Council

Report of: Director of Built Environment **Wards Affected:** Netherton and Orrell

Is this a Key Decision? Yes **Is it included in the Forward Plan?** Yes

Exempt/Confidential

No, but Appendix A to this report is NOT FOR PUBLICATION by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. The Public Interest Test has been applied and favours the information being treated as exempt

Purpose/Summary

To seek approval from the Leader of the Council on the basis of urgency to accept the highest tender received in relation to the disposal of the Council-owned site at Senate Business Park.

Recommendations

That:

- i. The highest tender received, as set out in Appendix 'A' to this report, be accepted.
- ii. Subject to the receipt of planning permission, the Director of Built Environment, in consultation with the Head of Corporate Legal Services, be authorised to negotiate and complete with the successful tenderer, a building lease followed by a 999 year lease, and any necessary ancillary documents, on the terms set out in the tender details.
- iii. This report and decision of the Leader of the Council in this matter be reported to the next meeting of Cabinet for information.

Cabinet

That the urgent decision taken by the Leader of the Council be noted

How does the decision contribute to the Council's Corporate Objectives?

	<u>Corporate Objective</u>	<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		√	
2	Jobs and Prosperity	√		
3	Environmental Sustainability	√		
4	Health and Well-Being		√	
5	Children and Young People		√	
6	Creating Safe Communities		√	
7	Creating Inclusive Communities		√	
8	Improving the Quality of Council Services and Strengthening Local Democracy		√	

Reasons for the Recommendation:

The highest tenderer requires the acquisition of the site to be progressed as a matter of urgency in order to achieve strict deadlines in relation to the re-development of the site for manufacturing purposes which will assist to secure 62 jobs currently based within Sefton.

Alternative Options Considered and Rejected:

The Council prepared the site utilising resources provided by the former North West Development Agency. Its successor, the Homes and Communities Agency, wishes to secure the disposal of the site. The Council are obliged to dispose of the site under the agreements with the NWDA/HCA and would be in breach of these agreements if it did not dispose of the site.

The Council could treat this matter with less urgency and risk the loss of a significant capital receipt and the potential loss of 62 jobs currently based in Sefton and the opportunity for the creation of up to 122 new jobs as a result of the investment.

What will it cost and how will it be financed?

(A) Revenue Costs

None

(B) Capital Costs

None

Implications:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

Financial - The disposal of the site will generate a significant capital receipt for the public sector. The Council are currently in negotiation with the HCA in order to secure the recycling of the receipt into other regeneration / economic development activity within Sefton. The Council's professional fees will be met. The Council will benefit from Business Rates.	
Legal - The funding agreement with the HCA obliges the Council to seek to dispose of the Site and the Council would break this obligation if it made no attempt to dispose. Pursuant to Chapter 5, Part F [Matters Delegated to the Leader of the Council, paragraph 2] of the Council's Constitution, the Leader of the Council has delegated authority to take urgent decisions on matters which fall within the Executive functions of the Cabinet, subject to any such decisions being reported to the next Cabinet meeting.	
Human Resources None	
Equality	
1. No Equality Implication	<input checked="" type="checkbox"/>
2. Equality Implications identified and mitigated	<input type="checkbox"/>
3. Equality Implication identified and risk remains	<input type="checkbox"/>

Impact of the Proposals on Service Delivery:

None

What consultations have taken place on the proposals and when?

The Head of Corporate Legal Services (LD2966/15) has been consulted and any comments have been incorporated into the report.

The Head of Corporate Finance and ICT (FD3682/15) has been consulted and notes the report indicates potential benefits to the Council on acceptance of the tender. Whilst there will be no Capital Receipt, there may be reinvestment opportunities from the Homes and Communities Agency. The Acceptance of the tender will directly lead to the securing of 62 jobs with a company relocation within Sefton, and a further 30 new jobs. There should also be additional significant business rates revenue.

Implementation Date for the Decision

Following the expiry of the "call-in" period for the Leader of the Council's decision.

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Background Papers:

There are no background papers available for inspection

1.0 Introduction/Background

- 1.1 The ten acre Senate Business Park site, shown edged on the attached plan, is land in the Council's ownership previously used as allotment gardens, which was prepared for development in 2000 utilising grant funding provided by the former North West Development Agency (NWDA). The funding enabled the disposal of the nearby Territorial Army (TAVR) site and the Council also sold a substantial part of the site to Senate Park Developments Limited (Littlewoods) in 2008. The Council subsequently repurchased the Littlewoods site last year, following default, using further funding provided by the NWDA successor, the Homes and Communities Agency (HCA).
- 1.2 One condition of the HCA funding is that the site would be disposed of as soon as possible. The site was advertised for sale, on a 999 year lease, by way of informal tender in late 2014. Four completed tenders from companies specialising in development were returned in February as detailed in Appendix A.
- 1.3 It was anticipated that details would be reported in June of this year and the report was placed on the Forward Plan. Council officers have, however, recently been in discussion with officers from the HCA to clarify the terms of the grant funding provided by the NWDA and HCA which was provided by means of agreements entered into in 2000, 2004 and 2014. The terms of the NWDA/HCA funding are that 100% of the receipts from the Senate site are refundable to the HCA similar to the previous disposals to TAVR and Littlewoods. As a result of the discussion with HCA it was not possible to complete the detailed report to Cabinet during June or July as was originally expected.
- 1.4 As a result of the delayed confirmation of acceptance of the highest tender, the Company that submitted the highest bid met Officers and advised of the current circumstances. This transaction is associated with the business relocation requirements of a Company currently located in South Sefton, who would like to remain in the Borough. They do have other options, which would take them elsewhere.
- 1.5 The current proposals from the Developer are to complete a bespoke HQ development on the site, subject to the receipt of planning permission, providing for
 - A single building as a HQ facility with prestige design
 - 155,000 sq. ft. manufacturing space
 - 15,000 sq. ft. offices
 - 62 existing jobs retained within Sefton
 - 30 new jobs to be created immediately upon completion/occupation
 - An additional 92 potential new jobs post 2017, with 184 employed on site
 - Capacity on site for in excess of 200 high quality jobs to be accommodated

- £13.5m initial capital investment
- Planned occupation currently from Quarter 1 in 2017

- 1.6 The development programme and occupation date required by the end user would mean that exchange of contracts would need to take place between the Developer and Sefton Council by the end of September 2015. The Developer would also need to be progressing the proposal further with the end user to enable a lease agreement to be signed and a planning application for the scheme to be submitted by the end of September 2015. The end user is concerned that delays will mean that they are not able to meet these deadlines and would therefore need to progress other options under consideration. The end user has been in ongoing dialogue with InvestSefton and has sought Regional Growth Funding (via the Department for Business, Innovation and Skills) to support the project.
- 1.7 Accepting the highest tender now will ensure that the site is developed and the 62 jobs are protected within Sefton.
- 1.8 Delaying acceptance of the tender would significantly reduce the capital receipt secured from the disposal of the site and may place in jeopardy 62 jobs that currently exist within Sefton.
- 1.9 Under standard Council procedures, surplus assets are advertised on the open market for sale by way of informal tender, in order to ensure that any offers received represent “best consideration” in accordance with Section 123 of the Local Government Act 1972 (as amended), The Council are also obliged to secure the best consideration reasonably obtainable for the purposes of the Council’s obligations to the HCA.
- 1.10 In the opinion of the Director of Built Environment, with professional valuation advice, the highest tender in this instance is considered to represent the best consideration reasonably obtainable for the purposes of Section 123 of the Local Government Act 1972.
- 1.11 Details of the tenders received are confidential and are therefore contained in Appendix ‘A’ to this report which is not for publication.