

EXECUTIVE

25th August 2022

Report Title	Land sale agreement - Oakley Vale Phase 8
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Lead Member	Councillor Graham Lawman, Executive Member for Highways, Travel & Assets

Key Decision	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there public sector equality duty implications?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information (whether in appendices or not)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Applicable paragraph number/s for exemption from publication under Schedule 12A Local Government Act 1972	

List of Appendices

Appendix A – Plan showing Land ownership

Appendix B – Savills Marketing Brochure

1. Purpose of Report

- 1.1 To provide an update to Executive on the final parcels of land, developments phase 8 & 9, forming part of the Oakley Vale Joint Venture. The Council's land ownership is one part of Oakley Vale phase 8, as shown on **Appendix A**.
- 1.2 This report asks Executive to consider the grant of delegations be given to the Executive Member for Highways, Travel & Assets in consultation with the Assistant Director of Assets & Environment, to authorise the completion of the land sale agreement.

2. Executive Summary

- 2.1 The development of Oakley Vale is a joint venture (JV) between the Council and Great Oakley Farms (GOF). The original agreement was made between Corby Borough Council and GOF and phases 8 & 9 are the final development sites contained within the Oakley Vale Master Plan.
- 2.2 Phases 8 & 9 have consent for up to 530 dwellings, a primary school, community facilities, local centre and associated facilities. Phase 8 is included in the outline masterplan for a scheme of 270 residential units, subject to a reserved matters approval planning consent.
- 2.3 Phase 9 is owned solely by GOF, whereas phase 8 (previously known as the Science Park) is jointly owned, the Council having a minority share of the land.
- 2.4 Corby Borough Council Policy Committee gave authority, prior to vesting day, to commence marketing of their parcel of land contained within Phase 8, to be marketed together with the GOF land parcels 8 & 9, using Savills as marketing agent.
- 2.5 Marketing was delayed by the impact of Covid19 but commenced in the autumn of 2021 as the market recovered and land values for Corby had increased.
- 2.6 Lambert Smith Hampton (LSH) are retained by the Council as agents to oversee the marketing process, to ensure it follows due process as contained in the JV and that the Council obtain best consideration.
- 2.7 The open market tender has concluded, and it is recommended to accept the offer that presents the least risk for the council and best consideration, acting on the advice of LSH.

3. Recommendations

- 3.1 It is recommended that Executive:
 - i) Agree in principle to the sale of the land as shown at Appendix A.
 - ii) Delegate authority to the Executive Member for Highways, Travel & Assets in consultation with the Assistant Director of Assets & Environment, to agree the sale price (subject to best value requirements for local authority disposal), authorise the completion of the land sale and finalise sale terms.
 - iii) Note that the gross receipt will be realised over the period of the build licence, as advised by LSH

3.2 Reasons for Recommendations:

- a. The joint venture requires each party to use reasonable endeavours to maximise and realise the value of the land and mutually agree to the amount of land to be offered on the open market for disposal, the timing, the terms of such a disposal and to whom.
- b. The sum being offered for approval represents “best value” for the Council
- c. The gross receipt realisation over the period of the build licence has been recommended by the Councils agent, represents the least risk for the council and ensures best consideration is obtained

3.3 Alternative Options Considered: As the JV agreement is a legally binding agreement, there is no opportunity for the Council to consider retaining the land, which forms part of the masterplan for the area.

4. Report Background

- 4.1 Phase 8 is in joint ownership of the Council and GOF. It extends to approximately 18.11 acres, as shown in the site plan at **Appendix A**.
- 4.2 The joint venture requires each party to use reasonable endeavours to maximise and realise the value of the land. The parties must also mutually agree to the amount of land to be offered on the open market for disposal, the timing, the terms of such a disposal and to whom.
- 4.3 To date, GOF has instructed and paid for all costs associated with obtaining planning consent for phases 8 & 9. As part of the disposal, an agreement has been reached as to what constitutes the Council’s reasonable share of those costs, along with any other enabling works (e.g. relocation of great crested newts from an existing reserve on the site). Professional advisors, Lambert Smith Hampton advised the Council on costs.
- 4.4 Savills commenced marketing the site by way of informal tender in September 2021 with offers invited on several options; these were build licence, joint venture and freehold sale. A copy of the marketing brochure is shown at **Appendix B**.
- 4.5 These disposal options offer a different mix of risk versus reward and, by including all options, the most beneficial disposal proposals are captured. A comprehensive marketing campaign led by Savills resulted in eleven tenders being received.
- 4.6 Following a rigorous process of review, Savills recommended a build lease offer from the preferred bidder. LSH and the Council formed part of the tender process.
- 4.7 LSH, retained as advisors to the Council, have provided a report in support of the chosen bidder and confirm the offer provides the least risk to the Council, whilst retaining best consideration.

- 4.8 The professional advisors' costs and the council's share of the enabling costs that have been borne by GOF to date, such as planning fees, will be offset against the capital receipt.

5. Issues and Choices

- 5.1 The marketing campaign made it clear that the bids should send comprehensive information on their bid as documented in the Savills marketing brochure.
- 5.2 It was stressed that the bidder must provide drawings/images of the house types they would include in their scheme, evidence of past track record of delivering a similar type of scheme, and confirmation that they had read and understood the design code requirements.
- 5.3 There was significant emphasis placed on the Design Code. Bidders were informed that the preferred purchaser would need to work with the Vendor to complete the draft Design Code and get this submitted and approved by the Council's Planning Service as part of a condition to the planning decision notice.
- 5.4 The two preferred bidders were scored on a number of items, including the design code. Following extensive discussion with the joint landowner, an agreement was reached to progress with the bid that provides a higher design standard, but at no financial detriment to the Council.
- 5.5 To ensure the Council satisfies its best value duties, whilst ensuring a suitable design code is met on site, the Council will receive a higher proportion of the receipt.

6. Next Steps

- 6.1 Approval will lead to legal services being instructed to document a formal agreement to conclude the sale agreement.

7. Implications (including financial implications)

7.1 Resources and Financial

- 7.1.1 The build lease terms provide for a guaranteed land value receipt, of which there are costs and disbursement to be recovered, which will be subject to financial scrutiny.
- 7.1.2 The capital receipt will be achieved over a period of six years, the build lease includes terms for GOF and CBC to benefit from any uplift in land values which will depend on the economy and market conditions during the term of the build lease.

- 7.1.4 The Council will also recover the fees of Lambert Smith Hampton and a proportion of the internal costs for time directly attributed to the negotiations for the sale.

7.2 Legal and Governance

- 7.2.1 Corby Borough Council and Great Oakley Farms entered into a joint venture agreement in March 2000. The principal objective was to collaborate and contribute their land ownership for development, predominantly for housing, but with associated community buildings, retail, landscape features, infrastructure, and a science park.

- 7.2.2 The parties agreed to:-

7.2.2.1 Use all reasonable endeavours diligently to maximise the value of the land towards the aim of the principal objective in 7.2.1.

7.2.2.2 Negotiate and enter into all relevant development obligations.

7.2.2.3 Sell the land on the open market in such phases or sections of the best terms reasonably obtainable with the benefit of outline planning permission.

- 7.2.3 The agreement provides for advisors to be appointed including planning consultant, engineers, disposal agent and disposal solicitor. The sale of this parcel of land was led by the disposal agent Savills with support from the Councils agent Lambert Smith Hampton.

7.3 Relevant Policies and Plans

- 7.3.1 The Council's vision for North Northamptonshire is a place where everyone has the best opportunities and quality of life. Housing, including affordable housing, schools, community facilities and open spaces all contribute towards this vision, and this development aligns with the Councils key commitments contained within the Corporate Plan.

7.4 Risk

- 7.4.1 The Joint Venture is a legal agreement that binds North Northamptonshire to the terms and conditions in that contract.
- 7.4.2 To assist the Council in mitigating risks and ensure the Council proceeds in line with the contract, expert support was procured with the assistance of an interim development consultant to ensure due process and Lambert Smith Hampton as professional valuers and advisors.

7.5 Consultation

- 7.5.1 A collaboration agreement and a promotion agreement are agreed between all associated landowners and set out the terms by which the sale of the site is coordinated.
- 7.5.2 Public consultation of the development forms part of the planning process.

7.6 Consideration by Scrutiny

- 7.6.1 The report is eligible for call in by the Scrutiny Commission.

7.7 Equality Implications

- 7.7.1 An equality assessment form has been completed and confirms no negative impact.

7.8 Climate and Environment Impact

- 7.8.1 The development will be controlled through planning policy and include any requirements for biodiversity and building regulation standards.

7.9 Community Impact

- 7.9.1 The sale will have no direct impact on the community. The development will ensure the community is considered as part of the planning process.

7.10 Crime and Disorder Impact

- 7.10.1 The development will have no direct Crime and Disorder Impact.

8. Background Papers

- 8.1 The Local Plan for Corby made up of two parts, North Northamptonshire Joint Core Strategy and Part 2 Local Plan for Corby. These documents can be found on NNC Planning pages of the web site.