

**Wards Affected:**

Wolverton

**ITEM 3****DELEGATED DECISIONS****9 APRIL 2019****APPROVAL TO DISPOSE OF THE FORMER GREENLEYS RUGBY FOOTBALL CLUB SITE, OFF FIELD LANE, GREENLEYS**

Responsible Cabinet Member: Councillor Middleton (Cabinet Member for Resources and Innovation)

Report Sponsor: Stuart Proffitt (Director Environment and Property)

Author and contact: Ed Palmieri (Commercialisation Lead for Property)  
Tel: 01908 254967

**Executive Summary:**

To give approval to the freehold disposal of the former Greenleys Rugby Football club site and a small strip of land adjoining (the Site) both located off Field Lane in Greenleys, subject to the terms set out in this report.

The disposal will fund a replacement 3G sports pitch and 4 team changing room club house built to Sport England specifications which would not otherwise be provided due to the high cost involved. The disposal will also provide 100 much needed new homes including policy compliant affordable housing. The developer purchaser will build and pay for the new sports facility along with the new homes, the housing development funding the sports provision.

This is a joint disposal with the Milton Keynes Parks Trust who are tenants of the Council under a 999 lease from 31 March 1992.

The Parks Trust previously let the Site as a rugby and football club and the Site has been redundant and unused since 2016. The club house was subject to an arson attack in 2017 and consequently the remains of the building were demolished by the Parks Trust leaving the site fenced off, unused and redundant.

In the emerging Plan:MK the Site is allocated for up to 125 new homes and for a new 3G sports pitch and club house.

A Council Plan headline priority is tackling homelessness and disposal of the site for development will deliver much needed new homes, both private and affordable, and therefore will contribute to the delivery of this priority. In addition the development of the new sports facility will help meet the Council's Leisure Strategy.

To help deliver the Council's wider policy objectives around increased affordable housing and facilitating localism, the Commercialisation Lead for Property has been asked to:

- (1) engage with Wolverton and Greenleys Town Council around the potential transfer of the management and/or ownership of the replacement 3G sports pitch and club house in line with the Council's adopted localism policies; and
- (2) actively engage with the Director Housing and Regeneration to seek the potential transfer of a proportion of the site's affordable housing provision into Housing Revenue Account (HRA) ownership.

## 1. **Recommendation(s)**

- 1.1 That the public and press representatives be excluded from the meeting by virtue of Paragraph 3 (Information Relating to the Financial or Business Affairs of the Authority) of Part 1 of Schedule 12A of the Local Government Act 1972, in order that Annex D may be considered.
- 1.2 That the disposal of the freehold interest in the Site (shown edged red on the plan at **Annex A** and shown coloured pink on the plan at **Annex B**.) in collaboration with the tenant Milton Keynes Parks Trust, to Bellway Homes / its subsidiary (the Purchaser) on the terms set out in this report be approved.
- 1.3 That the Council dispose of the site to the Purchaser by entering into a contract that reflects the Heads of Terms at **Annex C**.
- 1.4 That it be noted that the site is currently redundant and not capable of being used following an arson attack and that a housing development will fund the replacement 3G sports pitch and club house built to Sport England specification which would otherwise not be provided due to the high cost involved.
- 1.5 That the Commercialisation Lead for Property be authorised to agree variations to the terms of disposal outlined in this report in consultation with the Cabinet member for Resources and Innovation, as reasonably necessary, in order to secure the joint disposal with the Milton Keynes Parks Trust of the site to the Purchaser to facilitate development of the housing and new sports facility.
- 1.6 That the Commercialisation Lead for Property engage with Wolverton and Greenleys Town Council to seek the potential transfer of the management and/or ownership of the replacement 3G sports pitch and club house in line with the Council's adopted localism policies.
- 1.7 That the Commercialisation Lead for property engage with the Director Housing and Regeneration to seek the potential transfer of a proportion of the site's affordable housing provision into Housing Revenue Account ownership.

## 2. **Background**

- 2.1 The Site is shown edged red on the plan at **Annex A** (measuring approximately 3.12 acres) and includes the coloured pink strip of access land adjoining the 3.12 acres which is shown on the plan at **Annex B**.
- 2.2 The Council as freeholder has leased the site to the Parks Trust on a 999 year lease from 31 March 1992.
- 2.3 The Site has had a chequered history and is currently fenced off. The Parks Trust let the Site up to July 2011 to the Milton Keynes Rugby Union Football Club who surrendered its lease with the building in a heavily dilapidated condition. Following this the Site was leased to Wolverton Town Sport and Social Club CIC, but there ensued multiple breaches of the repair and maintenance covenant which resulted in the Parks Trust taking back possession in 2016. The site was then boarded up and following numerous arson attacks and other damage in 2016 the building was demolished for

safety reasons.

- 2.4 The disposal to the Purchaser is an opportunity to re-provide the sports facility to a much higher standard than the previous facility. Sport England has been consulted on this re-provision in a four way discussion involving the Council, the Parks Trust and the Purchaser. The replacement sports provision will be as per Sport England requirements which is a 3G pitch with flood lighting, a 4 team changing facility / club house and associated parking.
- 2.5 The budget cost for the sports facility is £1.65M and the housing development is funding this along with a Local Area of Play within the Site.
- 2.6 The terms of the disposal are as per the latest Heads of Terms at **Annex C**. The Purchaser will provide the sports facility as part of the housing development comprising a 100 new homes including policy compliant affordable housing. In addition to these terms the Council has requested a pre-emption agreement to purchase all or part of the affordable housing which will be by the Council matching the highest offer which the Purchaser receives from offering the affordable housing content to registered housing providers. The disposal to the Purchaser is subject to the Purchaser obtaining a full planning permission for 100 dwellings with a minimum of 87,000 ft<sup>2</sup> of accommodation, and the replacement sports provision, with an affordable housing provision being no more than 31%.
- 2.7 The land price payable by the Purchaser is £3,800,000 subject to the planning consent, shared 50/50 between the Council and the Parks Trust, and subject to the following costs budgeted by the Purchaser not being exceeded: s.106 at £500,000 and the replacement sports facility at £1,650,000.
- 2.8 If these costs are exceeded the land price can be reduced by the increase in cost above the budget cost subject to a minimum land price of £3,200,000 below which the Council and the Parks Trust will not sell. Costs are assessed on an open book basis. In the event the s106 cost and replacement sports facility cost is less than the above budget costs the savings are shared 80% to the Council / Parks Trust and 20% to the Purchaser.
- 2.9 The replacement sports facility is to be delivered by the Purchaser within 2 years or by 50% of new home occupations whichever is earlier. The sports facility once completed by the Purchaser will be handed back to the Parks Trust or to Wolverton and Greenleys Town Council to be managed.
- 2.10 Local engagement and consultation has taken place and a second public meeting is being arranged at which the Purchaser will present more details of the development including the replacement sports facility. Views of the local residents have and are being taken into account in finalising the disposal details with the Purchaser.
- 2.11 As a result of comments and requests for clarifications received just before the Delegated Decision was due to be taken on 12 March 2019, the Decision was deferred. A number of clarifications have now been provided and are set out at **Annex D**, which is not for publication by virtue of Paragraph 3 (Information Relating to the Financial or Business Affairs of the Authority) of Part 1 of Schedule 12A of the Local Government Act 1972.

### **3. Planning and Milestones**

- 3.1 The Site is allocated in the emerging Plan:MK (Policy SD20) for a housing development of up to 125 new homes with a 3G sports pitch and associated club house.
- 3.2 The Purchaser is required to submit a planning application within 6 months of exchange of contracts and to complete the development within 5 years of completion of the contract to purchase the Site.

### **4. Determining Land Value and Overage**

- 4.1 The Council has a legal requirement to ensure best consideration (Section 123 Local Government Act 1972) for its land sales. In order to ensure this requirement is met the Council instructed Robert Webb Developments to consider the Heads of Terms and determine if they represent the market value of the Site as per the RICS Global Valuation Standard and best consideration under Section 123.
- 4.2 Robert Webb Developments were satisfied that the Heads of Terms with the Purchaser did represent market value (RICS Valuation Standard) and best consideration under Section 123, and this was also the case for the equal sharing of the agreed site purchase price on a 50/50 basis between the Council and the Parks Trust. The 50/50 sharing reflects that each party is equally dependant on the other to effect the disposal to the Purchaser on the Heads of Terms.
- 4.3 The disposal provides for the Purchaser to pay overage to the Council / Parks Trust if the sales revenue exceeds £21,500,000 at 50% above this threshold, which increases to 60% if the site is not developed within 5 years. Indexing is applied to build costs and sales incentives are set off in working out the sales revenue.
- 4.4 If the Purchaser sells the site without implementing the planning consent for more than the agreed sale price as per the Heads of Terms, then 80% of the increase in land value is payable to the Council / Parks Trust. In this case the planning costs can be deducted from the turn profit and land servicing costs where incurred.

### **5. Options**

- 5.1 Not to dispose. This Option would not facilitate replacement of the sports facility to a higher standard nor the provision of much needed new homes including affordable homes and is therefore not recommended.
- 5.2 To dispose of the freehold interest in the Site on the terms of this report. This is the recommended option as it will facilitate replacement of the sports facility to a higher standard and provide much needed new homes including affordable homes in line with the Council Plan.

## 6. Implications

### 6.1 Policy

Plan:MK SD20.

### 6.2 Resources and Risk

Y	Capital	Y	Revenue	Y	Accommodation
N	IT	Y	Medium Term Plan	Y	Asset Management

The cost of providing the sports facility will be met by the Purchaser. Once completed this asset will not be owned by the Council and there will be no future liability to the Council for the maintenance. The sports facility once completed by the Purchaser will be handed back to the Parks Trust or to Wolverton and Greenleys Town Council to be managed. Should the cost of building the sports facility be less than the budgeted £1.65m, the Council will benefit by a share of the saving in an increased land receipt. Whilst there is a clawback provision on the land, it is hoped that this will be waived. Housing and Communities Agency clawback applies at 50% and in the event that a release (waiver) is not agreed with the Housing and Communities Agency clawback liability is shared equally between the Council and the Parks Trust as per a separate agreement.

### 6.3 Carbon and Energy Management

There are no direct implications.

### 6.4 Legal

The Council is required under section 123 of the Local Government Act 1972 to dispose of its estate or interest in any land, for not less than the best price reasonably obtainable. Section 123 does not specify how the best price reasonably obtainable for land is to be achieved, and does not require land to be sold on the open market.

The Council's freehold title contains user restrictions (parkland, recreational and ancillary) and clawback provisions on disposal in favour of the Housing and Communities Agency. These restrictions and clawback are reciprocated in the Parks Trust lease.

Under the terms of the Housing and Communities Agency Agreement dated 14 January 2013, these user restrictions were removed by a Deed of Release dated 10 September 2014. However there is still 50% clawback payable under the Agreement which would apply to this disposal unless a release is negotiated with the Housing and Communities Agency for nil consideration. Such a release would be against the terms of the 2013 Agreement. Nevertheless the Council has been successful recently in two other land disposals each at £1M+ where the Housing and Communities Agency has given releases for nil consideration. For the purposes of this disposal the Council will seek a release from the Housing and Communities Agency to any subsisting restrictions and clawback again asking for this to be at nil

consideration, and if successful will mean that clawback will also not apply to the Parks Trust.

N	Equalities/Diversity	N	Sustainability	N	Human Rights
N	E-Government	N	Stakeholders	N	Crime and Disorder

Background Papers: None

**Annex A** Site edged red

**Annex B** Site coloured pink

**Annex C** Head of Terms

**Annex D** Clarifications arising from deferred Delegated Decision - 12 March 2019, which is not for publication by virtue of Paragraph 3 (Information Relating to the Financial or Business Affairs of the Authority) of Part 1 of Schedule 12A of the Local Government Act 1972.