



Securing the Council's interest in land proposed for future residential development North of A46/South of Thurcaston

Decision taken by: City Mayor

Decision taken on: 14 July 2023

Lead director: Matthew Wallace

Useful information

- Ward(s) affected: Beaumont Leys
- Report author: Greg Pollard
- Author contact details: 37 2137
- Report version number V1

1. Purpose of report

This report seeks authority to enter into a land promotion agreement concerning land North of the A46/South of Thurcaston, to secure the council's interests in land of which it owns part together with land owned by the Leicester Diocesan Board of Finance, and a share of the capital receipts from its future sale, subject to a residential land allocation being ultimately confirmed through the current local plan process.

2. Summary

2.1 This report concerns land to the North of the A46/South of Thurcaston that is proposed for future residential development in the new Leicester Local Plan. It seeks authority to secure the council's interests in the land and a share of the capital receipts from its future sale, subject to a land allocation being ultimately confirmed through the local plan process.

2.2 The council's interest would be secured through it becoming party to a land promotion agreement with Leicester Diocesan Board of Finance (majority landowner) and Parker Strategic Land Ltd (site promoter) and includes two elements:

1. In respect of 6.42 acres of land that the council owns (See Appendix 1) it would receive 100% share of the net market sale receipt;
2. In respect of 39 acres of exchange land in the ownership of the Diocese (See Appendix 1) the council would facilitate the removal of a longstanding compulsory purchase interest for land linked to the construction of the A46 from the body now known as National Highways. In return the council would receive a 50% share of the net market sales receipt.

2.3 Terms have been agreed in respect of the above to enter into an addendum to an existing land promotion agreement (which is subject to a confidentiality agreement) between the Leicester Diocesan Board of Finance and Parker Strategic Land Ltd.

3. Recommendations

It is recommended that:

A land promotion agreement addendum be entered into with Leicester Diocesan Board of Finance and Parker Strategic Land Ltd on the terms indicated in this report in respect of 6.42 acres of land the council owns and also 39 acres of land it will facilitate the release of through agreement with National Highways.

4. Report/Supporting information:

- 4.1 This report seeks authority to enter into a land promotion agreement concerning land North of the A46/South of Thurcaston, to secure the council's interests in land of which it owns part together with land owned by the Leicester Diocesan Board of Finance, and an appropriate share of the capital receipts from its future sale, subject to a residential land allocation being ultimately confirmed through the current local plan process. The land promotion agreement would be with Leicester Diocesan Board of Finance (majority landowner) and Parker Strategic Land Ltd (site promoter)
- 4.2 A 6.42 acre area of land edged hatched red on the attached plan in Appendix 1 is owned by the council. The heads of terms for the sale of the 6.42 acres of council owned land proposed for inclusion in an addendum to a land promotion agreement with the Diocese and Parkers are set out in Appendix 2.
- 4.3 A 39 acre area of land edged red (shown as the 'Exchange Land' at Appendix 1) is owned by the Diocese. In 1999 this land was included by the Highways Agency in a compensation package related to the A46 Western By-pass construction, whereby the land was intended to be transferred to the council (to become part of the Castle Hill Country Park) in return for land the council had taken from it by the Highways Agency under a compulsory purchase order for construction of the road. The transfer was not completed. In order to resolve this long outstanding matter to the mutual and reasonable satisfaction of both parties it has been agreed, subject to Executive approval, to jointly move forward to enable the Exchange Land, alongside the 6.42 acres of adjoining Council owned land, to be promoted via an amendment to an existing land promotion agreement (LPA) entered into between the Diocese and Parkers in 2019 concerning promotion of the land through the new Local Plan for residential development.
- 4.4 The proposed way forward to secure the council's interest is as detailed below:
- 4.4.1 The Council would seek to enter into an addendum to the LPA to enable Parkers to promote the Council's land ownership shown hatched red on the attached sale plan at Appendix 1 and having an area of 6.42 acres (the LCC Land) for residential development (which would be sold on the terms as detailed at Appendix 2) along with the Exchange Land and other adjoining land owned by the Diocese.
- 4.4.2 Should a satisfactory outline planning permission be obtained in the future the LCC Land would be sold on the open market together with the Exchange Land and other adjoining land owned by the Diocese. The LCC Land would be sold in its entirety for a minimum agreed land price for which LCC would receive 100% of the net capital receipt.

- 4.4.3 The Council would also receive 50% of the net proceeds of sale of the Exchange Land subject to achieving the minimum land area and minimum land receipt per acre of net developable land as defined by the terms of the LPA.
- 4.4.4 Under the addendum to the LPA, the Council and the Diocese will agree to work together to quash or withdraw that part of the Highways Agency (now known as National Highways) CPO for the Exchange Land. Before doing so however, simultaneously upon completion of the addendum to the LPA, the Diocese will enter into a legal charge and restriction on disposal over the Exchange Land for the benefit of the Council to receive 50% of their net receipts (both capital and income).
- 4.4.5 The net sale receipt will be equalised across all of the land included within the outline planning permission.
- 4.4.6 The addendum will legally bind the Diocese, Parkers and the Council until the earlier of, either the receipt by the Council of its share of the agreed minimum land value receipt for both the LCC Land and 50% of the net receipt for the whole of the Exchange Land as defined in the LPA, or until the end date for the LPA, whereupon, on that date, the Council and the Diocese will follow the approach set out below.
- 4.4.7 Once the LPA has ended (on 29/11/2044 at the latest) then the Council would be free to deal with the LCC Land (if it has not been already sold) as it sees fit and with regards to any remaining Exchange Land the Diocese will either:
- i) pay the Council 50% of the then independent market valuation of the remaining Exchange Land, or
 - ii) openly market the remaining Exchange Land for a further maximum period of 5 years from the date the LPA has ended.
- 4.4.8 If at the end of the 5 year period any remaining Exchange Land has still not sold for best consideration reasonably obtainable and the Council considers there is little prospect of the remaining Exchange Land being sold in the next 6 months, then the Council can choose to either:
- i) have the remaining Exchange Land re-valued by an independent valuer and receive from the Diocese 50% of the land value as determined by the appointed valuer, or
 - ii) the Council can require the Diocese to put (at a time as determined by the Council) the remaining Exchange Land to auction (with an auctioneer and reserve agreed by the parties) free of restrictive covenants and the Council will receive 50% of the net proceeds of freehold sale. Until the land is sold the Council would continue to receive 50% of any net income generated from the remaining land.
- 4.4.9 Alternatively if, at the end of the LPA, both the Diocese and the Council agree that there is a reasonable prospect of further development within the

foreseeable future, the Diocese and the Council may (by mutual agreement) continue with an arrangement to pursue this potential and share the sale proceeds 50/50.

4.4.10 The arrangement will include a provision for the Council to receive 50% of the net freehold sale value of the Exchange Land in the event that development doesn't come to fruition. The Council would continue to be entitled to receive 50% of the net income from the Exchange Land until sold.

5. Financial, legal and other implications

5.1 Financial implications

The proposal to release the Exchange land for development will lead to a capital receipt for the Council (being 50% of the net land value after land promotion costs), subject to planning permission being granted. The sale of the adjacent 6.42 acre Council-owned land would result in a further capital receipt, again subject to planning permission being granted. Minimum land prices would apply in both cases. These receipts will be available to support the corporate capital programme.

Stuart McAvoy – Head of Finance, ext. 37 4004

5.2 Legal implications

The proposal outlined above would have the benefit of resolving the long-outstanding issue of the A46 Compulsory Purchase Order in a way that is satisfactory to all parties while also potentially enabling the Diocese to dispose, for residential purposes, a large area of land which, if transferred to the Council under the CPO would only have been able to have been used as an extension to the nearby country park.

The proposed disposal of the Council's land in conjunction with its interest in the Exchange Land will need to satisfy the Council's best consideration obligations under section 123 of the Local Government Act 1972 and comply with the Council's Disposals Framework. An open market disposal exercise, as proposed, is the established method of determining best consideration.

Zoe Iliffe, Acting Principal Lawyer, Legal Services, ext. 37-2180

5.3 Climate Change and Carbon Reduction implications

There are no significant climate emergency implications directly associated with this report.

Aidan Davis, Sustainability Officer, ext 37 2284

5.4 Equalities Implications

Under the Equality Act 2010, public authorities have a Public Sector Equality Duty (PSED) which means that, in carrying out their functions, they have a statutory duty

to pay due regard to the need to eliminate unlawful discrimination, harassment and victimisation, to advance equality of opportunity between people who share a protected characteristic and those who don't and to foster good relations between people who share a protected characteristic and those who don't.

Protected Characteristics under the Equality Act 2010 are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

The report concerns land to the north of the A46/South of Thurcaston that is proposed for future residential development in the new Leicester Local Plan. There are no direct equalities implications arising from the report. However, there are potential social and community benefits arising from the proposal that meets future needs in a way that boosts growth and delivers new homes.

Surinder Singh Equalities Officer ext, 37 4148

5.5 Other Implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

None

6. Background information and other papers:

7. Summary of appendices:

Appendix 1 – Sale plan

Appendix 2 – Agreed heads of terms for freehold sale of LCC Land

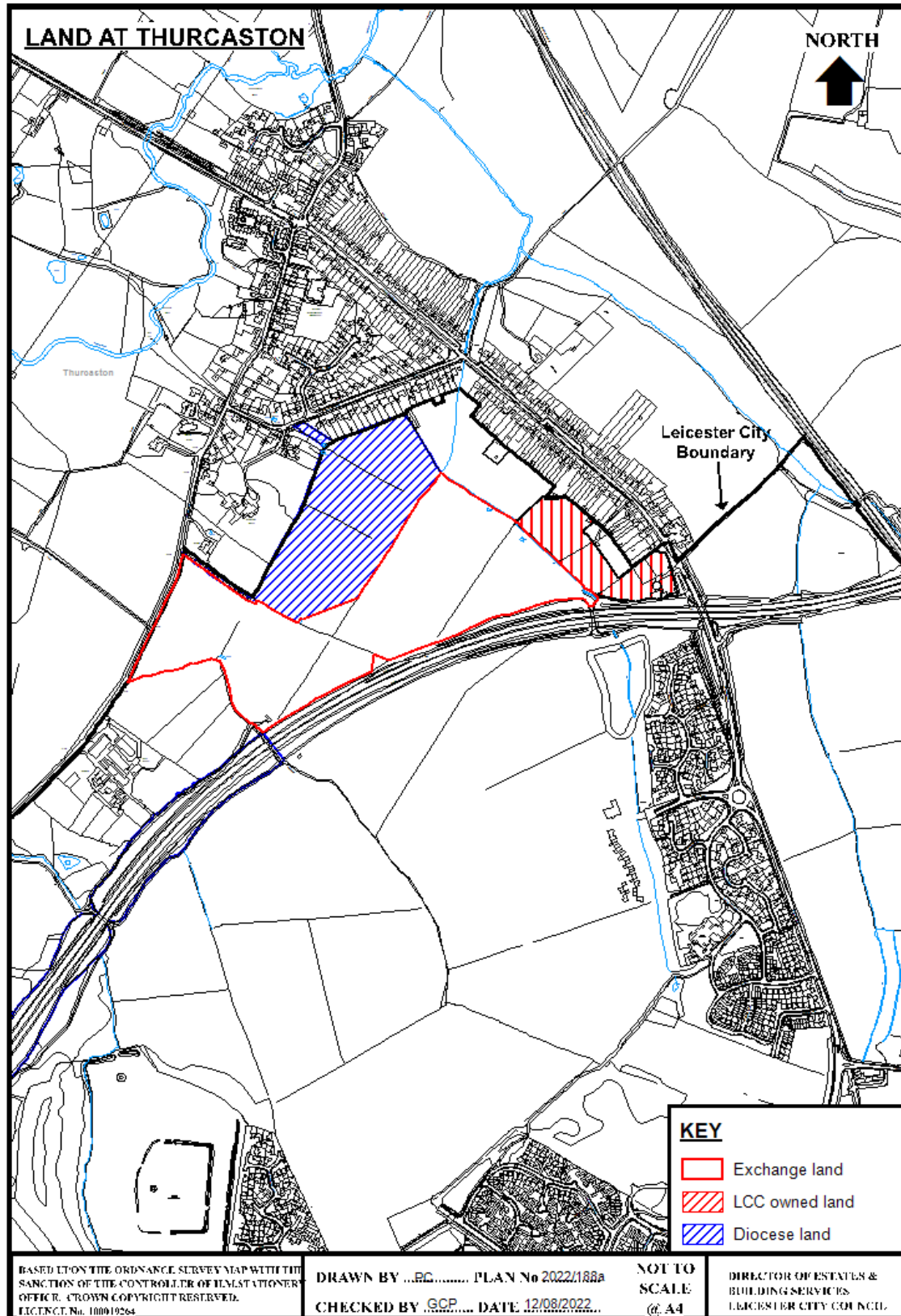
8. Is this a private report (If so, please indicated the reasons and state why it is not in the public interest to be dealt with publicly)?

No.

9. Is this a “key decision”?

No

Appendix 1 – Sale plan



Appendix 2 - Agreed heads of terms for freehold sale of LCC Land

The successful bidder will be required to enter into a contract to purchase the freehold interest on the following main terms;

1. The site hatched red (the Property) on the attached sale plan at Appendix 1 extends to an area of approximately 6.42 acres within the freehold ownership of Leicester City Council (the Vendor). The Property will not be sold in part.
2. The Property is to be only used primarily for residential and ancillary purposes together with part (having a gross land area of no more than 0.75 acres) used as a convenience store (if required) for which outline planning consent has been obtained.
3. The purchase price of the Property will be the equalized land value as set out in the Addendum subject to a minimum land price. In addition to the purchase price, the Purchaser will pay to LCC a contribution towards the Vendor's surveyor's and legal costs amounting to 1% of the purchase price plus VAT. The purchase price may be subject to VAT.
4. Deposit - The Purchaser shall pay the Vendor a deposit of an amount to be agreed upon entering into the contract to purchase the Property. The level of the deposit will be agreed as part of the disposal strategy under the LPA.
5. The date for completion of the sale following exchange of contracts will be determined by the disposal strategy under the LPA having due regard for the need to terminate any licences (or other 3rd party interests) prior to disposal.
6. The Property will be sold with vacant possession following termination of all licences.
7. The Property shall be sold in its existing condition and the Purchaser shall be held to have made any investigations (including environmental investigations) into the character, stability, suitability and condition of the Property and all other investigations and enquiries which they consider necessary, including enquiries of statutory undertakers as to the presence of any service media within the Property, as the Purchaser deems necessary.
8. The development of the Property shall commence within three years of receipt of a fully implementable planning permission and any other necessary consents.
9. The Purchaser shall covenant for themselves and their successors in title that the land and buildings within the development shall be used in accordance with the terms of the planning permission.

10. No noisome, noxious, offensive or dangerous trade, manufacture or business of any kind shall be carried out on the said Property or any part thereof.
11. The Purchaser shall not display or permit to be displayed any notices, advertisements or placards of any kind on the Property or on the exterior of any wall or buildings erected thereon other than such notices as may relate to the sale, letting or business contained within such buildings, without the prior consent of the Vendor and all such notices, advertisements or placards shall comply in all respects with the regulations relating to the control of advertisements as may at the time be in force.
12. The Purchaser shall not acquire any rights of light or air from or over any adjoining land of the Vendor. The Vendor reserves the right to develop or use any of its retained land as it sees fit.
13. The Purchaser shall make, or arrange to have made, all necessary connections to the various services at their own expense and will provide also at their own expense such facilities as may be necessary for the proper installation and operation of services of the statutory undertakers and other service authorities.
14. Subject to the provisions of the Treasure Act 1996, all treasure, coins, antiquities, curiosities, natural or artificial, which shall be discovered in or upon the Property during the progress of any development shall be deemed to belong to the Vendor and shall be carefully preserved and handed uncleaned to the Vendor.
15. The plans enclosed are for identification or general information purposes only and the Purchaser shall carry out their own survey prior to development.
16. The Purchaser shall take all precautions to prevent any damage to existing service pipes, sewers, water courses, cables, wires and any existing walls or fences and shall make good any such damage at their own expense.
17. The covenants herein contained shall be entered into by the Purchaser in pursuance of the provisions of Section 33 of the Local Government (Miscellaneous Provisions) Act 1982 and/or for the benefit of the Vendor's retained land.
18. The Purchaser shall make or arrange to have made any archaeological excavations, evaluations, monitoring or other necessary investigations which may be required as part of the development process; the cost of meeting all such requirements shall be borne in their entirety by the Purchaser.
19. Reservations – LCC will need to reserve access rights (with vehicles, plant and machinery if necessary) in an emergency to clear drainage blockages affecting LCC's retained land.