

**DISPOSAL OF MIDDLEFIELD LANE SITE**  
**REPORT OF THE DEPUTY CHIEF EXECUTIVE (CORPORATE**  
**DIRECTION)**



Hinckley & Bosworth  
Borough Council

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**WARDS AFFECTED: ALL WARDS**

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1. **PURPOSE OF REPORT**

- 1.1 To seek Council's approval to dispose of the Middlefield Lane site by way of formal tender.

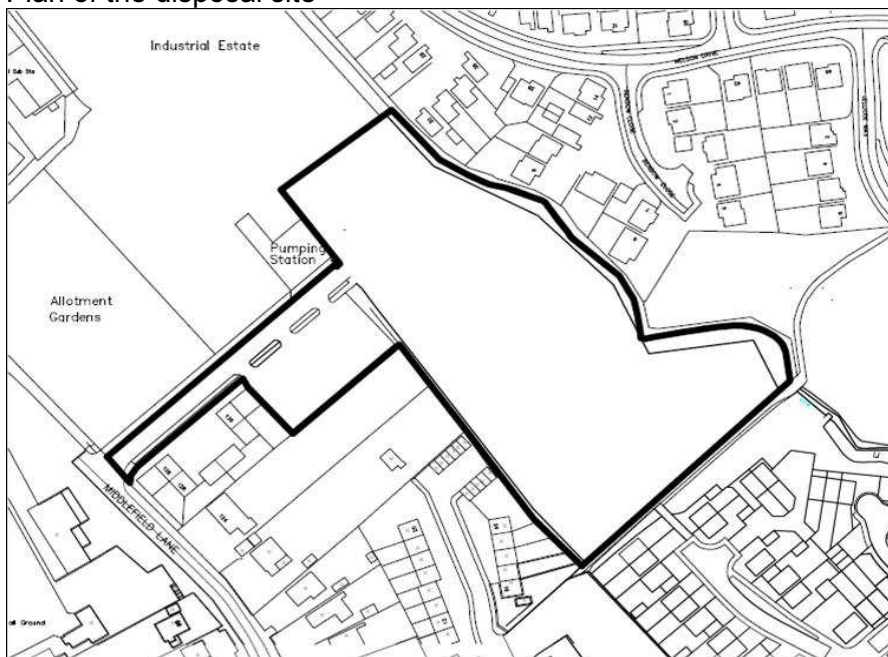
2. **RECOMMENDATIONS**

- 2.1 Approve the use of a formal tender process for marketing and disposal at a figure of not less than £2.2m as set out in s3.5 below.
- 2.2 Delegate to the Deputy Chief Executive, Corporate Direction, the authority to accept a tender and dispose of the land at a value not less than £2.2m.

3. **BACKGROUND TO THE REPORT**

- 3.1 The site of the former depot In Middlefield Lane has been cleared of buildings and marketing has commenced in accordance with the report approved by Council 3<sup>rd</sup> December 2013 for disposal by way of informal tender..

3.2 **Plan of the disposal site**



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- 3.3 An operational requirement has since been expressed to achieve this disposal with proceeds received by 31<sup>st</sup> March 2015 so that borrowing can be reduced.
- 3.4 As a result of analysis of the risks, especially in the experience of the protracted disposal of the Stoke Road site, it has been identified that proceeding by way of informal tender leaves open the risks of protracted further negotiation –particularly price chipping and deliberate delay by the purchaser for cash flow advantage. Considerable effort has been put into site investigations to counter many usual risk

factors affecting both price and timescale. It is therefore now suggested that disposal should proceed by formal tender so that a bidder becomes contractually bound to purchase – subject only to obtaining planning consent.

- 3.5 The tender document would set out detailed matters relating to allowable costs and timetable obligations for planning applications. The Council's external valuers placed the market value at £2.365m in a buoyant market. (November 2013). Matters have come to light since the valuation such as sewer routes and extensive ground disturbance caused by removal of deep foundations which potentially affect the ability to develop the site and this is expected to be reflected in bids. So a more conservative figure of £2.2m is proposed as a reserve price. If this figure is not reached then a further report and recommendation will be brought back to Council.

#### 4. FINANCIAL IMPLICATION [KP]

- 4.1 Once the site is marketed, it will be classified as an "Asset Held for Sale" on the Council's balance sheet, assuming that the sale will be achieved within one financial year. The site is currently valued on balance sheet at £2.365million and therefore if any variance on this would be taken to the Income and Expenditure account as a loss/gain. This entry is subsequently reversed out within the Statement of Accounts and therefore will have **no impact on Council Tax**. Any sale in with an undervalue in excess of £2million requires approval from the Secretary of State.
- 4.2 Any receipts obtained from the sale are deemed Useable Capital Receipts and can only be utilised for capital spend. All proceeds will be used to finance the capital cost of the new Leisure Centre, as outlined in the Capital Programme.

#### 5. LEGAL IMPLICATION [EH]

- 5.1 The disposal of the property has been approved by the Asset Management Strategy Group in accordance with the Constitution at its meeting of 28<sup>th</sup> April 2014. The group agreed to disposal at a minimum price of £2m. On the basis of the valuation this has been revised to the £2.2m price as recommended within this report.
- 5.2 To dispose of the former Depot Site at Middlefield Lane it is necessary to do so in accordance with the Council's adopted Disposals Strategy.
- 5.3 A formal tender process is the disposal of land by an advert which invited tenders to be submitted in accordance with the set procedure. The process requires significant preparation in order to ensure that a full appraisal is carried out on the transaction and all requirements and obligations to be met in a tender response are detailed within the tender documents. The tender document forms a contract for sale therefore the terms on which the Council wishes to dispose of the land will need to be fully documented within this in order to be secured.
- 5.4 The Council will need to place a public advertisement seeking expressions of interest and publicising the selection criteria by which it will evaluate the tenders. Selected tenders will be invited to submit their tender bids.
- 5.5 The sealed bids will be invited by a firm closing date and all bids will be opened together once that date has passed, in accordance with the Constitution. Once a tender is accepted, it forms a binding contract for sale. The tenders will then be assessed against the evaluation criteria.
- 5.6 Once a tender is accepted the tender bidder is contractually bound to proceed with the purchase on the terms within the tender documentation.

- 5.7 By moving to a formal tender process the Council will be taking a less flexible approach in relation to the disposal and imposing time constraints on the parties in order to achieve the capital receipt. Unlike with an informal tender process, the use of a formal tender process will prevent the Council from negotiating with bidders. The Council may seek formal best and final bids where two or more tender submissions score closely in the evaluation process.
- 5.8 In view of the inflexibility of the formal tender this procedure is usually not the preferred method of disposal, particularly where there is a conditional offer based on planning consent being obtained. However, in light of the need to realise the capital for the start of the financial year 2015/2016 this would be the best method for ensuring this is achieved, however it should be noted that sale by this date cannot be guaranteed as it is anticipated that the sale will be conditional on a number of factors, including planning. The sale will only be possible once these conditions have been met and there is a lack of control over this part of the process.
- 5.9 Current Contract Standing Orders do not ordinarily apply to property sales however they do regulate the formal tender process; therefore, in this instance they will be applicable to this disposal of land.

## 6. CORPORATE PLAN IMPLICATIONS

- 6.1 The redevelopment of the former depot supports the objective of creating a vibrant place to work and live.

## 7. CONSULTATION

- 7.1 HBBC Development Control consulted on the matter of future usage of the site and drafted a Planning Brief for potential purchasers.

## 8. RISK IMPLICATIONS

- 8.1 The following significant risks associated with this report / decisions were identified from this assessment:

[Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
Failure to sell within the required time frame at an acceptable price	Proceed by formal tender as set out above]	Robert Vaughan

## 9. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

- 9.1 Disposal has no direct implications but future design and usage has implications which will be managed via the process for planning consent using approved HBBC policies.

## 10. CORPORATE IMPLICATIONS

- 10.1 By submitting this report, the report author has taken the following into account:
- Community Safety implications
  - Environmental implications
  - ICT implications
  - Asset Management implications
  - Human Resources implications
  - Planning Implications
  - Voluntary Sector

Background papers: Middlefield Lane Disposal, Council 3 December 2013

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