

# **Wiltshire Council**

## **Cabinet Capital Asset Committee**

**15 September 2015**

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**Subject:** Middlefields, Hungerdown Lane, Chippenham

**Cabinet member:** Councillor Toby Sturgis  
Strategic Planning, Development Management,  
Strategic Housing, Property, Waste

**Key Decision:** Yes

### **Executive Summary**

In November 2014, the Council received a number of bids for the Middlefields site in Chippenham. Conditions were attached to some of the highest scoring bids, without qualification thereby making it difficult to properly evaluate the submissions. Accordingly, the Council has undertaken further investigations so the bidders should be able to be more precise on any potential deductions to their offers.

The Orders of St John Care Trust (OSJCT) were interested in acquiring part of the site at market value to replace the existing Council Seymour House care home, a matter that Members supported. Following discussions with OSJCT, it is considered that the sale of a self-contained part of the site could be concluded in advance or simultaneously with the remainder of the property.

In addition to bids from house builders, submissions were received for mixed use schemes comprising a care home for OSJCT, housing and a medium sized supermarket (comprising around a third of the site). Members have expressed a preference that the site should only be developed for houses and a care home.

### **Proposal**

Members are invited to:

- note the current position in respect of Middlefields
- approve the sale of part of the site to OSJCT for the construction of a care home
- approve the re-marketing of the remainder of the site restricted to housing development.

### **Reason for Proposal**

In order to progress the sale of the property and support the delivery of Core Strategy and affordable housing policies.

**Dr Carlton Brand**  
Corporate Director

## **Wiltshire Council**

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**Date of meeting: 15<sup>th</sup> September 2015**

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**strategic housing, property, waste**  
**Key Decision: Yes**

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#### **Purpose of Report**

1. To provide an update on the current position in respect of the sale of Middlefields, Hungerdown Lane, Chippenham and to receive guidance on how Members wish to proceed.

#### **Relevance to the Council's Business Plan**

2. The sale of the site will generate a substantial capital receipt which will contribute towards the Business Plan objectives.

#### **Background**

3. The Middlefields site, which extends to approximately 2.36 hectares (5.83 acres), has been offered for sale on the open market culminating in a report to Cabinet Capital Assets Committee in November 2014.

4. At that time, officers were in consultation with The Orders of St John Care Trust (OSJCT) to ascertain whether it was prepared to acquire part of the site at a price reflecting the pro rata development value so it could construct a replacement for the aging Seymour House Care Home which it leases from the Council (which in turn would generate a further capital receipt for the Council).

5. OSJCT has confirmed it has identified an area amounting to 0.6 hectares (1.5 acres) which it could afford. This is smaller than the 0.8 hectares (2 acres) that bidders had shown on their illustrative scheme.

6. This area is self-contained and it is considered on current information that it could be sold to OSJCT irrespective of what happens on the remainder of the site.

7. The highest scoring house builder bidders for the site had submitted offers with conditions attached relating to physical elements of the site. As these conditions were not quantified in the submissions, nor when clarification was sought, it was not possible to provide unequivocal evaluation of the bids.

8. Accordingly, further investigations (de-risking) have been undertaken by the Council, the results of which can now be made available to any bidder and thereby mitigating against conditional aspects of any potential offer.

### **Main Considerations – OSJCT**

9. At the November 2014 meeting of this Committee, Members indicated that they were sympathetic to a sale of part of the site to OSJCT at open market value as this would provide a modern replacement to the existing Council care home, Seymour House, which was built in the mid-1960s and will need to be replaced in the not too distant future.

10. The Council will receive open market value for the OSJCT part of the Middlefields site. The Council will also receive a further substantial capital receipt from the sale of Seymour House once the replacement facility has been completed.

11. No affordable housing would be generated from this part of the Middlefields site although this would be balanced from the sale of Seymour House which is considered suitable for residential development.

12. There may also be a limited impact on the layout/design proposals for the remainder of the site.

### **Further considerations – remainder of the site**

13. The bids for the remainder of the site 1.7 hectares (4.3 acres) propose houses only and bids for a mixed use scheme of houses and around 0.8 hectares (2 acres) for a supermarket. Members have indicated that the Committee preference is for housing only.

14. The advantages of a housing only scheme are:

- It would generate between 10 – 15 additional affordable houses depending upon the density of the housing development proposed by the successful bidder.
- Any potential impact upon the town centre would be eliminated.
- The principle is less likely to generate development control issues.

15. The disadvantages of a housing only scheme are:

- A possible loss of some capital receipts (subject to any mixed use securing planning permission)
- OJEU procurement regulations may apply to the sale of the site.

16. Since the receipt of the bids last year, the Core Strategy has been approved by Full Council. The amount of affordable housing for Chippenham is 40%, an increase on the 30% proposed by all the bidders, including those for a mixed use scheme.

17. It is considered that having regard to the de-risking of the site and the identified need for affordable housing, adopted within the Core Strategy, that a new marketing campaign is undertaken.

18. The issue that the committee will need to consider is whether the re-launched marketing campaign is focussed towards purely housing to achieve the social benefit of assisting to meet the housing demand or whether the re-launched marketing campaign is widened to include mixed use.

19. It is the right of any landowner, the Council included, to withdraw a property from the market or to change the terms upon which it is offered. That is a risk that all property developers take when assessing whether to bid for a site.

20. However, if the Council wishes to make it a condition of sale that the use of the land is restricted to a certain type of development which may affect the sale price, then it should have a sufficiently robust business case to demonstrate it is acting in accordance with good practice.

21. The case considers the following:

- Government guidance on s123 best value considerations for disposals of land provides that disposals at less than best consideration may only be justified if they involve indirect benefits and those cannot be taken into account in assessing best consideration. On occasions, such disposals may be vital tools of local authorities and Local Strategic Partnerships in maximising value for money in pursuit of wider strategic objectives and outcomes. It is difficult to assess whether there will be less than best value consideration if the property sale is restricted to house building only. Site conditions, conditional aspects of existing bids, and the impact of revised affordable housing requirements mean that a figure is difficult to ascertain.
- There is no guarantee that the site will be suitable in planning terms for retail use. There are two sites closer to the town centre which may be available for such retail. Should a bidder not be able to achieve planning permission then any potential loss in value by utilisation of the site for pure housing will not come to fruition.
- If the land is used for mixed use then the area in which retail is placed will be lost for housing purposes together with the associated affordable housing.
- The demand for housing is a national issue. Examination of the Wiltshire Core Strategy in December 2014 included a modification to increase the minimum number of 37,000 new homes over the plan period (to 2026) to “at least 42,000 new homes”. This was incorporated into the Core Strategy adopted in January 2015.

22. Due to demand on land nationally, consideration does need to be given to housing developments within available sites to as far as possible minimise the loss of greenfield sites.

23. The marketing and disposal of the site on a restricted basis for housing development means that the council, as contracting authority, is determining, to a limited extent, what is going to be built on the land. Therefore, OJEU procurement regulations may apply. This can deter some developers from the process and may reduce the number and scale of bids received. However any marketing will be by competitive tender in any event.

### **Safeguarding Implications**

24. None arising directly from this report.

### **Public Health Implications**

25. None arising directly from this report.

### **Corporate Procurement Implications**

26. Considered in the report.

### **Equalities Impact of the Proposal**

27. None arising directly from this report

### **Environmental and Climate Change Considerations**

28. If the Council sells the site then it will lead to a planning application being submitted for development. The most appropriate time for considering Environmental and Climate Change considerations is through the planning application process when details will be presented by the applicant.

### **Risk Assessment**

29. Considered in the report.

### **Financial Implications**

30. A restriction on uses to the site may affect the capital realisation for the site however this value is difficult to quantify for the reasons set out in the body of the report.

An estimate of £4m capital receipt was forecast for 15/16, the forecast was revised early in 15/16 and the receipt moved into 16/17. The delay impacts on the Council achieving its target capital receipts which finances the capital programme and means the Council continues to incur revenue costs on the site.

### **Legal Implications**

31. The Council in disposing of any land must consider best value considerations. In this case there are some indirect benefits which can be taken into account.

32. The Committee needs to consider whether they are satisfied that the social and community benefits are sufficient to meet best value for this land.

33. If the Decision is to restrict the sale to house building then any process followed for the marketing must comply with OJEU requirements.

### **Options Considered**

34. Considered in the report.

### **Conclusions**

35. Members are invited to:

- note the current position in respect of Middlefields
- approve the sale of part of the site to OSJCT for the construction of a care home
- approve the re-marketing of the remainder of the site restricted to housing development

**Carlton Brand**  
**Corporate Director**

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26<sup>th</sup> August 2015

### **Background Papers**

None

### **Appendices**

Site Plan



# APPENDIX – SITE PLAN

