



**SOUTH
KESTEVEN
DISTRICT
COUNCIL**

Council

26 November 2020

Councillor Kelham Cooke

The Leader of the Council



Acquisition of Land in South Kesteven

The purpose of this report is to seek a decision from Full Council to authorise the budget for the acquisition of a parcel of land in the South Kesteven area.

Due to the commercial sensitivities that apply to the land in question, the details are contained in the exempt appendices attached to this report. These appendices are exempt under paragraph 3 of Schedule 12A of the Local Government Act 1972 for the reasons referred to in paragraph 1.2 of the report.

Report Author

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Corporate Priority:	Decision type:	Wards:
Growth	Key	Grantham Earlesfield

Reviewed by:	Gary Smith – Strategic Director, Commercial & Operations	24/11/2020
Approved by:	Karen Bradford – Chief Executive	24/11/2020
Signed off by:	Councillor Kelham Cooke, The Leader of the Council	24/11/2020

Recommendation to decision-maker

It is recommended that Council:

1. Approves the necessary budget allocation to purchase the site as stated within Exempt Appendix 1 paragraph 3.1 and the associated costs following acquisition.
2. Approves an increase to the regeneration reserve by a minimum of £500k in order to provide sufficient funding to meet the ongoing revenue costs of the site.

- 3. Notes that the decision to acquire the site is an executive function for Cabinet and refers the site acquisition to the Cabinet, with the recommendation that Cabinet delegates to the Chief Executive, in consultation with the Leader and S151 Officer, authorisation to negotiate terms, carry out site due diligence and enter into a contract to purchase the parcel of land.**

1 The Background to the Report

- 1.1 The Council has the opportunity to purchase a freehold parcel of land with vacant possession in the South Kesteven area which is considered to be strategically important for the Council's growth ambitions. The Council needs to move at pace to secure its position regarding the land to avoid the vendor taking a different route for the disposal.
- 1.2 The details of the site in question are set out in exempt appendices attached to this report to preserve the Council's commercial position. Paragraph 3 of Schedule 12A of the Local Government Act 1972 applies to exempt the information contained in the exempt appendices referred to in 1.3 below. Having regard to the public interest test, it is considered that on balance it is necessary to protect the Council's and the vendor's respective commercial positions by applying this exemption. If that were not the case, both parties' positions would be compromised and/or prejudiced.
- 1.3 There are the following exempt appendices referred to in 1.2 above:
Exempt Appendix 1 – Details relevant to the transaction including the financial implications
Exempt Appendix 2 – Site Plan
Exempt Appendix 3 – Property Details
- 1.4 Time is of the essence in this transaction and an early decision is required to ensure that the Council approves the necessary funds to purchase the site, subject to due diligence and terms.

2 Consultation and Feedback Received, Including Overview and Scrutiny

- 2.1 Not applicable.

3 Available Options Considered

- 3.1 Consideration has been given to not acquire this site but this would hinder the Council's ambitions and the delivery of several of the Council's recently approved Corporate Plan key objectives.

4 Preferred Option

- 4.1 The preferred option is set out in the recommendations contained in the report.

5 Reasons for the Recommendation (s)

- 5.1 The Council has the opportunity to purchase a site which is considered to be strategically important for the Council's growth and economic development ambitions. The approval of the necessary budget allocations will enable the purchase to proceed.

6 Next Steps – Communication and Implementation of the Decision

- 6.1 If approval is given, the Council will appoint an acquisition team to lead the commercial negotiations as well as to undertake the required due diligence, searches and enquiries. As part of this, the Council will commission a best value Royal Institution of Chartered Surveyors (RICS) valuation.

7 Financial Implications

- 7.1 The proposed acquisition is not currently budgeted for and therefore Council approval is required to amend the existing Budget Framework 2020/21. It is proposed that the purchase will be funded from internal borrowing rather than utilising external borrowing and incurring borrowing costs. Internal borrowing is a financially efficient method but can be on a short term basis only and until such time as external borrowing or further use of reserves will be necessary. The operational costs of holding the asset are projected to be at circa £310k per

annum due to the large size of the site and these costs include business rates, security, insurance etc. This is a significant additional revenue budget requirement and it is important members are made aware of this additional financial commitment. As there is currently no financial headroom in the medium term financial plan to meet these operational costs it is recommended that the costs can only be met from the regeneration reserve. However the reserve is still being utilised to fund the operational and holding costs of St Martins Park and therefore it is recommended that the reserve balanced is increased accordingly. Any further costs following the acquisition of the site will need to be carefully considered having regard to the financial position at that time.

Financial Implications reviewed by: Richard Wyles, Interim Director of Finance

8 Legal and Governance Implications

8.1 The Council has the power to acquire the land in question for the specified purposes.

The decision to approve the budget necessary to fund the purchase is a Council function and within the remit of the Full Council.

The decision whether to purchase the land is an executive function and will be exercisable by Cabinet.

Legal Implications reviewed by: Dave Coleman, Chief Legal Officer, Legal Services Lincolnshire

9 Equality and Safeguarding implications

9.1 None identified at this stage.

10 Risk and mitigation

10.1 The key risks include the following.

Category Risk	Action / Controls
Decline to make decision	Increases risk of third party interest in the site. Full and proper due diligence will be completed to support the scheme.
Planning restrictions	Prior discussions with Planning to ensure any proposed change of use and development supports the national and local planning policies.
Contamination and ground investigation	Risk is mitigated by undertaking a ground investigation survey.
Title deed restrictions	Legal due diligence.
There is a downturn in land prices	The Council would seek to hold the site for Council operational purposes.

11 Community Safety Implications

11.1 There are no community safety implication with the acquisition at this stage.

12 How will the recommendations support South Kesteven District Council's declaration of a climate emergency?

- 12.1 As part of any development, climate change and carbon reductions measures will be treated very seriously and it is expected that specialist Sustainability Officer input will be commissioned as part of the project team to advise accordingly in the delivery of the scheme. The purpose of this report is to agree the necessary funding to acquire the site and therefore no specifics will be agreed at this stage. Any future development will be designed and built in a way that seeks to reduce carbon emissions.
- 12.2 Once the site has been acquired, the project team will make recommendations at the planning stage in relation to sustainable measures that could be taken on board to help the political ambition to reduce the Council's carbon footprint by at least 30% by 2030 and to endeavour to be net-zero carbon by as soon as viable before 2050.
- 12.3 The development may include solar power and or ground source heat pumps. Any development will also consider the recycling of existing materials on site and the use of a local contractor.

13 Other Implications (where significant)

- 13.1 National and local planning policy will be considered as part of the due diligence process.

14 Background papers

- 14.1 Not applicable

15 Appendices

Exempt Appendix 1 – Details relevant to the transaction including the financial implications

Exempt Appendix 2 – Site Plan

Exempt Appendix 3 – Property Details

Report Timeline:	Date of Publication on Forward Plan (if required)	N/A
	Previously Considered by:	N/A
	Final Decision date	26/11/2020