

Name of meeting: Cabinet

Date: 18th November 2020

Title of report: Development of land at Southgate, Huddersfield

Purpose of report: To consider an offer received from the University of Huddersfield to purchase the council owned strategic development site.

| | |
|---|--|
| Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards? | Yes - the sale of the land will generate a capital receipt in excess of £250k. |
| Key Decision - Is it in the Council's Forward Plan (key decisions and private reports?) | Yes |
| The Decision - Is it eligible for call in by Scrutiny? | Yes |
| Date signed off by Strategic Director and name | David Shepherd - Strategic Director - Growth and Regeneration – 09/11/20 |
| Is it also signed off by the Acting Service Director - Finance, IT and Transactional Services? | Eamonn Croston – Service Director – Financial Accountancy 09/11/20 |
| Is it also signed off by the Service Director -Legal Governance and Commissioning? | Julie Muscroft - Service Director – Legal, Governance and Commissioning – 09/11/20 |
| Cabinet member portfolio | Cllr Graham Turner and Cllr Peter McBride |

Electoral wards affected: Dalton
Ward councillors consulted: Not consulted
Public report with private appendices.

Private Appendices 2, 3 and 4

(Exempt information under Part 1 of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006. It was considered that the disclosure of the information would be contrary to confidential terms and that the public interest in maintaining the exemption outweighed the public interest in disclosing the information and providing greater openness in the Council's decision making.) The Private Appendices contain information relating to the financial or business affairs of any particular person (including the authority holding that information).

Has GDPR been considered? Yes.

1. **Summary**

- 1.1 The Southgate site is a strategic gateway development site just outside the town centre consisting of the former Huddersfield Sports Centre site, the former Pine Street car park and other demolished buildings. The site is approximately 2.548 hectares (6.296 acres) as can be seen in public **Appendix 1** and is allocated as a mixed use site in the Local Plan.
- 1.2 On 15 October 2020 a confidential offer to acquire the site by the University of Huddersfield (“University”) was received by the Strategic Director - Growth and Regeneration. The offer letter was accompanied by an outline vision and concept for the development of the Southgate site by the University, as shown in **Appendix 2**.
- 1.3 This report and the private appendices attached will outline the detail of the proposal and will propose to Cabinet the sale of the Southgate site to the University in accordance with the draft Heads of Terms attached at **Appendix 3**.

2. **Information required to take a decision**

Background

- 2.1 Following cabinet approval in February 2017, the Southgate site was cleared of derelict and defunct buildings and prepared for disposal and subsequent redevelopment. The site has progressed through the Local Plan public examination and was accepted as a mixed use site in the Council’s final approved Local Plan.
- 2.2 A request to purchase the site was received from a public sector organisation on 1st August 2017. This was considered on the 27th November 2017 by the Council’s Leadership Management Team (LMT) alongside a proposed concept design. LMT acknowledged the significance of the site in terms of its gateway position to the town and agreed that it would be most appropriate for the site to be disposed of via an open market process.
- 2.3 A commercial agent was subsequently appointed to carry out soft market testing for the disposal of the site on the open market. In October 2018 a second offer was received in addition to the offer outlined in paragraph 2.2 above. The University submitted a written offer to the Council to acquire the unrestricted freehold of the whole site for its then proposed Huddersfield Innovation & Integration Quarter, as outlined in an accompanying vision and masterplan.
- 2.4 Subsequent discussions with both parties occurred but the Council decided not to pursue either proposal at that time. The public sector organisation has now pursued a different solution to its proposal.
- 2.5 In October 2020 the Council received another offer from the University (at an enhanced value to that submitted in October 2018) for the unrestricted freehold accompanied by an alternative development scheme proposal. The offer and alternative development proposal is attached at private Appendix 2.

Development Proposals and Indicative Masterplan

- 2.6 The University proposal is for the development and use of the site for a National Health Innovation Campus including teaching and learning facilities, associated infrastructure and related businesses as detailed in the proposal attached at Appendix 2. The site will be developed in a number of phases, with a prominent gateway building proposed during phase 1 to be opened for the start of academic year 2024/25.

3. Implications for the Council

3.1 Working with People

The proposal put forward by the University will bring staff, students and visitors into Huddersfield town centre and help develop the next cohort of health professionals who, it is hoped, will remain in large numbers in the Leeds City Region following completion of their studies.

3.2 Working with Partners

This proposal for a disposal to the University compliments the council policy of developing and encouraging partnership relationships to maximise the benefits for the residents of Kirklees. The University is a key strategic partner of the Council in Huddersfield with access to significant capital funds and development opportunities not readily available to the Council alone. There are significant merits of engaging with the University from a local social, economic and environmental benefit perspective.

The proposed sale of this important strategic site will facilitate a keystone development of this gateway location which will have a significant economic regenerative impact on Huddersfield and the wider Kirklees area through the long term provision of a National Health Innovation Campus including research, teaching and learning facilities, associated infrastructure and related businesses.

It is anticipated through the planning process that agreement will be reached with the University as partners to successfully connect the development site to the wider town by means of improved pedestrian connectivity from the campus to the town centre including accessibility across the ring road at Southgate to complement the broader Blueprint ambitions of the Council

3.3 Place Based Working

This proposal will provide an opportunity for a more efficient and effective use of the land currently owned by the Council. It will provide a local partner with the opportunity to invest heavily in an agreed format to provide a masterplan development which gives a local organisation greater control over a local asset and the services delivered from it. It provides new opportunities to develop and improve land and buildings for local social, economic and environmental benefit. It supports the Council's vision of community and partnership engagement.

3.4 Climate Change and Air Quality

It is envisaged that as a responsible and innovative developer the University's masterplan for development will incorporate the highest building and environmental standards and initiatives for meeting carbon reduction, energy efficiency and will contribute to the Council's key objectives relating to climate change and improving air quality. Discussions will occur to explore and maximise if possible the potential opportunities presented by the Council's proposed Huddersfield Heat Network which will provide affordable renewable energy for use by local businesses and residents.

3.5 Improving outcomes for children and young people

The proposed National Health Innovation Campus will provide advanced educational facilities for healthcare. Yorkshire and the Humber has some of the worst figures in the English regions with regard to the health of its population:

- Third lowest life expectancy for both men and women;
- Highest levels of obesity;
- Second highest rate of deaths in infancy.

These are all issues that the new Northern Health Innovation Campus proposed by the University will address, working in partnership with others in the region.

3.6 Financial / Legal

In relation to the proposed disposal of this strategic development site the Council must make reference to relevant Government legislation and existing Council policies. There are no legislative controls that require a competitive disposal of land, however the requirement for non-housing is that it must be sold for the best consideration that is reasonably obtainable.

State Aid Rules permit a disposal of land at market value by way of solus negotiation if the market value has been established by an independent valuation before negotiations commence. Council Policy is that there should only be solus negotiation for disposals with Special Purchasers. Special Purchasers are defined in the Council's adopted Disposals and Acquisitions Policy as including adjoining owners and parties with an interest in the property where a disposal will release additional, or marriage value, to be shared with the Council.

Whilst the University do not fall in to the definition of Special Purchaser they are special in the partnering and benefits that the disposal will bring to the Council and the Town Centre. A Cabinet decision is required to approve a departure from the policy and by seeking the recommendations outlined Cabinet are approving a departure from the policy.

In relation to disposals of non-housing land Section 123 of the Local Government Act 1972 requires the Council to obtain the best consideration reasonably obtainable (unless the consent of the Secretary of State is obtained or the General Disposal Consent applies).

In November 2018 external consultants were appointed by the Council to provide a Red Book Valuation of the Southgate site, a copy of which is attached at **private**

Appendix 4. This report has been reviewed internally and is considered Best Consideration. A refresh of that valuation has been commissioned externally to provide a current unrestricted value for the site but that is currently outstanding due to Covid related issues. However, it is the officer belief that it is highly unlikely that this value will have increased (subject to confirmation).

The offer received from the University is in excess of the November 2018 valuation and is in excess of their previous offer received. If the November 2018 value is confirmed then it can be assumed that the disposal, if approved, will constitute best consideration and the unrestricted market value.

The disposal will generate a significant capital receipt for the Council which will be reinvested in delivering the Council's Blueprint ambitions. The University's high quality development matched with the Council's regeneration proposals for the town centre will drive economic recovery and growth, bringing significant capital investment and revenue benefits for local businesses, residents and visitors.

The Service Director for Legal, Governance and Commissioning will be instructed to draft, negotiate and complete all documentation necessary to conclude the disposal in line with the instructions of the Strategic Director for Growth and Regeneration.

4. Next steps and timelines

Proposed draft Heads of Terms have been agreed and are provided at private Appendix 3. If Cabinet approves the proposed disposal of the Southgate site to the University, officers will work to finalise the agreed Head of Terms and instruct the Service Director - Legal, Governance and Commissioning (using an external panel company) to progress preparation of the Contract and Transfer with all reasonable endeavours and to proceed to complete the sale of the site.

5. Officer recommendations and reasons

Officers recommend that Cabinet:-

- 5.1 Approve the disposal of the Southgate site as shown in Appendix 1 to the University of Huddersfield at the price detailed in private Appendix 3.
- 5.2 Approve a departure from the adopted Disposals and Acquisitions Policy and approve the treatment of negotiations with the University of Huddersfield as that of a Special Purchaser within the meaning of the adopted Policy.
- 5.3 Delegate authority to the Strategic Director - Growth and Regeneration and Service Director - Legal, Governance and Commissioning to finalise the Heads of Terms and to proceed with the disposal broadly in accordance with the draft Heads of Terms provided at private Appendix 3.
- 5.4 Delegate authority to the Service Director - Legal, Governance and Commissioning to enter into and execute any agreements or instruments relating to the disposal of the Southgate site.

5.5 The reasons for these recommendations are that:-

Southgate is a strategically important site in the centre of Huddersfield, the proposed National Health Innovation Campus development of which brings a long term, exciting end use that will provide significant employment and regeneration opportunities. The University of Huddersfield has a track record for delivering similar developments with the private sector and the Southgate development brings the University closer to the town in a prominent gateway site.

The agreed price will constitute best consideration and the unrestricted market value of the site (subject to final confirmation by the refreshed external Red Book valuation).

6. Cabinet portfolio holder's recommendations

As the Joint Portfolio Holders for Regeneration and Corporate we welcome the proposals from the University of Huddersfield to develop the Southgate site as the new home for their National Health Innovation Campus. As a major employer and investor in the town the University is well placed to provide a high quality scheme that will deliver long term economic benefits. The capital receipt arising from the disposal will be used towards the development of other major Blueprint projects in Huddersfield, thereby maximising the benefits for residents and visitors to Kirklees.

The Cabinet Portfolio Holders recommends that Cabinet:-

- 6.1 Approve the disposal of the Southgate site as shown in Appendix 1 to the University of Huddersfield at the price detailed in private Appendix 3.
- 6.2 Approve a departure from the adopted Disposals and Acquisitions Policy and approve the treatment of negotiations with the University of Huddersfield as that of a Special Purchaser within the meaning of the adopted Policy.
- 6.3 Delegate authority to the Strategic Director - Growth and Regeneration and Service Director - Legal, Governance and Commissioning to finalise the Heads of Terms and to proceed with the disposal broadly in accordance with the draft Heads of Terms provided at private Appendix 3.
- 6.4 Delegate authority to the Service Director - Legal, Governance and Commissioning to enter into and execute any agreements or instruments relating to the disposal of the Southgate site.

7. Contact officer

David Martin - Head of Service for Corporate Landlord and Capital - david.martin@kirklees.gov.uk

8. Background Papers and History of Decisions

Previous Cabinet Reports

- **Date 30 June 2015 Old Leeds Road Huddersfield: Exit Agreement**

Purpose

To note the decision of the Chief Executive, through the exercise of his emergency powers, to authorise the Council to enter into an Exit Agreement with Tesco Stores Ltd and other Tesco group companies.

Recommendations Approved

Private Appendix

(Exempt information under Part 1 of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006. It was considered that the disclosure of the information would be contrary to confidential terms and that the public interest in maintaining the exemption outweighed the public interest in disclosing the information and providing greater openness in the Council's decision making.)

Cabinet received exempt information relating to the decision of the Chief Executive for the Council to enter into an exit agreement from the sale of land at Old Leeds Road, Huddersfield.

This information was considered prior to the determination of Agenda Item 17 (Minute number 41 refers).

- **Date 22 September 2015 Southgate Huddersfield - Site Preparation**

Purpose:

The report will seek approval for an outline specification for, and expenditure on works and fees for demolition and associated activities, in order to prepare the site for disposal and development, and will note an outline programme for site clearance works.

Recommendations Approved

(1) That approval be given to the outline specification for site clearance works, as set out in paragraphs 2.15 to 2.19 of the considered report.

(2) That approval be given to expenditure not exceeding £1.75 million in total on site clearance, development brief, and any site disposal activities, as set out in paragraphs 2.20, 2.21, and Appendix 2 of the report.

(3) That the outline programme for site clearance works, as set out in paragraph 2.22, be noted.

(4) That the Assistant Director (Physical Resources and Procurement), in consultation with the Acting Assistant Director (Investment and Regeneration) and the Assistant Director (Legal, Governance and Monitoring), be authorised to apply for all necessary statutory and other consents required for site clearance.

(5) That the Assistant Director (Physical Resources and Procurement), in consultation with the Acting Assistant Director (Investment and Regeneration) and the Assistant Director (Legal, Governance and Monitoring), be authorised to procure and appoint contractors and consultants for site clearance, development brief, and any site disposal activities.

(6) That a report be submitted to a future meeting to consider a draft development brief, an assessment of any Council use(s) for the site, and any proposals for marketing the site for disposal to other parties.

- **Date 7 February 2017 Southgate Huddersfield**

Purpose:

The report will seek approval for an outline specification for, and expenditure on works and fees for demolition and associated activities, in order to prepare the site for disposal and development, and will note an outline programme for site clearance works.

Recommendations Approved

- 1) That approval be given to the draft Development Brief, as detailed in Appendices 1, 2 and 3 of the considered report.
- 2) That the Assistant Director (Place) be authorised to market the land for disposal for redevelopment.
- 3) That it be noted that two further reports will be submitted, (i) for a decision to be taken on the preferred purchaser of the site and (ii) to comment upon the preferred developer's draft masterplan for redevelopment.

9. Strategic Director responsible

David Shepherd - Strategic Director – Growth and Regeneration –
david.shepherd@kirklees.gov.uk

10. Attached Appendices

- Public Appendix 1 - Red line boundary plan for Southgate Development site
- Private Appendix 2 - Offer letter and Development vision / masterplan proposal
- Private Appendix 3 - Draft Heads of Terms
- Private Appendix 4 - RICS Red Book Valuation