

MUNICIPAL YEAR 2016/2017 REPORT NO. 176

MEETING TITLE AND DATE:

CABINET – 18th January 2017

REPORT OF:

Director of Finance, Resources and Customer Services

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Agenda - Part: 1	Item: 9
Subject: Part sale of cottage; building and land at Holly Hill Farm, 303 The Ridgeway, Enfield EN2 8AN KD 4447 Ward: Chase	
Cabinet Members consulted: Cllrs Sitkin & Lemonides	

1. EXECUTIVE SUMMARY

- 1.1. An opportunity has arisen for the Council to sell part of the freehold of Holly Hill Farm.
- 1.2. Holly Hill Farm and North Lodge Farm is a Council owned asset and comprises approximately 300 acres with associated farm buildings and cottages.
- 1.3. Halo Dogs occupy Holly Hill Farm Cottage, Farm Buildings and Land by way of such a sublet from the Council's farm tenant.
- 1.4. It is proposed to sell the freehold interest in these assets to Halo Dogs, being the land shown edged red on the attached plan along with a right of access shown shaded brown.
- 1.5. The agreed sale price is £750,000 and there is an overage provision agreed of 50% of the market value of any additional residential planning being granted.
- 1.6. The overage clause stands for 50 years and will be registered by a charge.
- 1.7. The heads of terms for this agreement are as set out in appendix 1 of this report.
- 1.8. The annual rental income, which the Council receives from this farm asset, will reduce from £31k to £18k as a result of the proposed part sale.
- 1.9. The Council's specialist rural consultant, Knight Frank (KF), have recommended the proposed terms and have confirmed that these represent best value as set out in section 123 of the Local Government Act 1972.

2. RECOMMENDATIONS

It is recommended that Cabinet:

- 2.1.** Approves the proposed terms of the part sale of cottage; building and land at Holly Hill Farm, 303 The Ridgeway, Enfield EN2 8AN as detailed in the report
- 2.2.** That Cabinet delegates authority to the Director of Finance, Resources and Customer Services and the Assistant Director of Property Services, to agree final terms and enter into appropriate legal agreement for the freehold sale and subsequent amendments to the FBT as detailed in this report.
- 2.3.** That Members note that the annual rental income, which the Council receives from this farm asset will reduce from £31k to £18k as a result of the proposed part sale

3. BACKGROUND

- 3.1.** Holly Hill Farm and North Lodge Farm is let to a farm tenant – by way of a farm business tenancy agreement (FBT) and comprises approximately 300 acres with associated farm buildings and cottages
- 3.2.** Their tenancy allows them to sublet any building, upon receiving the appropriate planning consent, with the Council sharing in 50% of any such income received.
- 3.3.** At Holly Hill Farm, Halo Dogs currently occupy Holly Hill Farm Cottage, Farm Buildings and Land by way of such a sublet.
- 3.4.** It is proposed to sell the freehold interest in these assets, being the land shown edged red on the attached plan along with a right of access shown shaded brown.
- 3.5.** Under the FBT legislation a 12 month notice can be served (at any time) on the tenant to obtain vacant possession of the site. This will be served on Exchange by Enfield Council's legal team.
- 3.6.** The agreed freehold sale price is £750,000 and there is a overage provision agreed to receive 50% of the market value or sale price (whichever is the greater) of that part or those parts of the Property which is the subject of the grant of any residential planning permission, other than a planning permission for residential dwellings which are classed (in planning terms) as ancillary to a commercial use on the Property or relate to the redevelopment of, or an extension of, the Cottage itself, provided that such redevelopment or extension shall not result in multiple dwellings being created for future sale.
- 3.7.** This clause stands for 50 years and will be registered by a charge.
- 3.8.** The Council's specialist rural consultant, Knight Frank (KF), have recommended the proposed terms and have confirmed that these represent best value as set out in section 123 of the Local Government Act 1972.
- 3.9.** As a result of the proposed sale the existing FBT will need to be amended to delete the reference to the land and buildings subject to this report.

- 3.10. Early access for planning, surveys and access works will be allowed under the proposed terms of the freehold sale.
- 3.11. Selling this property does not adversely affect the Council from a strategic planning point of view.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. Do nothing – This option is not recommended as the Council would forgo a capital receipt of £750,000.

5. REASONS FOR RECOMMENDATIONS

- 5.1. It will generate a capital receipt for the Council which can be allocated to help fund spending priorities.
- 5.2. It will ensure that this local business will remain in the borough.
- 5.3. It will provide an opportunity for the local business to plan and build for the future

6. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES AND OTHER DEPARTMENTS

6.1. Financial Implications

- 6.1.1. Currently £31k per annum rent is received for the site and this will reduce to £18k as a result of the partial disposal as per recommendation 2.3 of this report. This reduced income stream for the service could result in a budget pressure if it cannot be contained from within existing resources.
- 6.1.2. The capital receipts arising from the disposal of circa £750k will be used to contribute towards the funding of the Council's existing capital programme and transformation agenda less up to 4% of sale proceeds which will be used to meet direct disposal costs.
- 6.1.3. Whilst the Council cannot forecast at this stage the extent of any overage which might fall to the Council under the agreement of the sale (supported by the charge on the asset) it should be noted that this too would be a capital receipt and be accounted for as such.

6.2. Legal Implications

- 6.2.1. By Section 123 of the Local Government Act 1972 and/or Section 1 of the Localism Act 2011 the Council has the power to dispose of land in any manner it wishes, subject to obtaining the best price reasonably achievable.
- 6.2.2. In accordance with the Council's Property Procedure Rules the inclusion of property on the disposals programme requires approval either by the appropriate Cabinet member or by Cabinet itself.
- 6.2.3. All disposals should be made on a competitive basis, unless justified and approved otherwise, as required by the Property Procedure Rules.

6.2.4. As this property is within the Green Belt the proposed disposal must be advertised in a local newspaper and consent obtained from the Department of Communities and Local Government in accordance with the Green Belt (London and Home Counties) Act 1938 before the sale can take place.

6.2.5. Contracts for sale will be in a form approved by the Assistant Director of Finance, Resources and Customer Services (Legal Services).

6.3. Property Implications

As embedded within the reports

7. KEY RISKS

7.1 Potential loss of capital receipt which can be pooled to help fund spending priorities within the general fund.

7.2 Potential loss of existing local business from the borough.

7.3 Lost opportunity for the local business to plan and build for the future.

8. IMPACT ON COUNCIL PRIORITIES

8.1. Fairness for All

8.1.1. Any capital receipt generated will be pooled and help fund spending priorities within the general fund, which in turn will help protect those functions deemed essential.

8.2. Growth and Sustainability

8.2.1. The capital receipt will help fund priorities within the General Fund.

8.2.2. It will provide an opportunity for the local businesses to plan and build for the future.

8.3. Strong Communities

8.3.1. The proposal will help the Council build strong communities within the borough.

9. EQUALITIES IMPACT IMPLICATIONS

9.1. An equality impact assessment/analysis is not deemed relevant or proportionate for the proposed transaction.

10. PERFORMANCE MANAGEMENT IMPLICATIONS

10.1. The sale will have clauses and conditions that will bond the performance of the tenant to the land.

11. PUBLIC HEALTH IMPLICATIONS

The following benefits will result from the proposal:

- 11.1. Opportunity to retain existing and create job opportunities by retention of this business within the borough.
- 11.2. The capital receipt can be used to fund frontline services to the community to assist in enhancing health and wellbeing in the Borough.

Background Papers

None

Appendices

Plan
Heads of Terms