



**AGENDA ITEM: 6(k)**

**CABINET: 12th JUNE 2012**

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**Report of: Assistant Director Housing and Regeneration**

**Relevant Managing Director: Managing Director (Transformation)**

**Relevant Portfolio Holder: Councillor A Owens**

**Contact for further information: Mr B Livermore (Extn. 5200)  
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**SUBJECT: PUBLIC LAND AUCTION PILOT**

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Wards affected: Borough wide

**1.0 PURPOSE OF THE REPORT**

1.1 To seek authority to progress the Land Auction Pilot.

**2.0 RECOMMENDATIONS TO CABINET**

2.1 That the Assistant Director Housing and Regeneration be authorised to develop the land auction pilot in accordance with paragraphs 4 & 5.

2.2 That the Assistant Director Housing and Regeneration, select the sites to be included in the Public Land Auction.

2.3 That the Assistant Director Housing and Regeneration, determine what conditions, if any, are attached to the sale of the land within the Public Land Auction.

2.4 That the Assistant Director Housing and Regeneration be authorised to incur necessary costs and expenditure to take the pilot forward within the budget available of £100K and any further monies provided under recommendation 2.5.

2.5 In the event that the likely costs will exceed £100K, that the Assistant Director Housing and Regeneration be authorised to draw this to the attention of the Department of Communities and Local Government (DCLG) so that additional funding can be made available to take the Pilot forward.

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### **3.0 BACKGROUND**

- 3.1 Cabinet received a report on the 13th March 2012 which highlighted the concept of the Public Land Auction Pilot and confirmed its agreement to the Borough Council being one of only three beacon authorities in the country.
- 3.2 Cabinet agreed to authorise officers to take the Pilot forward subject to further consideration at a future meeting.
- 3.3 Cabinet were advised at their meeting that the Government had allocated funding on £100K to the Council to facilitate the Land Auction Pilot. I can confirm that this has been received and work associated with the Public Land Auction Pilot will be charged to this budget.

### **4.0 METHODOLOGY**

- 4.1 The approach that needs to be adopted for the Public Land Auctions is for the Council and the Homes and Communities Agency (HCA) to identify appropriate sites presently in the ownership of the HCA that would be part of the Pilot.
- 4.2 Initial discussions have taken place with the HCA and we have identified several possible land sites in and around Skelmersdale that may be suitable for the pilot.
- 4.3 The HCA have put a current valuation on the land and have shared their view with us. Currently the Council are assessing this and started the process of negotiation so that an agreed base point can be arrived at.
- 4.4 It is essential that this valuation process is thorough as this will form the baseline from which any uplift from this figure to a sale price will become part of the surplus that the Council will share with the HCA.
- 4.5 The second stage of the process would be to estimate the uplift in value of each of the sites to see if it is beneficial to include in the pilot. This information will then provide an indication of the current value, the estimated value and therefore the difference in valuation is classified as the uplift value. Initial negotiations have taken place with the HCA and we anticipate that any increase in value as a result of uplift will be shared on a 50-50 basis. It is possible that the HCA may be prepared to increase the proportion given to the Council but a strong case would have to be made, for example, to assist with town centre regeneration.
- 4.6 The second stage of the process will be to evaluate each of the sites and determine which should be included in the Public Land Auction.
- 4.7 Some careful thought and consideration needs to be given to this as this land will be brought forward, for sale, it is anticipated, with planning approval. There are a range of planning approvals that could be sought and as part of the evaluation of each of the sites; consideration will be given to each of these and an estimate of the cost benefit of each approach. At this stage, a view will be

taken on which sites should be included within the Public Land Auction and whether any conditions should apply to development.

- 4.8 Conditions for development may include looking at other land owned by the Council and the HCA which would support the Town Centre redevelopment. If more attractive land is available on the sites which are open for Public Land Auction, this could affect the delivery of housing and have a knock on consequence to the Town Centre redevelopment. One option might be to consider packaging the land with land within the Town Centre Development Agreement to ensure that this development takes place prior to, or in conjunction with, the land being developed in the Public Land Auction sites. The Council and the HCA will have full regard to the requirements of the Town Centre Development Agreement when progressing this.
- 4.9 The third phase of the scheme would then be to cost out each of the actions required to obtain planning permission and to see whether the grant of £100K is sufficient to undertake all of the work that is necessary. Since the last Cabinet meeting, we have received the £100K by way of grant from the Government and have been advised that there is further funding available which can be drawn down if needed to complete all of the necessary work and it is unlikely that the Council will have to undertake any work at risk. The total grant funding pot approved by Government was £1 million to assist the three schemes (of which each local authority received £100k each) and to undertake research to enable the DCLG to learn from these pilots.

## **5.0 THE WAY FORWARD**

- 5.1 In my previous report I had indicated that a fully costed report would be brought to you. This has not been possible but I am relaxed about the process, bearing in mind that we have received grant support for this project and a commitment for further grant support to be made available if required.
- 5.2 I am therefore proposing delegated authority be granted for the project to be taken forward with the grant available and that if this proves to be insufficient that an application be made for further assistance to the DCLG.
- 5.3 Discussions are in train with HCA regarding what powers the Council have to enter into an agreement with them. Initial indications are that the Local Authority (Goods and Services) Act 1970 will facilitate the pilot. If this proves not to be the case then I will report back as it is likely that a company will have to be established as the vehicle for taking this project forward.

## **6.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY**

- 6.1 There are no significant impacts associated with this report and, in particular, no significant impact on crime and disorder. This report has no significant links with the Sustainable Community Strategy.

## **7.0 FINANCIAL AND RESOURCE IMPLICATIONS**

- 7.1 As highlighted elsewhere within the report, the Council has received a grant of £100K from the Government.
- 7.2 Further funds are available if the £100K is not sufficient to take the pilot forward.
- 7.3 In the event that further funds prove to be necessary then an application will be made to draw down additional funding.
- 7.4 The works required to bring the sites to the market may be undertaken in-house or the Council may need to out source this work and act as the commissioning body but either way the costs will be met by the DCLG.

## **8.0 RISK ASSESSMENT**

- 8.1 On an initial evaluation, there appears to be little risk financially. The largest risk will be delivering all of the work that is necessary for this project within realistic timescales. Clearly the budget that is made available will assist in meeting relevant deadlines.

## **9.0 CONCLUSION**

- 9.1 Overall the project is moving forward at an appropriate pace and, subject to Cabinet being comfortable with the Methodology outlined, then this project can be progressed during the course of 2012.

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### **Background Documents**

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

### **Appendices**

None