

Item 6

KEY DECISION

REPORT TO CABINET

27th July 2006

**REPORT OF HEAD OF STRATEGY &
REGENERATION & DIRECTOR OF
RESOURCES**

**LEARNING & EMPLOYMENT PORTFOLIO AND STRATEGIC
LEADERSHIP**

**DISPOSAL OF HEIGHINGTON LANE WEST STRATEGIC
EMPLOYMENT SITE**

1. SUMMARY

- 1.1 Following receipt of a number of enquiries and offers for the purchase of the 59Ha strategic employment site, Heighington Lane West, Newton Aycliffe, a formal invitation for bids to be submitted was commenced and a number of bids subsequently received.
- 1.2 Bids have been received which will result in the development of the site for regional logistics facilities, and therefore create significant job opportunities. Sedgefield Borough Council is in ownership of the site together with Durham County Council and ONE Northeast, and will therefore receive a one-third share of a significant capital receipt as a result of the sale.
- 1.3 Cabinet agreement is sought to the principal of the disposal of our interest in Heighington Lane West and to authorise senior officers of Sedgefield Borough Council to assist in the selection of the optimum bid. Once selected, the detail of the selected bid will be presented to cabinet.
- 1.4 The sale of Heighington Lane West not only represents a significant potential capital receipt for re-investment in the authority's priorities, it will also create employment opportunities in-line with long-standing economic development aspirations for the site.

2. RECOMMENDATION

It is recommended that Cabinet:

1. Agree to the principal of disposal of Sedgefield Borough Council's interest in Heighington Lane West and authorise officers to select the optimum bid.

3. **HEIGHINGTON LANE WEST**

Background

- 3.1 Heighington Lane West represents one of Sedgefield Borough's and County Durham's prime opportunities to attract investment and generate employment opportunities. The site is designated within the current Regional Economic Strategy as a strategic employment site, one of just a handful in the North East.
- 3.2 Heighington Lane West is located adjacent to the existing Heighington Lane Business Park which forms a part of Aycliffe Industrial Park. The site totals 59Ha and is owned by Sedgefield Borough Council, Durham County Council and ONE Northeast.
- 3.3 Along with the two partner agencies, Sedgefield Borough Council has a long-standing desire to dispose of the site in order to generate job creation. This is recognised through Cabinet's earlier commitment to invest in infrastructure on the site and undertake works of mitigation to protect great crested newts. Under disposal offers being considered the developer may now undertake both of these investments.
- 3.4 The decision was taken to advertise the site formally in order to receive the maximum market value for the site. This process has been undertaken by Durham County Council on behalf of the three organisations.
- 3.5 A number of offers were received from national property developers. All of the bids focussed on the development of the site for logistics use. Market information from all of the partner organisation and in the view of the Economic Development Section, the logistics sector represents the best opportunity for the successful development of the site and subsequent creation of job opportunities.
- 3.6 Cabinet approval is sought therefore to the principal of the disposal of our interest in the site and to authorise officers to select the best bid on behalf of Sedgefield Borough Council. A panel of representatives will meet in August from Sedgefield Borough Council, Durham County Council and ONE Northeast. Sedgefield Borough Council will be represented by the Head of Strategy and Regeneration, the Valuation and Corporate Property Services Manger and a representative from Planning.

- 3.7 In addition to the creation of a significant number of employment opportunities, Sedgefield Borough Council will receive one third of the capital receipt from the sale of the site.
- 3.8 Following the selection of the best offer, a report will be submitted to cabinet for formal approval to dispose of Sedgefield Borough Council's interest in the site. This report will contain the detail of the accepted offer, including the financial implications.

Corporate Policy Implications

- 3.9 Heighington Lane West is a strategic employment location and the disposal of the site in order to facilitate the development of logistics operations on the site represents an exciting opportunity to create employment opportunities through sectoral development.
- 3.10 The disposal of the site to a developer who will facilitate the development of the site will therefore strongly contribute to Council's Corporate Strategy aspiration of creating a Prosperous Borough by enhancing employment opportunities for local residents.

4. RESOURCE IMPLICATIONS

- 4.1 Specific resource implications will be presented to cabinet following selection of the bid by representatives from the three owners. It will however, result in a significant capital receipt for the authority.

5. CONSULTATIONS

- 5.1 No formal consultations have been held beyond Sedgefield Borough Council, Durham County Council and ONE Northeast.

6. OTHER MATERIAL CONSIDERATIONS

- 6.1 **Community Strategy**
The development of Heighington Lane West will contribute to generating a 'strong and sustainable business base', by helping to ensure that the Borough 'has the right sites and premises available to meet future business needs'.
- 6.2 **Legal and Constitutional Implications**
There are deemed to be no legal and constitutional implications.
- 6.3 **Risk Management**
The key element of risk to the sale of the site focuses on a lack of development of the site following sale. This will be mitigated against however through clauses in the sale agreement ensuring development

takes place with an agreed timescale. Further detail will be provided following the selection of the bid within the subsequent report to cabinet.

6.4 Health and Safety

There are deemed to be no health and safety implications.

6.5 Sustainability

Heighington Lane West once developed, will form part of the wider Aycliffe Industrial Park. The park is served by public transport, including Heighington Station adjacent to the site.

Heighington Lane West has been identified as a location for logistics operations due to its excellent road links. This will therefore attract regional distribution centres for the North East, reducing traffic generated from national distribution facilities.

6.5 Information Communications Technology

No relevant considerations.

6.6 Equality and Diversity

No relevant considerations.

6.7 Crime and Disorder

Not relevant at this point.

6.8 Human Rights

No relevant considerations.

6.9 Social Inclusion

No relevant considerations.

7. **OVERVIEW AND SCRUTINY IMPLICATIONS**

7.1 There has been no previous consultation or engagement with the Overview and Scrutiny Committees.

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Key Decision validation: Key decision as involves income in excess of £100,000

Background Papers: None

Examination by Statutory Officers

	Yes	Not Applicable
1. The report has been examined by the Councils Head of the Paid Service or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. The content has been examined by the Councils S.151 Officer or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. The content has been examined by the Council's Monitoring Officer or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. The report has been approved by Management Team	<input checked="" type="checkbox"/>	<input type="checkbox"/>

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