
NEASHAM ROAD: LINKED TO RELOCATION OF CATTLE MART

Responsible Cabinet Member –
Councillor Stephen Harker, Efficiency and Resources Portfolio and
Councillor Chris McEwan, Economy and Regeneration Portfolio

Responsible Director – Ian Williams, Director of Economic Growth

SUMMARY REPORT

Purpose of the Report

1. This report seeks to inform Cabinet of the Council's current proposal that if implemented facilitates relocation of the Clifton Road Darlington Farmers Auction Mart (DFAM), and seeks approval for the acquisition of circa 55 acres of land at Neasham Road from DFAM that would accommodate a future mix of housing.

Summary

2. Council has had a long held objective to facilitate relocation of the Cattle Mart from Clifton Road. This report details the progress made to date and the contents of a proposal currently being progressed.
3. This proposal has many interdependencies but there is an opportunity to align the mart relocation with the additional but significant further additional development of affordable and social housing to meet an identified need within the borough. A clear outcome of this proposal of the Council acquiring the Neasham Road land is that the land capital receipt received by DFAM will be sufficient for them, when supplemented by their own and other private sector funding, to trigger the relocation of the Cattle Mart from Clifton Road. Confirmation has been received from DFAM that if this proposal goes ahead, they will commit to relocate. This relocation remains a priority for the Council and it has long been recognised that the current location is unsuitable for a Mart operation, undesirable in the context of wider regeneration opportunities and impacts on the neighbourhood around Bank Top, and furthermore is constraining DFAM's growth opportunity.
4. As context on 8th September 2015, Cabinet voted in favour of the relocation of the Cattle Mart facility from Clifton Road to Humbleton Farm in accordance with the provisions of the Darlington Extension and Improvement Act 1872.

5. The Council has been working over a number of years to identify, with the operators, a viable and sustainable route to enable re-location to a suitable out-of-town site.
6. The scale and location of land in DFAM ownership and under option at Neasham Road presents an attractive proposition to finally secure relocation and would enable the Council to bring forward a significant supply of land for housing development, contributing to our affordable housing needs within the Borough.
7. The Council is seeking to acquire the land at Neasham Road (see attached plan **Appendix A**) from DFAM, that could provide a site capable of accommodating over 500 units over the next few years. The Neasham Road site however is currently subject to a conditional sale option agreement to a national housebuilder. This interest would have to be resolved to enable the Council to proceed with the acquisition.
8. This report therefore seeks Cabinet approval for the purchase of land at Neasham Road and to secure the surrender of DFAM's lease at Clifton Road and to conclude negotiations in line with the principal terms set out in the **Appendix B Part III**.

Recommendations

9. It is recommended that Cabinet :-
 - (a) Approves the purchase of the land at Neasham Road, the surrender of the lease of Clifton Road, the grant of the market rights in consideration for the option of the Mart land and delegates authority to the Director of Economic Growth in consultation with the Portfolio Holder for Efficiency and Resources to conclude negotiations in line with the principal terms set out in the Appendix B Part III of this report.
 - (b) The Assistant Director Law and Governance be authorised to execute the necessary documents to give effect to the following;
 - (i) the purchase of the land at Neasham Road,
 - (ii) the surrender of the lease of Clifton Road,
 - (iii) the grant of the market rights in consideration for and subject to the grant of option over the Mart Land
 - (c) Note that the site at Neasham Road is subject to a conditional sale agreement for the benefit of a national housebuilder; it is highlighted to members that the acquisition of the site by the Council is contingent on this third party agreeing to surrender its interests.
 - (d) Delegates the release of both received and committed Section106 monies especially designated for affordable and social housing to the Director of Economic Growth to facilitate the purchase of the land at Neasham Road.
 - (e) Agree that balance of funding required in the short term to acquire the land be funded from the Capital Investment Fund and that the fund is repaid from future

receipts generated from the site and appropriate Section 106 receipts as detailed in (d) above.

Delegations

10. In undertaking the delegation recommended in this report, the Director of Economic Growth will consult with the Portfolio Holder for Efficiency and Resources where there is variation to the terms set out in the Appendix B Part III.

Reasons

11. The recommendations are supported by the following reasons:-

- (a) To provide a site capable of contributing to the delivery of Council Housing Stock and other affordable/social homes to satisfy the Borough's housing need.
- (b) To help facilitate the relocation of the Cattle Mart facility from Clifton Road to Humbleton Farm.

Ian Williams, Director of Economic Growth

Background Papers

Relocation of Cattle Market from Clifton Road Cabinet Report dated 8 September 2015

Jill Thwaite : Extension 6312
Guy Metcalfe: Extension 6725

S17 Crime and Disorder	<p>Clifton Road Cattle Mart is located within a residential area which is incompatible with its operations. Relocating the Cattle Mart to a more appropriate, rural setting will improve this incompatible use and have a positive impact on crime and disorder in this location.</p> <p>Crime and Disorder will also be considered during the design formulation and planning stages for the proposed new homes at Neasham Road.</p>
Health and Well Being	<p>Clifton Road Cattle Mart is located within a residential area which is incompatible with its operations. Relocating the Cattle Mart to a more appropriate, rural setting will improve this incompatible use and have a positive impact on health and wellbeing in this location.</p> <p>Health and Wellbeing will also be considered during the design formulation and planning stages for the proposed new homes at Neasham Road.</p>
Carbon Impact	<p>The new facility will be more energy efficient than the existing property however no carbon impact comparison has been undertaken.</p>

	Carbon impact will be considered during the design formulation and planning stages for the proposed new homes at Neasham Road.
Diversity	<p>The new facility has been designed in accordance with up-to date building regulations and guidance including Access for All.</p> <p>Diversity will be given due regard during the design and planning stages of the Council's proposals at Neasham Road.</p>
Wards Affected	<p>Park East Ward</p> <p>Heighington and Coniscliffe</p> <p>Hurworth</p> <p>Eastbourne</p>
Groups Affected	No specific group will be affected.
Budget and Policy Framework	<p>The financial proposals set out in this report are not reflected in the MTFP.</p> <p>The budgetary implications for the Council have been mitigated as much as possible through the proposed structure, however they have not been eradicated.</p> <p>This decision does not represent a change to the policy framework.</p>
Key Decision	Yes
Urgent Decision	No
One Darlington: Perfectly Placed	The recommendations in this report will contribute towards both the One Darlington and Perfectly Placed agendas through the provision of suitable, affordable housing and by helping to Grow the Economy.
Efficiency	The relocation of the Cattle Mart should result in a reduction in officer time addressing issues at Clifton Road as the new facility will be delivered in accordance with current environmental regulations and is in a setting which is more appropriate for such a use.
Impact on Looked After Children and Care Leavers	This report has no impact on Looked After Children and Care Leavers

MAIN REPORT

Information and Analysis

12. The position relating to the requirements of the Darlington Extension and Improvement Act 1872 are the same as those previously reported (Cabinet, 08/09/15), and the Council's resolution to relocate the Cattle Mart facility from Clifton Road to Humbleton Farm remains in place.
13. DFAM have worked to assemble a larger site at Neasham Road which is in the region of circa 55 acres and is capable of generating a larger capital receipt than their initial site which when added to other private sector finance is sufficient to fund the delivery of the new Cattle Mart facility.
14. The delivery of additional affordable and social housing, including the provision of new Council Stock is considered a priority in the context of Darlington's housing supply over the local plan period. As such, it is considered that this site would be acceptable and would enable the Council to bring forward its own housing development, as well as providing the opportunity for other social housing providers to deliver their own stock, in order to contribute to and accelerate the delivery of social and affordable housing in order to meet the Borough's needs.
15. The purchase of the land at Neasham Road, as identified in Appendix A, has clear benefits in that it helps to facilitate the relocation of the Cattle Mart from Clifton Road to free up land for the delivery of the Bank Top Station vision, as well as contributing towards the Council's housing targets.
16. The acquisition of Neasham Road has been agreed in principle with DFAM and the principal terms are set out in the Appendix B Part III of this report. Delegated authority is sought to the Director of Economic Growth to conclude negotiations, outlined in paragraph 9, in line with the principal terms and complete the associated legal documentation.

Clifton Road and Humbleton Farm

17. DFAM currently operate under a Lease from the Council for their existing facility at Clifton Road. Any acquisition at Neasham Road would trigger the surrender of this lease facility, removing DFAM's legal interest in the Clifton Road site. However, in the interests of allowing DFAM to continue their business operations whilst their new facility is being constructed, the date by which they have to vacate the site will be set for an agreed point following the acquisition of the Neasham Road site, as set out in Appendix B Part III.
18. A reserved matters application for Humbleton Farm has been submitted in line with the outline consent which has now expired. The Council, as Local Planning Authority, needs to determine this application for which additional information has been requested from DFAM as applicant. Until this application has been approved, or a new detailed application submitted and approved, and the relevant pre-conditions determined, development cannot commence on the new facility.

Land and Property Advice

19. Following the surrender of the Clifton Road site, the liability for the site would fall to the Council. Cabinet have previously resolved to release £20,000 of the future land receipt from Clifton Road to enable the Council to ensure that the site is safe and secure (08/09/2015). Any other costs associated with the upkeep and maintenance of the Clifton Road site and the Neasham Road site would need to be funded from existing Council Budgets.
20. Following vacation of the site by DFAM it is recommended that the existing buildings are demolished and the site cleared promptly. The cost of demolition anticipated to be circa £100k will fall to the Council pending development in connection with the Bank Top Station Masterplan.

Legal Implications

21. To ensure that the Council can continue to meet its obligations under the Darlington Extension and Improvement Act 1872 the Council will acquire an Option over the new Cattle Market Facility at Humbleton Farm enabling the Council to purchase it should DFAM fail to relocate and/or continue their operations in the future.
22. In consideration for their investment at Humbleton Farm and the grant of the Option as above, a licence to run a market and the associated market rights will be granted to DFAM for an agreed term. Such an arrangement represents relevant consideration for the market rights and ensures the Council is able to continue to meet its statutory obligations while achieving assurance of the relocation of the mart to a preferable location and facility.
23. The terms relating to the grant of Market Rights are considered to be compliant with relevant procurement and State Aid regulations, as well as maintaining the Council's position as holder and obligor in relation to the Market Rights. Details are set out in the Appendix B Part III.

Financial Implications

24. There are a number of sources the acquisition could be funded from, including:
 - (a) Commuted sums already received by the Council through previous planning Section 106 contributions towards the provision of affordable and social housing. The Council anticipates receiving more contributions from other committed development;
 - (b) Prudential borrowing underwritten by future capital receipts received from Housing Revenue Account (HRA) and/or other private investors as housing development progresses;
 - (c) The Economic Growth Investment Fund.
25. Overall the acquisition will be underwritten by the Capital Investment Fund in the short term and will be repaid by receipts arising from the site and future Section 106 receipts.

26. The Housing Revenue Account would also fund the Council's own house-building programme and discussions with Homes England (HE) and Tees Valley Combined Authority (TVCA) have been progressed with funding application's being encouraged. This funding will be on a similar basis to previous Government funded programmes.
27. In the interests of accelerating housing delivery on site, the Council may seek to bring-in other Registered Providers to provide their stock alongside the Council housing planned on site. If considered appropriate part of the site could also be sold to private housing developers with an expected capital receipt.
28. The Council currently receives a rental income in the region of £35,000 pa (base rent £4,000 plus Tolls and Levies) from DFAM under the terms of their Clifton Road lease. In return for delivering the new facility and providing an option to the Council at Humbleton Farm, tolls and levies will no longer be received from DFAM for the agreed term. It is considered that the benefits of the relocation of the Cattle Market to Humbleton Farm and accelerating the delivery of housing stock outweighs the loss of this rental income. This will have a financial impact on the General Fund and is not reflected in the current MTFP, however conversely additional housing at Neasham or Clifton Road is not factored in which would ultimately increase Council revenue

Risks

29. To mitigate potential risk the proposed acquisition is conditional on the Council being satisfied that the ground condition is satisfactory for development. A number of ground investigations have already been undertaken on behalf of DFAM, by the national housebuilder, and these will be duly checked and warranties assigned for the benefit of the Council.
30. Similarly, the site will provide the Council with a number of development options over a number of years which will enable the Council to spread development risk through a range of housing products and tenure mix and also introduce housing for sale if and when required.
31. The Council can be reasonably confident that Homes England funding and HRA funding can be available to fund some or part of the housing requirements and that there is a likely market for housing on the site on a private sale basis which may potentially be built through the Council Housing Joint Venture Partner.

Consultation

32. No consultation has taken place due to the commercially sensitive nature of this matter. Consultation on the proposed housing development at Neasham Road will take place in due course through the normal Planning Application process.