

## **HAMBLETON DISTRICT COUNCIL**

**Report To:** Cabinet  
2 September 2014

**Subject:** NORTHALLERTON PRISON

**Northallerton Wards**  
**Portfolio Holder for Economic Development and Finance: Councillor P Wilkinson**

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### **1.0 PURPOSE AND BACKGROUND:**

- 1.1 Authority is sought to negotiate with the Ministry of Justice on the value and potential Council purchase of Northallerton Prison. This report also seeks agreement for how the potential purchase should be handled and what further reports are required.
- 1.2 The Council has approved a Design and Development Framework covering the prison, the former RPA site, the North Yorkshire Fire and Rescue site and the Council's Crosby Road car park. This provides informal planning guidance on the development of these sites including an indicative masterplan.
- 1.3 The purpose of the Development and Design Framework is to ensure that the re-use and redevelopment of the site takes place in a co-ordinated way and provides the maximum economic and community benefit to the town. The Masterplan was drawn up in consultation with stakeholders and the community and is believed to be realistic in terms of market demand and economic viability.
- 1.4 Ownership of the site would significantly strengthen the Council's position in delivering the Development and Design Framework and the economic and community benefits.

### **2.0 NEGOTIATION:**

- 2.1 The Ministry of Justice has a Government imposed deadline for disposal of the site by the end of March 2015 and has instructed its agents to make preparations to market the site. However, it has agreed to hold off putting the site on the market in order to allow time for negotiations with the Council.
- 2.2 The Ministry of Justice has commissioned several studies to inform the net value, the most important are ground conditions and asbestos surveys and these should give an accurate quantification of any abnormal development costs. These are scheduled to report in October.
- 2.3 The Council will incur costs with negotiations, there will be a need for an independent valuer to assess the value of the site, provide a report and negotiate with the Ministry of Justice's agent. Because of the Ministry of Justice's timescale and to protect the Council's position this process has commenced.
- 2.4 Negotiation on value would be based on the approved Design and Development Framework.
- 2.5 If the negotiations are positive it is intended to bring two further reports to Cabinet as follows:

- A recommended gross value – this would be the maximum the Council would pay and assumes no abnormal development costs and is the starting point for agreeing a final value. This report is anticipated in October.
- A recommended net value – this is the sum the Council would actually pay and is the gross figure minus agreed abnormal costs (demolition, decontamination, dealing with unstable ground conditions, etc) and the cost of the planning requirements. This report is anticipated in November or December.

2.6 It is possible that negotiations could break-down because agreement cannot be reached on either of these values.

2.7 The process reflects the need to give the Ministry of Justice certainty about the Council's intentions and that the abnormal costs cannot be accurately costed until the survey work is completed in October.

### 3.0 **LINK TO COUNCIL PRIORITIES:**

3.1 Purchase of the site will help deliver the Council's objective of supporting local economic growth and help deliver the approved Development and Design Framework.

### 4.0 **RISK ASSESSMENT**

4.1 The significant risk in agreeing the recommendation is:

<b>Risk</b>	<b>Implication</b>	<b>Prob*</b>	<b>Imp*</b>	<b>Total</b>	<b>Preventative action</b>
The Council decides against purchase.	Public and Stakeholders expectations not met leading to criticism of the Council.	3	4	12	Clearly communicate the process and the potential for the purchase not to proceed.

4.2 The significant risk in not approving the recommendation.

<b>Risk</b>	<b>Implication</b>	<b>Prob*</b>	<b>Imp*</b>	<b>Total</b>	<b>Preventative action</b>
Opportunity to purchase is missed.	Reduced ability to deliver the Development and Design Framework and economic and community benefits for Northallerton.	5	4	20	Thoroughly investigate Council purchase.

Prob = Probability, Imp = Impact, Score range is Low = 1, High = 5

### 5.0 **FINANCIAL IMPLICATIONS:**

5.1 As set out in paragraph 2.3 the Council will incur costs associated with the negotiations and these are estimated be about £25,000.

5.2 If negotiations are positive and the potential purchase moves forward there will be further costs for the Council, for example it would be required to contribute towards the surveys and reports of "abnormal costs". These costs will be subject of further reports should the project move forward.

## **6.0 LEGAL IMPLICATIONS:**

- 6.1 The Council has the legal power to purchase the site under the 2011 Localism Act.
- 6.2 Legal advice will be sought as necessary throughout the negotiations and purchase.

## **7.0 RECOMMENDATIONS:**

- 7.1 It is recommended that:-
  - (1) Authority be given to the Chief Executive to negotiate for the purchase of the Northallerton Prison site.
  - (2) A valuer be appointed to act as the Council's agent and £25,000 be budgeted for this from the Economic Development Fund.
  - (3) There be further reports to Cabinet for decisions on the gross value and net value of the site.

## MANAGEMENT TEAM

**Background papers:** None.

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