



**RECORD OF DECISION**

**TITLE: Land at Ryelands Road, Leominster, HR6 8NZ**

Ref: PCC/D/2021/31

**EXECUTIVE SUMMARY**

A rectangle of land 33.5m long and 30cm wide, located on Ryelands Road, Leominster, HR6 8NZ, was retained by West Mercia Police in 2007 as a ransom strip after the disposal of the plot of the former Leominster Police Station. However, the strip can now only be incorporated in the plot of the former Police Station and no longer has any value as a ransom strip.

The land is currently a liability to the portfolio as the PCC for West Mercia is now fully responsible for the land, liability having previously been held by a developer under licence. In order to protect the PCC from unexpected costs and any liability claims, it is recommended that the freehold title of the ransom strip is sold.

**PROPOSAL**

The proposal is to dispose of the ransom strip at Ryelands Road, Leominster, HR6 8NZ by selling it to the neighbouring landowner, subject to the purchaser covering a part of the PCC's legal fees in connection with the transfer.

**APPROVAL OF  
West Mercia Police and Crime Commissioner**

I hereby approve the above proposal.

Signed:

## PART 1 – NON-CONFIDENTIAL/EXEMPT FACTS AND FIGURES

### SUPPORTING REPORT

The old Leominster Police Station was located on Ryelands Road, Leominster, HR6 8NZ. A large part of the Police's freehold was sold with planning consent in 2007 but a thin rectangle of land (33.5m long and 30cm wide strip) on the western side of the plot was retained by West Mercia Police Authority as a ransom strip. This was done to prevent the purchaser of the former police station's plot to redevelop the whole block (bound by Ryelands Rd to the south, Westfield Walk to the west, Westfield School to the north and the access road to the east).

A licence, passing on the maintenance and liability of the land to the developer, was put in place but the licence has now terminated following the voluntary liquidation of the developer's company. This resulted in the full liability and responsibility for the ransom strip reverting back to the PCC for West Mercia. This ransom strip was reviewed as part of the wider Estates Remodelling Strategy and the Estates Rationalisation Delivery Plan and was declared surplus to requirement. It is recommended that the land is disposed of. Three different options were considered. All are aimed at mitigating the risk of public liability claims and maintenance costs arising in connection with this ransom strip.

Upon site inspection, it was established that the land is not level and can only be incorporated in the plot of the former Police Station. A small piece of the land is on the same level as the street but then drops approximately two feet and rises again, between two buildings – a terrace of houses and the newer block of flats which was built on the plot of the former police station. Access is currently available only from the block of flats. The land on the western side of the plot (the terrace of houses) has a higher ground level.

The land was assessed to determine its value. Using the residual valuation method in a hypothetical situation, taking into account the complex topography of the site, a piece of residential land at this location would have a value of around £675. However, the subject plot is classified as amenity land which has lower value. Moreover, the land's only access is through the neighbouring residential development. The land itself cannot be developed due to its size, poor access, complex topography and as the adjacent properties are already developed and occupied. It is important to note that the land only has value for the neighbouring owner who has expressed interest to acquire it as it allows good access for maintenance of the side façade of their building.

Option A is to retain this ransom strip and sign a 99-year long lease at a peppercorn rate with the neighbouring landowner. This lease will pass all of the maintenance, insurance and general liability to the neighbour (and their successors in title) for its duration. If such a lease is signed, the land will no longer be considered a liability to the portfolio. However, apart from the risk associated with negotiating and signing an agreement with the neighbour, this option does not resolve the problem with the liability in perpetuity - the land and all responsibility for it will revert back to the PCC after the lease has lapsed or is terminated. Currently, the PCC has no interest in the adjacent plots and, as the land of the new Leominster Police Station on Enterprise Way is owned freehold, there is a very low chance of this small piece of land being

needed and utilised. Thus, it is considered that it is not worth it to retain the freehold interest in the land. The capital receipt which may be obtained from a future sale is also unlikely to be large enough to justify the legal fees and monitoring of the ransom strip for the next 50+ years. The estimated present value of the land, if used for residential purposes, is less than £700.

Option B is to sell the title of the land to the neighbouring landowner for £1, subject to the Purchasers covering a proportion of the Vendors' cost in connection with the transfer. This is a clean-cut disposal where the PCC for West Mercia retains no interest in the ransom strip. The neighbour's representative have confirmed that they are interested in purchasing the land, and they would bear 50% of the PCC's legal costs (capped at £500.00). This option does extinguish the potential for a capital receipt for West Mercia PCC down the line but permanently removes the liability risk. This is the recommended option for a way forward as it disposes of a surplus, non-operational property.

Option C is to dispose of the land to the neighbouring landowner with an overage clause. An overage clause is included in a property sale to give the Seller the right to receive further funds after the sale has completed. The land of the ransom strip can significantly increase in value after a "trigger event" (e.g. the grant of planning permission, use of the land for a different purpose) and an overage clause will ensure that the PCC for West Mercia receives a proportion of this increase in value. The amount of the funds received is determined by a formula agreed in the overage agreement. It is also important to note that overage clauses are time-limited and developers may "wait" for an overage to lapse before taking actions to develop the land.

The risks associated with this option are:

- Due to the fact the old Leominster Police Station site being redeveloped in the last 10 years, it is unlikely that the site will be redeveloped in the next 50 years. This would dictate that the overage clause has to have a validity of over 50 years – longer than is considered normally acceptable. Such long agreements may negatively affect the value of the land in future sale. This risk to value may deter the current adjacent owner to acquire the land with an overage clause in the first place.
- An agreement has to be reached with the neighbouring landowner on the terms of the overage. The neighbour's representative has not confirmed if they would be interested in such an arrangement.
- It is not likely to be worth retaining any interest in the land. Any monies from an overage are not likely to be large enough to justify the legal fees and monitoring of the ransom strip. Although land and property values change overtime, the true ransom value of the land can be established only when a redevelopment scheme is proposed, we consider that the land itself will not be worth more than £1,000 (best case scenario in today's money) and an overage of 50% based on the increase of land value will produce a receipt of around £300-£400.

Having explored all options for further actions, Option B is recommended.

Map of site Attached.

## **STRATEGIC CONSIDERATIONS**

This decision supports the following element(s) of the Safer West Mercia Plan:

- Putting Victims and Survivors First     Building a More Secure West Mercia  
 Reforming West Mercia                       Reassuring West Mercia's Communities

The decision supports the above listed objectives through the following:

- Mitigation of risk from unbudgeted maintenance costs – This is a small parcel of land that had once served a purpose that has been now fulfilled.
- Removal of risk from liability claims.
- Disposal of surplus non-operational assets.
- Removal of a potential liability enabling greater focus on reforming the core estate

## **FINANCIAL COMMENTS**

All proposed options will attract legal fees.

In all 3 options, it may be possible, subject to negotiations with the neighbouring landowner, for the legal costs to be covered partially by the Purchaser. It is expected for the legal fees for Option B to be the lowest – quoted at £750-£1,000, depending on the time incurred. The potential purchaser is interested in purchasing the land outright (Option B) and has agreed to cover 50% of the PCC's legal costs (contribution capped at £500.00)

The land is assessed as having low value. Consequently Options A and B will bring negligible income to the PCC. It is theoretically possible for Option C to bring more substantial income in the future due to the overage clause, however, it must be noted that this is a potential income which will be deferred in time and may even never be realised.

## **TREASURER COMMENTS**

The preferred option (Option B) will protect the PCC from unexpected costs and future liabilities but he will not benefit in the future from an increased capital receipt should this ransom strip be required for the development of the adjacent site.

## **LEGAL CONSIDERATIONS**

By virtue of schedule 11, paragraph 14 of the Police Reform and Social Responsibility Act 2011 the Police and Crime Commissioner may do anything which is calculated to facilitate, or is conducive or incidental to, the exercise of the functions of commissioner. That includes entering into contracts and other agreements (whether legally binding or not) and acquiring and disposing of property (including land).

**PUBLIC ACCESS TO INFORMATION**

Information in this form is subject to the Freedom of Information Act 2000 (FOI Act) and other legislation. Part 1 of this form will be made available on the West Mercia Commissioner's website. Any facts and advice that should not be made automatically available on request are not included in Part 1 but instead in a separate Part 2 report.

**OFFICER APPROVAL**

**Chief Executive Officer**

Signature ... *Andy Chapman* ..... Date 14<sup>th</sup> September 2021



