

CL59
FOR DECISION
WARD: ST MICHAEL

NOT FOR PUBLICATION - by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972

COUNCIL

1 October 2009

POSSIBLE PURCHASE OF LAND IN WINCHESTER

REPORT OF HEAD OF ESTATES

Contact Officer: B Bottrill Tel No: 01962 848441
email:bbottrill@winchester.gov.uk

RECENT REFERENCES:

CAB 1810 – Land and Buildings at Barfield Close, Winchester – 18 March 2009.

EXECUTIVE SUMMARY:

Following recommendations in Report CAB1810, the Council duly completed the surrender of the former Angian site in Barfield Close, Winchester.

The City Council now owns the unencumbered freehold Interest in this site which is shown outlined in red on the plan attached as Appendix 1.

The Council has been informed of the availability of the adjoining Dairy Crest site shown edged blue on the attached plan and which extends to approximately 0.6acre. This land together with the Angian site and part of the private access road owned by the Council would form a single land holding of 1.47 acres.

Appendix 2 shows the extent of the proposed enlarged land holding.

The acquisition of this land would create a sizable development site which in the medium term would create an opportunity to shape the future use of the site and would allow a re-development appropriate to the commercial nature of the surrounding area.

In the short term the land is ideal for use as storage land of which there is a high demand for in the Winchester area especially being close to the City Centre and the Junction 10 M3.

RECOMMENDATIONS:

1. That the Council seeks to purchase the freehold of the former Dairy Crest site.
2. That up to £475,000 is vired from the Abbey Mill project in the 2009/10 Capital Programme to Purchase of Property and approval be given under Financial Regulation 6.4 to incur capital expenditure up to this amount.
3. That the Head of Estates, in consultation with the Portfolio Holder for Finance and Efficiency, be authorised to agree the purchase price of up to £475,000 including all associated costs; being stamp duty; legal costs of acquisition; and demolition and clearance costs to enable short term letting of the site.
4. That authorisation is given to the demolition of the central cold store to allow for immediate storage use of the land in the short term. This work is estimated to cost approximately £10,000, and is included in (3.) above.
5. That the principle of letting the land for industrial or storage uses in the short term be approved on terms to be agreed by the Head of Estates pending a decision on the longer term use of the site.

NOT FOR PUBLICATION - by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972

COUNCIL

1 October 2009

POSSIBLE PURCHASE OF LAND IN WINCHESTER.

REPORT OF HEAD OF ESTATES

DETAIL:

1 Background

The Council is the Freeholder of the land shown coloured red on the attached plan at Appendix 1. The Council also owns the private road hatched red on the plan.

- 1.1 Following the surrender of the Angian site to the Council in August, Estates have arranged temporary lettings of two areas of the site and are in negotiations in respect of the remaining former offices and workshop area. The leases already arranged have exceeded the rent previously received for the combined sites when leased to Angian. The temporary letting of the remaining site will provide an additional income.
- 1.2 An opportunity has arisen to purchase the adjoining Dairy Crest site which has a site coverage of approx 0.6acre and which is shown outlined in blue on the plan at Appendix 1. The asking figure for the freehold interest is £500,000 although the owner is open to offers and it is anticipated that the Council could acquire the site for a figure of £425,000. An offer of £400,000 is understood to have already been made to the owners and is under consideration by them.
- 1.3 Consequently if Members agree that the site should be acquired, the negotiations will have to proceed as a matter of urgency if the Council is to be successful in its bid to acquire the land.
- 1.4 There is an obvious benefit to the Council known as a "marriage value" in that by acquiring this site it would greatly improve the medium term development opportunities of the enlarged land holding which would be approx 1.47acres.
- 1.5 The Council are also the freeholders of a further adjoining 2 parcels of land let out on various leases and which could possibly enlarge the area further as shown outlined in yellow on the plan in Appendix 1. If the let sites could be brought back under the Council's control the land holding could total 2.29 acres or thereabouts. A public footpath runs through the site which should be diverted in due course to allow for the development potential of the landholding to be maximised.

- 1.6 In the short term a further temporary lease would be granted to utilise the acquired site for storage use together with associated offices and stores. There is likely to be good demand for this site which it is considered would command a rent of between £20,000 and £25,000 p.a. exclusive.
- 1.7 A midway rent of £22,500 p.a. produces a return of 5% to the Council on a total investment cost of £450,000. In the current economic climate this is considered to be a good rate of return and which it is anticipated would improve in the longer term once the final format of the land development was decided.

2 Considerations

- 2.1 Should this opportunity not be taken now then it is unlikely that the land will be offered on the market again for some significant period of time and the opportunities that the marriage value will add will be lost possibly forever.
- 2.2 It is considered that the enlarged area of land might well be considered as a future site for the Council's Waste contract and other Depot requirements. This in turn would then give the Council the opportunity to consider the disposal of the entire current Serco site at Bar End Road.
- 2.3 In the short term the land is considered ideal to be let out on short leases to tie in with the Depot contract renewal date and the fact that the majority of the Angian site has quickly been let out on improved terms is evidence of this. The central cold store will require to be demolished for the optimum use of the site for storage and a contamination survey carried out, although this is regarded as low risk bearing in mind that this land along with all adjoining land was former rail sidings and that the majority of this land has been developed without such problems being encountered.
- 2.4 Enquiries for storage land have already been received from hauliers, coach firms and car hire and leasing firms.
- 2.5 The medium term future use of the enlarged site could allow a re-development appropriate to the commercial nature of the surrounding area. Such a development might be for a number of B8 units of approximately 15,000 sq ft should the land not be required for longer term Council related depot purposes.

3.0 OTHER CONSIDERATIONS:

3.1 SUSTAINABLE COMMUNITY CORPORATE STRATEGY (RELEVANCE TO):

The site will be incorporated into the Council's property portfolio to either develop to produce a revenue stream or be utilised as part of the site for the 2011 Waste Contact. The latter course of action would free up land in Bar End Road for either development to produce additional revenue stream, or for sale in which case this would yield a capital sum in the future.

5.0 RESOURCE IMPLICATIONS:

- 5.1 Capital payment of up to £475,000 to include all associated legal costs of acquisition together with demolition costs and clearance to enable short term letting of the site. Once the Dairy Crest site has been made ready for occupation the remaining land and buildings are to be let at a rent of approx £22,500 p.a.

<u>CAPITAL COSTS</u>	2009/10 £000	2010/11 £000
Purchase of Property	425	
Stamp Duty	17	
Demolition Costs	10	
Legal & Other	23	
TOTAL	475	
<u>CAPITAL FINANCING</u>	2009/10 £000	2010/11 £000
Capital Receipts / MIR	425	
Property Reserve	50	
TOTAL	475	
<u>REVENUE</u>	2009/10 £000	2010/11 £000
Rental Income	(5.6)	(22.5)
TOTAL	(5.6)	(22.5)
<u>PRUDENTIAL CODE</u>	2009/10 £000	2010/11 £000
Loss of Interest on Capital @ 1.33%	1.6	6.3
Revenue Income (As Above)	(5.6)	(22.5)
TOTAL	(4.0)	(16.2)
Effect on Council Tax (£)	(.09)	(.34)

6.0 RISK MANAGEMENT

- 6.1 Given that the land is being sold on the open market, there is no guarantee that the Council will be successful in purchasing the land.

- 6.2 If the site is not used to enable release of the existing larger Central Depot for redevelopment, it still has development potential in its own right. In the short term it also is capable of producing income as set out above.
- 6.3 The proposal to refurbish Abbey Mill was conditional upon a letting being agreed with Design Engine. At the last minute the Company concluded that they were unable to proceed with the letting because the floorspace exceeded their business space requirements. Given this it is appropriate to make use of up to £475,000 of the funds set aside for the Abbey mill project to fund the potential purchase of this property. This will leave sufficient funds to be invested in the Mill to deal with repairs needed to maintain the fabric of the structure, and further consideration will be needed as to the future plans for this property.

BACKGROUND DOCUMENTS:

None

APPENDICES:

Appendix 1 - Plan of the site at Barfield Close is attached.

Appendix 2 - Plan of existing Angian and Dairy Crest site together with the private road owned by WCC

Site Address:- LAND AT BARFIELD CLOSE , WINCHESTER

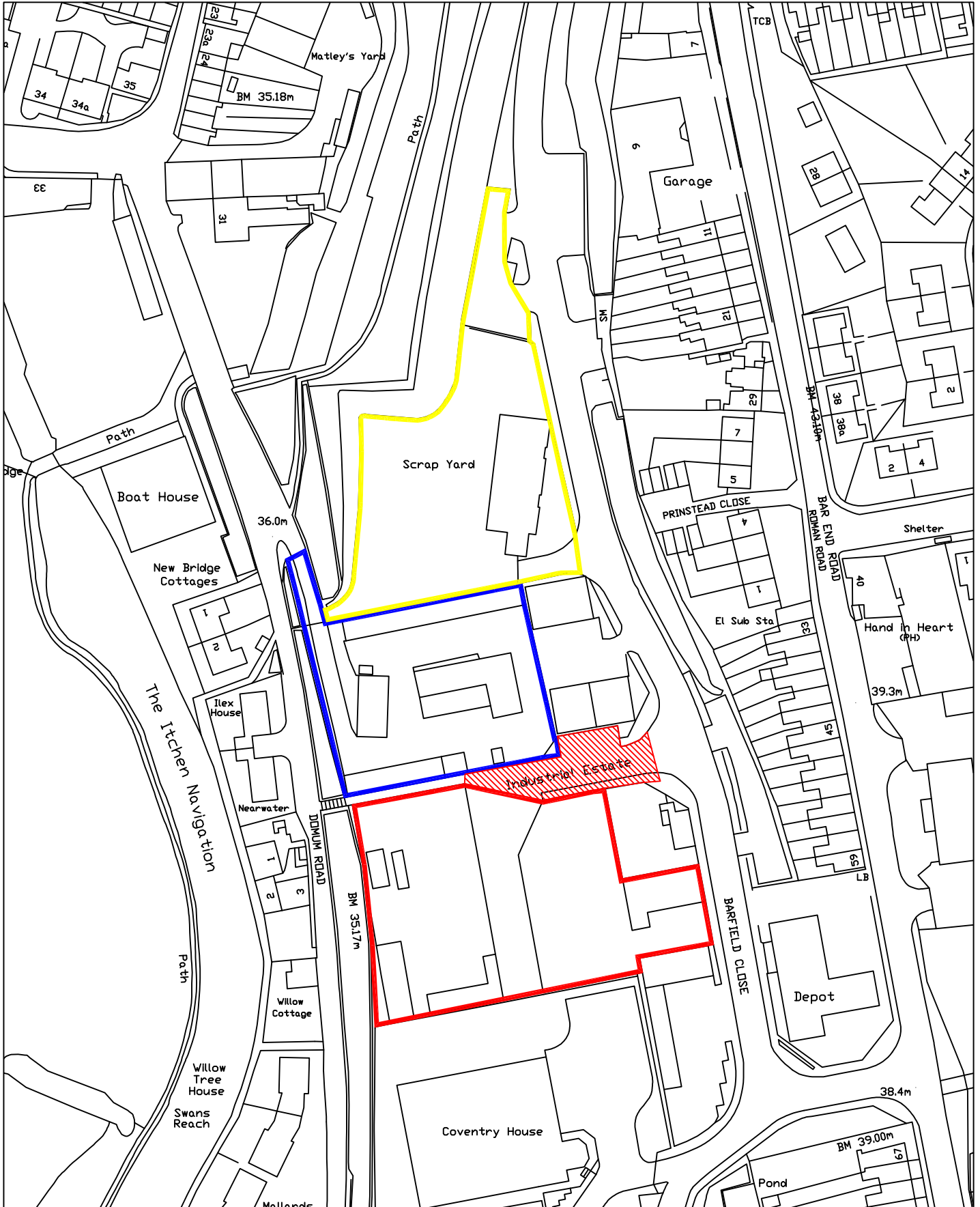


Map Ref:- SU 4828 NE/SE

Winchester City Council
Estates Division

Scale:- 1:1250
Date:- September 2009

This map is based upon Ordnance Survey material with the permission of the Ordnance Survey on behalf of the Controller of Her Majesty's Stationery Office © Crown Copyright. Unauthorised reproduction infringes Crown copyright and may lead to prosecution or civil proceedings.
Winchester City Council Licence No. LA 08610X



Site Address:- LAND AT BARFIELD CLOSE , WINCHESTER



Map Ref:- SU 4828 NE/SE

Winchester City Council
Estates Division

Scale:- 1:1250
Date:- September 2009
Area:- 5966^m² - 1.47 acres

This map is based upon Ordnance Survey material with the permission of the Ordnance Survey on behalf of the Controller of Her Majesty's Stationery Office © Crown Copyright. Unauthorised reproduction infringes Crown copyright and may lead to prosecution or civil proceedings.
Winchester City Council Licence No. LA 08610X

