

REPORT TITLE: BISHOPS WALTHAM DEPOT SITE – PROPOSALS FOR REDEVELOPMENT

13 NOVEMBER 2017

REPORT OF PORTFOLIO HOLDER: Cllr Steve Miller Portfolio Holder for Estates and Grants

Contact Officer: Kevin Warren Tel No: 01962 848528 Email kwarren@winchester.gov.uk

WARD(S): BISHOPS WALTHAM

PURPOSE

The former Depot at Bishops Waltham is suitable for a B1 Light industrial development. Interest has been expressed by local businesses in the possibility of leasing new accommodation. The report identifies the work undertaken to date to bring forward a development on the site. A development could be undertaken by the Council and the report identifies how this might be achieved.

RECOMMENDATIONS:

It is recommended that

1. The principle of developing the former Bishops Waltham Depot site with business units be supported, and that further studies are undertaken to establish the commercial viability of the proposal.
2. the sum of £35,000 from the existing Asset Management Plan revenue budget is approved to complete the studies into the feasibility of developing business units on the site.
3. The Assistant Director(Estates & Regeneration) be authorised to appoint such consultants as are required to conclude the feasibility studies in accordance with Contract Procedure Rule 9.2.
4. A further report be submitted to Cabinet following the completion of the viability analysis to recommend the way forward.

IMPLICATIONS:

1 COUNCIL STRATEGY OUTCOME

- 1.1 The development of the new business premises in Bishops Waltham helps deliver a number of outcomes identified within the Council Strategy 2017-2020. These outcomes include the application of an entrepreneurial approach to the efficient delivery of public services by developing a Council asset to deliver an income stream and by helping to improve the quality of the districts environment by the construction of a modern building with high environmental standards.
- 1.2 The proposal also supports the Council's aim that "Winchester will be a premier business location". Winchester City Council is embarking on a programme of bringing new businesses into Winchester. Whilst much of the higher profile side of this work concerns large premises for big businesses, the Council is keen to enable small businesses to start and grow in the District, developing the essential local supply chain that larger companies can rely on. This proposal will make small work space available to businesses in our rural areas.

2 FINANCIAL IMPLICATIONS

- 2.1 The cost of the works identified within the report can be met from within the existing Asset Management Plan budget.
- 2.2 The Capital Strategy includes a budget of £1m for this project; the expenditure has not yet been approved and is subject to the business case as detailed elsewhere in this report. The budget was based on early estimates of the likely cost of works and the actual amount required will be confirmed following the feasibility studies.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 The Council has powers under the Local Authorities (Land) Act 1963 to erect and maintain buildings for the improvement of its area.

4 WORKFORCE IMPLICATIONS

- 4.1 The project will be managed by the Assistant Director (Estates & Regeneration) and will require input from Legal, Finance, Development Management, Building Control and major Projects. In addition external consultants and contractors will be appointed to progress the project

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 The site is capable of supporting a B1 development and there is evidence of local demand for this type of property. Negotiations are being held with a number of parties who are interested in taking leases of the accommodation proposed for the site. Further investigative work is required to enable a formal

business case to be prepared and funding is sought to enable this work to be completed.

- 5.2 Prior to a decision being made to proceed with a development on the site it would be necessary to enter into agreements for lease with the prospective tenants. The development would generate a cash flow which would service the debt needed to proceed with the development and to make an appropriate return on the investment. As with all investments however it must be remembered that asset values can both rise and fall over time as they reflect market conditions and investors economic sentiments.

6 CONSULTATION AND COMMUNICATION

- 6.1 The proposed development of the site has been discussed with HCC Estates, the Portfolio Holders for Estates and Grants, the Deputy Leader and local businesses. Bishops Waltham Parish Council have been informed of the proposals for the site by the Portfolio Holder.

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 The existing premises on the site were thought to have been constructed in the 1950's. The site was used for long periods as a base for refuse collection in the parished areas and there is the risk that parts of the site may have some contamination from vehicle oils or pollutants associated with cleaning down the freighters.
- 7.2 The site is surrounded by trees and a tree report has been obtained on those within the site. A geo environmental report will need to be prepared in connection with a planning application. A flood risk assessment has been prepared.

8 EQUALITY IMPACT ASSESSMENT

- 8.1 None

9 RISK MANAGEMENT

Risk	Mitigation	Opportunities
Property There is the risk that the buildings or the land are contaminated with pollutants.	Undertake detailed surveys to identify whether the land is contaminated and identify a strategy for remediation if necessary.	
There is a risk that the cost of development is greater than the value of the completed scheme.	Continue to work with cost consultants to deliver a commercially viable scheme. Undertake further technical studies to inform	

	the cost assessment.	
<p>Community Support</p> <p>There is a risk that neighbours will object to the proposals.</p>	<p>Continue to work with local members to understand any local concerns and address these issues where possible. Continue to work with the local business community.</p>	<p>The provision of local employment providing an enhanced quality of life for local people</p>
<p>Timescales</p> <p>There is a risk that the Estates Team do not have the time to dedicate to the project and there will be delays in implementation.</p> <p>Potential tenants may require the accommodation at dates relating to the expiry of existing lease agreements.</p>	<p>Additional staff are being recruited to the team to provide support for projects. External consultants will be recruited to carry the project forward if necessary.</p> <p>The risk can be mitigated by arranging the completion of a development to tie in with prospective tenants lease expiry dates.</p>	
<p>Project capacity</p> <p>The project is included in the AMP programme, but additional work pressures are developing which may mean that there is not the capacity to carry the project forward.</p>	<p>External consultants will be recruited to carry the project forward if necessary.</p>	
<p>Financial / VfM</p> <p>There is a risk that construction inflation or unforeseen costs are identified as the project moves forward.</p>	<p>A project contingency is built into the development appraisal and by undertaking further technical studies identified in the report, it will be possible to minimise the risk of increased costs.</p>	
<p>Legal</p>		
<p>Reputation</p>		

<p>There is a risk to the Councils reputation that the public might perceive that the majority of investment made by the Council takes place in Winchester and the parished areas are ignored.</p>	<p>The project proposes an economic development initiative in Bishops Waltham which would support the local economy and help to meet some of the demand for workspace in the rural areas of the District.</p>	
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10 SUPPORTING INFORMATION:

- 10.1 The City Council owned former Depot site at Bishops Waltham is situated in a former quarry and was used in the past as a base for refuse freighters serving the parished areas. The site extends to approximately 0.95 acres and is outlined in black on the plan attached at Appendix A. The developable area is reduced as a result of the site contours.
- 10.2 The building on the site was erected in the 1950's, is in poor condition and has reached the end of its economic life. The possibility of developing a fire station on the site was explored with the County Council over a number of years but did not progress. Following a tender process OB Architects were appointed to consider the scope of development which might be accommodated on the site. Feasibility drawings were prepared and are included at Appendix B.
- 10.3 In connection with the preparation of the drawings the following assessments were procured:
- A tree plan and survey
 - A land survey
 - A flood risk assessment
 - A structural engineers report
 - A ground investigation and soil gas assessment
 - An elemental cost plan.
- 10.4 The information assisted in the development of a preliminary viability assessment which identifies that at this stage a viable commercial project might be developed and that further work should be undertaken to:
- Complete site investigations to enable a scheme budget to be established. To include

- Undertake a scheme cost assessment
- Conduct negotiations with prospective tenants
- Complete a scheme valuation

10.5 The additional works required will include the following

- Geo-environmental report
- Services study
- Bat Survey
- Cost review

10.6 It is anticipated that the additional exploratory work will cost up to £35,000 to progress and approval is sought for this expenditure. Following the completion of the feasibility studies the information received will be used to develop the business case. Should the business case be proven and it was possible to undertake a development which provided an appropriate return to the Council, a further report will be submitted to Cabinet seeking approval to proceed with the development and subsequent letting of the property. It is anticipated that this report will be submitted to Cabinet in three to four months time.

10.7 The need for rural work space was identified in the Regeneris report commissioned by Enterprise M3 LEP in 2016. A survey of businesses undertaken by consultants SQW in 2013 across the District showed that 71% found it 'difficult' or 'very difficult' to find suitable workspace in Winchester, with 49% concerned about the state of existing workspace and expressing a need to find bigger premises within the next 1-2 years. Winchester District's Economic Strategy 2010-2020 identified 'providing and protecting a range of business premises for a range of enterprises' as a key factor for success. The site is also in a fibre broadband connected area, making it a more appealing option for potential occupiers.

11 OTHER OPTIONS CONSIDERED AND REJECTED

11.1 The disposal of the site to Hampshire County Council was considered over a number of years. The proposal was discussed with the Portfolio Holder for Estates and Deputy Leader. The transaction did not proceed as only part of the site was required and the balance of the land would have been difficult to develop in isolation.

11.2 Consideration was given to the possibility of the site being sold for residential purposes. The physical characteristics of the site do not lend it to a residential development and there is a shortage of suitable employment premises in the town. The development of the site for an employment use and its retention for the income stream accorded with the Council's strategic objectives.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

None

Other Background Documents:-

None

APPENDICES:

Appendix A – Site Plan

Appendix B – Feasibility Designs



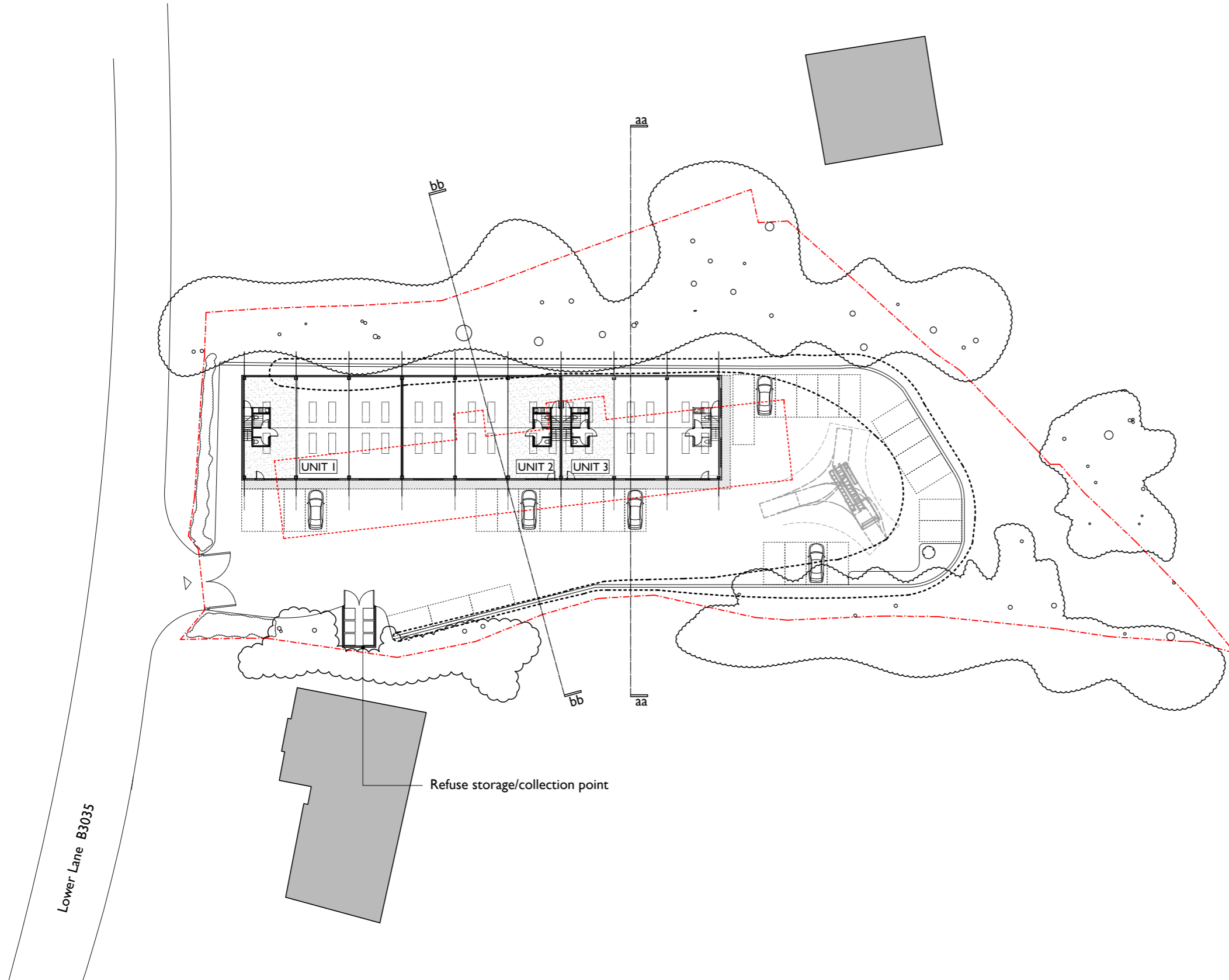
Site Address:- BISHOPS WALTHAM DEPOT, LOWER LANE, BISHOPS WALTHAM

Winchester City Council
Estates Division

Scale:- 1:1000
Date:- August 2017
Area:- 0.95 acres

Map Ref:-SU 5517
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Ordnance Survey 100019531





Commercial Unit Schedule

Unit 1

Ground Floor = 206 sqm / 2217 sqft
 Mezzanine = 71 sqm / 764 sqft

Unit 2

Ground Floor = 206 sqm / 2217 sqft
 Mezzanine = 71 sqm / 764 sqft

Unit 3

Ground Floor = 206 sqm / 2217 sqft
 Mezzanine = 71 sqm / 764 sqft

Parking

Unit 1

2 x staff
 1 x lorry
 2 x customer parking incl. repair bays in
 3 x additional bays

Unit 2

2 x staff
 6 x additional bays

Unit 3

2 x staff
 13 x Additional bays

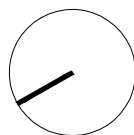
--- Excavating and retaining required

□ Mezzanine

▨ Pedestrian route

- - - Outline of existing building

01 Proposed Site Plan 1:500



Status: Preliminary

Scale: 1:500 @ A3

Drawing: Proposed Site Plan

Dwg No: 168-SK-00

Project: Bishops Waltham Depot
 Address: Lower Lane, Bishops Waltham

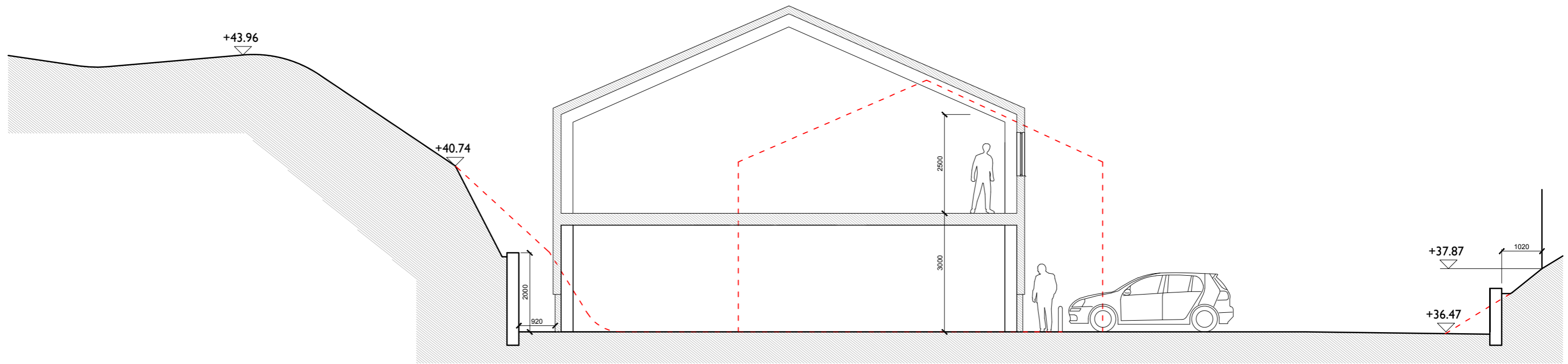
NOTE: This drawing is to be scaled for planning purposes only

Date: 22.09.2016

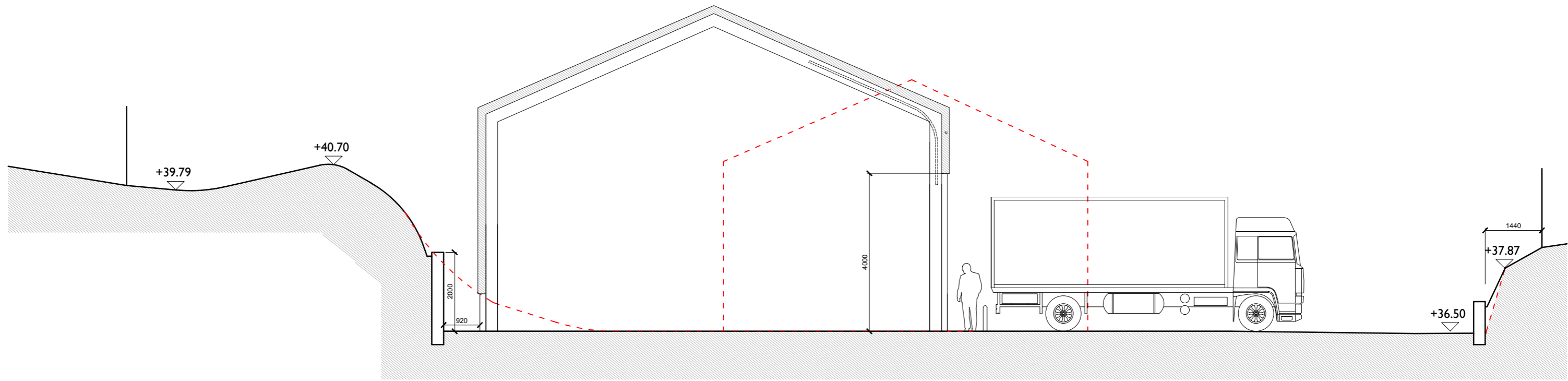
Client: Winchester City Council

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01 Site Section aa 1:100



02 Site Section bb 1:100

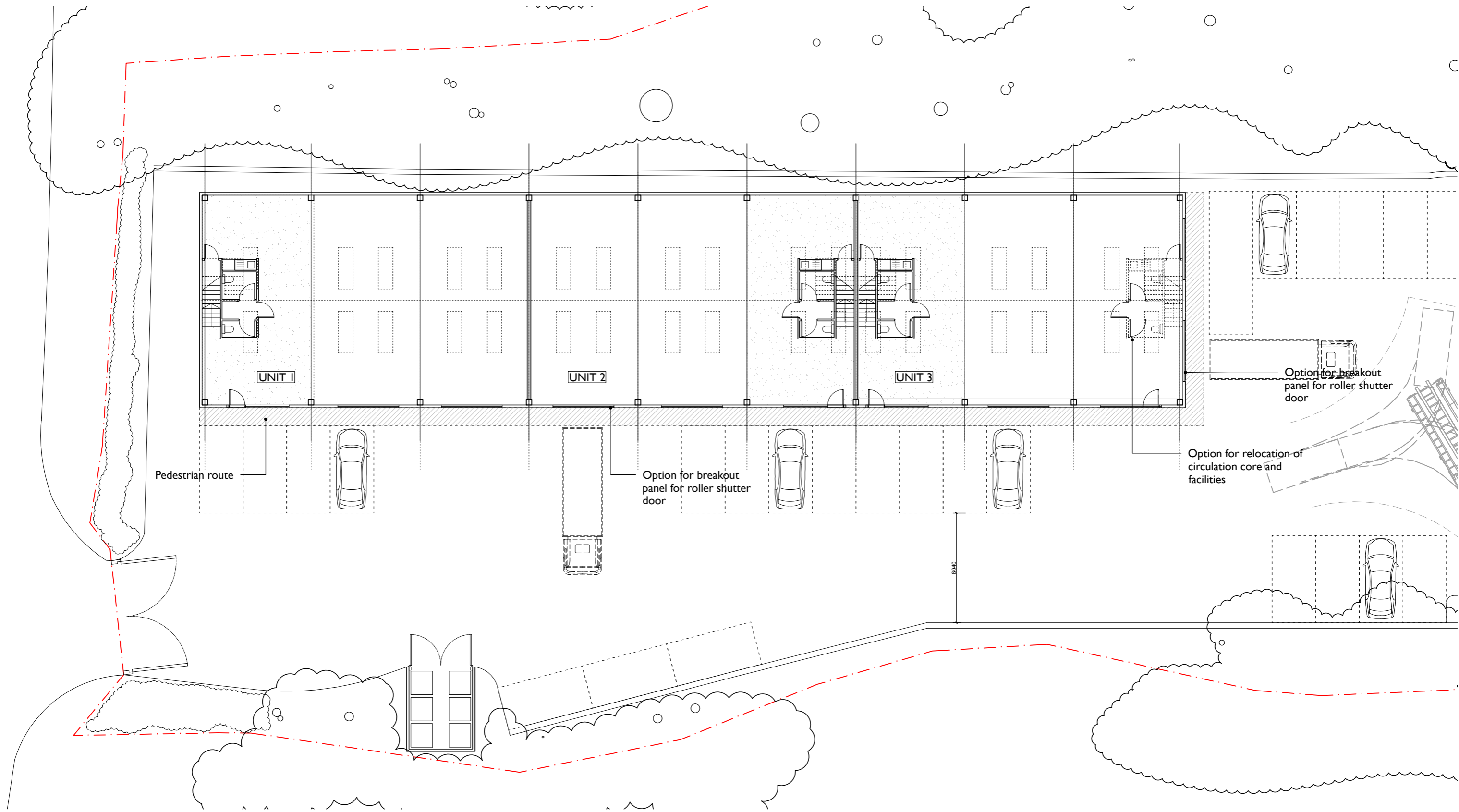


Status: Preliminary
 Scale: 1:100 @ A3
 NOTE: This drawing is to be scaled for planning purposes only

Drawing: Site Sections aa & bb
 Dwg No: 168-SK-02
 Date: 22.09.2016

Project: Bishops Waltham Depot
 Address: Lower Lane, Bishops Waltham
 Client: Winchester City Council

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01 Proposed Ground Floor Plan 1:200

Status: Preliminary

Scale: 1:200 @ A3

Drawing: Proposed Ground Floor Plan

Dwg No: 168-SK-01

Project: Bishops Waltham Depot
Address: Lower Lane, Bishops Waltham

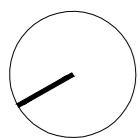
Client: Winchester City Council

Date: 23.09.2016

NOTE: This drawing is to be scaled for planning purposes only

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Status: Pre-Application

Scale: NTS @ A3

NOTE: This drawing is to be scaled for planning purposes only.

Drawing: External Visualisation 02

Dwg No: 168-SK-05

Date: 05.10.2016

Project: Bishops Waltham Depot

Address: Lower lane, Bishops Waltham

Client: Winchester City Council

OB ARCHITECTURE

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