

REPORT TITLE: BAR END DEPOT SITE FUTURE

21 OCTOBER 2020

REPORT OF CABINET MEMBER: Cllr Kelsie Learney, Cabinet Member for Housing and Asset Management

Contact Officer: Geoff Coe Tel No: 07776 681761 Email [gcoe@winchester.gov.uk](mailto:gcoe@winchester.gov.uk)

WARD(S): ST MICHAEL

PURPOSE

The old Bar End Depot site ("the site") is currently being used as a construction depot by Wilmot Dixon Construction for the build of the new leisure centre. Once the centre has been completed the site will become vacant and surplus to requirements. This report seeks Cabinet approval to begin the marketing of that site for sale, and the subsequent negotiation of a disposal to a suitable purchaser.

The Council's Medium Term Financial Strategy has assumed that the site will be sold and a capital receipt realised during 2022/23. This paper therefore sets out a proposal for marketing the site following expert advice due to the current uncertain economic situation.

RECOMMENDATIONS: That Cabinet:

1. Approve the marketing of the Bar End Depot site for disposal at best consideration.
2. Approve the planning guidance note for the site
3. Delegate authority to the Strategic Director of Place, in consultation with the Cabinet Member for Housing and Asset Management to take all appropriate action to initiate and complete the marketing of the Bar End Depot site with appropriate draft contractual terms, to evaluate the bids received, and to make recommendation for final disposal to a future cabinet for decision
4. Approve a budget of £20,000 for associated marketing, site survey and S123 valuation expenses
5. Approve a budget of £10,000 for development appraisal valuations to better inform potential site value and the target market of developers.

## IMPLICATIONS:

### 1. COUNCIL PLAN OUTCOME

#### 1.1. Tackling the Climate Emergency and Creating a Greener District

1.1.1. The council is committed to a Climate Emergency Action Plan, and through the sale process developers will be encouraged to meet WCC Net Carbon Zero objectives in addition to prevailing BREEAM requirements subject to transparency on how much such additional costs would impact upon site value.

1.1.2. The site is well located to amenities and is within walking distance of the city centre, and purchasers will be encourage to consider sustainable transport approaches in their development proposals, such as provision for electric vehicle charging in appropriate places, and photovoltaic energy generation.

#### 1.2. Homes for all

1.2.1. This site is constrained in terms of additional traffic generation as a result of the vehicle movement capacity taken by the new leisure centre.

1.2.2. Any new development will have to take this into account. This means that housing on the site could be limited to, for example, key worker and student accommodation, both of which are desirable uses identified in WCC emerging policy.

1.2.3. A further transport capacity study is due to be undertaken taking account of the new Vaultex multi story car park scheme. This will indicate the anticipated remaining highways capacity for the Bar End Depot site.

#### 1.3. Vibrant Local Economy

1.3.1. In addition to housing, we anticipate employment uses being attracted to this site including specialist healthcare facilities, commercial and leisure uses. This diversity of development will help support the local economy and the new Leisure Park.

1.3.2. The local community have indicated through the Bar End Framework consultation that the provision of a convenience store would be valuable as part of the development of the site. This would provide some local employment as well as being an amenity for local residents.

#### 1.4. Living Well

1.5. Providing residential accommodation with close access to the City Centre and the Leisure centre is desirable and meets the Council's corporate objectives.

## 2. FINANCIAL IMPLICATIONS

- 2.1. Current market conditions are such that it is difficult to value the site. However, indicative valuation suggests that the site has a significant multi-million pound value depending upon the use, massing and density of schemes adopted. Residential uses are likely to attract the highest land value and a fee quote of £10,000 plus VAT has been obtained to undertake a series of high level development appraisals to provide a better indication of potential site value.
- 2.2. The significant impact Covid has had on the council's finances means that securing best consideration is an important evaluation criteria when assessing bids and is to be weighted accordingly.
- 2.3. When the council generates a capital receipt it can only be used to fund capital projects and not revenue expenditure. However, capital receipts can fund previously unfinanced capital projects which allows the council to reduce the amount of borrowing required and therefore the ongoing revenue costs of interest and minimum revenue provision (equivalent to principal repayment).
- 2.4. For every £1m receipt applied to previously unfinanced capital projects the council could reduce its annual cost of borrowing by circa £43,000 per annum if reducing the borrowing requirement of a project with a 40 year life and assuming a rate of 3%. The actual saving will depend on the project to which it is applied and the prevailing cost of borrowing at the time of receipt.
- 2.5. A total budget of up to £30,000 will be required for the marketing and valuation of the site funded by the property reserve.

## 3. LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1. S123(1) of the Local Government Act 1972, provides the Council with the power to dispose of land and property, provided such disposal is made for the best consideration reasonably obtainable. This is in addition to its powers under the general power of competence provided for in Section 1 of the Localism Act 2011, as well as its powers to dispose of land under Section 123 of the Local Government Act 1972 and Section 233 of the Town and Country Planning Act 1990.
- 3.2. As the object of the transaction is land disposal, the Public Contracts Regulations 2015 (PCR) do not oblige the Council to pursue an OJEU procurement process. Only where the purchaser is under an enforceable obligation to carry out specified works (conferring pecuniary benefit on the authority) will that obligation arise and therefore is not applicable in the circumstances within the proposal the subject of this report.
- 3.3. In pursuing the proposed process the Council will observe its statutory duties, including in regard to the duty to obtain best consideration on the disposal of land, and duties to consult. It should be noted that by carrying out a

competitive process the Council will be in a stronger position to demonstrate compliance with the duty to obtain best consideration.

- 3.4. A further consideration is the appropriate disposal mechanism, such as long leasehold or freehold disposal of which the financial evaluation of the bids will be a consideration.
- 3.5. In the event that best consideration is not obtained then additional legal criteria are relevant, such as state aid and best value duty, and further legal advice is recommended.

#### 4. WORKFORCE IMPLICATIONS

- 4.1. The disposal of the site will be managed within current resources, supported by the council's strategic development advisors and professional valuation experts.

#### 5. PROPERTY AND ASSET IMPLICATIONS

- 5.1. The Depot site at Bar End is a valuable site and a well located gateway to the city of Winchester. Demand is expected from a range of sectors including residential, affordable housing, healthcare, convenience store, retirement, student, key worker housing and possibly hotel.
- 5.2. Offers will be invited on a subject to planning basis, based upon the Bar End Design Framework, planning guidance note and supporting technical documents. The value range between the offers is likely to be significant. Bids will be judged not only on the highest value but also developer ability to perform and the likelihood of planning success and compatibility of uses with adjoining occupiers.
- 5.3. The selling agent will create a data room for holding marketing details including the following:
  - Topographical survey
  - Ground conditions report
  - Title report
  - Design Framework
  - Planning note
  - Ecology report (desktop)
  - Transport Planning surveys
  - Utilities survey (existing connections)
  - Demolition quote for existing buildings
  - Plans of existing buildings (measured

## 6. CONSULTATION AND COMMUNICATION

- 6.1. Local residents were consulted extensively in 2018 in preparation of the Winchester Sport and Leisure Park Design Framework (“the Design Framework”). A member briefing was held on the 9 May 2018 where a presentation outlining the Design Framework was given and a specific Design Framework engagement event was held on 18 May 2018 at the Winchester University Sports Stadium where many comments were made and were considered in the formulation of the agreed Design Framework. The Design Framework was approved by cabinet on 6 June 2018 (CAB 3035LC) A full copy is included as Appendix 1.
- 6.2. The council’s Business and Housing Policy Committee on the 22 June 2020 considered a presentation on the future of the site, and the marketing of the site for disposal. The committee concluded that the presentation be noted and that no particular matters be raised for Cabinet to further consider.
- 6.3. The Depot Insight Group was established following Policy Committee consideration and acts as an informal member group chaired by Cllr M Prince, with four other council members, including two ward members. The feedback from the group is being finalised and will be circulated separately.
- 6.4. It is proposed to keep residents informed of the stages of site disposal through the Highcliffe Residents Forum and the Leisure Park Open Forum. There will also be direct contact with adjacent residents at appropriate times when the site comes forward for planning approval in the future.

## 7. ENVIRONMENTAL CONSIDERATIONS

- 7.1. In terms of design the new development will need to be consistent with the Design Framework and Leisure centre. This will be largely controlled through the planning process.
- 7.2. Through the sale and planning process developers will be encouraged to meet BREEAM excellent requirements subject to transparency on how much any additional costs would impact upon site value.
- 7.3. The Carbon Neutrality Implementation Group will be encouraged to explore opportunities with the purchaser(s) that contribute towards the Council’s Climate Emergency objectives.
- 7.4. The site is well located to amenities and is within walking distance of the city centre, and purchasers will be encourage to consider sustainable transport approaches in their development proposals, such as provision for electric vehicle charging in appropriate places, and photovoltaic energy generation

## 8. EQUALITY IMPACT ASSESSEMENT

8.1. Considerations of equality of use and access will be considered in detail at the planning stage of site development.

8.2. Whatever the future use, the occupiers will need to consider equalities matters appropriate to the use of the site.

## 9. DATA PROTECTION IMPACT ASSESSMENT

9.1. Appropriate data management will be undertaken in relation to marketing information and confidential commercial data.

## 10. RISK MANAGEMENT

<b>Risk</b>	<b>Mitigation</b>	<b>Opportunities</b>
<i>Property</i>	Monitor the property market and sectors at a national and local level.	Demand for housing remains positive.
<i>Community Support</i>	Senior Officers and the cabinet portfolio holder for Housing and Estates will be engaged with the Local community.	This is an opportunity to show how supportive the council is to local communities.
<i>Timescales</i>	Monitor markets and process.	An optimum time will be aimed for to secure best consideration.
<i>Project capacity</i>		
<i>Financial / VfM</i>	Appropriate timing of marketing is important.	This is an opportunity to support the Council's financial position.
<i>Legal</i>	Following the correct disposal process in accordance with the best consideration approach and obtaining legal advice throughout the process	The opportunity to support alternate capital projects within the district.
<i>Innovation</i>		
<i>Reputation</i>	The purpose of seeking Cabinet approval now is to	To demonstrate that WCC are acting in the best

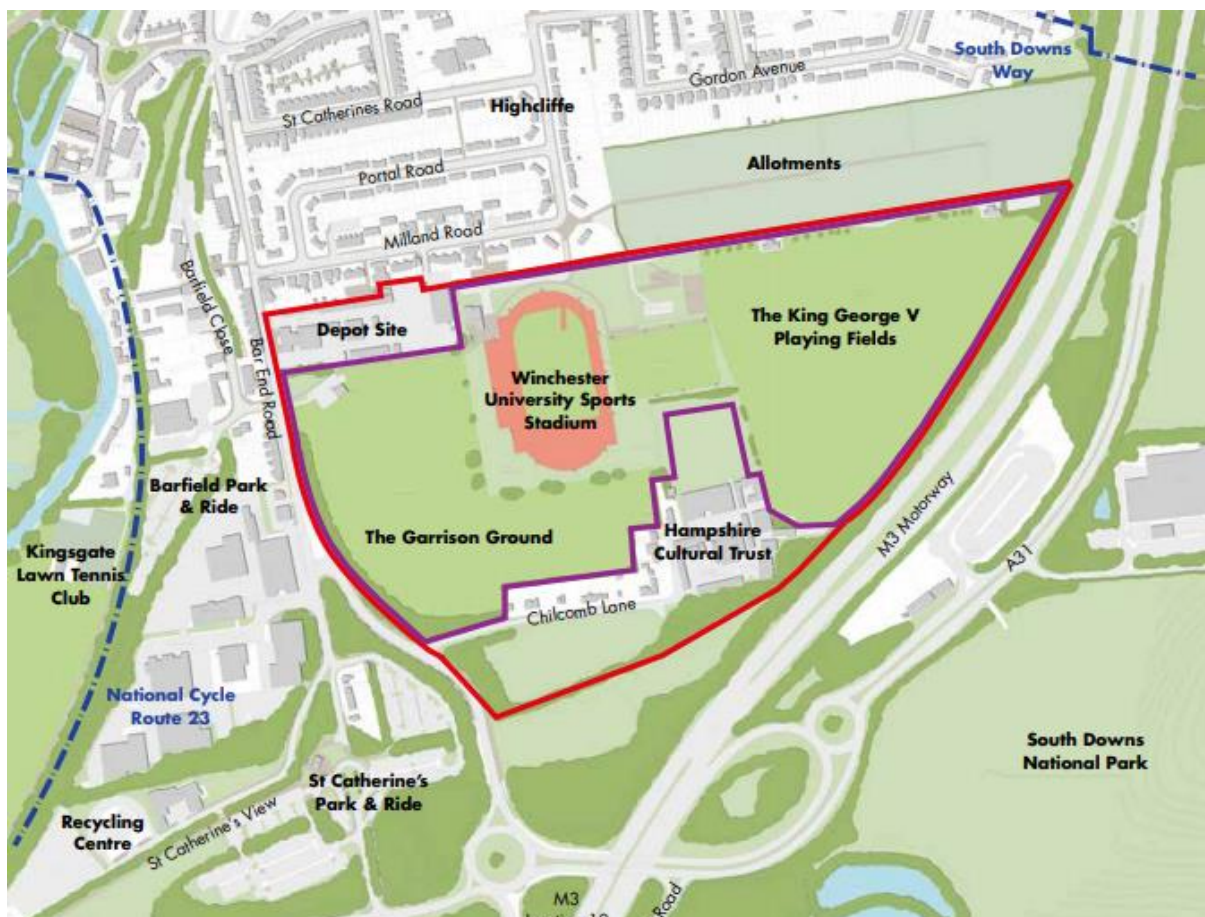
	be prepared to market the site at the best time	interest of the local community and prudently to support public funds
<i>Other</i>		

11. SUPPORTING INFORMATION:

Site description:

11.1. The site area is approximately 3 acres and is bounded to the North by residential properties, to the South and East by the new Leisure Park and the West by Bar End Road.

11.2. Completion of the new leisure centre is scheduled for Spring 2021 and vacant possession of the site will follow. The site is currently being used by the leisure centre contractors for storage and site offices but marketing of the site can proceed before vacant possession occurs. The map below, extracted from the Design Framework shows the site location.



## The Design Framework

- 11.3. Following extensive consultation, the Design Framework (appendix 1) was approved by Cabinet in June 2018 and gives an overview vision for the whole area. The document includes a development guide for the Depot Site on pages 22 and 23 relating to future adjacencies and massing that respects the neighbouring residential area and new leisure centre.
- 11.4. The implementation of the framework has been undertaken in parallel with the leisure centre development, including cabinet approval for works to improve drainage to sports pitches, access improvements, and landscaping. A full update was given to cabinet on 16 Sept 2020 in report CAB3240 - Garrison Ground.
- 11.5. In accordance with the adopted Design Framework, the proposal to market the Depot site is part of the Council's strategy to complete the vision for regeneration of this strategic gateway into the City.
- 11.6. There is an archaeological store currently in one of the Depot buildings and this is to be relocated to an alternative facility by agreement with the Hampshire Cultural Trust (HCT).

## Planning considerations

- 11.7. In preparation for a Cabinet decision, a draft Planning Note has been produced, in consultation with the council's development management & planning teams, to accompany the marketing details when the site is advertised. This document seeks to clarify the uses that the council will encourage and a draft for approval is attached as appendix 2 to this report.
- 11.8. The intention of this guidance is to encourage development that is complementary to adjoining uses and communities.
- 11.9. The planning note refers to the Design Framework and summarise the existing employment and Sui generis uses permitted under planning policy and indicates a broad potential for the site to accommodate a wide variety of future uses.

## Marketing process

- 11.10. Marketing will be undertaken by professional agents. In this case it is intended to appoint the council's strategic development advisors, JLL, to carry out the process on behalf of the council.
- 11.11. The impact of COVID19 on the property market has been significant and it will be prudent to wait before marketing the site. Therefore this report seeks agreement to take the site to market when market conditions are optimal, with the decision delegated to the Strategic Director – Place, in consultation with officers and the cabinet member, following consideration of



expert advice. The current indicative programme for marketing and disposal is as follows:

- Business and Housing Policy Committee – Done - June 2020
- Update Highcliffe Forum – October 2020
- Cabinet approval to progress marketing – October 2020
- Formal Marketing – Likely to be January 2021 at the earliest
- Bid deadline –March 2021
- Preferred bidder assessment and recommendation –May 2021
- Cabinet approval of preferred bidder – June 2021
- Detailed Heads of Terms (HOTs) negotiations commence – June 2021
- HOT's agreed – August 2021
- Lawyers Instructed on a conditional sale subject to planning – September 2021
- Planning application submitted – March 2022
- Planning approval – June 2022
- Legal completion and capital receipt – July 2022
- Construction starts – Autumn 2022

Expert advice indicates that the site is likely to attract a variety of offers and a range of values. There will be a need to consider the merits of a long leasehold or freehold disposal. This will be dependent on the nature of bids received and their relative merits and values and whether there is medium and long term benefit to the Council in retaining an interest in the site.

## 12. OTHER OPTIONS CONSIDERED AND REJECTED

12.1. Hold as a surplus site, do not develop but let "as is". The site would remain in its current unattractive state and have significant revenue costs in terms of upkeep, maintenance, tenant management and security. It would not progress the implementation of the Design Framework.

12.2. WCC to design, develop and let the site and retain within the investment portfolio. This would require significant unbudgeted revenue and capital resources, as well as staff time. This is not considered appropriate use of the council's resources bearing in mind other council priorities and financial constraints. Highway planning and Design Framework constraints do not support commercial/industrial uses on the site. Were this not the case, an alternative option would be for the Council to directly develop the site for industrial warehousing and retain as an investment within the investment portfolio.

### BACKGROUND DOCUMENTS:-

#### Previous Committee Reports:-

6.6.2018 CAB 3035(LC) - WINCHESTER SPORT AND LEISURE PARK – DESIGN FRAMEWORK

6.9.2020 CAB 3240 – GARRISON GROUND – DRAINAGE IMPROVEMENTS TO SPORTS PITCHES AND PROVISION OF AN OUTDOOR GYM

22.6.2020 Business and Housing Policy Committee Item 8 – Bar End Depot Presentation

Other Background Documents:- None

APPENDICES:

1. Winchester Sport and Leisure Park Design Framework
2. Draft planning note