

REPORT TITLE: BAR END DEPOT DISPOSAL

28 MAY 2026

REPORT OF CABINET MEMBER: Cllr Martin Tod

Contact Officer: Geoff Coe (Corporate Head of Asset Management)

Email gcoe@winchester.gov.uk

WARD(S): ST MICHAEL WARD

PURPOSE

The former Bar End Depot site ('the Site') is an unoccupied 2.84-acre freehold Council owned site that has been partly used for storage over the last 8 years. It has been identified for several years for disposal to facilitate its redevelopment and generate a capital receipt for the Council.

The pandemic and more recent uncertainties in key property sectors has meant that marketing of the site has been delayed and disrupted since Cabinet originally approved marketing in October 2020.

Following withdrawal of a purchaser last year, Cabinet approved remarketing of the site on 14th October 2025 and the site was marketed immediately afterwards inviting formal bids. Fourteen bids were received from four main sectors including food retail, convenience retail, housing, and care homes (see exempt Appendix 4). Bids have been evaluated (see Appendix 5) and a preferred bidder has been selected who proposes a scheme including 82 affordable housing units and a convenience store. The offer is subject to planning consent being obtained by the purchaser.

This report seeks Cabinet Approval to the freehold sale of this Site on a conditional contract to Places for People Developments Ltd., subject to the purchaser obtaining planning consent.

This report sets out the planning policy, public engagement, marketing and bidder selection process that has been undertaken to secure the recommended preferred bidder.

Redeveloping the former Bar End Depot site will:

- (i) create much needed new affordable housing for the district
- (ii) provide an important convenience store for the local community, who throughout consultation identified this as their highest priority
- (iii) enhance pedestrian routes through the Site, affording improved access to the Winchester Sports and Leisure Park and other local facilities
- (iv) create new jobs in the local area
- (v) reinforce sustainability of the Highcliffe area
- (vi) improve this major gateway entrance to the city in terms of form and mixed use
- (vii) be complementary to the Winchester Sport and Leisure Park ('WSLP') and the King George V Pavilion
- (viii) make productive use of brownfield land
- (ix) generate a significant capital receipt to help support delivery of Council services.

RECOMMENDATIONS:

1. That Cabinet approve a conditional freehold sale contract (subject to planning) with Places for People Developments Ltd on the terms set out in the exempt Heads of Terms at Appendix 6.
2. That authority be delegated to the Strategic Director to agree final details of the contract of sale within the parameters set out in Appendix 6.

IMPLICATIONS:

1 COUNCIL PLAN OUTCOME

1.1 Greener Faster

As part of the bidding and selection process, all parties were asked to explain their commitment to climate change. The proposed scheme is not yet designed but will incorporate best practice. The new homes will be built to standards that are above building regulation energy efficiency standards, thus supporting the Greener Faster Council Plan priority. The redevelopment will improve permeability and pedestrian access through the site and support the Council's '20 minute' accessibility goals. Traffic generation to and from the Site will be minimised compared to other bids received. The Site currently comprises a range of industrial and commercial buildings and bare concrete hardstanding. Landscaping and green buffer zones, in accordance with the Bar End Design Framework, will significantly improve the Site's biodiversity.

1.2 Thriving Places

The council's Green Economic Development Strategy sets out the opportunity to build a cluster of national significance in creativity, design and related heritage and nature/land based professional services along with the opportunity to deepen a creative network of scale. The redevelopment of the site would therefore support the economic development of the city in line with the council's already stated ambitions. Once the development is defined, it would bring construction and jobs to the area. The value of these jobs would be quantified once the proposals are determined.

1.3 Healthy Communities

The provision of a convenience store will benefit the local community. New residents will be encouraged to use the adjoining WSLP. There will be greater permeability through the Site to the WSLP. The site's natural environment and biodiversity will be significantly enhanced from its current hard surfaced landscape.

1.4 Good Homes for All

Subject to planning consent, the proposed scheme will incorporate 82 affordable housing units and a convenience store. This will exceed the number of housing units allocated for the site in the adopted Local Plan.

1.5 Efficient and Effective

The project will be managed in line with the council's project management framework. This includes reviewing and updating the project risk register and ensuring that mitigation measures are implemented. The project will be managed via the Property Board and quarterly highlight reports will

be submitted to PAC Board for review and published as part of the quarterly Finance and Performance Cabinet report.

1.6 Listening and Learning

The 2018 Bar End Design Framework and 2016 Highcliffe Community Plan have been comprehensively referenced during the four public engagement events undertaken during 2022 and 2023. The preferred bidder scheme will include all key elements of the 2018 Design Framework and will build on these during the planning application process.

2 FINANCIAL IMPLICATIONS

- 2.1 The disposal of the site will result in a capital receipt. The Council can use capital receipts to fund capital expenditure either for future projects or to reduce the borrowing requirement for previously unfinanced capital projects. As part of Transformation Challenge 25 (TC25) 'Asset Challenge' workstream, the capital receipt will be applied to reduce the outstanding unfinanced capital expenditure in the General Fund which stood at £70.4m as at 31 March 2025.
- 2.2 The consequence of applying a capital receipt to the unfinanced capital expenditure will reduce the ongoing Minimum Revenue Provision (MRP) charge, which is equivalent to the repayment of principal, and to either increase the return on investment that the Council receives due to higher cash balances and/or delay the need to externalise borrowing and therefore reduce interest payable. The estimated impact of this is detailed in exempt Appendix 3.
- 2.3 By applying the receipt to prior years unfinanced expenditure, the Council's ongoing expenditure is reduced which helps it meet the target to reduce the forecast deficit and ensures it can continue to deliver high quality services.

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 for the best consideration reasonably obtainable. This is in addition to the Council's powers under the general power of competence in section 1 of the Localism Act 2011 as well as the Council's 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 By carrying out a competitive process of inviting bidders to make best bids the Council can demonstrate compliance with the duty to obtain best consideration. See S123 Valuation Report in Appendix 7.
- 3.3 The preferred bid is not the highest bid. The General Consents 2010, Consent A grants a general consent under section 25 of the Local Government Act 1988 for the disposal of land to registered providers of social housing at less than best consideration for the purposes of development as

housing accommodation or as housing accommodation and other facilities which are intended to benefit mainly the occupiers of the housing accommodation, subject to a limit of £10m in any financial year.

- 3.4 When accepting a bid which is below the highest bid the Council must also consider the Subsidy Control Act 2022 ('the Act') because the difference in the two bids can amount to a subsidy within the definition set out in the Act. The preferred bidder offers services in a market within the meaning set out in S7 of the Act and selling the site at a modest undervalue would constitute an economic advantage over other enterprises within this market.
- 3.5 S38 of the Act provides that providers of Services of Public Economic Interest ('SPEI') as defined in S29 of the Act can benefit from a cumulative subsidy of up to £725,000 over a period of 3 financial years which is exempt from the subsidy control requirements. It has been confirmed that the difference between the preferred bid and the highest bid would not breach this requirement. The Council has taken KC's advice on the implications of subsidy control in relation to accepting the preferred, Places for People bid. There are four elements which are set out in the Statutory Guidance for the United Kingdom Subsidy Control Regime (dated August 2025) which the Council should address,
- a) **The Policy objective of accepting a less than best consideration offer and thus creating subsidy to Place for People.** The policy objective is clear in that the subsidy enables the delivery of affordable housing. The current housing need for affordable housing in the district is shown in the table below.

Assessed Bedroom Need	Band 1	Band 2	Band 3	Band 4	TOTAL
1	4	153	850	122	1129
2	0	55	256	1	312
3	0	27	165	0	192
4+	0	35	47	0	82
TOTAL	4	270	1318	123	1715

Affordable housing at Bar End will be popular amongst those registered for affordable housing in the district.

- b) **Would the delivery of affordable housing happen without the subsidy.** Although there was a slightly higher offer for the Bar End site that bid only offered a commuted sum that could be used to finance affordable housing elsewhere in the district. Based on average levels of subsidy required to deliver affordable housing that commuted sum would only fund circa 7 or 8

units of affordable housing and is thus far below the offer made by Places for People.

- c) **The impact of the subsidy in distorting competition.** The number of land led affordable housing schemes brought forward by registered providers in Winchester District is small. The majority of affordable housing schemes are delivered as part of Section 106 affordable housing planning agreements in respect of larger housing development sites. Thus, the proposed subsidy will not distort that market. In addition, there is a healthy market of affordable housing providers and the level of subsidy offered by this proposal will not adversely affect that market and conversely could even enhance competition by Places for People becoming an active land led developer in the market in the future.
- d) **Lastly, it should be considered if the beneficial effects of the subsidy outweigh the potential negative effects of the policy objective.** Clearly, the provision of 82 affordable homes and a convenience store outweigh the additional capital receipt that could be received from the highest bid as that additional receipt would not deliver the same number of affordable housing homes if converted into social housing grant awarded to a registered provider.

- 3.6 The proposed transaction is a freehold 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 obligation to carry out specified works (conferring a pecuniary benefit for the Council) will that obligation arise and therefore is not applicable in the circumstances within the proposal the subject of this report

4 WORKFORCE IMPLICATIONS

- 4.1 None

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 The Council has no ongoing requirement for the site, and the development market has recovered to a satisfactory position, sufficient to generate strong freehold bids. A freehold sale represents good use of an unused Council asset and is consistent with the Council's Asset Management Strategy and legal obligation to achieve best consideration.

Redevelopment of the site will enhance the local area in terms of vibrancy, placemaking, provision of housing and convenience retail. This is a gateway site that currently underperforms as a principal route into the city. The proposed scheme is intended to elevate the location and make best use of the brownfield site in delivering Council Plan objectives.

6 CONSULTATION AND COMMUNICATION

- 6.1 The Highcliffe Community Plan 2016 and The Bar End Design Framework 2018 were the result of extensive consultation with the local community over a

period of three years. The documents set out local aspirations and adopted a framework for development of the new Winchester Sports and Leisure Park and surrounding area.

- 6.2 As part of the marketing process for the Bar End Depot site, the Council arranged four Highcliffe community engagement events on the 8th March 2022, 21st November 2022, 24th November 2022, and 4th September 2023. The purpose of these events was to inform the community about the Council's marketing programme and seek feedback on the process and outcomes. Ward councillors were also invited to these events.
- 6.3 The Highcliffe Forum presented a petition to Full Council on the 18th September 2024 containing 353 signatures from the Highcliffe area. Officers and the leader of the Council met with representatives of the forum on the 16th September to better understand their request contained in their petition. The Highcliffe forum requested that "Winchester City Council provide space for a community hub to serve Highcliffe and the local area in any redevelopment of the Bar End Depot site". Cllr Tod confirmed in response at the Full Council meeting in 2024, that this important issue would be considered by Scrutiny Committee and by Cabinet on the 15th October 2024. This was duly undertaken and concluded that the new King George V pavilion (KGV) satisfied any legitimate additional need for a community hub.
- 6.4 Priorities voiced by Highcliffe residents in the 2016 Highcliffe Community Plan were incorporated into the 2018 Bar End Design Framework. In response to residents' desire for a community facility, the Council invested £4 million in KGV. There were two rounds of consultation for the KGV Pavilion which concluded 'KGV is a central point for Highcliffe residents to gravitate and meet'. Community feedback called for the KGV pavilion to be available for community purposes and for there to be a community room. This has been delivered and is available for the Highcliffe community. Highcliffe residents also have the benefit of a £42 million leisure park immediately next door, a facility that was not fully envisioned in 2016.
- 6.5 It is worth noting that Highcliffe Forum made no representations for community space on the Site in response to the Local Plan Regulation 18 consultation. It is also worth noting that during the March and November 2022 public engagement exercises it was a convenience store that was highlighted as the community's highest priority and not a community facility.
- 6.6 The proposed development of the Site responds to all elements of the Bar End Design Framework and Highcliffe Community Plan. The decision before Cabinet relates to a disposal of land and not the procurement of community facilities.
- 6.7 Ward Members have been consulted and support the recommended sale to PfP.

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 The site is contaminated with petrochemicals from its former use and lacks any current environmental diversity. The site will be remediated and presents a significant opportunity for Biodiversity Net Gain.

8 PUBLIC SECTOR EQUALITY DUTY

- 8.1 The proposed development responds to important local needs and meets a key Council Plan objective to provide more affordable housing.
- 8.2 A convenience store will provide a greater range of products at more competitive prices than current local provision.
- 8.3 The development will afford permeability for much improved accessibility.
- 8.4 This is a disposal of land and not the procurement of services by the Council. Specific details of design will be the subject of a planning application to be submitted by Places for People Developments Ltd.

9 DATA PROTECTION IMPACT ASSESSMENT

- 9.1 None .

10 RISK MANAGEMENT

Risk	Mitigation	Opportunities
Financial Exposure	Selling the site avoids ongoing maintenance and rates liabilities and produces a capital receipt.	The capital receipt can be used to reduce previously unfinanced capital expenditure which would reduce the ongoing associated revenue costs of that unfinanced expenditure.
Exposure to challenge Challenge to achieving best consideration	Comprehensive consultation and full marketing was undertaken independently by commercial agents	
Innovation	N/A	
Reputation The council's reputation could be harmed if it is not possible to demonstrate consultation	Significant consultation has taken place to inform the marketing of the site. Independent support was employed in the	

leading to the recommended decisions and the ability to achieve best consideration	marketing exercise to ensure best consideration was obtained. Independent support was employed for public engagement events.	
Achievement of outcome	Full marketing and selection of a preferred bidder has been undertaken.	
Property	Local vandalism has been an issue that has cost the Council in repairs and security. A disposal limits future liabilities.	
Community Support Community will object to the winning proposal	Series of meetings held with local community. Proposals are subject to statutory planning process where local community will be consulted and will have ability to challenge proposals.	Provision of affordable housing as part of the proposals Provision of a convenience store as part of the proposals.
Timescales The developer could delay progressing the scheme when contracts have been exchanged	The sale contract will include long stop dates by which the developer should achieve certain milestone events	
Project capacity That the developer does not have sufficient capacity to bring development forward	Developer capacity and historical performance to deliver scheme was tested via the marketing and selection process.	
Other	N/A	

11 SUPPORTING INFORMATION:

The Site (See plan at Appendix 1) extends to 2.84 acres and is bounded by Bar End Road, Milland Road, WSLP, and Winchester University Sports ground.

- 11.1 Policy W9 of the adopted local plan allocates the site for, as shown on the Policies Map, a mixed-use development including 30 residential dwellings, specialised facilities which include an element of care and residential development and a local convenience store. Planning permission will be

granted provided that details accord with the Development Plan. The local plan was subject to extensive consultation including an examination in public by a government appointed inspector. The Plan was found sound and adopted on 23rd March 2026.

- 11.2 The future redevelopment of the Site has been the subject to range of public engagement and consultation events including:

The Highcliffe Community Plan 2016: Defined the community aspirations for the local area which included:

- A local convenience store
- Permeability from Highcliffe to the new WSLP
- Buffer zones of green space
- Height restrictions on new buildings
- Community space
- Mixed uses

The Bar End Design Framework 2018: Adopted a design framework for the WSLP and the surrounding area including the Site. Theme 4 on pages 22 and 23 of this document refer to:

- Appropriate separation distances with existing adjoining residential properties
- Uses that take account of the new WSLP
- A buffer of natural vegetation along the northern boundary of the depot site
- Low vehicular traffic generation
- Vehicle access from within the WSLP site
- Improved pedestrian access across the western side of the depot site
- Scale and massing of buildings to be limited to a maximum height of 12m (3 or 4 stories) towards the north of the site and no more than the height of the new WSLP building on the south side.
- Noisy and polluting uses to be avoided.

11.3 **Public Engagement and Marketing:**

Prior to engaging selling agents to undertake Stage One marketing to secure 'expressions of interest', the Council wanted the Highcliffe community to comment upon the programme for disposal, the potential for a healthcare use and any other suggested uses they may have for the site. A public event was held at the WSLP on 8th March 2022 with display boards providing background information and context for the site. The response was supportive of healthcare use and proposed development timeline, but the key theme to emerge was the community's wish for a convenience store.

Vail Williams (selling agents) were instructed to approach the market in June 2022 for 'expressions of interest' in the site. This exercise attracted 47 written expressions of interest from a wide range of developers and occupiers. It was important to feed these potential uses back to the Highcliffe community, so two further public engagement events were arranged for 21st November 2022 (for

community groups and Cllrs) and the 24th November 2022 for the general public.

The November 2022 round of engagement sought to gather views of respondents preferred uses for the site, based upon the uses put forward by the market in Stage One marketing (for Expressions of Interest).

For commercial reasons, it was not possible to share the names of occupiers and developers who submitted expressions of interest. Instead, these expressions of interest were shown and arranged into six categories. Respondents were asked to rank their most to least preferred use for the site. The categories were:

1. Residential
2. Light Industrial
3. Healthcare
4. Retail
5. Leisure and Fast Food
6. Mixed-use

Where a respondent chose 'Mixed-use' as their most preferred use, they were asked to provide what their preference of uses would be. Findings from this engagement event were taken into consideration to help inform the Council's Stage Two marketing of the site for formal offers, launched in summer 2023.

Respondents fell into two categories (i) those living in St Michael's Ward (including Highcliffe) and (ii) those living in the wider Winchester area and beyond. The highest preference, across all respondents was for a mixed-use development to come forward.

For those responding to the engagement event living within St Michael ward, there was a preference in favour of retail as the most preferred use. Outside of the ward, there was a significant degree of preference for leisure and fast-food uses.

While residential was viewed as a less preferable use by those living outside of the local area, respondents living within St Michael's Ward (including the Highcliffe area) were more favourable. Of those who commented specifically on a residential use coming forward, respondents were keen to see affordable housing that was suitable for existing residents but not students.

A healthcare use, between both groups of respondents was viewed as neither preferable or unpreferable.

A light industrial use for the site was seen as the least preferred use by both groups of respondents.

The Council's conclusions on target uses for Stage 2 marketing in 2024 were:

- Residential – favoured locally and aligns with Council aspirations.
- Light Industrial – was discounted as least favoured use and one that is least compatible with the neighbouring residential and leisure uses.
- Healthcare – previously supported by Highcliffe residents at the March 2022 public engagement.
- Retail – food retail was the local community’s most preferred use.
- Leisure and Fast Food – discounted due to this representing (i) the least valuable site value, (ii) an inappropriate use of public funds given the existing £42m leisure facility recently built by the Council next door, and (iii) a conflict with city centre food & beverage provision.
- Mixed-use – The local community and Council aspirations agree that a mixed-use development would be a preferred outcome.

The proposal to target residential, healthcare and food retail uses for Stage 2 marketing was taken to a fourth community engagement event held on 4th September 2023 at the Guildhall, with the Council Leader and ward councillors in attendance.

Redwood media consultants were appointed to advise and assist in all public events.

11.4 **Final Bidder Selection:**

Fourteen formal bids were received from which two were selected for interview and subsequent best and final offers requested. Evaluation of both bids produced the following scores that are explained in detail in exempt Appendix 4 and 5. The maximum score achievable was 45.

Preferred Bidder A: 44

Bidder B: 30

11.5 **The redacted outline Heads of Terms** proposed in the sale to Places for People developments Ltd include the following:

- The Freehold sale of 2.84 acres of land comprising the former Bar End Depot site
- Within six months from exchange of contracts the purchaser shall submit a planning application for development of 82 affordable housing units and a 4,000 sq ft convenience store. There will be a 24-month longstop date for obtaining planning permission.
- A fixed sale price.

11.6 **Best Consideration – S123 Valuation Report/ Subsidy Control**

- 11.7 The bid received from Places for People Developments Ltd is less than the highest offer but is well within the limit prescribed by the General Disposal Consent 2003 under the Local Government Act 1972. A formal S123 Valuation has been obtained and is attached in Appendix 7 (Exempt).
- 11.8 A S123 Valuation Report is attached in Appendix 7 to demonstrate Best Consideration has been achieved.

12 OTHER OPTIONS CONSIDERED AND REJECTED

- 12.1 Do Nothing: Discounted due to ongoing financial liabilities and not a good use of Council assets.
- 12.2 Leisure: Discounted due to the significant investment already made by the Council in the adjoining WSLP and KGV Pavilion.
- 12.3 Light Industrial: The least compatible use for the location due to potential noise and traffic generation.
- 12.4 A high-level request for community space was initiated by the Highcliffe Forum during previous public engagement, although with no specific information on how such a facility would be used, funded or operated. The most recent request was received via petition after the 2024 marketing process had concluded. Although possible to re-market the Site with a requirement for a community space, this would have undoubtedly impacted negatively on the reputation of the Council and the outcomes of any future marketing process. Inclusion of a community space would have to be at the expense of a convenience store or affordable housing provision and would have adversely affected viability. There was no clear exposition of how the community space would operate and be able to fund running costs of the building. Use of Community Infrastructure Levy funding to finance the community space would be a lost opportunity cost to other parts of the district that have not enjoyed the level of investment of CIL enjoyed by the Highcliffe community. There is alternative community space available in the locality albeit not to the specific requirement of the Highcliffe forum.

BACKGROUND DOCUMENTS: -

Previous Committee Reports: -

CAB3526 Bar End depot.docx

Adopted Local Plan 2020 - 2040 - Winchester District Local Plan

Other Background Documents:-

The October 2020 Cabinet approved the marketing of this site see - CAB3268 - Bar End Depot Marketing report

APPENDICES:

Appendix 1: Site Plan

Appendix 2: Places for People Developments Ltd - Indicative Scheme

Exempt Appendix 3: Financial Implications

Exempt Appendix 4: Bids Received

Exempt Appendix 5: Shortlisted Bidder Evaluation Scores

Exempt Appendix 6: Heads of Terms

Exempt Appendix 7: S123 Valuation Report