

# Taunton Deane Borough Council

## Executive – 4 August 2016

### Disposal of Freehold Interest in Land at Frobisher Way, Taunton

This matter is the responsibility of Executive Councillor Mark Edwards, Portfolio Holder Business Development, Asset Management and Communications

Report Author: Ken Francis, Asset Strategy Surveyor

#### 1 Executive Summary / Purpose of the Report

- 1.1 The Frobisher Way site is an underutilised plot of land within an industrial estate. The land is in use as a transport depot. A planning permission exists for the development of 10 industrial units. Approval to sell the Freehold interest by way of auction is sought.

#### 2 Recommendations

- 2.1 It is recommended that the Executive is requested to support the sale of the Frobisher Way land by auction with a legal requirement (exact method upon advice from Legal) for the purchaser to ensure that the planning permission (or similar) is implemented.

#### 3 Risk Assessment

##### Risk Matrix

Description	Likelihood	Impact	Overall
Key Issue b. of Key Theme 4, Corporate Strategy 2016-20. Make better use of our land and property assets; investing in, transferring or selling assets where it makes sense to do so, not achieved	Almost certain (5)	Moderate (3)	High (15)
<i>The mitigations for this are the proposed changes as set out in the report</i>	<i>Unlikely (2)</i>	<i>Moderate (3)</i>	<i>Low (6)</i>

### Risk Scoring Matrix

<b>Likelihood</b>	5	Almost Certain	Low (5)	Medium (10)	High (15)	Very High (20)	Very High (25)
	4	Likely	Low (4)	Medium (8)	Medium (12)	High (16)	Very High (20)
	3	Possible	Low (3)	Low (6)	Medium (9)	Medium (12)	High (15)
	2	Unlikely	Low (2)	Low (4)	Low (6)	Medium (8)	Medium (10)
	1	Rare	Low (1)	Low (2)	Low (3)	Low (4)	Low (5)
			1	2	3	4	5
			Negligible	Minor	Moderate	Major	Catastrophic
<b>Impact</b>							

<b>Likelihood of risk occurring</b>	<b>Indicator</b>	<b>Description (chance of occurrence)</b>
1. Very Unlikely	May occur in exceptional circumstances	< 10%
2. Slight	Is unlikely to, but could occur at some time	10 – 25%
3. Feasible	Fairly likely to occur at same time	25 – 50%
4. Likely	Likely to occur within the next 1-2 years, or occurs occasionally	50 – 75%
5. Very Likely	Regular occurrence (daily / weekly / monthly)	> 75%

## 4 Background and Full details of the Report

- 4.1 The land comprises a flat regular shaped site of approximately 0.9 acres (0.36 Ha) located within an established industrial estate and shown edged by a bold line on the below plan. High voltage power lines overfly the site. A planning permission was granted on 9 September 2015 for development of 10 small industrial units. A previous similar planning permission had expired.



- 4.2 Various sales have been attempted over the years. Details are included in the confidential Appendix.
- 4.3 The site is presently tenanted by Cooks Transport for use as a transport depot. The rent is indicated in the confidential Appendix. This is considered to be under utilisation of the land. Representations have been made by Cooks Transport and these are formalised in the letter from Cooks Transport which is also contained in the confidential Appendix.
- 4.4 There was a thought that the site could be developed by TDBC in partnership with the private sector. TDBC would provide the land, the private sector would carry out the development and TDBC would retain finished units to the value of the land and would hold these as an investment. This course of action is not recommended due to the adverse effect on the value of the site (and therefore on the value of the investment retained by TDBC) of the resulting two smaller investments (as opposed to one larger investment) and also due to the adverse effect on the site value of the requirement to work in partnership. As an investment, the small units would be far from ideal for TDBC as they would be management intensive.

- 4.5 Auction is proposed in preference to a tender process as the sale is contractually enforceable upon the fall of the hammer, therefore adding speed and certainty and minimising ongoing cost. The auction process should ensure market value is obtained. Costs are not excessive and are approximately 0.5% of the transaction figure plus £1,000 for advertising with an additional £1,000 for further advertising should we consider it necessary at the time. There are likely to be other relatively minor ancillary costs also.
- 4.6 There is a possibility that a purchaser might not wish to implement the planning permission. This would mean that TDBC economic development aspirations would not be realised. For this reason, it is intended to create a legal obligation on any purchaser to implement the permission within a reasonable and agreed time period. Legal advice will be sought on the best way to do this. There should be a negligible effect on Market Value arising from this positive obligation.
- 4.7 A contamination report will be commissioned before marketing and this will form part of the legal pack. The content of this report will affect the Market Value and the likely capital receipt.
- 4.8 The auction reserve price will be set in consultation with the Portfolio Holder prior to sale and will be influenced by feedback and responses to marketing and advice from the auctioneer.
- 4.9 Use of Lambert Smith Hamptons auction services has been confirmed by David Carpenter, Procurement Manager, TDBC as meeting the Council's procurement requirements.

## **5 Links to Corporate Aims / Priorities**

- 5.1 The proposal supports Key Issue d. of Key Theme 1, Corporate Strategy 2016-20. *Facilitate the creation of a broad range of high quality employment opportunities that recognises the different needs of rural and town communities in order to provide local people with more rewarding futures.*
- 5.2 The proposal supports Key Issue a. of Key Theme 2, Corporate Strategy 2016-20. *Encourage inward investment and the promotion of the district as a place in which to visit and do business.* Sale of the site with a positive obligation to develop presents a vehicle through which private sector finance will be raised and invested (development and investment funding).
- 5.3 The proposal supports Key Issue h. of Key Theme 2, Corporate Strategy 2016-20. *Support business start-ups and expansion within the Deane.*
- 5.4 The proposal supports Key Issue b. of Key Theme 4, Corporate Strategy 2016-20. *Make better use of our land and property assets; investing in, transferring or selling assets where it makes sense to do so.* It makes sense to sell in this case to facilitate development of the site and remove an underperforming asset.
- 5.5 The proposal is in line with the adopted Asset Strategy and Decision Making

Framework 2014-17. Particularly:-

- in meeting the council's property objective, "To have a lean property portfolio that meets the council's business and service needs efficiently".
- in complying with the overall approach element of releasing capital from the portfolio.
- in complying with the overall approach element of making sure that the Council only holds land that it will need in the foreseeable future.

## **6 Finance / Resource Implications**

- 6.1 A capital receipt in the region of the figure indicated in the confidential Appendix A, after direct costs. However the loss of rental revenue as also indicated in the Appendix.

## **7 Legal Implications**

- 7.1 SHAPE has been instructed to provide initial advice to Asset Management regarding aspects of the title and access. SHAPE has been requested to provide advice on methods of ensuring that a purchaser implements the planning permission. SHAPE will be required to produce a legal pack before auction.

## **8 Environmental Impact Implications**

- 8.1 These aspects were considered by TDBC as part of the decision to grant planning permission.
- 8.2 There have been complaints from other occupiers in the vicinity regarding the dust created by the present transportation business. Development of the site will remove this source of dust.
- 8.3 The planning permission considers the possibility of flooding and requires that the land is built up slightly.

## **9 Safeguarding and/or Community Safety Implications**

- 9.1 None.

## **10 Equality and Diversity Implications**

- 10.1 The proposed method of disposal does not discriminate and should be neutral with regard to equality and diversity.

## **11 Social Value Implications**

- 11.1 Use of a national auctioneer should ensure market value is achieved.

## **12 Partnership Implications**

12.1 None

### **13 Health and Wellbeing Implications**

13.1 No negative implication

### **14 Asset Management Implications**

14.1 This is an Asset Management led report.

14.2 The proposal removes management activity from Asset Management. Asset Management has invested resource in bringing this proposal forward for consideration.

14.3 The proposal is in line with the adopted Asset Strategy and Decision Making Framework 2014-2017. Particularly: -

- in meeting the Council's property objective, "To have a lean property portfolio that meets the Council's business and service needs efficiently";
- in complying with the overall approach element of releasing capital from the portfolio;
- in complying with the overall approach element of making sure that the Council only holds land that it will need in the foreseeable future

### **15 Consultation Implications**

15.1 Economic Development has been consulted by Asset Management and support the proposal. Economic Development has been approached by prospective purchasers enquiring whether they might purchase the land for development. The portfolio holder has expressed support subject to there being some certainty that the site will be developed.

### **16 Scrutiny Comments**

16.1 The Corporate Scrutiny Committee supported further consultation and negotiation with the existing tenant, exploring any interest in the purchase of the land, or through a new rental agreement based on the tenant's reported turnover.

#### **Democratic Path:**

- **Scrutiny – Yes**
- **Executive – Yes**
- **Full Council – No**

**Reporting Frequency: Once only**

## List of Appendices

Appendix	Confidential elements of the report
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