

REPORT TO: CABINET

DATE: 14 SEPTEMBER 2017

TITLE: DISPOSAL OF THE COUNCIL'S FREEHOLD PROPERTY KNOWN AS THE STOW DEPOT

PORTFOLIO HOLDER: COUNCILLOR TONY DURCAN, PORTFOLIO HOLDER FOR REGENERATION AND ENTERPRISE

LEAD OFFICER: GRAEME BLOOMER, HEAD OF PLACE (01279) 446270

CONTRIBUTING OFFICER: WILL HALES, INTERIM PROPERTY AND FACILITIES MANAGER (01279) 446852

This is a Key Decision
It is on the Forward Plan as Decision number I007825
Call-in Procedures may apply
This decision will affect Mark Hall Ward.

RECOMMENDED that:

- A** Declares the Stow Depot as surplus to requirements.
- B** Approves plans to dispose of the Council's freehold interest in the Stow Depot conditional upon the purchaser delivering a satisfactory mixed use scheme of redevelopment.
- C** Delegates the Head of Place, in consultation with the Portfolio Holder for Regeneration and Enterprise, the authority to negotiate and finalise the terms of the disposal and (subject to being satisfied that it would be for the best consideration reasonably obtainable) thereafter procure the legal completion of the development and sale documentation (and all ancillary documents).

REASON FOR DECISION

- A** To facilitate redevelopment and regeneration at the Stow broadly in accordance with the Adopted Stow Supplementary Planning Document.
- B** To generate a capital receipt to help fund the Council's Capital Programme and reduce the need for borrowing.
- C** To eliminate future revenue and capital costs associated with holding the

property, including business rates, management, insurance, security, utility charges and maintenance.

- D** To facilitate the delivery of new homes within the district in order to meet the local housing needs.

BACKGROUND

1. The Council's depot is situated within the Stow Service Industry Bays on the periphery of the Neighbourhood Centre. The Depot consists of two single storey buildings set either side of a service courtyard. The total site area as shown edged red on the Site Plan (attached as Appendix 1) extends to approximately half an acre (0.2019 hectares).
2. Historically the Depot was used by the Council's former Direct Labour Organisation (DLO) as a joinery shop and cleansing sub-depot. Since becoming surplus to the Council's requirements some 20 years ago, the property has periodically been leased out to a number of local businesses.
3. Having been built in the early sixties, the Depot is now at the end of its useful life and will require significant capital investment if it is to remain in active use.
4. The property is an underperforming asset with rental income being disproportionate to future capital and revenue cost associated with retaining the asset. Half of the Depot is leased out on a short term basis, whilst the other half is vacant and cannot currently be re-let due to its dilapidated condition.
5. In the interests of good estate management officers have identified an alternative use for the site and its disposal in accordance with the Council's Asset Management Plan 2009/10 - 2013/14.
6. The Service Industry Bays and Depot consist of a number of quite basic and small scale industrial-type one-storey buildings offering little or no architectural quality. The units show signs of underinvestment in a prominent area of the Stow.
7. In July 2016, the Council adopted The Stow Supplementary Planning Document (SPD), a framework to guide future development. This document specifically details a number of short, medium and long term interventions to enhance the Stow and protect its status as a key neighbourhood service and retail centre.
8. One such medium term intervention set out in the Stow SPD confirms that 'the redeveloped service bays could accommodate a mixed use development

incorporating approximately 55 units over three storeys, 55 parking spaces and private/communal outdoor space’.

9. The owner of the Stow Service Industry Bays has approached the Council with a firm expression of interest in relation to the acquisition of the Stow Depot.
10. In accordance with the concepts outlined in the Stow SPD, the Owner intends to deliver a comprehensive mixed use redevelopment across the Service Industry Bays and Depot. At the time of writing this report, it is understood that the Owner will shortly submit a full planning application for the proposed redevelopment.
11. The Council has therefore been presented with an opportunity to work with a land owner to facilitate major environmental improvements, whilst at the same time realising the capital value of its asset. Capital that could potentially be utilised to deliver further improvements to the Stow and surrounding area.
12. Officers have considered a number of options for the future of the Stow Depot prior to arriving at the recommendations set out in this report. The proposed way forward is entirely consistent with the Council’s Corporate Plan priorities of more and better housing, and regeneration and a thriving economy. The proposal will also:
 - a) Release a significant capital receipt to fund the Council’s Capital Programme and reduce the need for borrowing;
 - b) Eliminate the revenue costs associated with the vacant part of the Depot including security, maintenance, insurance and business rates;
 - c) Enable the redevelopment of the larger Stow Service Industry Bays thereby assisting in the delivery of one of the key recommendations set out within the Adopted Stow SPD;
 - d) Facilitate the delivery of environmental improvements and the promotion of regeneration with the area;
 - e) Act as a catalyst for further private sector redevelopment;
 - f) Help prevent less desirable piecemeal pockets of development occurring.

ISSUES/PROPOSALS

13. Should Cabinet approve the recommendation set out within this report, it will be necessary to commission an independent valuation to evidence that best

value has been obtained for the purpose of compliance with Section 123 of the Local Government Act 1972.

14. Sale of the site by private treaty in the absence of a full marketing campaign is consistent with the Council's Contract Standing Orders because:
 - a) The adjacent landowner is uniquely positioned to deliver a comprehensive redevelopment scheme; and
 - b) The Council has opportunity to take a share in the additional value arising from the combining of the two sites. This added value enables the receipt of the best consideration reasonably obtainable.

IMPLICATIONS

Place (includes Sustainability)

As contained within the report.

Author: **Graeme Bloomer, Head of Place**

Finance (Includes ICT)

Subject to the independent valuation satisfying the achievement of best price as required by Section 123 of the Local Government Act 1972 the proposals set out within the report are consistent with the section 17 of the Council's financial regulations .

Author: **Simon Freeman, Head of Finance**

Housing

As contained within the report.

Author: **Andrew Murray, Head of Housing**

Community Wellbeing (includes Equalities and Social Inclusion)

As contained within the report.

Author: **Jane Greer, Head of Community Wellbeing**

Governance (includes HR)

Any member of the Cabinet who is also a member of the Development Management Committee is advised to consider the extent of their participation in this item of business in view of the development aspect of the report and the need to avoid any perception of predetermination or predisposition in relation to the planning process. In such situations, withdrawal from participation may be appropriate unless the option is taken to withdraw from consideration of the planning application referred to in the report.

The proposed sale of the former Stow Depot to the owner of the adjoining land is compliant with Contract Standing Orders and officers are satisfied that this report sets out the justification for the use of this procedure for the purposes of CSO 41.2.

Section 123 of the Local Government Act 1972 requires that the best price reasonably obtainable for the land disposal be obtained by the Council and this will be evidenced by a formal independent valuation report.

Author: **Brian Keane, Head of Governance**

Background Papers

The Stow Special Planning Document:

<http://www.harlow.gov.uk/sites/harlow/files/documents/files/The%20Stow%20Neighbourhood%20Centre%20Design%20Framework%20SPD.pdf>

See also the Members Lounge for a hard copy of the document.

Glossary of terms/abbreviations used

None.

Appendices

Appendix 1 – Proposed Asset Disposal Plan