

## SOUTH HOLLAND DISTRICT COUNCIL

**Report of:** Richard Hodgson – Assistant Director – Strategic Projects and Andy Fisher – Assistant Director – General Fund Assets

**To:** Portfolio Holder for Assets and Planning  
(Councillor Rodney Grocock)

**Author:** Marc Whelan - Strategic & Operational Property Manager])

**Subject:** Proposed Sale of Former Holbeach Depot Site, Fleet Road, Holbeach )

**Purpose:** To approve the arrangements for disposal of this surplus Council asset by private treaty, auction or other means based on best consideration principles. A disposal of this asset will provide a capital receipt to support the Council's Medium Term Financial Strategy (MTFS)

### **Recommendation**

- 1) That the **Assistant Director - Strategic Projects** and **Assistant Director – General Fund Assets** are jointly delegated, in consultation with each other and the **Portfolio Holder for Assets and Planning** to confirm the method of sale, market, negotiate and conclude terms for the sale of the former depot site at Fleet Road, Holbeach and to agree all matters relating to the sale including the entering into a contract for sale and other legal agreements relating to such sale.

### **1.0 BACKGROUND**

The former Holbeach Depot is a General Fund asset situated on Fleet Street (B1515) opposite the Mayfield Residential Home and adjacent to land owned by South Holland District Council and part let to the Holbeach Weight Training Club. To the east of the site is housing that sits within the Housing Revenue mainly sheltered bungalows accessed via Allison Avenue. There is currently no access between the three landholdings notwithstanding they are adjoining. The Fleet Road former depot has its own independent access and self-contained with boundary fencing. (see plan in **Appendix 1** showing the extent of council ownership in this area of Holbeach).

The former depot site measures circa 2.10 acres and is set back from the road. It has various buildings on it and extensive hardstanding. The largest is the former Council depot and storage facility of approx. 13,000sqft situated towards the western boundary. To the east there is a smaller building once used as offices for staff working at and from the depot. Following closure of the depot this space was used by the Holbeach Boxing Club under a short-term lease.

Whilst the larger buildings on the west of the site have and continued to be used primarily by the Council's Environmental Services, for equipment and vehicle storage, (by virtue of an O Licence covering the site), the former offices/ boxing club building has been derelict and unused for a number of years and has recently been the subject of vandalism and attempted arson. Given some residual use is made of this site by Environmental Services as overflow vehicle and equipment storage and other Council services such as Communities for very small-scale overspill Ayscoughfee Hall storage, alternative provision will need to be made to ensure that the vehicles stored at Fleet Road and equipment, which due to capacity and O Licence limitations are not stored at West Marsh Road or other

buildings, can be accommodated elsewhere. This forms a separate piece of work outside of this decision notice led by the Assistant Director – General Fund Assets working closely with officers in Environmental Service and Communities.

If the recommendation set out in this report is approved then the search for alternative storage solutions for vehicles and equipment stored will need to progress so the Council can offer the site with vacant possession.

It is expected that on sale the site will be redeveloped. The negotiation of terms for a sale and any subsequent conditionality such as where it relates to ground conditions and planning process if the site is to be developed for an alternative use will follow on from this Portfolio Holder Decision if the recommendations set out in this report are approved. The site is not shown in the Local Plan as having any other designation than its existing one of depot and storage and will be classed as a brownfield site for planning purposes.

Officers have recently undertaken a marketing exercise for this site and are presently evaluating bids and dealing with any conditionality arrangements including any need for Board approvals. If these recommendations are approved then officers will in consultation with the Portfolio Holder for Assets & Planning determine, based on best consideration principles, which offer to take forward to legals or whether to remarket if terms are not acceptable or offers are withdrawn.

It is important to note that assets being brought forward for sale need to be confirmed as surplus and there are policies in place as referenced and summarised below which govern how officers will help determine that.

The sale process and matters relating to the sale are governed by the Council's Constitution which requires assets to be valued before sale and a decision making process, in this case a Portfolio Holders Decision to be in place. The recommendation in this decision covers a range of matters including authority to negotiate and conclude terms for the sale and the entering into legal contracts pursuant to. The asset has been valued by the Council's appointed external valuer and that will be material to bid evaluation and a decision to proceed determined.

The Council's Asset Management Strategy 2014-2019, although currently being refreshed, is the current policy document setting out a range of matters for how the Council manages its assets including disposal.

In that policy document surplus assets are defined as assets *"not being used to deliver services and are not held for investment purposes in generating income"*.

In arriving at the recommendation to sell officers in consultation with the Portfolio Holder for Assets and Planning have determined this is not a site needing to be held for future operational of strategic purposes, notwithstanding land adjacent to it is also held by the Council.

On page 15 of then Asset Management Strategy it reads under the section named "Acquisitions and Disposals"

*"The efficient use of the Council's assets is fundamental to maximising efficiency and opportunities. This extends to the Council's land/property assets which, used to the maximum potential, can enable a wide range of benefits, including development and disposal."*

Officers have examined whether there are opportunities to develop this site for its own operational use, including as a housing site for HRA properties or to deliver housing for one of its housing companies. In consultation with the Portfolio Holder for Assets & Planning and Portfolio Holder for Finance it was determined that is not the preferred route. A sale of this asset and the reinvestment of the proceeds of sale to support a range of Council capital funded projects was decided upon.

Page 16 of the Asset Management Strategy reads *“In selecting sites for disposal, it is important to consider a number of factors, including:*

- *Costs and liabilities of maintaining the site in its current use*
- *Any suitable alternative uses the Council could make of the site*
- *Impact of the removal of the site from Council ownership*
- *Impact of any likely development of the site by a purchaser*
- *Planning issues relating to the site*
- *Value of the site*
- *Any community or political interest in the site”*

Consideration of these factors above have been taken into account when making the recommendation set out in this report namely to progress a sale of this surplus asset.

Given that the highest price the Council may achieve is likely to come from an alternative use, there is a strong preference to know what that use would be given retained Council ownership (subject of course to securing planning approval) a sale by private treaty is the preferred option to address this rather than offer the site for sale via auction. The method of disposal can differ from site to site depending upon the circumstances however in this case a sale by private treaty is recommended. Whilst the recommendation to progress a sale is via private treaty this report also seeks to cover the option of selling by auction if that opportunity arose rather than coming back for a further decision. Any future discussion on method of sale will similarly be in consultation with the relevant Portfolio Holder.

In addition to the Asset Management Strategy the Council has a **Corporate Land and Property Policy**. This document was last updated in 2009 and whilst due for review, the principles of that policy will be reflected in a new policy to sit alongside an updated **Asset Management Strategy** which is currently being refreshed.

On page 2 of the policy it states *“The Council’s land/property holdings are viewed as assets but, if there is no clear direction for the use of these assets, they can become liabilities requiring expenditure for clearance and maintenance. It is vital, therefore, that the future use of these sites is planned in order to maximise their efficient use and avoid unnecessary issues arising.*

*Much information is required before decisions can be made over the viability of sites for alternative uses, and an evaluation process is required to enable a balanced view to be reached. There are 3 main options for the future use of these land/property assets, as follows”:*

1. *Redevelopment of the site for an alternative use*
2. *Maintain the existing use of the site*
3. *Disposal of the site*

As previously stated officers have looked whether it has its own viable alternative use for the site including housing for the Housing Revenue Account (HRA), market rental via Welland Homes or market sale housing. The Council does not currently build houses for market sale and let established residential developers who specialise in this field deliver

those. In the case of new build to provide stock either for Welland Homes or the HRA has been looked at and deemed not the preferred option on this site having arrived at this decision in consultation with the Portfolio Holders for Assets and Planning and Portfolio Holder for Finance.

Linked to the 2009 **Corporate Land and Property Policy** is a document called the **Land Sales Procedure**. It sets out a number of considerations and actions required when disposing of assets. These include the securing of a qualified valuers report and what it should contain, consultation requirements, how to respond to offers to purchase and, arrangements for going back to underbidders if circumstances change with the frontrunner bidder. All these matters have been considered and attended to as applicable in bringing this report and recommendation forward and will continue to apply throughout the sales process through to sale completion.

## 2.0 **OPTIONS CONSIDERED**

**A range of options were considered when arriving at the recommendation set out in this report. These included: \_**

### **Option 1 – Do nothing**

The site will continue to deteriorate and incur expenditure maintaining security, health and safety and a range of other liabilities that surplus and underutilised sites bring. Further the opportunities for higher value alternative use (subject to planning) and with it a capital receipt to reinvest into projects and services wouldn't be achieved. This option is therefore - **not recommended**.

### **Option 2 – Retain the site and generate investment income**

Substantial investment in the larger building on the west of the site would be required to let these including works required to significantly improve the EPC level. The former offices/ boxing club buildings are beyond their economic life and substantially damaged following break ins and require demolition. Retaining the site seeking to generate an income, if indeed there were a potential occupier, is not viable without substantial investment with no guarantee on a return on investment – This option is therefore -**not recommended**.

### **Option 3 – Re – use or redevelop the site for Council use**

No alternative operational requirements have been identified for the property or site. The site is only in use in a very scaled down version than what it was previously, primarily storage for Environmental Services. Storing kit and equipment in Holbeach in buildings requiring significant repair and susceptible to vandalism is not ideal and alternative provision needs to be made– This option is therefore -**not recommended**.

### **Option 4 – Dispose of the asset**

Given that the 3 options above being discounted and the site has no long term strategic holding purpose, officers have recommended that this asset is disposed of with vacant possession in order to generate a capital receipt for reinvestment. To further limit liability on the Council and the need to procure and manage a demolition contract the site is being sold with the expectation that its clearance will be a condition on the sale and hence fall to the purchaser to undertake. This option is **recommended**.

## 3.0 **REASONS FOR RECOMMENDATION(S)**

3.1 The former depot site is in poor condition and provides an opportunity for redevelopment of a derelict site that continues to attract anti-social behaviour, through a sale. The Council has no material operational need to retain the site and on sale would generate a capital receipt which can be reinvested into Council

priorities. Presently the site delivers no revenue income and the former boxing club building has become a liability to the Council through regular break ins and has recently been subject to arson.

- 3.2 Whilst the Council does have some use of parts of the site by Environmental Services this is not the ideal location for those functions to be carried out. An alternative site which may be closer to the existing West Marsh Depot, Spalding, a site capable of being used for additional vehicles to be stored which cant be accommodated on the existing West Marsh Road Spalding, is preferred by the service. If there is a need for small scale storage for Communities for the likes of Ayscoughfee Hall, as presently is the case, then this can be factored in the search criteria.
- 3.3 In order to dispose of the site a decision is needed, hence the recommendation set out in the report, to authorise officers to progress with a sale and confirm the authority to negotiate and conclude terms for a disposal including the entering into legal agreements relating to the sale in order that the site can be duly disposed of. The Council seek to review and develop our commercial approach in a consistent way to secure our financial position by exploring opportunities to increase income and ensure that the asset base of the council is managed to its maximum potential. This is further outlined in the Corporate Plan 2015 to 2019 (page 8) also by generating additional revenue streams through commercial activities and investment assets (page 10)

#### 4.0 **EXPECTED BENEFITS**

4.1 There are a range of benefits including:

- The opportunity to reinvest some of the capital receipt to deliver an improved West Marsh Road depot overspill facility, location to be confirmed by the service.
- The opportunity to deliver a capital receipt to support the Council's Medium Term Financial Strategy
- The opportunity to reduce Council liabilities on a site that is significantly underutilised and at risk of continued anti-social behaviour
- The opportunity through sale to deliver development on this site (subject to planning).

## 5.0 **IMPLICATIONS**

In preparing this report, the report author has considered the likely implications of the decision - particularly in terms of Carbon Footprint / Environmental Issues; Constitutional & Legal; Contracts; Corporate Priorities; Crime & Disorder; Data Protection; Equality & Diversity/Human Rights; Financial; Health & Wellbeing; Reputation; Risk Management; Safeguarding; Staffing; Stakeholders/Consultation/Timescales; Transformation Programme; Other. Where the report author considers that there may be implications under one or more of these headings, these are identified below.

### 5.1 **Carbon Footprint / Environmental Issues**

5.1.1 This is a brownfield former depot site which would require remediation prior to development. Any redevelopment of that site would require buildings to be constructed with higher environmental credentials than the existing buildings currently have and the potential for the inclusion of "green features" on any new build exists.

### 5.2 **Constitution & Legal**

Section 123 of the Local Government Act 1972 provides for local authorities to sell land and buildings based on best consideration principles. Officer recommendations for sale will be based on officers demonstrating best consideration.

The Council has a set of policies and procedures referred to earlier in this report, as well as the Constitution, governing the way in which sites are declared surplus, brought to the market and the basis upon which negotiations on sale are conducted and decisions are made. The Council has a range of powers enabling it to enter into contracts for sale of Council assets.

### 5.3 **Contracts**

5.3.1 The Council is able to enter into a wide range of contract matters appertaining to the sale of assets. It is likely that for this sale the contract negotiations are dealt with by solicitors external to the Council for which quotations will be secured. The Council is also able to enter into a contract with external valuers who in this case have provided the valuation required to support the disposal.

### 5.4 **Corporate Priorities**

5.4.1 Our ambition is clearly set out in the Corporate Plan 2015 to 2019 (page 3) where the Council outline how to reduce Crime in local communities, to enable and help enhance the local community by supporting the local economy whenever we can. Rationalise the asset portfolio by disposing of surplus property assets and creating a stronger more effective asset Develop stronger communities through investment and job creation (page 3) of the Corporate Plan 2015 to 2019

### 5.5 **Crime and Disorder**

The site has been subject to several incidents in 2021 including arson and criminal damage that resulted in several thousand pounds being spent on Security patrols, site maintenance and man hours / officer time. Three Crime Behaviour orders have

been issued since 1<sup>st</sup> October 2021. Redevelopment of this site would help to address that by removing the primary source of ASB, vacant and ageing buildings. The Corporate Plan 2015 to 2019 (page 7) outlines this and how the Council seeks to manage this

## 5.6 Equality and Diversity / Human Rights

In marketing the site and dealing with conditions of sale, consideration is being given to matters relating to Equality & Diversity/ Human Rights.

## 5.7 Financial

5.7.1 The Council will on sale received a capital receipt which it can use to support the MTFS. Presently the site generates no income but incurs costs in the form of Business Rates, maintenance/ repair and some small-scale utility costs – water and electricity for the retained buildings used by the Council. These are summarised for the previous 4 financial years as follows

17/18	18/19	19/20	20/21 (Estimated)
£10,110	£7,228	£7,524	£11,100

With the break ins and attempted arson over the Summer there was the need to carry out security related works, including boarding up works (Sitex metal sheeting rather than timber) the holding costs for this year will exceed the budget £11,100. It is anticipated that the final outturn for the years will be more in the region of £20,000, dependent on when the asset is sold.

On disposal the holding costs will be eliminated meaning the release of this asset will have a positive impact on the Council's revenue budget of at least the budgeted amount of £11,100 per annum plus incidentals that cannot be accounted or pre planned, although alternative accommodation will require to be found to continue to store vehicles and equipment currently stored at Holbeach Depot which will have some revenue implications. At present the alternative accommodation solutions remain part of a wider brief scoping exercise to identify need and options study to look at sites where this could be accommodated. This capital receipt has not been programmed in the MTFS and therefore can be considered as "windfall".

## 5.8 Reputation

5.8.1 Holding brownfield sites that are surplus to operational need and having the potential for anti-social behaviour has the potential to harm the Council's reputation. As the Council are not intending developing this site then a disposal should facilitate the site coming forward for development. With a sale and potentially through matters such as overage if this were applied, comes a capital receipt which will support projects helping build the Council's reputation. A disposal therefore provides the opportunity in a number of ways to help raise the profile of the Council by delivering on objectives set out in its land a built asset related policies and creating windfall capital receipts for reinvestment. Further the sale passes on the liability to the purchaser for all manner of things relating to this site including future demolition of a building now past its economic life (former boxing club building).

## 5.9 Risk Management

5.9.1 Independent valuations shall be undertaken by qualified and registered valuers to ensure best value is demonstrated. The Council's legal team are experienced in carrying out legal work relating to the disposal of local government assets and if the work is carried out by external solicitors then these will be suitably vetted and experienced. Officers dealing with this proposed disposal will have the knowledge and skillset as well as commercial acumen to negotiate and conclude matters to deliver an effective outcome for the Council. The sales process will be managed by the Strategic and Operational Property Manager who has experience in asset disposals overseen by two Assistant Directors, the Assistant Director - Strategic Projects and the Assistant Director – General Fund Assets

## 5.10 Staffing

5.10.1 The sale of this asset will involve a range of internal Council and PSPS staff including Finance, Legal, Property and Democratic Services staff. The valuation has been provided by the Council's external registered Valuer. The preparation and negotiation of the sale contract including managing enquiries before contract work is likely to be undertaken externally by suitably experienced solicitors.

## 5.11 Stakeholders / Consultation / Timescales

5.11.1 **Elected Members** consulted include Holbeach Ward Cllrs, the Leader, the Portfolio Holder for Finance, the Portfolio Holder for Environmental Services and the Portfolio holder for Assets and Planning.

5.11.2 **Officers** include the Section 151 and Monitoring Officer, Head of Delivery, the Environmental Services Manager, the Assistant Director - Environmental Services, Assistant Director – Finance deputy s151) with meetings arranged for a number of these to identify options for alternative storage for the equipment and small number of O Licence vehicles presently stored at this former depot site.

## 6.0 WARDS/COMMUNITIES AFFECTED

6.1 Holbeach Town

## 7.0 ACRONYMS

- AMS – Asset Management Strategy 2014-2019
- ASB – Anti-social behaviour
- PSPS - Public Services Partnership Limited

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### Background papers:-

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#### Lead Contact Officer

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Key Decision: Yes

Exempt Decision: No

This report refers to a Mandatory Service / Discretionary Service (delete as appropriate)

Appendices attached to this report: (list appendices or delete)

Appendix A Site Plan showing Council ownership – This includes full title under land registry, this does **NOT** reflect what is on the market

