

Report For:	Cabinet
Date of Meeting:	Cabinet 11 March 2019
Part:	Part 1 - Open Report with Part 2 Appendices
If Part 2, reason:	Para 3 - Information about the financial or business affairs of any particular person (including the authority holding that information).

<b>SUMMARY</b>	
<b>Title of Report:</b>	<b>CRESSEX ISLAND</b>
Cabinet Member: Officer Contact: Direct Dial: Email:	Councillor Steve Broadbent Charles Brocklehurst 01494 421280 charles.brocklehurst@wycombe.gov.uk
Ward affected:	Booker and Cressex
Reason for the Decision:	The proposed disposal of part of the site is above delegated authority levels.  The proposed investment in the development of the remainder of the site is not in the Capital Programme and requires a recommendation to Full Council.
<b>Proposed Recommendation:</b>	That: <ul style="list-style-type: none"> <li>(i) the freehold interest in the western two-thirds of the Cressex Island site be disposed of on the terms set out in confidential Appendix A;</li> <li>(ii) the development of the eastern third of the Cressex Island site be funded by the Council, for retention as a let investment, on the terms set out in confidential Appendix A; and</li> <li>(iii) approval of the detailed terms of the disposal be delegated to the Corporate Director in consultation with the Major Projects Executive, the Head of Finance and Commercial, and their respective Cabinet Members.</li> <li>(iv) Cabinet recommend to Council a supplementary estimate as set out in Appendix A for the development and enabling works.</li> </ul>
Sustainable Community Strategy/Council Priorities - Implications	Risk: Heads of Terms for both (i) and (ii) have been agreed – both transactions are conditional upon obtaining planning consents and at this stage are subject to contract. Traffic impact is being modelled. Next retaining wall access rights need tidying up.  Equalities: The proposed purchasers will be

	<p>responsible for any EIA (if applicable) as part of their planning applications.</p> <p>Health &amp; Safety: The proposed purchasers / tenants will be responsible for appointing a Principal Designer under CDM regulations.</p>
Monitoring Officer/ S.151 Officer Comments	<p><b>Monitoring Officer:</b> Section 123 of the Local Government Act 1972 provides power for the Council to dispose of land in any manner it wishes. Other than in the case of a short tenancy for less than 7 years, the disposal must be for the best consideration that can reasonably be obtained, unless the Secretary of State has first given explicit consent to the contrary, or the General Disposal Consent (England) 2003 permits it (i.e. if the undervalue is £2m or less), Under Section 1 of the Localism Act 2011 the general power of competence provides power for the Council to do anything that individuals generally may do, subject to the restrictions in Sections 2-4.</p> <p><b>S.151 Officer:</b> The additional costs as set out in the confidential appendix will require supplementary estimates to be approved by Council.</p> <p>The additional net receipt as set out in the confidential appendix will be included in the updated capital strategy for 2020/21.</p> <p>The supplementary estimate can be funded from the additional capital receipt.</p>
Consultees:	<p>The proposed purchasers will be responsible for any fresh public / statutory consultations as part of their planning application.</p>
Options:	<p>The site was previously under a Contract for Sale to Costco, who paid the Council to rescind their Contract in December 2017. Subsequent marketing based on an 'auto park' concept failed to secure pre-lets. Splitting the site as part disposal / part retention is the preferred option.</p>
Next Steps:	<p>Instruct external solicitors to complete a Contract for Sale.</p>
Background Papers:	<p>None</p>
Abbreviations:	<p>None</p>

Appendices to this report are as follows:

Confidential Appendix A – Terms and Funding

Confidential Appendix B – Options Appraisal Financial Summary

Confidential Appendix C – Cressex Island Site Plan

### **Detailed Report**

1. Cressex Island is an area of approx. 3.4 ha (8-5 acres) lying between John Hall Way and Crest Road. In 2011, the eastern end was sold to Next; in 2016, the remainder was contracted for sale to Costco. However in late 2016, Costco informed the Council that they were not going to complete the purchase and bought their way out of their contract. In the meantime, they had secured a 'minded to grant' decision on their planning application.
2. Initial proposals for an alternative mixed-use commercial scheme focussed upon the potential to group car showrooms along the John Hall Way frontage, with a proposed discount foodstore and 'trade counters' on the southern half of the site. However, uncertainty in the auto-sector prevented 'pre-lets' from being achieved. So a simpler Plan B was devised, based on splitting the site into two:
  - (i) The eastern third of the site to be developed by tenants as a discount foodstore and drive-thru' restaurant, funded by the Council as a retained let investment
  - (ii) The western two-thirds of the site to be disposed freehold to developers for speculative industrial development
3. The proposed development for retention (i) is a repeat of the Council's Baker Street Aldi scheme (with an added drive-thru' pre-let to McDonalds). This was based on the Council making a landlord's contribution towards Aldi's development costs (Aldi acting as developer and taking the construction cost risk). The Council appointed a Project Manager/QS as 'monitoring surveyor', reporting to the Major Projects Executive. A summary of the agreed terms and funding required is in the confidential appendix. The funding will be an addition to the Capital Programme.
4. The proposed industrial development has been competitively marketed by the Council's appointed commercial property agents. A summary of the agreed terms is in the confidential appendix. The projected capital receipt was not included in the Capital Programme.
5. Both proposed developments are conditional upon the tenants/developers obtaining planning approvals. The proposed foodstore/drive thru' carries the usual planning risks (sequential test/retail impact/traffic modelling and potential Judicial Review). The proposed industrial development also carries planning risk (traffic modelling and visual impact) although the proposed use is appropriate to the site's employment land allocation.
6. The previous minded-to-grant Costco planning decision included a Sn106 obligation to reconfigure the Crest Road/John Hall Way road junction-replacing the existing mini-roundabout with a traffic light controlled junction. Their cost estimate for these works is currently being reviewed by the Council's advisers. The cost of a new junction will form part of the development costs of the site -either as an addition to the proposed Aldi development or as a reduction from the land price offered for the industrial site. An

allowance for these works has been made in the supplementary estimate which is to be recommended to Council.

### **Conclusion**

7. The proposed transactions will result in a substantial capital receipt, part of which can be used to fund the retained pre-let retail element, generating a substantial revenue income. The overall scheme will result in bringing this long-vacant site into beneficial use with the potential to accommodate approx. 150 jobs.