



## Report to Cabinet

**Date:** 16 February 2021

**Title:** **Lancaster Road, Cressex Industrial Estate**

**Relevant councillor(s):** Cllr John Chilver – Cabinet Member for Property and Assets

**Author and/or contact officer:** Jaswinder Boom

**Ward(s) affected:** Abbey

**Recommendations:** **A decision is required on the acquisition of the long-leasehold interest at Lancaster Road, Cressex Industrial Estate, High Wycombe to facilitate land assembly and future regeneration opportunities.**

**Reason for decision:** The proposed acquisition provides a substantial increase in the revenue generated at this site. The acquisition also provides the Council with control of the site to pursue future regeneration and redevelopment opportunities upon expiry of the incumbent leases.

### Executive summary

- 1.1 The report recommends acquisition of the long-leasehold interest of the site extinguishing this interest and providing control to the council to manage its freehold interest here as required. The investment initially provides an increased revenue in the short term but longer term the potential to redevelop the site can be realised.
- 1.2 Further commercially confidential information is contained within Appendix 1 accompanying this report.

## 2. Content of report

- 2.1 Buckinghamshire Council own the freehold of this circa 0.63 acre site (edged red at Fig 1). It is located in a prominent position on Cressex Industrial Estate, High Wycombe.

- 2.2 This freehold interest is immediately adjacent to other council owned sites such as the Wycombe Trade Park to the west and Anglo Office Park (off Lincoln Road) to the north. Both were regeneration and redevelopments facilitated some years ago, by the acquisition of old 99 year leases and the re-grant of new 125 year geared ground leases (at a premium). The extent of council freehold ownership in the immediate vicinity is shown green on the plan at Fig 1. The strategy around the council owned Cressex Industrial Estate will form part of the wider Asset Management Plan.
- 2.3 The site is fully let to Spargo Tools who hold a ground lease at a rent fixed for the remainder of the term at £130 pa, expiring 31st January 2048 (29 years unexpired). The lease does not require landlords consent for assignment of the leasehold interest. Unless the Council owns this lease the site cannot be brought forward for development or regeneration purposes for another 29 years.



Fig 1: Lancaster Road Site, Cressex Industrial Estate, High Wycombe

- 2.3 Previously used for light industrial purposes, the site is currently occupied by leisure operators. There is no history of site contamination from the previous uses. The buildings look to have been erected in the 1950's, when the ground lease was first granted. Given the occupation of the site, soils investigation is not considered to be practical. A desk top site environmental evaluation will be undertaken, and actions assessed accordingly if risk of contamination or remediation are considered significant.
- 2.4 Spargo Tools is owned 50/50 between two families (Jones and Hopkins), who have now agreed to dispose of their leasehold interest to the Council.
- 2.5 The site is divided into two main elements, the front two storey building (6,461 sq. ft.) is let to Playtrain and there is a single storey rear building (4,049 sq. ft.) let and trading as Fitness Experts Gym. While on an industrial estate, these units would no longer suit a modern industrial occupier if available on the market today and therefore present a re development and regeneration opportunity.

2.6



Fig 2: Image of Playtrain from Lancaster Road



Fig 3: Image of Summit 2 building at rear of site.

- 2.7 The site provides parking facilities for both units. Internally the unit let to Playtrain provides open children's soft play facilities together with ancillary and office accommodation. The rear unit let to Summit 2 Leisure Clubs Ltd t/a Fitness Experts provides gym space with changing room and ancillary office/reception areas. Both tenants have been subject to lockdown restrictions and are currently on a rental payment plan.
- 2.8 This site offers a longer term development/regeneration site (either through direct development, forward funding or sale) with meanwhile income. The industrial market has remained strong in the current economic market with yields for investments achieving 5% reflecting the high demand for such assets.
- 2.9 Market analysts suggest the strong growth in the industrial sector is likely to continue as major retailers respond to the increased in demand to online shopping and home delivery. The 'last mile' delivery solution is now just as critical within the supply chain as the major distribution hubs.
- 2.10 Confidential financial information is contained within the confidential Appendix 1 accompanying this report.

### **3. Other options considered**

The options are:

- 3.1 Do nothing. This results in no increase in the revenue generated from this site and no control on the development or occupation of a prominent site at Cressex Industrial Estate.
- 3.2 To pursue an acquisition that meets council revenue and return on investment criteria and unlocks the opportunity to control the site for redevelopment opportunities to be explored in the near future.

#### **4. Legal and financial implications**

##### **4.1 Legal Implications**

Due diligence on the sub-lease documentation will be completed as part of the acquisition of the ground lease.

- 4.2 The financial implications are contained within Appendix 1.

#### **5. Corporate implications**

- 5.1 The relevant corporate plan priority relating to this report is 'Increasing Prosperity'.
  - a) Property – the report proposes an improvement to an existing revenue site.
  - b) HR – not applicable to this report.
  - c) Climate change – not applicable to this report.
  - d) Sustainability – not applicable to this report.
  - e) Equality (does this decision require an equality impact assessment) – not applicable to this report
  - f) Data – not applicable at the present time
  - g) Value for money – the proposed investment versus revenue achieved demonstrates value for money to the council.

#### **6. Local councillors & community boards consultation & views**

- 6.1 The proposed transaction has been presented to members at Property Board where it was positively received.
- 6.2 Local Ward Councillors have been notified of the deal and will be updated with the outcome of the approval process and completion of the transaction if approved. Councillor B Pearce has requested not to be sent further information on this matter.

## **7. Communication, engagement & further consultation**

- 7.1 No further consultation will be carried out. Further engagement and communication will take place through the approval process.

## **8. Next steps and review**

- 8.1 The tenants have agreed an exclusivity arrangement to enable Council decision making to take place prior to completion. Legal will be instructed to agree this documentation and due diligence will take place to progress this transaction.

## **9. Background papers**

- 9.1 None

## **10. Your questions and views (for key decisions)**

- 10.1 If you have any questions about the matters contained in this report please get in touch with the author of this report. If you have any views that you would like the cabinet member to consider please inform the democratic services team. This can be done by telephone 01296 382343 or email [democracy@buckinghamshire.gov.uk](mailto:democracy@buckinghamshire.gov.uk)

