

Bath & North East Somerset Council

MEETING/ DECISION MAKER:	Single Member Decision Cllr Richard Samuel, Cabinet Member for Resources	
MEETING/ DECISION DATE:	On or after 1st April 2023	<small>EXECUTIVE FORWARD PLAN REFERENCE:</small>
		E 3453
TITLE:	Entry Hill Depot Site, Entry Hill, Bath BA2 5NA – Recommendation for Disposal	
WARD:	Widcombe & Lyncombe (small area contained in Combe Down)	
AN OPEN PUBLIC ITEM		
<p>List of attachments to this report:</p> <p>Appendix 1 - Entry Hill Depot Summary</p> <p>Appendix 2 - Briefing Note 090321 Entry Hill Report 231122</p>		

1 THE ISSUE

Agree that The Entry Hill Depot Site does not offer an opportunity to develop for Residential Development in the short to medium term and therefore could be offered for sale or lease for employment use only in accordance with the local plan.

2 RECOMMENDATION

The Cabinet Member for Resources is asked to:

2.1 Proposal

Agree to:

1. Determine that the Entry Hill Depot site be disposed of by lease or sale on the basis it is limited to employment use only.
2. Delegate to the Head of Corporate Estate in Consultation with the Section 151 Officer the power to enter into a direct lease and or sale to a local employer subject to:

- a) a Red Book RICS valuation
- b) Overage provisions

3 THE REPORT

- 3.1 A local employer approached the Council to either rent or preferably purchase Entry Hill Depot. Their current site is at capacity and their options are limited due to the limited availability of industrial land in Bath. Their options are either move out of Bath or alternatively acquire land close to the current site, Entry Hill Depot.
- 3.2 It was previously agreed they would consider a straight and unconditional purchase of the site, the purchase price to be subject to a third party RICS Red Book valuation, meaning any disposal would be at the open market rate as evidenced by the RICS valuation.
- 3.3 This option is preferable to realise capital earlier.
- 3.4 Councillors were concerned the site could be used for residential or part residential. Further advice was requested concerning industrial development versus residential development, or part residential development at Entry Hill Depot. Attached is an extract of a report which addresses this issue, the conclusion of which indicates that residential uses for this land would not be permissible or viable in the short to medium term.
- 3.5 On the question of industrial development as opposed to residential development of the site, the material point to note is the planning position. The site is designated as employment land. It also has environmental restrictions which require addressing in turn.
- 3.6 An application for residential development on industrial land will be met with strong opposition from the Economic Development department who will insist the site be marketed for 12 months and only if there is no demand for industrial or storage uses can residential be considered. This is supported by the case of the Regency Laundry decision; whereby residential use was refused. There is, however, contrary evidence of a residential scheme being permitted on employment land, but this scheme (Argyle Works) was solely for affordable housing. If the site was for this purpose alone the planners may look on a residential scheme more favourably. Regarding Entry Hill Depot, the planners have advised given there is strong demand for industrial or storage uses, planning for residential use is likely to be refused. Any loss of industrial land would be resisted. This will be their stance even if the proposal is for both industrial and residential use as there would still be a loss of industrial space.
- 3.7 The whole site is 5m deep with infill, mainly fuel ash from the coal fired power station that once stood in Southgate. There will be pathways for contamination in a residential development in the gardens and verges/open spaces that will involve costly remediation, possible digging out and removing a large amount of the fill. Foundations will have to be engineer designed to negotiate 5m of fill, even if it is removed. This will substantially increase the cost of foundations. The type of foundations required makes residential units uneconomic. ADL's assessment of the site for potential residential development concluded that it was uneconomic to develop. Any residential scheme, even a single block of flats, will need to be subsidised by the local authority.

- 3.8 Industrial uses generally can limit the amount of whole site that is developed, and the land fill does not necessarily need to leave site.
- 3.9 The highways report is favourable for industrial use - The established depot use with lorries means that for a new factory there is a precedent in place already.
- A housing site with more movement by car, pedestrians and cyclists will involve more design input and is more difficult to achieve.
- 3.10 A mix-use with joint access off Entry Hill is unlikely to gain planning approval due to the mix of cars, pedestrians, and lorries in a restricted area.
- 3.11 The area bordering the depot land is inaccessible and as such there is no option for an additional entrance at this point.
- 3.12 A factory can be designed to minimise its visual impact. There will be no overlooking and much less light pollution. The electricity substation at the entrance to the depot is unattractive and has vans and lorries, sometimes large items of plant outside and alongside. It will need effective separation from the main access to the site and for housing this separation will have to be more carefully designed/may be off-putting.
- 3.13 The proposed purchaser employs almost 600 staff of which 150 are based at its headquarters in Bath, with the remainder at its two factories in Devizes. 65% of staff live within 10 miles of the Bath site and 30% within 5 miles. Their employee retention rate in Bath is impressive; over 40% of staff based at Bath have worked for the company for more than 15 years.
- 3.14 A former stone quarry, the proposed purchaser's existing site of 1.3ha houses approximately 6,500 sqm factory space and is completely built out; pressure on space is considerable. The company is already at maximum capacity and the existing infrastructure, including parking, is an ongoing issue.
- 3.15 Given the strong historic and community ties with Midford/Combe Down, the company's preference is to remain within the immediate area. They have considered the possibility of transferring some production to its manufacturing sites in nearby Devizes. However, the specialist nature of the training involved, coupled with the time needed to bring the relevant staff up to speed, means that this is not an easy transfer to execute in practice. The overriding desire is to continue to keep its staff and their expertise and skills within the existing area if possible.
- 3.16 Another option considered by the proposed purchaser s to acquire additional space either close to the company's nearby sites in Devizes or within a reasonable commuting distance for its Bath employees. The proposed purchaser has previously looked at potential locations on existing trading estates and green/brownfield sites, including sites in the Peasedown St John, Radstock and Midsomer Norton areas and other parts of Somerset and Wiltshire. Whilst they cannot rule this out entirely, it is not the company's preferred solution.
- 3.17 The proposed purchaser is seeking initial consent for a 1,000 sqm factory at Entry Hill, with an additional 450 sqm warehouse space and a further 450 sqm dedicated to ancillary offices, toilets, canteen, and staff facilities. The new space will house an area of production, while the main research and corporate office

facility will remain at their current site. Space permitting, the factory building will be designed with further expansion in mind.

3.18 The new factory space at Entry Hill will create potential job opportunities within the local area. The proposed purchaser anticipates that initial staff numbers will be in the region of 15. Further annual growth at both Entry Hill and the current site is projected as the freed-up space at their existing facility is better utilised. Given the low number of total staff, parking requirements at the new Entry Hill site will be correspondingly low.

3.19 The estimated current gross value add ('GVA') for the existing site is £93,500 per person. Based on a total headcount of around 150 (see above), the total estimated GVA is £14m a year. The new facility at Entry Hill will add a minimum of 15 members of staff in the short term and therefore an additional GVA of £1.4m a year, with the potential for additional growth. Thought has been given to potential mechanisms whereby, if a transfer concludes to the proposed purchaser, they have to deliver on the employment use expansion. However, by proceeding with an unconditional deal which is not subject to planning, in order to expedite capital receipts, any binding conditions are not feasible, and it should therefore be highlighted there is a minimal risk that the reasons for selling to them i.e., GVA increase / Council support of the manufacturing economy might not be realised. However, the proposed purchaser has confirmed that it is fully committed to an expanded facility on the site with the resultant increase in GVA/economic benefit. For the avoidance of doubt any future development value for higher value alternative use such as residential use will be restricted by the terms of sale and only permitted by release of covenant and overage

3.20 To conclude, the proposed purchaser is a successful and financially stable local employer with a conservative business plan that includes steady expansion. It has occupied an important role within the Midford/Combe Down community for several decades and has a strong desire to remain part of that community. Having outgrown its current site, the company is keen to secure additional space, and Entry Hill provides it with the perfect opportunity to do that. Although the company is not averse to looking further afield to solve its current issues, including, if necessary, a move to nearby Devizes or within reasonable commuting distance of its Bath employees, staying within the current area allows maintenance of longstanding ties with the community and continues to contribute to the local economy on an even greater level. No higher alternative use values have been identified as viable and feasible in planning terms and the unconditional nature of the proposed contract to enable a receipt to the council to be delivered within the next two financial quarters will not guarantee that the GVA will be realised but the purchaser has indicated their resolve to complete a factory development.

4 STATUTORY CONSIDERATIONS

4.1 Biodiversity - One of the key planks of the Planning Policy update is net biodiversity gain. The main points in consideration of this are detailed in Section 8 below.

4.2 The planning policy consideration is the main obstacle to a residential or mixed-use development. Second is contamination / made up ground and third the

difficulty of showing biodiversity net gain. These points are explored in greater depth in sections 3 and 8.

- 4.3 The development of the subject site for employment/industrial use is far more sustainable for all reasoning detailed in this report, rather than the consideration of a potential, although unlikely, residential use. However, the transfer will be subject to overage provisions in the event that residential use ever became viable.

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 5.1 The proposed sale of the subject site has received Section 151 Officer approval during 2021/22, with the potential capital receipt previously included in the Council budget.
- 5.2 Any newly agreed terms to be subject to a refresh of the previous third party RICS Red Book valuation to ensure any disposal would be at the open market rate as evidenced by the RICS valuation.

6 RISK MANAGEMENT

- 6.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision-making risk management guidance.
- 6.2 The planning policy objection is the main obstacle to a residential or mixed-use development. Second is contamination / made up ground and third the difficulty of showing biodiversity net gain.
- 6.3 The development of additional business use on site maintains and indeed will increase skilled jobs in Bath and enhance the local economy in line with the Council's Core Strategy.
- 6.4 Due to biodiversity net gain, the proposed purchaser has advised they can only proceed if they acquire the whole site. The view being any employment use will not obtain planning consent without off-set, so the whole is required. This means if the proposed purchaser cannot acquire the whole site, it will look to relocate outside of Bath and not necessarily within BANES district.
- 6.5 If the Council retains part or all the land for a potential residential scheme it risks not gaining planning consent. Any scheme will need to be fully affordable housing to stand any chance of consent. This scheme will be unviable to develop so will require substantial Council funding, to overcome the major issues of contamination, access, and biodiversity. The Council also risks being liable for the on-going management/holding costs of any retained land.
- 6.6 The benefits to a single entity method of disposal are that the proposed purchaser is familiar with the site and its conditions. Whilst attempts to negotiate at the last minute will be rejected, they cannot be guaranteed not to occur, but it is unlikely that the purchase price will be "chipped" by the purchaser and the Council is more likely to receive the capital receipt this financial year. If the

property is placed on the open market, it is unlikely that a capital receipt will be achieved this financial year, given the site conditions, and planning complexities. In fact, the amount of due diligence required by parties unfamiliar with the site will result in a very extended period to achieve a capital receipt.

- 6.7 In summary due to the constraints and risks of the site, it is recommended not to pursue a residential scheme on part or all the land and to proceed with an off-market sale, subject to third party independent valuation.

7 EQUALITIES

- 7.1 An EIA has not been carried out as this decision seeks to confirm approval to a property disposal and does not involve Equality policy.

8 CLIMATE CHANGE

- 8.1 Bats - This is a foraging site for Greater and Lesser Horseshoe bats, a protected species. Bats fly/hunt over foliage of trees and hedges where there is most insect life. There will be a requirement to maintain the trees and ground cover all around the site to a considerable depth from the boundary. This significantly reduces the size of the developable area.
- 8.2 Bats are disturbed by light pollution and housing development with lighted windows and streetlights will have a negative impact which the ecologists will advise should be avoided.
- 8.3 Industrial users, such as the proposed purchaser can limit this effect with specially designed lighting, much of it under cover, minimal light spill from roof lights and windows and by not working at night in the darkest months.
- 8.4 Light pollution is difficult to control and mitigate with a residential or mixed-use scheme.
- 8.5 Biodiversity - One of the key planks of the Planning Policy update is net biodiversity gain.
- 8.6 The proposed purchaser does not intend to develop the whole site. They intend to build two units (circa 3,200 sq. metres), plus roads, outside storage and parking. Their scheme allows for enhancing the biodiversity by keeping half of the ground cover and enhancing the tree health. The badger set in the steep bank at the south end can be left undisturbed, without interference. Enhancement can be achieved by off-setting against the land which is left undeveloped. To satisfy the planners they require the whole site to do this.
- 8.7 Enhancing the biodiversity for residential and a mixed-use site is more difficult, as more of the land will need to be developed, leaving less land as the offset.
- 8.8 Tree and shrubs - The need to maintain trees and shrubs and the steep bank at the south end means that the effective site area for development is less than 8,000 sq. metres of a 17,280 sq. metre site.

9 OTHER OPTIONS CONSIDERED

- 9.1 In terms of options going forward there are some considerations.
- 9.2 Earlier in the year the Council's intention was to secure a short-term revenue stream with a capital receipt in four years' time. If this is still the case, the Council can continue to do this. If, however, the Council's intention has changed this could be re-visited. The Council could either put the property up for sale on the open market or alternatively, given the interest from the proposed purchaser, get an up-to-date independent valuation and sell now. The benefits to the latter method of disposal are that proposed purchaser is familiar with the site and its conditions. They are less likely to negotiate at the last minute and although not guaranteed, the Council is more likely to receive the capital receipt this financial year.
- 9.3 If the property is placed on the open market, it is unlikely that a capital receipt will be achieved this financial year, given the site conditions, and planning complexities. The recommendation, therefore, is to proceed as per recommendations detailed in this report above.
- 9.4 The principle of best consideration being achieved is safeguarded by the Red Book (Fair i.e., Open Market Value) Valuation request being secured, and its outcome being agreed as the Purchase Price subject to clawback provisions as detailed earlier.

10 CONSULTATION

Cabinet members; Section 151 Finance Officer; Chief Executive; Monitoring Officer.

Contact person	Sarah Varley 01225 477453
Background papers	<p>S:\PALS\Prop Mgt\Workshops&Depots\Entry Hill Depot H007\Valuation Services\Disposal\Entry Hill Depot - SUMMARY BRIEFING NOTE 1.docx</p> <p>S:\PALS\Prop Mgt\Workshops&Depots\Entry Hill Depot H007\Valuation Services\Disposal\Entry Hill report 1.docx</p> <p>Author Glenn Chinnock 01225 477962</p>
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