

SUMMARY BRIEFING NOTE: – PROPERTY OPTIONS REPORT

Entry Hill Depot, Entry Hill, Bath BA2 5NA

Background / Overview

This Options Paper has been requested in order to determine options available at the subject site, subsequent to ADL initially rejecting the opportunity to bring the site forward for residential development and confirmed interest from a party to develop the site as a satellite manufacturing facility to their existing premises nearby.

On BANES receiving an unsolicited approach from a proposed purchaser, instructions were forthcoming to progress negotiations with them on the basis of an initial three year lease (to generate revenue) with an option to purchase the long leasehold/ freehold interest at the expiry of the three year term.

On this basis, a Third Party RICS Red Book Valuation has been commissioned in order to inform values on several bases.

The Cabinet Member for Resources has now requested an Options Paper to consider all options prior to progressing negotiations with the interested party.

The 4 options identified are summarised below, detailing strengths and weaknesses of each.

Options for Consideration

Option 1 – Do nothing, Entry Hill Depot to continue to be utilised as a storage depot for the Council

Strengths:

- Retention of a depot facility close to centre of Bath used by various departments for storage.
- Complies with current planning policies.
- Council retains control over the use of the site.

Weaknesses:

- No income generation. Market rent approx. £xxk pa
- An established local highly skilled manufacturing company will not expand into an ideal site for their existing business resulting in reduced/ lack of investment.
- Potential danger of local manufacturing company relocating entire operation from Bath to a bespoke/larger site outside of BANES.
- Potential loss of jobs for locally skilled workers and opportunity for new skilled jobs within BANES.
- Economic impact
- No regeneration or improvement for the area.
- No capital receipt.

Option 2 – Agree three-year lease with the interested party including an option to purchase the site on a long leasehold/freehold basis at the end of the term.

Strengths:

- Potential revenue due to stepped rental during the proposed three-year lease.
- Market rent from valuation report at circa £xxk pa.
- Potential capital receipt if option to purchase actioned.
- Value on commercial restricted basis £xx.
- Potential re-development of the site.
- Improvement to surrounding area.
- Reduced property management & holding costs.
- Maximising the benefit to the community.
- Skilled workforce job retention.
- Skilled job creation.
- Ensures a major local employer remains in the area

- No need to relocate entire business outside of the region.

Weaknesses:

- Loss of potential three-year income.
- Loss of potential large capital receipt.
- Loss of established local employer.
- Loss of skilled jobs and income.
- Potential loss of site for residential development.
- Potential loss of affordable housing units.

Option 3 – Sell the freehold/long leasehold interest on the open market to a private developer to obtain capital receipt -

Strengths:

- Potential large capital receipt.
- Value on residential basis £xx
- Competing developer interest may well result in an informal best bids scenario, achieving higher than £xx.
- The final realised capital receipt could be significantly higher due to a rare opportunity to acquire a development site of this nature in a desirable location of Bath.
- Council controls any re-development on the site if long leasehold disposal.
- Council controls the use on the site if long leasehold.
- Improvement to surrounding area due to investment.
- Reduced property management & holding costs.
- Potential to ringfence part or all of any capital receipt to support funding to affordable housing provision elsewhere in the Council area.

Weaknesses:

- Loss of potential 3-year commercial income.
- Loss of depot in close proximity to city centre.
- Retained asset if disposed of long leasehold, so an element of management cost.

Option 4 – JV Housing agreement or transfer to ACL for residential development and provision of affordable housing units.

Strengths:

- Potential large capital receipt from ACL
- Residential value £xx
- Potential revenue from ACL from loan repayment and dividend
- Potential re-development of the site
- Improvement to surrounding area
- Reduced property management & holding costs

Weaknesses:

- Loss of potential commercial income.
- Potential cost of redevelopment.
- Potential loss of affordable housing units should ACL redevelop for the private sector going against Councillors concerns regarding protecting affordable housing.
- Potential loss of local employer.
- Potential loss of skilled jobs.
- Potential loss of new skilled jobs.
- Adverse local economic impact.

Values and rental figures redacted due to sensitivity

