

Disposal of Taunton Technology Park

Executive Member(s):

Cllr. Ros Wyke - Executive Lead Member for Economic Development, Planning and Assets

Cllr. Liz Leyshon - Executive Lead Member for Resource and Performance

Local Member(s) and Division: Cllr. Fran Smith and Cllr. Hazel Prior-Sankey (Taunton South Division)

Lead Officer: Sally Stark, Assets Manager, Strategic Asset Management

Summary / Background

- 1.1 This Key Decision is to enable the disposal of the Council's interest in a surplus asset, known as Taunton Technology Park, Lisieux Way, Taunton. It is proposed to dispose of the freehold of the property on the open market as one complete lot including two buildings with continuing leases which generate income. The site can be identified within Appendix 1 and is approximately six acres in gross area.
- 1.2 The site comprises three main buildings and several disused ancillary buildings. One of the main buildings has been vacated by the tenant and cannot be relet or refurbished due to asbestos and other contamination issues. This building requires demolition and redevelopment of a large section of the site and an options appraisal has been undertaken by officers in the Strategic Asset Management department.
- 1.3 Discussions have been held with the Economic Development and Housing Development functions and both confirmed that the site was of no interest for their service provision. The high cost of demolition and redevelopment, as well as the continuing tenanted uses, precludes other internal use and no OPE partners have expressed an interest.
- 1.4 The estimated capital receipt for this asset has been listed within Confidential Appendix 2.

Recommendations

- 2.1 That the Lead Member for Economic Development, Planning and Assets and the Lead Member for Resources and Performance

- a. Authorises the Service Director – Strategic Asset Management, in consultation with the Lead Member for Economic Development, Planning and Assets where appropriate, and the Legal Services department to agree and complete the sale on the open market of the surplus property, Taunton Technology Park.
- b. Agrees the case that Appendix 2 is regarded as exempt information and is to be treated in confidence, as the case for the public interest in maintaining the exemption outweighs the public interest in disclosing that information.
- c. Approves that the loss of budgeted income listed in Confidential Appendix 2 is allowed as a budget pressure against Strategic Asset Management and/or transferred through virement from the capital financing budget to offset the pressure in the Strategic Asset Management departmental budget.

Reasons for recommendations

- 3.1 The Council is committed to evaluation of and, where appropriate and practicable, rationalisation of its surplus property and land portfolio to reduce costs and to achieve capital receipts. This property was declared surplus following an appraisal as there is no immediate or projected future operational or service delivery requirement to retain the asset and there are significant holding costs emerging with the vacation of a major tenant. Therefore, in line with the approved Property Asset Management Plan and Strategy, disposal of the property is considered the most appropriate option and will generate a capital receipt for the Authority. The capital receipts from this sale will contribute towards the financing of the Council's 2024/25 budgets as anticipated in the Medium-Term Financial Plan, with any surplus being held in reserve for future potential investment.
- 3.2 The accompanying Confidential Appendix 2 contains commercially sensitive information relating to the Council's financial and business affairs. Officers therefore recommend that this is treated as exempt information. "Exempt information" is defined by Section 100 of the Local Government Act 2023, by Schedule 12A to that Act. The estimated receipt is considered to be commercially confidential to ensure that the Council obtains the best market value for this and other future disposals, and also to protect the confidential commercial interests of the buyer.

Other Options Considered

- 4.1 The option of retaining the property is not recommended because:

- The Council does not have an operational service requirement to use the site.
- Redevelopment for Social or Affordable Housing is not viable due to historic site contamination which increases costs, as well as the in situ commercial tenants of part of the site which causes shared access challenges.
- Redevelopment of the site for Economic Development purposes is not required as there is no market failure in respect of demand and supply of industrial units in Taunton.
- The cost of redeveloping the site to improve viability as a commercial investment would be significant, and such expenditure does not fit with the Council's financial priorities.
- There are high holding costs and risks associated with vacant buildings within the site.

4.2 The option of retaining the income yielding part of the site alone, (buildings 2 and 3 on the plan attached as Appendix 1), is not preferred due to the fact that site separation in respect of access / estate roads and services would add to costs and make the value of the disposed part negligible. However, should a suitable offer for the development part alone be presented to the Council, it would be evaluated and considered.

Links to Council Plan and Medium-Term Financial Plan

- 5.1 The proposed sale contributes towards the Council's 2024/5 MTFP target for capital receipts in order to support the delivery of the Somerset Council Plan 2023-2027 priorities and to reduce debt.
- 5.2 The consequential reduction in income will be a pressure in the MTFP budget.

Consultations and co-production

- 6.1 The Asset Management Group has agreed that this site should be declared surplus as part of the council's asset disposal programme.
- 6.2 The Strategic Asset Management Team has engaged with the housing enablement and economic development services to assess whether there is a need for the property to support statutory services. In this case, no internal need has been identified.
- 6.3 The local ward members have been consulted on the proposal.

Financial and Risk Implications

- 7.1 Subject to successful negotiations and the conclusion of the sale, the proposed disposal will achieve a gross capital receipt for the Council, the full estimated value of which can be found in Confidential Appendix 2. The net proceeds will be available to repay debt or support the council's Medium Term Financial Plan.
- 7.2 Any Somerset Council costs which relate to the disposal will be funded from the capital receipt, up to a capped maximum of 4% of the sale value. Should costs exceed this value then any value exceeding this amount will be met from the Strategic Asset Management operational revenue budget. A notional allowance is budgeted for each year in order to cover this eventuality. An estimate of the cost of sale is included in confidential appendix 2.
- 7.3 The completion of the sale of this property will result in a loss of income to the Council and a consequential pressure on the budget within Strategic Asset Management. Financial details are contained in Confidential Appendix 2.
- 7.4 A risk in all property transactions is that the sale may not progress as quickly as the Council expects after the decision is signed, due to (for example) negotiations with the purchasers, formality of completing paperwork and change of buyer circumstances. These are factors outside of the Council's control.

Likelihood	3	Impact	4	Risk Score	12
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Legal Implications

- 8.1 The legal work to progress the disposal of the property will be conducted through the Council's in-house Legal Services team who will draft the necessary legal documentation for the proposed disposal and will provide legal advice and support to ensure that the Council's interests in respect of the same are protected. The Legal Team is currently conducting a review of the legal title to ensure there are no covenants or other impediments which would affect the sale.

HR Implications

- 9.1 Having had due regard to the Public Sector Equality Duty, we do not foresee a disproportionate positive or negative impact from this decision. No Council service or staff will be affected.

Other Implications

Equalities Implications

- 9.2 Having had due regard to the Public Sector Equality Duty we do not foresee and disproportionate positive or negative impacts from this decision. No Council service will be affected.

Community Safety Implications

- 9.3 There are none

Climate Change and Sustainability Implications

- 9.4 There are none

Health and Safety Implications

- 9.5 Without disposal or active investment in the redundant buildings on this site, they will remain a potential health and safety risk and vulnerable to trespass and personal injury to third parties.

Health and Wellbeing Implications

- 9.6 There are none

Social Value

- 9.7 Regeneration of this site by a purchaser as an industrial/commercial estate will provide local employment and align with the planning designation of “employment” land.

Scrutiny comments / recommendations:

- 10.1 This report has not been considered at a Scrutiny Committee.

Background

- 11.1 The majority of the site which contains Taunton Technology Park was owned by the former District Council, Taunton Deane Borough Council (latterly Somerset West and Taunton Council) since at least 28/03/1972 when the Council granted a ground lease for 99 years to Avimo Limited. The Thales Group acquired the headlease and adjacent freehold parcel as successors in title to Avimo in the early 2000's and the District Council took surrender of the headlease and bought the adjoining freehold from Thales on 29/03/2019.
- 11.2 The entire site measures around six acres and comprises three main buildings and several ancillary buildings around the site perimeter.

- Building one is the main production building at the rear of the site, being part long-term unoccupied (former Thales Optronics section) and part subject to an ongoing move out by the tenant, whose lease expires in September 2023. The building is unfit for modern production purposes and requires demolition to avoid significant holding costs.
- Building two is the refurbished factory in the centre of the southern section of the site. The building is unoccupied although the lease is current until at least 2029.
- Building three is a relatively new (1996) building close to the site entrance. It is a 3-storey building, leased to an investment company who sub lease to an NHS pathology lab, operated by an NHS partner. That lease expires in 2037, with a tenant break in 2032.
- There are former canteen, conference, and plant buildings around the former Thales freehold part of the site which are in various states of disrepair. These buildings have not been occupied during the Council's ownership due to the high investment required to make them lettable.
- The site also contains one secure parking yard, let on a short-term basis to a local car dealership and several areas of tenant open parking.

11.3 The site is income producing for the Council at the present time. However, this is not certain in the long term due to tenant break clause options and the Council incurs significant costs for void rates and service charge, which will increase when the current tenant finally surrenders part of Building 1.

11.4 During 2019 and 2020, the former District Council considered a housing scheme for parts of the site including the vacant ancillary areas and the footprint of Building 1. However, the scheme was shelved due to the historic contamination and the problem of creating separation between the residential and industrial parts of the site, which extra costs made any scheme unviable. The Housing Development Team has confirmed they would not be interested in re-visiting a development on this site.

11.5 After evaluation of all options, Strategic Asset Management has declared this asset surplus as there is no immediate or projected future operational requirement. Our engaged professional advisors have recommended an open market disposal of the entire site and a sound marketing strategy to access a large market of potential buyers and encourage competitive offers. This approach was supported by Asset Management Group on the 28th of July 2023.

Background Papers

- 12.1** Appendix 1 - Plan and photos
Confidential Appendix 2 – Proposed sale value and financial details

Report Sign-Off

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	12/12/2023
Communications	Peter Elliott	08/12/2023
Finance & Procurement	Nicola Hix	20/12/2023
Workforce	Alyn Jones	19/12/2023
Asset Management	Oliver Woodhams	30/11/2023
Executive Director / Senior Manager	Jason Vaughan	13/12/2023
Strategy & Performance	Alyn Jones	19/12/2023
Executive Lead Members	Cllr Ros Wyke – Lead Member for Economic Development, Planning and Assets Cllr. Liz Leyshon – Lead Member for Resource & Performance	05/01/2024 03/01/2024
Consulted:	Councillor Name	
Local Division Members	Cllr. Fran Smith (Taunton South Division) Cllr. Hazel Prior-Sankey (Taunton South Division)	30/12/2023 20/12/2023
Opposition Spokesperson	Cllr Mark Healey for Prosperity, Assets and Development Cllr Mandy Chilcott for Resources and Performance	08/01/2024 04/01/2024
Scrutiny Chair	Cllr Bob Filmer – Scrutiny Committee – Corporate & Resources	08/01/2024