

Report for:	Formal Shadow Executive
Meeting Date:	18th February 2020

Title of Report:	CRESSEX ISLAND
Shadow Portfolio Holder	Cllr Katrina Wood
Responsible Officer	Charles Brocklehurst
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Recommendations:	<p>To ratify WDC Cabinet’s approval of:</p> <p>(1) Direct development of part of Cressex Island (2) Freehold disposal of the remainder of the site (3) Implementation of Crest Road signalisation works</p> <p>Including delegated authority to officers to complete the detailed terms of the contractual commitments involved.</p>
Corporate Implications:	<p>Funding for (1) is in the approved Capital Programme, as is the projected capital receipt from (2). The allowance in the Capital Programme for (3) is insufficient (for reasons explained in the report). As a result, the projected capital receipt from (2) will have to be used to bridge the gap, adversely impacting upon the projected net capital receipt, unless external funding can be secured.</p> <p>Under WDC Cabinet approvals, there is delegated authority to Officers (in consultation with relevant Members) to finalise detailed terms and to enter into these commitments.</p>
Options: (If any)	<p>The recommendation is supported by a full Business Case (in the Background Papers) which sets out options, concluding the preferred option is as recommended:</p> <p>(1) for a pre-let discount foodstore and drive-thru’ with construction cost risk transferred to the tenant; (2) for a speculative industrial development based on a full site purchase price</p>
Reason:	Not proceeding would be financially detrimental. The capacity / capability required and risks involved make direct development of large scale speculative industrial buildings by the Council imprudent.

1. Purpose of Report

- 1.1 These two projects were approved by WDC Cabinet last year and carry approved funding / projected receipt in the Capital Programme. Contractual commitments are due to take place within the month. They were referred under the Spending Protocol for Sn. 151 Officer sign-off. He has recommended that the Shadow Executive should be briefed, as the developments / disposals will largely take place after vesting day; the costs and receipts are material; and there are risks associated with their outcomes.

2. Executive Summary

- 2.1 Cressex Island is a site of approx. 8.5 acres, close to Jn4 / M40, owned by WDC. Terms have been agreed to:
 - (1) Invest in a development of part to be undertaken by a discount foodstore, based on a pre-let to them and a drive-thru', at a combined rent as set out in the Confidential Appendix.
 - (2) Dispose of the freehold of the remainder to industrial developers for them to develop c. 120,000 sq.ft. of B1/B2/B8 'sheds', on terms as set out in the Confidential Appendix.
- 2.2 Both transactions are 'subject to planning' conditional.
- 2.3 Planning will require the upgrading of the Crest Road junction, on the A4010, from roundabout to signalised T-junction. The estimated cost of these road works (and allowance in the Capital Programme) is less than the estimate now coming from BCC Highways. So the additional outlay will reduce the net contribution to (2) to projected capital receipts in the Capital Programme, unless external funding is secured.

3. Content of Report

- 3.1 Full details and indicative plans are in the attached Sn. 151 Sign-off Report.

4. Financial Implications

- 4.1 As set out in the Confidential Appendix.

5. Legal Implications

- 5.1 Section 111 of the Local Government Act 1972 empowers the Council to do anything including the disposal of property or rights which is calculated to facilitate or is conducive or incidental to the discharge of any of its function. Section 123 provides that except for a short tenancy of, with the consent of the Secretary of State, the Council shall not dispose of land for a consideration less than the best that can be reasonably obtained. Section 1 of the Localism Act 2011 provides the Council with a general power of competence to do anything that individuals generally may do, subject to the provisions of Sections 1 – 4.
- 5.2 The progression of these projects enables the Council to meet its obligations under Sn. 123.

5.3 If the Planning Authority is likely to impose conditions or require a legally binding agreement to secure the Crest Road signalisation works to facilitate (1) and (2) above, which under Sn. 106 town & Country Planning Act 1990 can only be required if it is necessary to make the development acceptable in planning terms.

6. Other Key Risks

6.1 The funding mechanism for the discount foodstore development transfers the bulk of construction cost risk onto them. The pre-lettings remove letting risk. The disposal of the industrial development site runs the risk of falling through, if contracts are not exchanged as soon as possible ('purchaser fatigue'). Both proposed developments face planning risk. The construction cost risk of the signalisation road works is mitigated by BCC Highways 'Optimism bias' allowance.

7. Dependencies

7.1 BCC's Director of Property and Sn. 151 Officer have been fully briefed on the projects. The former took a report to the BCC Property Board on 4th February 2020.

7.2 The projects are best committed to simultaneously (so that the entire site is sorted).

8. Consultation

8.1 Consultation formed part of the planning process.

9. Communications Plan

9.1 No communications plan is required. Local Members have been kept informed.

10. Equalities Implications

10.1 EIAs will form part of the detailed design / planning application process.

11. Next Steps

11.1 Legal formalities to be completed.

Background Papers	Sn. 151 Officer sign-off report attached March 2019 Cabinet Report (Cressex Island) WDC Business Case template
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