

## **CABINET**

**13 MARCH 2012**

### **PIER ROAD DEPOT, GILLINGHAM**

Portfolio Holder: Councillor Alan Jarrett, Finance

Report from: Nick Anthony, Head of Asset and Property Services

Author: Noel Filmer, Valuation and Asset Management Manager

#### **Summary**

This report requests that Cabinet recommends to Full Council that it delegates authority to the Chief Finance Officer, in consultation with the Portfolio Holder for Finance, to declare surplus the Pier Road Depot and/or lease it, so that the property can be let and/or sold.

#### **1. Budget and Policy Framework**

- 1.1 As the disposal value of the property could be over £1,000,000 the delegation of authority to dispose of it is a matter for Full Council.

#### **2. Background**

- 2.1 The Council owns in excess of 1,000 property assets and, next to staff, property is the Council's largest single cost. Effective management is therefore essential, if the Council is to fulfill its core objectives and provide good quality, value for money services.
- 2.2 To ensure that the Council's property assets contribute to its priorities, outcomes, objectives and key actions, as set out within the Council Plan, all properties are considered in the context of rationalisation.
- 2.3 This report brings forward proposals for the disposal and or letting of a property, which is considered to be surplus to the Council's operational requirements.

#### **3.1 Pier Road Depot**

- 3.1.1 The Council owns the freehold of the above property as shown edged black on the attached plan. The property is a 0.91 hectare (2.25 acre) depot.

3.1.2 The property has been used by the Council and its contractors as a waste transfer facility and depot for many years and is currently leased to Veolia, the current waste contractor. Veolia has a 7-year (plus option for a further 2 years) contract from the Council and has made its own property arrangements so no longer needs to use the Pier Road Depot and has just terminated its lease, which expires at the end of this month. Once the Depot becomes empty, it will be costly and difficult to manage and there is no business case in keeping the depot on a contingency basis, just in case it is needed when the current waste contract ends at the earliest in September 2017. It is therefore proposed to offer the site for sale and/or to let (the latter on a non-secure short-term basis, so as not to frustrate the site's regeneration) and depending on the level of interest, sell or let it. If the depot is let, it can always be sold at a later date with the benefit of any lease that has been granted, which will, if anything, increase its desirability and value.

3.1.3 The site does not have a direct frontage onto the public highway, with access to the public highway being across Council owned private highway. It is proposed that the land will be offered to let/for sale with the benefit of a right of way to the public highway.

#### **4. Advice and analysis**

4.1 The Council could retain the property on a contingency basis, in case it is needed again in 2017 as a waste transfer station, however the costs of "mothballing" it for this time would be high. It is therefore proposed to seek delegated authority to declare it surplus and/or to let it, to reduce costs and hopefully obtain a capital receipt and regeneration of the area.

#### **5. Risk Management**

<b>Risk</b>	<b>Description</b>	<b>Action to avoid or mitigate risk</b>
Empty properties are expensive and difficult to manage pending disposal	Empty properties become a target of antisocial, behaviour, vandalism, squatters and theft pending disposal.	Let or dispose of the Depot as soon as possible.

#### **6. Consultation**

6.1 Consultation has taken place with the service directorates and no objections to these proposals have been received.

#### **7. Financial and legal implications**

7.1 The Council has a duty under s123 of the Local Government Act 1972 to obtain best consideration, when it leases or disposes of interests in

property, unless the letting is for less than 7 years or consent is obtained from the Secretary of State, or one of the general consents applies.

- 7.2 As the property is not currently surplus, a formal report on title has not yet been prepared to ascertain whether there are any title issues affecting property. This report will be undertaken following any decision to delegate authority to declare the property surplus and/or let it. In the event that any title issues are disclosed, these will be addressed before marketing and/or disposal of the property.
- 7.3 Depending on the proposed use of the property when it is let/sold the Council may need to ensure that the waste management licence at the property is surrendered. As historically the property may be contaminated, the Council will seek indemnities from any purchaser/tenant so that the Council is not held responsible for any necessary clean up costs.

## **8. Recommendations**

- 8.1 That Cabinet recommends to Full Council that it delegates authority to the Chief Finance Officer in consultation with the Portfolio Holder for finance to declare surplus the Pier Road Depot and dispose of it (together with a right of way between the site and the public highway) and/or lease it (together with a right of way between the site and the public highway),

## **9. Suggested reasons for decision(s)**

- 9.1 This will reduce revenue costs, realise revenue income and or capital receipts and gain investment in the Medway area.

### **Lead officer contact:**

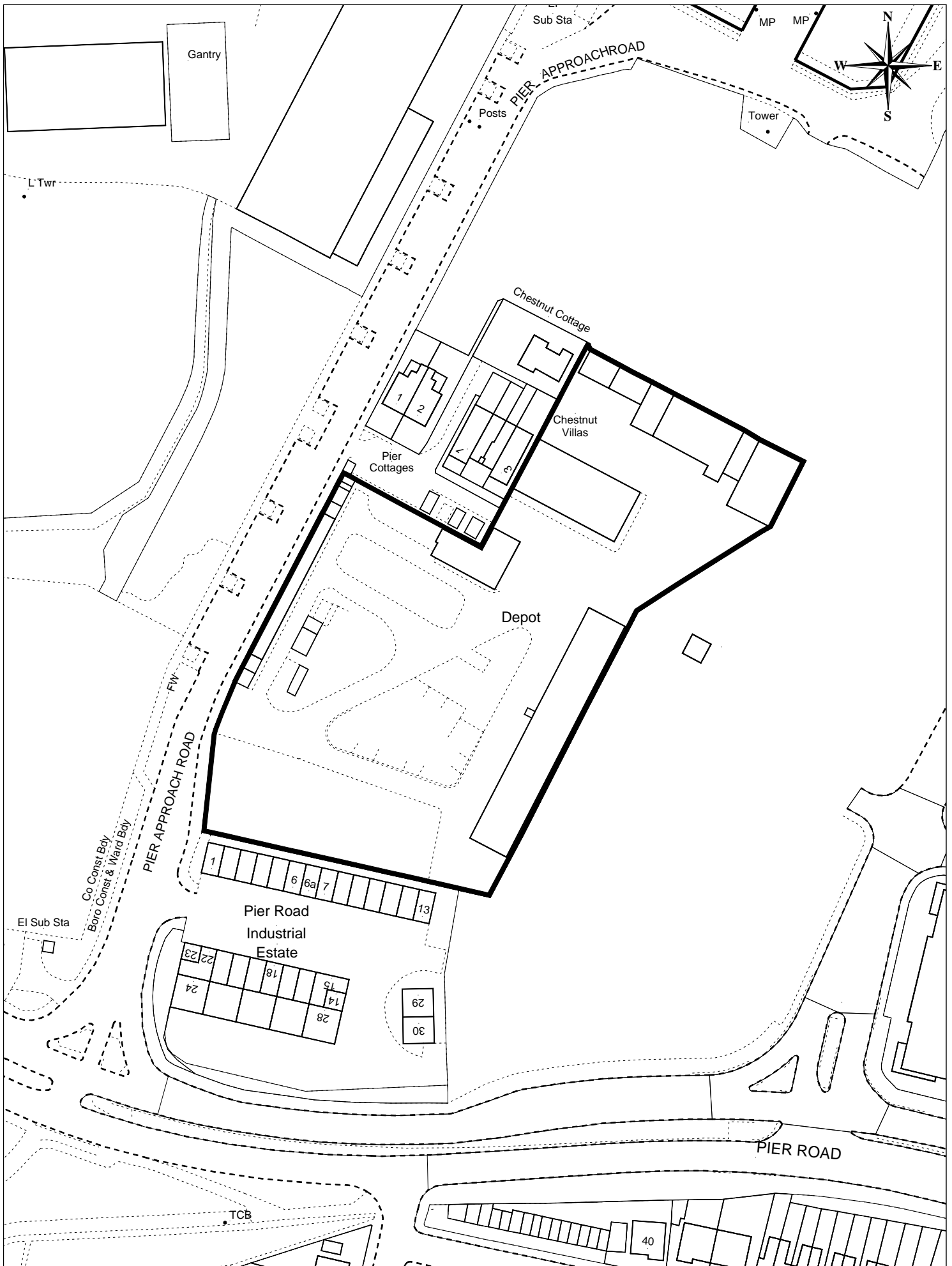
Noel Filmer, Valuation and asset management.

Telephone: (01634) 332415

Email: [noel.filmer@medway.gov.uk](mailto:noel.filmer@medway.gov.uk)

### **Background Papers:**

Corporate Property Strategy, approved by Cabinet on 4 April 2006.



# Depot - Pier Approach Road Gillingham



Scale: NTS 22/02/12