

PROPOSED PURCHASE OF ADSWOOD DEPOT TENEMENT LANE, ADSWOOD
CORPORATE RESOURCES MANAGEMENT AND GOVERNANCE SCRUTINY
REPORT - JUNE 2022

Report of the Director of Development & Regeneration

Commercially Sensitive – Appendix C to this report is confidential by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in respect of which the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

1. INTRODUCTION AND PURPOSE OF REPORT

- 1.1 To apprise members of the current status of the Council's two principal operational depot sites and make recommendations to consolidate the majority of operations currently located at Bird Hall Lane depot at the Adswood Depot, subject to the freehold purchase of the Adswood Depot.

2. ADSWOOD DEPOT

- 2.1 The Council currently operates two principal depots, one at Adswood the other at Bird Hall Lane.
- 2.2 The Adswood Depot extends to approximately eight acres on part of a former brickworks and landfill. The extent of the depot is shown on the plan in Appendix A.
- 2.3 The freehold of the site is in private ownership, the Council presently occupies the site under a lease agreement which expires in October 2022.
- 2.4 The Depot is partly occupied by the Council's Highways service for storage of materials and equipment, including supplies for winter maintenance (road gritting). Part of the site is occupied Totally Local Company for the provision of services that they are contracted to provide on the Councils behalf, including aggregate recycling and maintenance materials storage.
- 2.5 The site requires significant investment in the salt barn, support buildings and infrastructure to support future service delivery. The majority of the site infrastructure is life expired and requires complete renewal. There has not been any significant investment in the site for a number of years due to the imminent lease expiry.
- 2.6 The land surrounding the Adswood Depot is being taken forward for residential redevelopment by volume house builders.
- 2.7 Due to the potential for housing development, the Council is faced with the very real prospect of being asked to vacate the Adswood depot in the

medium term unless it can either purchase the freehold or secure another lease.

- 2.8 The Council does not have any alternative sites within its portfolio to transfer the Adswood operations to. Acquiring or leasing an alternative to maintain these services will be extremely costly, due to the scarcity of industrial land within the borough.

3. ADSWOOD LEASE POSITION

- 3.1 The Council presently has a lease from a private freeholder, the current lease was for a term of 25 years from 10 October 1997, this is due to expire on 10 October 2022.

- 3.2 The current rent payable by the Council is £120,000 per annum. The rent is paid by the Council whilst Totally Local Company is responsible for most other outgoings such as rates and utilities.

- 3.3 The landlords have proposed a new lease with a starting rent of £170,000 with upward only index linked rent reviews.

- 3.4 Whilst the lease is currently within the security of tenure provisions of the Landlord & Tenant Act 1954, potentially providing the Council with security of tenure at renewal this will cease to be the case if the landlord seeks to redevelop for alternative use in the future.

- 3.5 Given the strategic importance of the Depot to the Council, attempts were made in 2019 to secure a new lease but discussions faltered when the Landlord wished to explore a proposal for a large residential development to include the Depot and a larger parcel to the North.

- 3.6 The house builder's subsequent site investigation in 2021 however revealed landfill remediation costs for the Depot were higher than the rest of the proposed development and withdrew from the Depot area.

- 3.7 Despite the house builder's withdrawal, we understand there are other housing developers expressing interest in the Depot. Given another house builder is pursuing planning for housing immediately to the East off Midland Road, Bramhall which involves the remediation of similarly contaminated landfill, it is considered that the Depot is a potential housing site.

4. BIRD HALL LANE DEPOT & OFFICES

- 4.1 The Bird Hall Lane Depot and Enterprise House is a site of approximately 7 acres, within the Council's ownership, the boundaries are shown on the plan at Appendix B.

- 4.2 Current occupiers are Council services including Aids & Adaptations, Pest Control/ Hygiene Action and Totally Local Company.

- 4.3 Relocation options are currently being assessed for the office accommodation located in Enterprise House and progressed for these services, however all of

the open storage and storage/ workshop requirements must be re-provided at Adswood Depot.

- 4.4 The future Cheadle Eco Business Park is to be on the site of the current Bird Hall Lane depot.
- 4.5 The property is an employment site of approximately 7 acres, the extent of which is shown on the plan in Appendix B. .
- 4.6 The site has been identified for several years as a strategic redevelopment opportunity. The Birdhall Lane site is under-utilised, has dated property infrastructure, and is poorly and inefficiently configured resulting in an opportunity to maximise its' operational and employment output and support clean growth.
- 4.7 Following a successful Town Fund Investment Plan, in May 2021 the Town Board's project confirmation process allocated £4.44m of the overall £13.9m awarded to the Cheadle Town Fund. This funding is subject to a summary business Plan which was submitted to DHLUC in March 2022. Feedback is expected this summer. The project seeks to help achieve the economic objectives of employment generation through delivering jobs on the site and to deliver achieve high environmental performance and the use of green technology.
- 4.8 The Council intend to redevelop the Bird Hall Lane site into a modern business park scheme which aims to demonstrate marketing leading high environmental technologies and performance, alongside job creation, economic growth and amenity improvements to the surrounding area.
- 4.9 Additionally, is it proposed a package of measures to improve local walking and cycling and highways will be included. These measures are currently being scoped by the Highways service.

5. CONCLUSION AND NEXT STEPS

- 5.1 The purchase of Adswood Depot will allow the Council to undertake a redesign of the site and make the investment required in site infrastructure to ensure the site is capable of supporting service delivery.
- 5.2 Additionally, the purchase of Adswood will enable the relocation of the various, stores, workshops and other facilities from Bird Hall lane depot, which will enable vacant possession of the site for the planned redevelopment.
- 5.3 It is proposed to purchase the freehold of the Adswood Depot on the terms outlined in confidential Appendix C subject to Cabinet approval.
- 5.4 This purchase will also allow the Council to bring forward an investment proposal to allow for the relocation of SMBC and TLC services from Birdhall Lane, whilst undertaking pre-acquisition due diligence.

6. RECOMMENDATIONS

6.1 CRMG Scrutiny is requested to :-

- Note the current status of the Adswood and Bird Hall Lane depot sites and provide any comments.
- Support the proposed purchase of the freehold interest in the Adswood depot site on the terms outlined in Confidential Appendix C.
- Note that a report recommending the freehold purchase will be presented to Cabinet recommending the following actions:-
 - Authorise the Deputy Chief Executive to secure capital financing through prudential borrowing to complete the purchase.
 - That Cabinet delegate authority to the Director of Development and Regeneration and the Deputy Chief Executive, in consultation with the Cabinet Member for Finance & Resources to complete the purchase subject to satisfactory pre-acquisition due diligence.

BACKGROUND PAPERS

Cheadle Towns Fund Update Main Cabinet Report March 2022

Anyone wishing to inspect the above background papers or requiring further information should contact James Kington on 07815 997564 or by email on james.kington@stockport.gov.uk