
DECISION MAKER:	Cabinet Member Contracts and Assets
DECISION DATE:	14 April 2014
SCRUTINY COMMITTEE FINAL CALL-IN DATE:	17 April 2014
DATE DECISION MAY BE IMPLEMENTED:	22 April 2014

TITLE OF REPORT:	Approval to Dispose of the Land and Buildings known as the Bath Street Offices, Hereford to the Hereford & Worcester Fire and Rescue Service to enable the delivery of a new fire station for Hereford City
REPORT BY:	Head of Corporate Asset Management

1 Classification

Open

The appendix to this report is exempt by virtue of paragraph 3 of the Access to Information Procedure Rules set out in the Constitution pursuant to Schedule 12A Local Government Act 1972, as amended.

Notice has been served in accordance with Part 2, Section 5 (Procedures prior to private meetings) of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (Regulations) 2012.

2 Key Decision

This is a key decision.

NOTICE has been served in accordance with Part 3, Section 9 (Publicity in connection with key decisions) of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

3 Wards Affected

Principally, all Hereford City wards
Ward member : Central

4 Purpose

To seek Cabinet Member approval to dispose of the land and buildings known as the Bath Street Offices, Hereford to the Hereford & Worcester Fire and Rescue Service to enable the delivery of a new fire station for Hereford City.

5 Recommendation(s)

THAT:

- (a) The disposal be approved on the basis of a land swap and other financial considerations based upon market valuations.**

6 Alternative Options

- 6.1 The Council will dispose of the site by an open market sale. This will potentially provide the Council with a greater net capital receipt, but will sacrifice the opportunity to secure a new fire station.
- 6.2 The Council sells the site to F&RS at a market rate. This again will potentially prevent the delivery of a new fire station as the costs of delivery will be prohibitively high and beyond the resources of the Government grant.
- 6.3 Do nothing and refurbish the site as offices and let commercially. This is likely to be very costly and there is already an over-supply of good office space in the City.
- 6.4 Dispose of the site at nil consideration to a Registered Social Landlord to enable its redevelopment for affordable housing. This will lead to no capital receipt, but a major contribution to reducing waiting lists for social housing.

7 Reasons for Recommendations

- 7.1 HC needs to dispose of the Bath Street offices as soon as possible following decant. It does not want to be left with a major cost vacant property.
- 7.2 F&RS urgently needs to relocate and has funds immediately available to do so. The current fire station is 10 years beyond its useful life.
- 7.3 The land swap deal ensures that HC get the equivalent of market value for its site, a quick disposal and the facility to generate a capital receipt from the disposal of the fire station site.
- 7.4 The high costs of demolition of the buildings on the site will be avoided as these will

be picked up at risk by the F&RS.

8 Key Considerations

- 8.1 Hereford & Worcester Fire and Rescue Service have received Government finance to deliver a new fire station for Hereford City, but have been unable to secure a site. The situation is now critical as the existing station is beyond its useful life.
- 8.2 Herefordshire Council are about to declare the Bath Street site surplus to operational needs. It is due to be disposed in the Spring of 2014.
- 8.3 The existence of a city centre fire station is essential for the protection of the historic city centre, the retail economy and the residents of the City.
- 8.4 There is an opportunity for a land swap deal whereby the F&RS develop the existing Bath Street site, demolish the buildings and hand part of it back to HC for business user car parking for Children's Safeguarding staff. In return the Council will receive the existing F&RS site levelled to the ground. The Council will then be able to dispose of this site at will.
- 8.5 HC does not want to be left with a very expensive vacant site to manage, awaiting a sale. The redevelopment of the site even after a sale could take a considerable time and the HC does not want to incur the revenue costs for a protracted period awaiting planning consent for redevelopment.
- 8.6 The site has been demonstrated to be the best possible site to serve the City from a fire and rescue point of view. This has been validated by response modelling and a sequential test of options.
- 8.7 Redevelopment of the site is problematic. It is part of a conservation area, but the buildings are not Listed. Considerable interest and representations have been made by the Hereford Civic Society, who are not supportive of the proposal. HC has undertaken a Heritage Impact Assessment which indicates the building to be of low historic/architectural value. This has been shared with the Planning Service. Pre-application advice has been sought and taken by the F&RS. Both parties (HC and F&RS) are currently proceeding at risk. Should the F&RS gain planning consent, then the risks around alternative need for disposal for HC will be part mitigated.

9 Community Impact

- 9.1 The existence of a modern, centrally located Fire & Rescue Station in the City of Hereford is essential for the protection of the City's residents, its historic infrastructure and retail economy. Should an optimal location not be secured, then these communities will all be subjected to significant risk. Response times to reach emergencies are governed by many factors, not least access to the wider road network. The Bath Street site has been shown by modelling to be the optimal location to provide maximum safety for the City's population. It is also very close to the City's retail and historic core.

10 Equality and Human Rights

- 10.1 There are no equality and human rights implications arising from this report.

11 Financial Implications

- 11.1 The proposal has been subjected to market valuations by the District Valuer's Office. The draft Heads of Terms reflect a deal involving a land swap between the Bath Street office site and the existing F&RS site. Valuations of the two sites differ with the Bath Street site being valued at a higher value than the existing F&RS site, however the F&RS will be liable for all demolition works on both sites. On completion of the construction of the Fire Station part of the Bath Street site will be returned to the Council, for use by the Council's staff occupying the new Bath Street offices (former Media Centre). Taking the cost of demolition into account plus the return of 20% of the Bath Street site to the Council the valuations of both sites can be presented as a land swap.

The Council will have the opportunity to sell the fire station site on the open market after acquiring its freehold title.

12 Legal Implications

- 12.1 A conditional contract dependent on planning permission acceptable to the Council will need to be put in place ensuring fire station construction. It will also be necessary to ensure restricted use in future of the site to that of a fire station only, or to provide for overage payment in the event of future development of the site should the fire station become defunct/relocate.

The contract will also need to ensure that the Fire Service are responsible for all clearance works at their site including remediation of any contamination.

Stamp duty land tax will be payable on the acquisition of the site even if no monies actually change hands calculated on the market value of the site being acquired and this will apply to the Fire Service also. This will be calculated at 3% of the market value assuming a value of between £250,000 and £500,000.

- 12.2 There is a possible procurement issue arising from the proposed transaction. It is possible for the arrangement envisaged in this case i.e. sale to a buyer who then develops in accordance with legal obligations to be considered a joint procurement and for the transaction to be caught by the EU rules. However, there is also a requirement for the Council to gain some direct/immediate benefit from the works. The current arrangement envisaged means that whilst the Fire Service will seek planning consent for the new fire station and for car parking, the actual works for the car parking will fall to the Council and as such the rules will not be triggered. Note that the Fire Authority will have to comply with EC rules when procuring the construction of the station, though (or at least the EC principles if it is sub-threshold).

13 Risk Management

- 13.1 If the project is not deliverable, then the future of a City Centre fire station is at risk. A sequential test of alternative sites has not identified a satisfactory alternative location that meets the criteria for the service.
- 13.2 If planning consent cannot be secured for a fire station at the Bath Street site, then the proposal will fail. The Council will then need to dispose of the site by the appointment of an agent.
- 13.3 If there is insufficient early interest in the site for redevelopment and/or the process of securing demolition and planning consent for development is protracted, then the revenue costs of retaining a vacant site could be considerable. The F&RS proposal is extremely attractive as it will ensure that the site is transferred quickly after vacant occupation. The risk will then be transferred to the F&RS.
- 13.4 If the former fire station site is transferred to HC as a level site, then the Council could use the site for alternative priority use e.g. affordable or student accommodation.
- 13.5 Whereas the proposal has considerable HC member support and it has formal approval of the F&R Authority, it has some local opposition (in particular from the Hereford Civic Society). Although HC has commissioned a Heritage Impact Assessment which has confirmed that there is low architectural or heritage significance in the site, there remains the risk that such opposition may derail or delay the proposal.

14 Consultees

The Leader & Chief Executive of Herefordshire Council
The Cabinet Member for Assets
The local Member for the Council Ward
All HC members who are appointed to the H&W F&S Authority
Hereford Civic Society

15 Appendices

Exempt from publication -

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16 Background Papers

None.