

## **Report to the Cabinet**

**Report reference: C/089/2005-06.**  
**Date of meeting: 19 December 2005.**



**Portfolio: Finance and Performance Management.**

**Subject: Development Proposals – Langston Road Industrial Estate, Loughton.**

**Officer contact for further information: Michael Shorten (01992 – 56 4124).**

**Democratic Services Officer: Gary Woodhall (01992 – 56 4470).**

---

### **Recommendations:**

- (1) That the future use, development potential and ownership of the Depot at Langston Road, Loughton be considered;**
- (2) That participation in a joint marketing of the Council's T11 Site and Essex County Council's adjoining land be considered;**
- (3) That, if recommendation (2) be agreed, then the Head of Legal, Administration and Estates be authorised to negotiate terms with Essex County Council for the grant of vehicular access rights over the T11 site and submit a further report to the Cabinet;**
- (4) That a Planning Consultant be appointed to submit planning applications for Class B1 (office/light industrial), Class B2 (general industry) and Class B8 (warehousing) on the T11 site and, if considered appropriate, the Council depot;**
- (5) That, including a ground conditions investigation report, an Environmental Assessment be authorised; and**
- (6) That, in order to fund the Environmental Assessment, ground conditions investigations, planning consultancy and other necessary site reports, a District Development Fund growth bid be made in the sum of £50,000.**

### **Introduction:**

1. Several new developments have recently been completed or are under construction at the Langston Road Industrial Estate, Loughton. These include the Britannia Centre warehouses, VW Abridge vehicle showrooms and Sterling House Offices. At the entrance to the estate, the Higgins Group have taken occupation of a new headquarters office building and construction work has commenced on the Kier Group headquarters office building and vehicle showrooms at the former lorry park site sold by the District Council in 2003.
2. Given the progressive development of this estate and developers' interest in acquiring further land for development, it is now appropriate to consider the future use and development of the Council's retained land and property in the area. The District Council owns land on the south-eastern side of Langston Road amounting to about one third of

the entire industrial estate. More particularly, two sites together with adjoining Essex County Council (ECC) owned land are under review.

#### **T11 Development Site:**

3. The T11 Development Site, situated between the Council Depot and the Seedbed Centre, has a frontage location on Langston Road as shown on the plan attached as Appendix 1. It comprises a gross area of approximately 2.6-acres/1.0 hectare.
4. The site is identified in the Local Plan for development as a lorry park in the event of the north-facing slip roads being installed at Junction 5 on the M11 and also to accommodate the relocation of small businesses subject to discontinuance proceedings. Both of these proposals are defunct or have been dealt with in other ways.
5. Whilst the District and County Councils investigate the future development possibilities for their sites, the District Council has let a plot comprising 1.50 acres/0.60 hectares within the T11 site to Galliard Homes Limited on a short-term basis for car parking. This company owns the former OCE premises (now known as Sterling House) opposite the T11 site which has been refurbished to provide offices and warehouse accommodation for the company's own occupation and part let to external occupiers. The two year lease excludes renewal rights, generates a rental income of £26,000 per annum and expires on 6 March 2007.
6. A Civil Engineer's report has been commissioned on the feasibility of creating an access roadway through the site to serve the County Council land. That report considered four potential routes; the preferred route is shown approximately on the plan attached as Appendix 2.

#### **Essex County Council Land:**

7. The County Council's potential development land, comprising a net developable area of about 4.5 acres is situated to the rear of Prospect Business Park and the Seedbed Centre, as shown on the attached plan. This site is at a lower level than the existing developments in Langston Road and also that of the T11 site. It was originally part of the River Roding flood plain, however, since the building of the M11 motorway it appears to be remote from the remainder of the flood plain in this area.
8. This site is identified in the Local Plan for Business/General Industrial purposes, however, it is effectively land-locked, vehicular access is potentially only obtainable via the District Council's T11 site or land (currently used as a bowling green) within the curtilage of the Britannia Sports Ground.
9. The site has also been identified as being suitable for a new Waste Transfer Station, Civil Amenity Point and Materials Recycling Facility. A plot of approximately 0.9 hectares/2.25 acres would be required for this purpose.

#### **Council Depot:**

10. Constructed in the mid 1980's, this development provides offices, stores and workshop facilities for a range of Council services and external contractors. The total floor space amounts to 32,633 square feet/3032 square metres upon a site having an area of 2.8 acres/1.8 hectares.
11. Council Services occupying the Depot include:

- Fleet Maintenance – workshops including MOT facility;
- Grounds Maintenance DSO – workshops and offices; and
- Museum Service – storage of artefacts.

External contractors in occupation include:

- Women's Royal Voluntary Service (WRVS) - Meals-on-Wheels Service; and
  - South Herts Waste Management (SHWM) - Refuse Collection Service (offices, workshop and parking).
12. The WRVS accommodation is let on the terms of a lease excluding renewal rights and incorporating a rolling 12-month break clause. SHWM occupy their floor space by virtue of the management contract granted by the District Council. This agreement obliges the District Council to provide the contractor with suitable depot accommodation within the District to service the refuse collection contract.
  13. Currently, the freehold value of the Depot site with the buildings used for industrial/business purposes is about £2 million. As a site suitable for redevelopment with the benefit of planning consent for Class B1 (light industry/offices), Class B2 (general industry) and for Class B8 (warehousing), the current land value is in the region of £1.8 million assuming suitable ground conditions and other development considerations.
  14. The Building Cost Information Service Building Costs Index indicates that the cost of replacing the existing Depot accommodation would be about £3 million. This estimate disregards the cost of purchasing the necessary land.

#### **Planning and Development Potential:**

15. The T11 site, ECC land and Council Depot are identified in the Local Plan as suitable for employment development – Class B1 (light industry/offices) and B2 (general industry) – and, possibly, for Class B8 (warehousing).
16. The T11 site could be developed on its own being particularly suitable for a Prospect Business Park type high quality office/light industrial scheme. However, taken together with the adjoining Council Depot and ECC land there is scope for a comprehensive development scheme.
17. The County Council have confirmed a willingness to work with the District Council in bringing forward a joint sale. Prior to formally offering the site for sale it will be necessary to deal with the issue of access over the Council's T11 site. Initial discussions indicate that an agreement may be achieved on the following basis:
  - (a) That a vehicular access route of adequate width through the T11 site be reserved; and
  - (b) On completion of the sale, the County Council shall pay a premium to the District Council equal to the sum of:
    - (i) A proportion (to be negotiated) of the sale proceeds of the County Council land;

- (ii) The market value of that area of the T11 site sterilised as a result of the access road; and
  - (iii) A proportion (to be negotiated) of any overage payable for the development of the County Council land.
- 18. The County Council require that sufficient land be reserved for a possible Waste Transfer Station within its site.
- 19. Whilst the Depot is an operational asset, it is timely to now assess its development potential and possible disposal as part of a comprehensive scheme. Clearly, to decant the various occupiers to alternative premises will delay any sale and this should be measured against any benefits of assembling a larger site for disposal.
- 20. The land fronting Langston Road is suitable for retail warehouse development (Class A1) and there is known market interest from national operators willing to pay up to £1.5 million per acre for good sites with the benefit of planning consent for this purpose. However, the present formal planning policy position is that such a proposal would be contrary to the Local Plan and Government advice. As a landowner, if the Council wanted to support retail warehousing it would be likely to lead to any planning application being called into a Public Inquiry.
- 21. Any planning application will have to contend with supplying a detailed retail assessment and a detailed transportation assessment. These will be expensive and will have to reflect on the Council's previous rejection of food retail by Tesco's on the PFE site in Langston Road. Advice from developers' advisers suggests that a budget of at least £250,000 should be allocated to vigorously pursue an application through the appeal process. The Head of Planning Services advises that the national picture of appeal decisions on this sought of proposal has not been good in recent times.

#### **Land Disposal:**

- 22. Clearly, a strategic decision is required on the inclusion or exclusion of the Depot in these development proposals. The sale site will be more marketable to retail warehouse operators if the Depot is included but this should be weighed against operational requirements, planning resistance and consequent delay in the realisation of a capital receipt. Whilst this issue is debated it is recommended that:
  - (a). The Council commissions an Environmental Assessment including a ground conditions investigation report for inclusion in the sale tender pack;
  - (b) The Council negotiates the principal terms and conditions of access rights through the T11 site and a joint marketing approach with the County Council. When agreed to report to the Cabinet for approval; and
  - (c) A planning consultant be appointed to submit a planning application for Class B1, B2 and B8 development.
- 23. In the event that the Cabinet is not minded to pursue a planning application for retail warehouse development (Class A1) and irrespective of whether the Depot is included or not, an overage clause could be incorporated in the sale. In this way, the Council would benefit from future payments if planning permission is granted for retail warehousing and the consequent enhancement in land value.

24. Marketing the T11 development site on its own could commence immediately after the grant of the necessary planning consents and receipt of the site reports. Involving the County Council in a joint marketing of the combined sites will involve a delay as the two Councils negotiate the terms of the access rights and obtain planning briefs. This will affect the timescale for the generation of capital receipts.
25. An initial budget allocation of £50,000 will be required for the recommended grounds conditions investigations, planning consultancy and site reports.

**Statement in Support of Recommended Action:**

26. The implementation of the recommendations will assist the two Councils to promote a major development scheme providing large-scale employment opportunities and significant capital receipts.

**Other Options for Action:**

27. The recent development of the Langston Road Industrial Estate as a business centre and the latent demand for development sites in this area suggests that it is an appropriate time to bring these sites forward for development. Retention of these sites for future development is an option but no longer considered appropriate.
28. Whilst a retail warehouse development would produce the highest land value, a planning application for this use is not considered appropriate as current planning policy is opposed to such development in this location. To protect the Council's position it is recommended that an overage clause be incorporated in the sale as described in paragraph 20.

**Consultation Undertaken:**

30. Development proposals for the T11 site and ECC land are under discussion between the two Councils and with interested developers.

**Resource Implications:**

**Budget Provision:** Capital receipt and possible future overage from the sale of a major development site. Planning consultancy, environmental assessment, ground conditions investigations and marketing agents' costs.

**Personnel:** Valuation and Estate Management Service, planning, environmental and property consultants.

**Land:** Depot, T11 development site and ECC land, Langston Road Industrial Estate, Loughton.

**Community Plan/BVPP Reference:** FPM1 – maximise capital receipts.

**Relevant Statutory Powers:** Section 123 Local Government Act 1972 – best consideration for land and property assets.

**Background Papers:** Property file EV/844.

**Environmental/Human Rights/Crime and Disorder Act Implications:** None.

**Key Decision Reference (if required):** N/A.