

## BABERGH DISTRICT COUNCIL

<b>TO:</b> CABINET	<b>REPORT NUMBER:</b> BCa/22/52
<b>FROM:</b> Cabinet Member for Economy & Cabinet Member for Finance, Assets and Investments	<b>DATE OF MEETING:</b> 17/03/2023
<b>OFFICER:</b> Fiona Duhamel Assistant Director	<b>KEY DECISION REF NO.</b> CAB246

This report is open for public inspection. However, **Appendices referred to within the report are not open for public inspection** as they contain exempt information by virtue of which the Council are likely to exclude the public during the discussion of the agenda item to which the report relates.

The description of the exempt information under Schedule 12A of the Local Government Act 1972 (as amended) is as follows: -

3. Information relating to the financial or business affairs of any particular person (including the authority holding that information)

*The author(s) confirm(s) that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.*

## REGENERATION OF BELLE VUE SITE IN SUDBURY

### 1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to enable the Cabinet to consider and, if minded to, approve the disposal by freehold sale of the Belle Vue house site in Sudbury. It should be noted that this report and recommendations relate to the house portion of the site only (as shown in Appendix A) and not the former pool site – the future of which will be considered further by the Council in due course.
- 1.2 The Cabinet is asked to review the tendered bids information and evaluation contained in Appendix B (Confidential) and, if minded to, approve the recommendation made for the acceptance of the preferred bid identified in that Appendix. It should be noted that the Council is not obliged to accept any bid, nor the highest price, provided it is satisfied that the agreed disposal is for the best consideration reasonably obtainable.

### 2. OPTIONS CONSIDERED

- 2.1 (a) DO NOTHING (Not Recommended) – Cabinet and local partners have agreed this is not an option. The site continues to be retained and maintained by the District Council. The land remains under-utilised and a cost burden to the Council, including from regular incidents of vandalism and break-ins. Vision and Strategic Priorities remain undelivered at this key gateway to Sudbury.

(b) PROCEED TO CONSIDER AND DETERMINE A PREFERRED BID/BIDDER FOR THE HOUSE PORTION OF THE SITE (Recommended) - the immediate priority has been agreed as preserving the historic locally listed house, given its degrading state and opportunities to ensure a sympathetic restoration and its return to occupied use and as a long-term visual heritage asset within the wider park setting. The Council is neither obligated to dispose of the house site nor accept any bid resulting from this process. Regarding the wider former outdoor pool site, Cabinet had expressed its preference to take some time to explore alternative options. This follows the end of contract with the retirement living operator in January 2023.

### **3. RECOMMENDATIONS**

- 3.1 That the preferred recommended proposal including the financial bid outlined in confidential Appendix B attached to this report be approved.
- 3.2 That delegated authority be given to the Director for Economic Growth and Climate Change, in consultation with the Cabinet Member for Economy and Cabinet Member for Assets and Investments, to progress and conclude any legal processes and agreements in respect of the recommended proposal.
- 3.3 That should the preferred bidder withdraw or otherwise not proceed on the terms proposed that, prior to any binding agreement, the Director for Economic Growth and Climate Change be given delegated authority to proceed to negotiate with an alternative bidder or to agree amended terms for the disposal provided that best consideration reasonably obtainable is achieved and that the Council's wider regeneration priorities for the site and wider town are delivered.

### **REASONS FOR DECISION**

1. The site has been unused for several years and forms a gateway to the town centre so bringing it back into economic use is a key part of the regeneration plans for the Sudbury Vision.
2. If the preferred bidder drops out or otherwise does not progress on terms proposed, the Council will be able to move forward with an alternative proposal or terms provided it meets best value requirements.

### **4. KEY INFORMATION**

- 4.1 The Council has previously resolved to dispose of part of the Belle Vue site. In March 2021 it considered objections received in response to a notice given under Section 123(2A) of the Local Government Act 1972. On 11 March 2021 Cabinet resolved a freehold sale disposal (subject to planning) for the site which would, as part of a wider development scheme, ensure the restoration of the house and its conversion back to residential use as two family dwellings.
- 4.2 The subsequent expiry of the sale contract with the retirement living operator for the house and former pool site at Belle Vue, on 05 January 2023, has merited a fresh look at options for the house - given the need to urgently bring it back into economic use.
- 4.3 Cabinet members expressed their views that preserving the rapidly degrading and frequently vandalised house was of paramount urgency. It instructed officers to

conduct a re-marketing period for the house site only (i.e. not at this time re-marketing the disposal part of the former outdoor pool site). Sudbury Town Council also resolved at its Council meeting of 11 January 2023 to endorse the findings of its own Belle Vue Working Group (independent of the District Council) which included a resolution that Belle Vue House should be retained as an attractive historic building in Sudbury and restored to a high standard without any future cost burden to any local authority. It also expressed its preference for a residential use.

- 4.4 As a predominantly mixed-use area within the current Babergh Local Plan, the Council has re-marketed the house site only. This has invited bids on an informal tender basis, and recommending that prospective bidders make direct enquiries with the planning authority and local heritage officer in formulating their proposals and understanding local policy requirements. The marketing period ran between 16 January 2023 and 13 March 2023.

### **CURRENT USE AND SITUATION OF DISPOSAL AREA**

- 4.5 The approximate 0.51 acre house sale portion of the site does not include the park nor former outdoor pool site. It comprises of the house site including car park area (see Appendix A plan).
- 4.6 Sudbury Vision's ambitions include:
- developing Sudbury's brand and profile
  - developing Sudbury as a place to invest
  - enhancing the town as a great place to live, work and visit
  - creating a connected and sustainable town centre; and
  - supporting the town's cultural heritage and visitor attractions
- 4.7 Babergh District Council remains actively seeking to enhance key assets to regenerate and improve connectivity and use of key parts of the town centre. This includes, through the Sudbury Vision programme - the Hamilton Road Quarter, Market Hill, Borehamgate, on-street bus and junction improvements, wayfinding and active travel, solar carport microgeneration and electric vehicle charging, and enhancing the leisure and visitor economy offer. The Council has invested heavily in Sudbury town centre over recent years in direct capital asset projects as well as pipeline feasibility work to support external funding opportunities and new investment.
- 4.8 There have been significant and long-standing challenges in creating a viable use/uses for the Belle Vue site given its situation, constraints and setting. The adjacent park is a popular and well-used asset for Sudbury residents and visitors, of all ages, and that is not under threat from this disposal which seeks to unlock additional investment for improvement in the park and benefit the wider town.
- 4.9 As a local leader of place and owner of the site, the District Council can ill-afford to allow this key gateway into central Sudbury to remain under-utilised and a significant cost burden. Without a capital receipt, investment in enhancing the wider park and its facilities may not be deliverable.
- 4.10 The latest early-2023 marketing period went back to the market, to gauge the level and type of interest and opportunity for the house portion of the site since the retirement living operator contract ended (and with it the proposed restoration and

return to residential use for the house). Officers are now reporting back to Cabinet on the bids and proposals which have been received on an informal tender basis.

### **MARKETING PERIOD – 16 JANUARY 2023 to 13 MARCH 2023**

- 4.11 A fresh marketing period has been undertaken as referenced above. Its aim was to ensure full open market testing resulting in competitive interest on either a conditional (e.g. 'subject to planning') or unconditional basis. It was agreed that a sale of the house site on this basis was likely to result in best consideration being achieved, due to the scope for a variety of refurbishment options, including commercial or residential uses.
- 4.12 The period for the receipt of offers closed at 12 noon on 13 March 2023. The open marketing period has not sought to limit opportunities for the site from coming forward from the market or local community.
- 4.13 A targeted list of 53 agents, developers and previously interested parties were directly alerted on 16 January 2023 (with a further 4 sent in response to online posting on 17 January 2023). Also press, web site and social media brochure advertisement attracted over 1,819 on-line views as of 22 February 2023. Three scheduled viewing days were offered over the course of marketing with individual inspection appointments also available upon contact. A number of parties had previously viewed the property when it was previously marketed (in 2015, 2018/9 and again in 2020/21) and therefore did not require a further viewing. Detail on the marketing activity and resulting interest is highlighted in the table attached in Appendix B (Confidential) to this report.
- 4.14 An evaluation process was completed following closure of the marketing period. The evaluation panel arranged involved officers from Economic Growth and the Monitoring Officer (or Deputy). Cabinet Members on the panel are Economic Growth and Finance, Assets and Investments portfolio holders. The quality element of the evaluation included the following requirements:
- provided evidence that the proposed scheme will be appropriate to the adjoining parkland setting and demonstrated that the development will put this landmark building back into economic use to support the wider improvements planned for the Belle Vue area.
  - demonstrated that the development will succeed on its own merits, is self-sustaining on an on-going basis, and is not dependent on subsidies or grants.
  - Evidence the bidder has the relevant development experience and track record to demonstrate they can complete the scheme in a high quality and timely manner.
  - Evidence that the bidder has the financial capacity to deliver the development.
  - Evidence of the timescales required to deliver the development.
- 4.15 The detailed summary plus recommendation on a preferred bid, to support Cabinet's consideration, is attached at Appendix B (Confidential).

### **5. LINKS TO CORPORATE PLAN**

- 5.1 The Corporate Plan (2019-27) is designed to address the challenges and seize the opportunities facing the districts, and their organisations, for the foreseeable future. In relationship to the matters contained within this report, the Council's strong local leadership role to build great communities for living, working, visiting and investing in is particularly relevant.
- 5.2 The future of Sudbury and within it Belle Vue are high priority for the Council, local partners and the wider community.
- 5.3 Strategic priorities linked for this matter include:
- (a) Rejuvenate our vibrant market towns
  - (b) Thriving, attractive, sustainable and connected Communities
  - (c) A robust financial strategy
  - (d) Recognising the need to provide appropriate housing for an ageing population
- 5.4 The Council's approved Joint Strategic Asset Management Plan 2020-2025 includes aims to achieve the following matters, of relevance to this item:
- Diligent disposal of under-performing and surplus assets where use of these assets is otherwise unviable for the Councils;
  - Continual review of the asset base to determine best use and value;
  - Seek opportunities to diversify the portfolio and increase the value of assets through change of use;
  - Ensure property assets make the optimum contribution to the Councils' priorities and objectives;
  - Pursue best value in property management activities;
  - Strategically manage the portfolio to maximise benefits to the Councils and communities;
  - Delivery of key programmes and projects

## **6. FINANCIAL IMPLICATIONS**

- 6.1 The Council's Medium Term Financial Strategy (MTFS) 2021-2025 requires the Council to take a medium-term view of the budget through a robust financial strategy that is focused on delivering the six corporate strategic priorities. The Council's main strategic financial aim remains to become self-financing and not reliant on Government funding. The Council's parallel aim is to generate more funds than are required purely for core services, in order to enable additional investment into the district. This requires careful balancing of cost management, income generation and service levels.
- 6.2 The significant level of cost and resource to maintain, monitor, insure and remediate the site including from repeated vandalism events cannot be sustained by the Council. Further, without a capital receipt generated to reinvest on improvements, delivery of community ambitions for an enhanced park and facilities will remain delayed or become unachievable.
- 6.3 It should be noted that the District Council has over the past 3 years invested over £120,000 in design, professional and legal services, planning fees, surveys and site investigations, engagement activities etc. for the Belle Vue site (including also wider Hamilton Road regeneration masterplanning cost). The Council remains committed to drive forward improvement to the site and match community ambitions for an

enhanced and better-connected park area. Insurance premiums, security and business rate liabilities have also been considerable.

- 6.4 The Council has also secured £145,000 of external capital funding in relation to Belle Vue improvement concepts including Changing Place funding for new high specification accessible toilet integrated within a proposed new café facility. Due to the failure to secure a capital receipt from the retirement living operator for wider park facilities and amenities improvements, drawdown of that external funding is now at risk given the pause required to consider the wider future of the site (although alternative uses of this fund may be explored). Actioning of the Council's secured planning consent in August 2022 to deliver a new accessible park entrance for the town, is also now paused. The Council will continue to actively seek out new opportunities for external funding and investment for the Belle Vue site and wider town improvement programme.

## **7. LEGAL IMPLICATIONS**

- 7.1 Section 123(2A) of the Local Government Act 1972 was previously considered and resolved by the Council relating to the disposal of land.
- 7.2 Where disposals rely on the General Disposal Consent (England) 2003 they must consider subsidy control. The Council will have due regard to the provisions of the Subsidy Control Act 2022 within the decision-making process, and to Localism Act 2011 provisions in relation to the full Belle Vue site.
- 7.3 The Council has marketed the land comprising of the house site, inviting bids via informal tender, as the Council must be seeking to achieve the best consideration reasonably obtainable for the site. Through informal tender, the property remains open to offers, to be submitted via unopened bids, for the agreed marketing period. After the deadline for offers has closed, all the tenders are opened and the Council can then evaluate on a best consideration basis.
- 7.4 Once a disposal and preferred bid are agreed, wide-ranging legal support will be required commencing with a formal review of Heads of Terms, and finalising the terms and conditions of any sale/lease agreement subject to any related legal matters. Legal costs will be recovered from the proceeds of sale, at risk of remaining a temporary revenue cost should any deal prove abortive.

## **8. RISK MANAGEMENT**

- 8.1 This report is most closely linked with the Council's Significant Economic Growth Operational Risk No.8 (Decline of Sudbury impacting on economic prosperity of the districts) and Risk No.11 (Income and Capital projections and economic outcomes

may not be delivered – meaning land remains underutilised). Key risks are set out below:

Key Risk Description	Likelihood 1-4	Impact 1-4	Mitigation	Risk Register and Reference
Babergh District Council may not be financially sustainable	1	4	Whilst the site has a limited impact on the overall finances of the Council, bringing the disposal area back into economic and productive use for supporting the wider park and town will bring benefits. This includes removal of an ongoing cost burden to the district council	SRR008BDC
Additional cost pressures for BDC may result in a significant overspend that needs to be funded from reserves	2	4	The costs of maintaining, regular re-marketing, vandalism damage remediation and general programme costs are significant. Disposal of the house for best consideration will mitigate this risk	SRR013BDC
The house remaining empty and unused for a further significant period - further deteriorating and/or being vandalised making it beyond economic restoration for a developer	4	4	Re-marketing of the house area only and robust evaluation process. Cabinet decision on best consideration reasonably obtainable	Project Risk Register
The remainder of the disposal area (former pool site) remaining underutilised, dilapidated and without an economic use or function in support of park improvements or wider town vision benefits	4	4	Review alternative options and uses given the January 2023 end of contract with retirement living operator. Consider further marketing period in due course. Explore external funding options	Project Risk Register



Insufficient capital receipt from sale portion of the site to deliver new accessible entrance, café, toilet facilities and 5-year phased improvement programme	4	4	Risk cannot be fully mitigated. Scaled down or longer duration programme of improvements. Reduced scope of improvements or removal of elements altogether. Explore external funding options	Project Risk Register
Disposing of the asset for a consideration less than can reasonably be obtained	2	4	Cabinet determination as per recommendations and taking into account evaluation criteria/appropriate professional advice	Project Risk Register
No bids to fulfil the Council's criteria for disposing of the house site	2	3	Council not compelled to sell. Open marketing period and informal tender process	Project Risk Register
Failure to provide strong local leadership on controllable elements of the Sudbury Vision / Masterplan will stifle wider investment in the town	3	3	Balance the issues carefully with the objective of delivering the best achievable outcome for the future of the Belle Vue site	Project Risk Register
Challenge/Appeal from Developer or others including Judicial Review	2	4	Sound decision-making, robust due diligence, engagement, comms plan, governance and legal advice	Project Risk Register

## 9. CONSULTATIONS

- 9.1 Formal consultation will be facilitated under the planning regime in due course, should a sale of the house be agreed.
- 9.2 Various engagement activities and required processes relating to Belle Vue have been undertaken by the Council, both publicly and with identified stakeholders, in the years since the Council resolved to dispose of the site.
- 9.3 This has included Sudbury Town Council, Sudbury Steering Group (later reformed as Sudbury Vision Steering Group), Suffolk County Council, user groups, Portfolio Cabinet Members, attendees to public exhibition/park events and prospective bidders and enquirers including from community/charities as well as private sector.

## 10. EQUALITY ANALYSIS

- 10.1 Equality Impact Assessment (EIA) Initial Screening has been undertaken and identified no impact on one or more of the nine protected characteristics as defined

by the Equality Act 2010. No full assessment is required arising from the matters contained within this report. This is an asset disposal and commercial principles apply to it.

- 10.2 The park will remain within Council ownership and control and freely accessible to all. The Council is seeking to deliver an improvement plan to the park which will enhance its accessibility and connectivity with the wider town.

## 11. ENVIRONMENTAL IMPLICATIONS

- 11.1 Development of the site would have associated environment impacts. Sale of the site is 'subject to planning' and therefore environmental implications and mitigations would be considered through planning process and consultation – for example through construction phase plans.

## 12. APPENDICES

Title	Location
<b>A:</b> Plan of disposal area (house)	Attached
<b>B:</b> Marketing summary and evaluation table including officer preferred recommended proposal	Restricted Access (Confidential)

## **BACKGROUND PAPERS**

1. CABINET REPORT BCA/20/44 (11 MARCH 2021) [LINKED HERE](#) AND MINUTES OF THAT MEETING [LINKED HERE](#)