



ECONOMY REGENERATION & DEVELOPMENT COMMITTEE

Wednesday, 26 January 2022

REPORT TITLE:	DISPOSAL OF INDUSTRIAL ESTATE AT QUARRYBANK STREET, BIRKENHEAD
REPORT OF:	DIRECTOR OF REGENERATION AND PLACE

REPORT SUMMARY

This report seeks approval for the disposal of Quarrybank Industrial Estate, Quarrybank Street, Birkenhead, a Council owned investment asset.

The Wirral Plan 2021 - 2026 sets out the Council's vision to secure the best possible future for our residents. The Plan has the following key themes:

- A thriving and inclusive economy, creating jobs and opportunities for all;
- A clean-energy, sustainable borough, leading the way in tackling the environment crisis;
- Brighter futures for all regardless of their background;
- Safe and pleasant communities that our residents are proud of; and
- Healthy and active lives for all, with the right care, at the right time.

The sale will support the Plan and its delivery through the generation of a capital receipt.

The matter affects the Birkenhead and Tranmere Ward.

This is a key decision as the likely receipt has the potential to exceed £500,000.

RECOMMENDATION

The Economy, Regeneration and Development Committee is requested to recommend to Policy and Resources Committee that:

- a) Quarrybank Industrial Estate, Quarrybank Street, Birkenhead be declared surplus to requirements; and
- b) Delegated authority be given to the Director of Law and Governance, in consultation with the Director of Regeneration and Place, to arrange for its disposal by auction and subsequent sale on the basis as set out in paragraph 3.3 of this this report.

SUPPORTING INFORMATION

1.0 REASON FOR RECOMMENDATION

1.1 To meet targets for the generation of capital receipts from the sale of non-operational property assets.

1.2 The Council's Policy and Resources Committee at its meeting of 30 November 2021, amongst other matters, endorsed the recommendations of CIPFA's Local Government Finance Review in which included a recommendation to

"Identify asset disposals to offset the risk of increased council borrowing which could fund the repair and maintenance of existing council assets or the cost of the capitalisation direction or future potential regeneration projects."

1.3 The proposals within this report are in furtherance of the implementation of the above recommendations.

1.4 The disposal will also remove any potential liabilities, including management obligations in respect of the property.

2.0 OTHER OPTIONS CONSIDERED

2.1 The other option is for the Council to retain ownership of this property in order to continue to receive a rental income.

2.2 The property has been considered by the Council's Capital and Assets Group taking into account the Council's targets for the generation of capital receipts. The need to generate capital receipts is considered to be a priority, consequently disposal is the preferred option.

3.0 BACKGROUND INFORMATION

3.1 Quarrybank Industrial Estate comprises a site area of 3025sq.m (0.75 acre) and is located off Quarrybank Street, between Oxton Road and Borough Road, Birkenhead, shown in Appendix 1. The site was developed in the early 1980' with 16 single storey terraced industrial units, set out in three blocks around a communal parking area. The units vary in size between 500 and 1000 sq ft and 100% of the units are currently let and managed by the Council's Asset Management Section. The tenants are responsible for the maintenance of their individual units.

3.2 The majority of tenants have 6-year lease agreements with a 6-month option to break which causes fluctuations in the income received as units become vacant and are re-let. The break clauses enable small businesses to expand their operations if required.

3.3 In order to secure a sale in 2022 it is proposed that the property is sold by auction. This method of disposal has previously proved successful on two other similar disposals. The auctioneer has suggested a guide price for the disposal of this property in the range of £475,000- £525,000, although a reserve sale price will be set prior to the auction by the auctioneer, based on the level of interest generated.

4.0 FINANCIAL IMPLICATIONS

- 4.1 The sale will generate a capital receipt as indicated in the report. The auctioneer has suggested a guide price for the disposal of this property in the range of £475,000-£525,000, although a reserve sale price will be set prior to the auction by the auctioneer, based on the level of interest generated. The actual sale price will only be established at the time of sale.
- 4.2 In disposing of the property the Council would forego the annual rent in lieu of the capital receipt which will be managed within the Regeneration and Place Budget Envelope. Over the previous three years the estate generated an average gross income of £56,892 per annum and an average net income of £53,291 per annum. Information obtained from the Council's Financial forecast budget figures indicates that the projected gross income for 2021-2022 is £63,750 and the projected net income for 2021-2022 is £58,477.
- 4.3 The auctioneer's costs will be paid by the purchaser. In addition, the purchaser will pay the Council 2% of the gavel price, with a minimum of £1,000 towards the Council's fees. If the property does not sell, no costs will be charged to the Council.
- 4.4 The receipt from the sale will contribute towards the capital receipts target contained within the current budget.

5.0 LEGAL IMPLICATIONS

- 5.1 The Council has a duty under of s123 of the LGA 1972 to ensure that the property is sold for a consideration not less than the best that can reasonably be obtained. Quarrybank Industrial Estate will be sold at auction after an extended marketing period to demonstrate market value.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

- 6.1 Should the property sell at auction, it will remove any potential liabilities, including management obligations.
- 6.2 There are no IT or staffing implications arising from the disposal of this property. The asset implications are the subject of this report.

7.0 RELEVANT RISKS

- 7.1 Failure to conclude the sale will impact on the anticipated capital receipts programme.
- 7.2 When selling by auction a reserve sale price will be set based on the recommendation of the auctioneer. Should bidding not meet or better the reserve, the sale will not proceed. The Council will only be charged a fee if the sale is successful.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 There are no consultation implications arising from the proposals set out within this report.
- 8.2 The auctioneer will undertake a promotional exercise to advertise the availability of the property at its auction, which will include promotion through its website and auction catalogue.

9.0 EQUALITY IMPLICATIONS

- 9.1 Wirral Council has a legal requirement to make sure its policies, and the way it carries out its work, do not discriminate against anyone.
- 9.2 There are no direct equality implications arising from this report.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

- 10.1 The sale of this property will not have any direct implications for the environment or climate.

11.0 COMMUNITY WEALTH IMPLICATIONS

- 11.1 The property is being sold as an investment asset and is likely to be operated as such by the purchaser, therefore the existing employers and employees should be unaffected. Future investment will allow more local development and hopefully the possibility of more local investment and job opportunities.

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APPENDICES

The PDF file below may not be suitable to view for people with disabilities, users of assistive technology or mobile phone devices. Please contact sarahduncan@wirral.gov.uk if you would like this document in an accessible format.

Appendix 1- Quarrybank Industrial Estate, Quarrybank Street, Birkenhead site plan

BACKGROUND PAPERS

Lease documents in respect of the various tenancies (exempt).

SUBJECT HISTORY (last 3 years)

Policy and Resources Committee	30 November 2021
Council	6 December 2021