

# CABINET



Report subject	<b>Disposal of Land at Wessex Fields, Riverside Avenue</b>
Meeting date	10 April 2024
Status	Public Report with Confidential Appendices
Executive summary	This report presents a proposal to dispose of council owned land at Wessex Fields, Riverside Avenue, Bournemouth BH7 7EE, on the open market, or through direct sale, at an agreed RICS Red Book Valuation, to the University Hospital Dorset NHS Foundation Trust.
Recommendations	<p><b>It is RECOMMENDED that Cabinet recommend that Council:</b></p> <p><b>Decide whether to:</b></p> <ol style="list-style-type: none"> <li><b>1 Approve the disposal of the council owned land at Wessex Fields to the University Hospitals Dorset NHS Foundation Trust on such terms to be approved by the Director of Finance acting in his capacity as Corporate Property Officer, in consultation with the Portfolio Holder for Finance, or</b></li> <li><b>2 Approve the disposal of the council owned land at Wessex Fields by way of an Open Process and on such terms to be approved by the Director of Finance acting in his capacity as Corporate Property Officer, in consultation with the Portfolio Holder for Finance.</b></li> </ol>
Reason for recommendations	<p>To obtain approval for the disposal of land at the Wessex Fields site located at Riverside Avenue:</p> <ul style="list-style-type: none"> <li>The sale will generate a capital receipt to support the funding of the Council's Transformation Investment Programme.</li> <li>The council could achieve specific socio-economic benefits as the purchase by the hospital could unlock substantial health benefits for the wider area.</li> <li>Disposal of the site to University Hospitals Dorset NHS Foundation Trust could evidence best value in financial terms, as the capital receipt would be determined in accordance with a RICS Red Book Valuation.</li> </ul>
Portfolio Holder(s):	Cllr. Mike Cox, Portfolio Holder for Finance

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Wards	Littledown and Iford
Classification	For Recommendation

## Background

1. Wessex Fields is a vacant site located 5km east to Bournemouth Town Centre. It is situated to the northeast of Castle Lane East and the Royal Bournemouth Hospital and to the southeast of The Wessex Way Spur Road (A338). The Friends of the Elderly Nursing Care Home and Stour Valley Park are located directly to the East. The Crown and County Courts, Troika Business Park and JP Morgan Business Campus are close by. The site is a subset of the wider development area called the Wessex Fields land.
2. A new connecting road to serve Royal Bournemouth Hospital from the A338 access road through the site is under contract with BCP Council. Construction of this road, called the Wessex Link Road, has just commenced on site and is due to be completed later this year.
3. The site was acquired freehold by Bournemouth Borough Council on 25 January 2017 as part of a much wider land deal with the help of grant funding from Dorset Local Enterprise Partnership. The wider land was subsequently sold leaving 2 separate plots of land within BCP ownership. In December 2023 BCP Council activated an option to buy back some land from University Hospital Dorset NHS Foundation Trust to allow these two plots to be connected and form one relatively level land holding.
4. During the period of ownership, the Council has been exploring options for development and planning permission was finally granted in 2019 for a 'spine' road and junction from it to the A338. The case was made that this would unlock the site for development and economic benefits including jobs and reducing congestion. This was the second planning application after the first was withdrawn in December 2017 to enable the Council to take account of comments from statutory consultees, key stakeholders, and members of the public. Planning permission was granted following a decision by the Secretary of State to decline to "call-in" the decision.
5. Following the creation of BCP Council in 2019, a public engagement event to generate ideas for the use of land at Wessex Fields took place locally on 7 January 2020 at The Bridge on the Littledown Centre campus, opposite the Wessex Fields site and University Hospitals Dorset.
6. A report was presented to the Cabinet in March 2020 summarising the findings.
7. The majority of feedback supported healthcare and research uses within the development, provided congestion was not made worse and the environmental impact is mitigated by plenty of green spaces and provision of

renewable energy. The addition of keyworker or affordable housing was also supported although the increased vehicles were cited as a downside. The ability for keyworkers to walk to work at the hospital could form part of a solution to this concern. Private housing schemes received no support.

8. Following this, and in line with the approved recommendation, officers were authorised to undertake soft market testing, and JLL were appointed to run this in late summer of 2020. Their report was published as part of a Cabinet report in December 2020.
9. This report reviewed the options for next steps put forward by JLL. It sought consent in principle to dispose of part of the site adjoining the hospital boundary to University Hospitals Dorset NHS Foundation Trust in partnership with Bournemouth University and determine the exact future development structure and collaboration for the remainder of the site which would be subject to a further Cabinet approval. This recommendation was approved.
10. Between 2021 and 2023 BCP Future Places Limited (BCP Council's wholly owned Urban Regeneration Company) were asked to look at the site's development potential. The company developed a masterplan that covered the BCP Council site and three other neighbouring sites in different ownerships. They proposed a development mix of commercial offices, academic research, keyworker housing, market and affordable residential housing, a care home, assisted living, recuperative living and a local retail centre offer to support these uses.
11. On 27 September 2023 BCP Council decided on the orderly closure of BCP FuturePlaces, and to reassess the future options for the Wessex Fields site. It was decided to focus the limited Council regeneration resource on bringing forward three other priority sites (Dolphin Leisure Centre, Holes Bay, and BIC/Winter Gardens) that are 100% owned by the Council and capable of providing much needed housing and other benefits as part of the wider regeneration strategy.
12. Following the publication of the reduced development list, and considering the Council's budgetary constraints, The University Hospital Dorset NHS Foundation Trust (UHD) initially approached the Council in October 2023 and then confirmed their interest in acquiring the freehold of BCP's land holding in January 2024 in accordance with the heads of terms set out in **Confidential Appendix 1**. The acceptance of the proposal is conditional on receiving full Council approval to the sale at a sale price determined via a RICS Red Book Valuation.
13. The University Hospital Dorset NHS Foundation Trust have indicated they wish to develop the site for medical, health, technology, and research development with hospital keyworker housing. They intend to build a spine road through the site to connect all uses. The aspiration is for this road to be capable of connecting the new Wessex Link Road to Deansleigh Road should UHD be able to acquire a small additional plot of land.
14. These plans are in accordance with the previous stakeholder feedback and the emerging Local Plan which states under Policy E5 that the wider Wessex Fields Land remains an important strategic employment site that must deliver health and employment uses and can also help address local area transport and movement issues. Keyworker housing will be considered but only where it does not result in the loss of any existing employment floorspace and does not compromise the delivery of the quantum of employment uses set out in the policy. Any development should include a new east-west vehicle, pedestrian, and cycle link from the A338 Wessex Way to Deansleigh Road and a north-south pedestrian

and cycle link between Riverside Avenue and Deansleigh Road. Details of the site are set out in **Confidential Appendix 2**.

15. A sale to UHD will be in line with “One Public Estate” principles, (as embodied in Principle 5 below.) This is an approach promoted by the Local Government Association and Cabinet Office to encourage public bodies to collaborate where possible and to adopt a shared vision for the use of public sector assets with the aim of unlocking public land to create economic growth (new homes and jobs) and delivering more integrated, customer focused services. Transactions undertaken to promote these principles must still comply with the existing requirements for the disposal of local authority assets.

### **Cross-Party Strategic Asset Disposal Working Group**

16. The Cross-Party Strategic Asset Disposal Working Group was created to aid transparency in the disposal process for council-owned surplus assets. It is not a formal decision-making body but makes recommendations to Cabinet in accordance with a set of principles endorsed by Cabinet on 26 July 2023. These are as follows:

**Principle 1:** We will ensure sufficient assets disposals are secured to enable the councils Transformation Programme costs to be fully funded by the Flexible Use of Capital Receipts. This will require disposal of assets where completion can be guaranteed by the 31 March of the relevant financial year and to the required amount.

**Principle 2:** Pursuant with s123 of the Local Government Act 1972, we will ensure Best Value is achieved in respect of any asset disposal by ensuring the value achieves the Red Book Valuation as a minimum. We will also consider the use of overage clauses, where appropriate, to benefit from any future uplift in value.

**Principle 3:** We will constantly challenge ourselves as to the basis for holding any asset to ensure our portfolio is managed in an efficient and effective way. Holding costs and ability to reduce carbon footprint will be salient factors.

**Principle 4:** We will look to dispose of surplus, under-used, vacant land & buildings unless there is a strong strategic rationale for holding them for example - support future service delivery, regeneration, housing, or place making.

**Principle 5:** Provided consistent with other principles, we will support the acquisition of assets by community organisations and other public sector bodies such as Town and Parish Councils.

**Principle 6:** Estates Team capacity will be focused on the delivery of the required asset disposals.

17. In January 2024 the Cross-Party Strategic Asset Disposal Working Group highlighted the Wessex Field site as a potential asset for disposal for the financial year 2024/25 to help fund the Transformation Programme.
18. The proposal from UHD was put to the Cross-Party Strategic Asset Disposal Working Group at a meeting held on the 8 March 2024. A copy of the report presented to the working group is presented at **Confidential Appendix 3**.
19. The report noted that the UHD proposal is in line with these principles, particularly principles 4 and 5, and that disposal is supported by the Council's Asset Management Strategy which emphasises that the Council should constantly challenge itself as to the basis for holding any asset to ensure its

portfolio is managed in an efficient and effective way. It should reflect on the cost to the public purse of holding assets and should dispose of surplus, under-used or vacant land and buildings.

20. The report set out that the Wessex Fields site is vacant and no longer part of the Council's priority regeneration plan. Retaining the site in the short to medium term will carry a cost to the Council. A site management plan will be required to manage ecology to ensure the site remains capable of being developed and to ensure site security (minimise incidents involving trespassers and anti-social behaviour). There is an ongoing risk of invasive plant species colonising the site.
21. The group noted the socio-economic benefit inherent in selling the site to UHD and were mindful of the need for keyworker housing, in particular homes for nurses. They recognised that this benefit may not be present if the site was purchased by a private party or developer.
22. The group was satisfied that the principles were being met by the proposal from UHD. However, the final recommendation, set out below, reflected concern over the relatively short timeline and a desire to be able to demonstrate that Best Value had been obtained via an open and transparent process which would mitigate the possibility of any legal challenges:  
  
**If Cabinet is so minded to dispose of the site, that it does so by way of an open process, marketing the site on the open market for a 2–3-month period of time, with the expectation that the highest offer being the preferred preference of disposal. In addition, the Group felt strongly that the aspiration of the site as per the Local Plan be demonstrated by the accepted bidder.**
23. Following the meeting of the Cross-Party Strategic Asset Disposal Working Group, further discussions have taken place with UHD who have confirmed that the funding earmarked for this transaction will not be available after this financial year and that they may not be in a position to make an offer at a later date should the Council proceed to sale on the open market.
24. On 15 March 2024 Rob Whiteman, the Chair of University Hospital Dorset NHS Foundation Trust, issued a letter to the Leader of the Council (**Appendix 4**) setting out their vision for the site and reiterating that a decision to sell to UHD will provide strong social value to the area, with benefits to taxpayers, patients, and NHS staff. The letter sets out that their plans will make a positive and material step to address both the housing shortage and traffic congestion of the Royal Bournemouth Hospital site whilst unlocking a net-zero carbon development. UHD aim to create much needed keyworker housing to ensure an NHS workforce with capacity to serve the community; education and training facilities; and further the goal of a Life Science Centre/Dorset Medical School, in addition to offering strong environmental benefits.
25. Senior Council Officers have revisited the proposal with the Leader and Cabinet Members and have considered the benefits of selling the land to UHD which include:
  - Selling to UHD will produce a certain land receipt to contribute to the Council's Transformation Programme within the 2024/25 financial year. To comply with the duty to obtain best consideration the sale price has been determined following an RICS valuation and an overage clause will be included in the sales agreement as per the heads of terms.

- UHD aspire to develop the site for medical, health, technology, and medical research along with hospital keyworker housing which accords with the previously stated BCP Council vision for site development.
  - The hospital owns the neighbouring site, and this transaction will give them control over the landholding to pursue their plans which are in accordance with the BCP Council emerging draft Local Plan and previously received public and stakeholder feedback.
  - Disposal to the Trust does not affect the future creation of road access to and from the site to the northbound carriageway of the A338. The Council will retain a small piece of land that will allow any future highway improvements.
  - The new Wessex Link Road and roundabout are excluded from the sale and will remain in Council ownership to be adopted as highway upon completion later this year.
26. Noting the recommendation from the Cross-Party Strategic Asset Disposal Working Group, and considering the above factors, Senior Officers are recommending sale of the site to UHD as it is considered on balance that the transaction offers substantial socio-economic and health benefits for the wider area and will evidence best consideration in financial terms, as the capital receipt has been determined in accordance with a RICS Red Book Valuation.
27. This matter is due to be considered by the Overview and Scrutiny Board on 2 April and their views will be fed into the Cabinet's consideration of the sale on 10 April, for recommendation on to the Council.
28. UHD have offered to present to Overview and Scrutiny on 2 April 2024 to reassure members that their plans for the site are both deliverable and accord with stakeholder feedback, Council aspirations, and the requirements of the emerging Local Plan. Any feedback from Overview and Scrutiny will be provided to Cabinet who will consider their preferred course of action to recommend to the Council meeting on 20 April for final decision.
29. A number of stakeholders, previously engaged by BCP FuturePlaces in plans for the site, were contacted by letter on 1 March 2024 to inform them that the Council were considering disposal. One of the parties raised concerns that the spine road might not be built if the Council sells the land. This presents a potential risk of judicial review. However, following assurances from UHD of their intentions for the site, including a desire to reduce congestion, letters of support for the sale have been offered by neighbouring businesses including Midland House LLP, Troika Developments and Ageas Insurance (copies to be appended once received), which should provide a degree of reassurance to the Council.
30. Should the Council decide not to accept the offer from UHD but still wish to dispose of the site, as per the Cross-Party Strategic Asset Disposal Working Group recommendation above, the Red Book Valuation would need to be updated prior to marketing. The current Market Value has been assessed by an RICS independent valuer and is based upon special "assumptions". These are context specific matters which can affect how a property or interest is valued, for example the cost to construct the spine road which will change over time. Once a revised Market Value is ascertained an agent would need to be appointed to openly market the site for at least two months and then manage a formal bidding process.
31. There is no guarantee that a bidding process will result in a better offer for the property than that offered by UHD.

32. Selling the land through an open market process will demonstrate the best consideration has been achieved at that time and provides the opportunity for any interested party to make a formal bid for the land. However, a sale will only be achieved if an offer exceeds the independent Red Book Valuation.

**Conditions associated with any disposal.**

33. In considering the disposal of this asset there are a number of factors which need to be resolved including.

Long leasehold or freehold. To maximise the capital receipt, we are proposing a freehold sale. Leasehold would allow the Council to retain an element of control but would generate a lower capital receipt.

**Recommended option is for a freehold disposal.**

Whole site or subdivided into small plots. The proposed sale is for the whole plot. We believe this achieves best value as this elongated site can only currently be accessed through the northeast corner.

**Recommended option is to sell the whole site.**

Sold as seen or sold subject to planning conditions. Sold as seen is the quickest route to the delivery of a capital receipts and the quickest route to avoiding ongoing holding costs and ownership risk. A sale subject to planning may generate a higher receipt value but the risk of the planning process sits with the Council.

**Recommended option sold as seen.**

34. Due diligence associated with the valuation process will determine the extent to which overage clauses relating to future developments on the site are included in the sales contract.

**Options Appraisal**

35. The alternative options to selling the site are:

- a. Reignite the BCP Future Places Ltd larger development proposal – This allows BCP to retain control over what is developed on the site, the quality of build, placemaking and build programme.

However, no outline business case was prepared by BCP Future Places Ltd for the masterplan development at Wessex Fields and the financial appraisal was never formally finalised. At the time the project was put on hold in September 2023 BCP Future Places Limited were:

- Investigating the potential structure of collaboration agreements and land pooling arrangements to allow mutually agreed sharing of costs, values, and financial outcomes between different landowners.
- Investigating procurement channels to outsource development execution to competent developers and to decide the most appropriate partnership structure.
- Undertaking embryonic grant funding discussions.
- Investigating utility solutions.

This option is potentially complex and high risk involving an initial estimated development cost of £230m to £240m. There is no certainty that multiple landowners will collaborate over the long time required to execute development. Actual execution of the development works, and associated management would need to be procured. BCP Council have limited funds, the project is outside current risk appetite and does not meet priority regeneration strategy objectives.

- b. Formulate new employment development proposals for the site within BCP ownership. BCP Council have limited funds, the site does not meet priority regeneration strategy objectives and collaboration with other landowners would still be required to deliver the transport infrastructure required by the BCP emerging Local Plan. A joint venture partnership with a developer could be considered but the land value that BCP Council could contribute would be very low compared to the development construction cost. BCP would therefore need to borrow funds to equalise the partnership or accept a junior partnership role. The latter is clearly undesirable.
  - c. Do nothing. Initiate an Estate Management Plan to proactively manage ecology and security with ongoing operational cost.
36. Selling the site allows achievement of a capital receipt. Whilst BCP Council would lose control of site development the emerging BCP Local Plan clearly articulates the strategic site development objectives that need to be achieved for a purchaser to secure a planning consent. The emerging Local Plan also states that a spine road (including cycle lanes) should be constructed through the site from the Wessex Way to Deansleigh Road as part of any development proposal. The anticipation is this road will be built as publicly adopted highway. Quality of placemaking and build could be controlled via detailed planning consent conditions.

### **Summary of financial implications**

- 37. The current estimated sales value is included in **Confidential Appendix 5**. The updated market value has been determined by an independent RICS Red Book Valuation for the purposes of disposal. The Council will offset any costs associated with the disposal from this capital receipt.
- 38. Dorset Local Enterprise Partnership grant funding for the BCP Council land purchase in 2017 was to help create 500 new jobs and to protect 10,000 existing jobs in the immediate area. The Dorset Local Enterprise Partnership are unaware of any clawback provisions relating to this grant. As part of legal due diligence all documents will be reviewed to check there are no provisions that would adversely affect predicted financial receipts from a land sale.

### **Summary of legal implications**

- 39. Council is empowered (pursuant to Section 123 of the Local Government Act 1972) to sell land that it holds, and it may do so in any manner that it wishes. This is however subject to the proviso that the Secretary of State's consent is needed to any disposal which is considered not to be at the best price that can be obtained or is to be at an undervalue.
- 40. The Council may therefore choose to sell the property freehold (unconditionally or subject to conditions) or may offer to grant a long leasehold (of sufficient duration to enable development).
- 41. However, it should be noted that the terms on which the land/interest in the land is offered for sale will affect the valuation of the land. A disposal of land via private treaty to an adjoining landowner is acceptable provided that the Council can demonstrate it has received the best consideration from doing so and it is not a transaction at an under value.
- 42. Council must demonstrate that it has satisfied its duty in this regard, and this can be by way of marketing or through an independent valuation or both. However, case law has established that there is no requirement to follow either route as a matter of principle.



43. A RICS Red Book Valuation has been obtained to establish the sum agreed with UHD represents the best consideration that can be reasonably obtained.
44. Further, this valuation confirms that there will be no questions of subsidy to consider as the sale price is at market value.
45. The sale of the site for the highest price offered after marketing would also demonstrate that the Section 123 duty has been satisfied. However, if the site is to be offered for sale on the open market it is recommended that Council obtain further, up to date, valuations of the site prior to commencing the marketing to ensure that bids can be properly considered.
46. A person with a sufficient legal interest in a decision of a public body can apply to the court for a review of the decision-making process and a determination of whether the decision is validly made. The Courts can set aside a decision which has been made in a manner that is illegal, irrational, or procedurally unfair. During proceedings the Courts may also impose an injunction preventing implementation of the decision pending final determination and the costs to a public body of defending an application can be significant.
47. In line with the Council's Constitution, Council approval is required for any asset disposal where the receipt is predicted to be more than £500,000.
48. Contracts for the sale of land must be in writing and incorporate all of the terms agreed between the parties. All documents will need to be prepared by Legal Services for approval in accordance with any delegations.
49. Additional information on implications can be found at **Confidential Appendix 6**.

#### **Summary of human resources implications**

50. There are no direct human resources implications of this decision.

#### **Summary of sustainability impact**

51. The Asset Management Plan recognises the estate should be sustainable and carbon neutral. As there are currently no buildings on site there will be no direct carbon impact from this decision.
52. Most of the site comprises "other neutral grasslands" which are of moderate ecological value and scattered trees of local ecological value. The site does contain hedgerows which are habitats of principal importance as identified by the Natural Environment and Rural Communities Act 2006. This will need to be factored into of any future development proposal and considered as part of the planning process.
53. The site is a subset of the wider development area called the Wessex Fields land. Under Policy E5 of the BCP Council emerging draft Local Plan Wessex Fields remains an important strategic employment site that must deliver health and employment uses and can also help address local area transport and movement issues. Keyworker housing will be considered but only where it does not result in the loss of any existing employment floorspace and does not compromise the delivery of the quantum of employment uses set out in the policy. Any development should include a new east-west vehicle, pedestrian, and cycle link from the A338 Wessex Way to Deansleigh Road and a north-south pedestrian and cycle link between Riverside Avenue and Deansleigh Road. Any new homes will be built to the future homes standard as set out in the draft Local Plan.
54. A Decision Impact Assessment has been carried out (DIA Number 636) and the carbon footprint of the decision to dispose of the land is deemed to be low. No

adverse comments were received back from subject matter experts across the organisation.

### **Summary of public health implications**

55. There are no direct public health implications associated with this decision.

### **Summary of equality implications**

56. An EIA screening tool has been completed and was reviewed by the EIA Panel on 20 March. The panel concluded that Option 1 – Disposal to UHD - had more positive equalities' impacts than Option 2 as it would see improvements in all six of the domains identified by the Equality and Human Rights Commission. In particular: work, living standards, health, and participation. The panel found it difficult to quantify what equality impacts would result from disposal on the open market.

### **Summary of risk assessment**

57. The key risk associated with the recommendation of this report is that prevailing economic conditions dampen demand for such sites and a disposal is not achieved.

58. The legal risks associated with any challenge of this decision are set out within the legal section above.

59. There are potential site risks some of which require further investigation:

- a. The site is of an irregular shape. However, the Retired Nurses National Home, that is located in the middle of the site, could be relocated to another section of the site. This could in theory be an opportunity for a purchaser to produce a more cohesive area for development.
- b. The site is not currently serviced by electricity, water, telecoms, gas, or sewers although some assets are known to exist within and around the site boundary. There is a known power capacity issue in the local area.
- c. Further ecology investigations as part of potential buyer due diligence exercises could reveal the existence of protected or notable species or invasive plant species.
- d. The river Stour is located 500m to the east of the site. Most of the site lies within Fluvial Flood Zone 1 with the extreme northeast corner of the site lying within Flood Zones 2 and 3. Flood studies undertaken to date suggest there is negligible risk of tidal flooding.
- e. The site has never been developed and therefore the risk for contamination is deemed to be low, but no studies have yet been undertaken.
- f. A purchaser will conduct title investigations however from information available to date we do not foresee any major title challenges.
- g. Access/ egress to the site will be via the southbound carriageway of the Wessex Way once construction is completed in the autumn.

### **Background papers**

- Wessex Fields Site Development Strategy Cabinet Report – 18 March 2020 - <https://democracy.bcpccouncil.gov.uk/documents/s16006/Wessex%20Fields%20Site%20Development%20Strategy.pdf>

- Wessex Fields Site Development Update Cabinet Report – 16 December 2020  
<https://democracy.bcpccouncil.gov.uk/documents/s20945/Wessex%20Fields%20Site%20Development%20Strategy.pdf>

### **Confidential Appendices**

- Appendix 1     **Confidential** - Heads of Terms agreed with UHD.
- Appendix 2     **Confidential** – Land at Wessex Fields Summary.
- Appendix 3     **Confidential** – Presentation to the 8 March 2024 Cross-Party Strategic Asset Disposal Working Group.
- Appendix 4     Letter from UHD Chair to the Leader of the Council.
- Appendix 5     **Confidential** – Current estimated sales value.
- Appendix 6     **Confidential** – Table of implications.