

# PFCC Decision Report

**Please ensure all sections below are completed**

**Report reference number:** PFCC/028/21

**Classification:** OFFICIAL

**Title of report:** Sale of Former Harlow MIT & Transport Workshop

**Area of county / stakeholders affected:** District of Harlow

**Report by:** Patrick Duffy – Head of Estates

**Chief Officer:** ACO Mark Gilmartin

**Date of report:** 17<sup>th</sup> May 2022

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## 1. Executive Summary

This Decision Report seeks approval for the sale of the former Harlow Transport Workshop and Major Investigation Team offices, 35-39 London Road, Harlow, Essex, CM17 0DA for the sum of £1,650,000. In addition to enter into a formal contract for the sale and seal the land registry transfer.

## 2. Recommendations

The first recommendation to the PFCC is to agree to proceed with the conditional sale of the former Harlow Transport Workshop and Major Investigation Team offices for the sum of £1,650,000.

The second recommendation to the PFCC is to sign the sales contract contained within *Section 16 Background Papers and Appendices*.

The third recommendation to the PFCC is to seal the Land Registry Transfer (TP1) contained within *Section 16 Background Papers and Appendices*.

### **3. Background to the Proposal**

The premises are located on London Road in Old Harlow and comprises a purpose built single storey Transport Workshop with adjoining two storey office accommodation plus outbuildings and parking. The property has a site area of approx. 0.58 acres and is located in a mixed residential and commercial area, with a school to one side (and behind) plus a dental practice on the other. Owing to the specialist nature of the existing buildings and the sizeable site area, it is likely the site will be redeveloped with the current buildings demolished and the newly constructed premises providing residential accommodation.

The building was approved for disposal by the Strategic Estates Board on 8<sup>th</sup> April 2019 and the premises were operationally closed on 30<sup>th</sup> July 2021. The property was then marketed on a private treaty basis by Kemsley LLP with a guide price in the region of £1,500,000.

The property has been exposed to the market by means such as a For Sale Board, Property Particulars, Direct Marketing and Internet Marketing. This range of marketing is considered to provide wide exposure.

#### **Marketing Period 1**

Prospective buyers were asked to submit their best bids by 10<sup>th</sup> March 2021 and we received three offers ranging from £1,660,250 to £1,545,000, all unconditional with regard to planning permission. The highest offer was from the same buyer who had previously offered on Wickford and Maldon Police Stations, so terms were agreed and solicitors instructed. Despite reminders by our solicitors and our selling agents, the purchasers failed to actively progress the purchase so a deadline was issued for the buyer to sign the contract. As they failed to meet the deadline, the sale was withdrawn and the property was remarketed.

#### **Marketing Period 2**

Again prospective buyers were asked to submit their best bids by 18<sup>th</sup> August 2021 and we received four offers ranging from £1,650,000 to £1,275,000, all on an unconditional basis. The highest offer was from a Retirement Living company and the second highest from a Property & Asset Management company for £1,465,000. The Property & Asset Management company had previously purchased a different former Police Station.

The offer from the highest bidder was conditional upon them having a positive pre-application meeting with Harlow District Council and upon the result of a ground survey and investigation for land contamination, given it was a motor vehicle workshop.

Solicitors were instructed and the buyers undertook their prerequisite planning meeting and the ground investigations. The planning discussions were positive but ground investigation found sections of the site had an element of contamination.

The highest bidder then offered to proceed on the original sale price of £1,650,000 providing completion was conditional upon them gaining satisfactory planning

permission for retirement flats. This could delay the completion for up to 18 to 24 months.

Given the second highest offer was £200,000 lower and the ground contamination would now need to be disclosed within the pre-contract enquiries; therefore the buyers may probably request an additional reduction in the price, we recommend acceptance of the revised proposal from the highest bidder on the basis of achieving best value in the asset disposal. Furthermore, the bidder has already received a positive response from the local authority so it is highly likely they will obtain planning permission within the timeframe listed above.

#### **4. Proposal and Associated Benefits**

This proposal disposes of the former Harlow MIT and Transport Workshops which is surplus to operational policing requirements and provides a receipt for the Capital Funds of the Commissioner.

Although this offer is conditional upon planning permission, this proposal is financially beneficial for the capital resources for the PFCC compared with the second highest offer.

The conditional contract also allows for additional payment to the PFCC in the event the decontamination remediation work costing less than £500,000, which are the anticipated costs by the bidder this will be on a 70:30 basis in favour of the PFCC.

In addition to the above, the buyer has allowed £440,000 costs for planning, including Affordable Housing contribution, Section 106 and CIL payments. If these are less than expected this will be shared on 50:50 basis with the PFCC. However if costs exceed this the buyer will have the right to withdraw from the transaction. Albeit there will be no further cost implication for the PFCC.

#### **5. Options Analysis**

Keep the Property – Rejected – The property is no longer required for the future Estate Strategy and has been declared surplus to operational requirements.

If the property is kept it would remain vacant and be subject to increasing yearly revenue costs currently circa £30,000 per annum, plus ongoing maintenance works. Additionally the building suffers from back log maintenance estimated at £357,000 in 2014.

#### **6. Consultation and Engagement**

There has been engagement with staff representative bodies through the relevant governance boards, namely the Estate Change Board for asset disposals.

#### **7. Strategic Links**

The recommendations within the decision report are underpinned by the Estate Strategy, which in turn supports the overall Police & Crime plan ensuring we have the

most efficient and effective estate to support policing throughout the county for the Essex public.

## **8. Police operational implications**

There are no adverse operational policing implications arising from the sale. Completion of the sale will assist in delivering Capital receipts to reinvest as per the Commissioners capital programme.

## **9. Financial implications**

The recommendation within this decision report will achieve a capital receipt of £1,650,000. If this sale is not completed the Capital Programme will need to be funded from elsewhere.

A failure to maximise the sale value of the building could place the Commissioner in breach of the fiduciary duty to sell assets for best consideration.

The anticipated asset value originally had a mid-point forecast of £1,500,000, this was superseded following the second marketing period and acceptance of the most beneficial offer.

The forecasted capital receipt was increased to £1,650,000 which is now being forecasted. This was submitted to Corporate Finance within the September 2021 disposals tracker and was updated within the month 7 Performance and Resources report provided in November 2021.

## **10. Legal implications**

The commissioner will be required to enter into a sale contract and seal a land registry transfer (TP1) to complete the asset disposal as detailed within the second and third recommendation.

The conveyance has been undertaken on behalf of the commissioner by Essex Legal Services and the documentation is included within Section 16 Background Papers and Appendices.

A failure to maximise the sale value of the building could place the Commissioner in breach of the fiduciary duty to sell assets for best consideration.

## **11. Staffing implications**

There are no staffing or resource implications, the operational teams were re-located from the building to alternative premises and the former transport workshop closed in October 2020 with the vehicle maintenance provision being undertaken from the main workshop in Boreham.

## **12. Equality, Diversity and Inclusion implications**

There are no specific Equality, Diversity or Inclusion implications arising from this decision report.

### **13. Risks and Mitigations**

There are no adverse risks identified that are as a result of the recommendation within the decision report.

The contract is conditional and if the buyers do not obtain satisfactory planning permission, or if there is a significant fall in the property price index, or the planning, S106 or Community Infrastructure Levy (CIL) contributions increase beyond the allocated funding the buyer can withdraw and request their deposit is returned.

### **14. Governance Boards**

Essex Police Estate Change Board - Asset disposal progress is presented to the board with this particular sale value first reported on 5<sup>th</sup> October 2021.

PFCC Strategic Estate Board - Asset disposal progress is presented to the board with this particular sale value first reported on 1<sup>st</sup> November 2021.

### **15. Links to Future Plans**

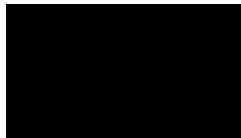
This decision report and the recommendations are linked to our longer-term plans for providing capital resources and subsequent investment strategy.

### **16. Background Papers and Appendices**

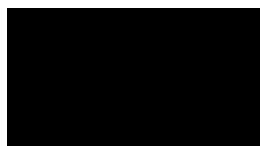
Marketing Particulars

Marketing Details  
OFFICIAL.pdf

Schedule of Offers Received – OFFICIAL SENSITIVE (*Not for publishing*)



Sale Contract – OFFICIAL SENSITIVE (*Not for publishing*)



Land Registry Transfer (TP1) & Site Plan OFFICIAL SENSITIVE (*Not for Publishing*)



Estate Strategy 2018 – 2023

<http://www.essex.pfcc.police.uk/finance-reporting/publications/police-estates-strategy/>



**If 'YES', please provide details of required redaction:**

The schedule of offers, sales contract and transfer contain personal information relating to the purchasers. Once the sale has completed the information will be available through Land Registry.

**Date redaction carried out:** .....

**Chief Finance Officer / Chief Executive Sign Off – for Redactions only**

If redaction is required, the Treasurer or Chief Executive is to sign off that redaction has been completed.

**Sign:** .....

**Print:** .....

**Chief Executive / Chief Finance Officer**

**Decision and Final Sign Off**

I agree the recommendations to this report:

**Sign:** 

**Print:** Roger Hirst

**PFCC**

**Date signed:** 8 June 2022

I do not agree the recommendations to this report because:

.....  
.....  
.....

**Sign:**

**Print:**

**PFCC/Deputy PFCC**

**Date signed:**