



**Name of meeting:** Cabinet

**Date:** 21<sup>st</sup> December 2022

**Title of report:** Strategic Acquisition of a property in relation to the rationalisation of Corporate Stores.

**Purpose of report:**

To seek Cabinet approval for the acquisition of a Strategic Long Leasehold asset on the outskirts of Huddersfield Town Centre.

<b>Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards? Decisions having a particularly significant effect on a single ward may also be treated as if they were key decisions.</b>	<b>Yes</b>  Yes - this report is likely to result in expenditure exceeding £250K.
<b>Key Decision - Is it in the <u>Council's Forward Plan (key decisions and private reports)</u>?</b>	<b>Key Decision – Yes</b>  <b>Public Report with Private Appendix</b>
<b>The Decision - Is it eligible for call in by Scrutiny?</b>	<b>Yes</b>
<b>Date signed off by <u>Strategic Director</u> &amp; name</b>  <b>Is it also signed off by the Service Director for Finance?</b>  <b>Is it also signed off by the Service Director for Legal Governance and Commissioning?</b>	David Shepherd – Strategic Director Growth & Regeneration - 08/12/2022  Eamonn Croston – Finance & Accountancy - 07/12/2022  Julie Muscroft – Legal Governance & Monitoring – 05/12/2022
<b>Cabinet member <a href="#">portfolio</a></b>	CLlr Paul Davies - Corporate

**Electoral wards affected:** Greenhead

**Ward councillors consulted:** No

**Public or private:**

**Public with private appendices**

(Exempt information under Part 1 of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006 as the report contains information relating to the financial or business affairs of any particular person (including the authority holding that information). It was considered that the disclosure of the information would be contrary to confidential terms and that the public interest in maintaining the exemption outweighed the public interest in disclosing the information and providing greater openness and transparency in relation to public expenditure in the Council's decision making.)

**Has GDPR been considered?** no personal or sensitive data; or other information covered by GDPR is included in this report

## **1. Summary**

- 1.1** This report is to seek Cabinet approval to purchase a property that will bring efficiencies to the Councils operations, save money on the costs of premises, and enhance our strategic landholding.
- 1.2** The rationalisation of office accommodation, changes in storage requirements resulting from the Cultural Heart and the efficient control and delivery of council assets bring into focus the need to provide a long-term base for corporate storage and logistics
- 1.3** An existing warehouse facility has become available which is of strategic importance above its actual usefulness to us over the medium term, as it allows the council to consolidate and control a strategic landholding across a broader site, bringing flexibility now and in the medium term in relation to the storage and delivery of the Councils assets; and longer term, when considering future land uses in this locality. To acquire the long leasehold interest now is strategically advantageous over and above its current usefulness to us in facilitating delivery of the corporate stores function.

## **2. Information required to take a decision**

- 2.1** A corporate storage and logistics operation has been running from a warehouse close to Huddersfield Town Centre since July 2020. Having a centralised operation during the pandemic enhanced our resilience and ability to respond to future shocks.
- 2.2** The benefits identified during the pandemic have been the driving force behind the creation of a corporate approach to our assets and the same warehousing facilities are being used to consolidate the tools and materials services need to deliver their operations.
- 2.3** The lease on the current premises expires in July 2025 but a break clause provides the opportunity to leave by July 2023.
- 2.4** In considering our post July 2025 options and how to reduce the Councils costs, an opportunity has arisen to activate the break clause creating savings whilst securing a base for future delivery of the Councils services.
- 2.5** It is proposed that the Council acquires a strategic long leasehold asset (subject to existing tenancies) close to Huddersfield Town Centre. A detailed private report with appendices will be considered by Cabinet on 21<sup>st</sup> December 2022 as the information is exempt in accordance with Part 1 of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006.

### **3. Implications for the Council**

#### **3.1 Working with People**

The purchase of this property will contribute to the development of a corporate stores & logistics service that will be designed to prevent severe disruption to service delivery, supporting services as they deliver for residents & stakeholders.

#### **3.2 Working with Partners**

Collaboration and working together with partner services is key to delivering an efficient, collaborative stores and logistics service. Concentrating the stores in one central location will support the asset rationalisation strategy to increase integration of services and support intelligence led outcome focused service delivery

#### **3.3 Place Based Working**

The benefits of concentrating the stores in one location, along with the offer of a delivery service, means that services will be able to utilise smaller, Locality bases and enable closer working with key partners

#### **3.4 Climate Change and Air Quality**

Focussing our service from a single, well-connected location will make our delivery system more efficient. Delivering to services where and when they require their materials will reduce the number of journeys, they themselves must make, consequently reducing carbon emissions and pollution in Kirklees. This will also give the logistics service the opportunity to work with other partners to avoid duplicating delivery routes.

#### **3.5 Improving outcomes for children**

No direct impact

#### **3.6 Financial Implications for the people living or working in Kirklees**

There are operational savings that will arise from this proposed strategic purchase as outlined in the private appendix

#### **3.7 Other (e.g., Integrated Impact Assessment (IIA)/Legal/Financial or Human Resources) Consultees and their opinions**

##### **Legal**

Section 120 of the Local Government Act 1972 provides the legal framework for Councils to acquire land for the purposes of any of their functions or the benefit, improvement, or development of their area. The proposed acquisition will provide an opportunity for the Council to efficiently deliver future services, to consolidate its landholding in the area and to assist the decant at the Flint

Street (North) site currently occupied by various Council services and which is allocated for Housing in the Local Plan.

The Council's Disposals and Acquisitions Policy sets out the general principles that govern strategic acquisitions, including having regard to prudent commercial practices. Should negotiations proceed to a successful conclusion, full legal due diligence (including title checks, review of leases, searches etc.) and structural and condition surveys are to be carried out prior to completion of the purchase. A RICS red book valuation will also be procured to ensure that any agreed purchase price represents market value.

## **Financial**

The proposed strategic acquisition as set out in this report will be met from the Council's strategic acquisition fund allocation within the approved capital plan. The revenue implications of the proposed strategic purchase are contained within the private report as this is exempt information.

## **Integrated Impact Assessment**

The overall impact of this proposal is positive due to the benefits to the environment of storing and delivering our assets from one site, reducing the number of journeys through smarter journey planning.

## **4. Consultation**

No public consultation has taken place in relation to this item

## **5. Engagement**

The Portfolio Holder has been consulted

## **6. Next steps and timelines**

- 6.1** Subject to successful completion of negotiations and due diligence it is anticipated that contracts are exchanged by the end of March 2023 with completion taking place simultaneously or shortly thereafter.

## **7. Officer recommendations and reasons**

- 7.1** Approve the strategic acquisition, as detailed in the red line boundary attached at private Appendix B;
- 7.2** Approve the required capital funding from the Strategic Acquisitions Fund as identified in the Council's Capital Plan.

- 7.3** Delegate authority to the Service Director for Legal, Governance and Commissioning to enter and execute any agreements or instruments relating to the acquisition.

## **8. Cabinet Portfolio Holder's recommendations**

- 8.1** Approve the strategic acquisition, as detailed in the red line boundary attached at private Appendix B;
- 8.2** Approve the required capital funding from the Strategic Acquisitions Fund as identified in the Council's Capital Plan.
- 8.3** Delegate authority to the Service Director for Legal, Governance and Commissioning to enter and execute any agreements or instruments relating to the acquisition.

## **9. Contact officer**

David Martin – Head of Service for Corporate Landlord and Capital

## **10. Background Papers and History of Decisions**

Private Appendix A – Private report on the proposed strategic acquisition  
Private Appendix B – Red line boundary plan  
Private Appendix C – Council land ownership plan

## **11. Service Director responsible**

David Shepherd - Strategic Director Growth and Regeneration