

CHESHIRE EAST COUNCIL

CABINET

Date of Meeting:	4 March 2013
Report of:	Interim Strategic Director – Places & Organisational Capacity
Subject/Title:	Former Royal Mail Sorting Office, Crewe
Portfolio Holder:	Councillor Jamie Macrae Portfolio Holder for Prosperity & Economic Regeneration

1.0 Report Summary

- 1.1 In 2011 the Council acquired the former Royal Mail site, off Weston Road, Crewe. Works are currently underway to clear the majority of the site occupied by the former delivery office buildings, to create the new Crewe Rail Exchange scheme.
- 1.2 The balance of the site (0.92 ha) includes a 4,517sq metre former sorting office, which is a more modern single-storey warehouse and surrounding loading, car parking and ancillary areas not required for the main Crewe Rail Exchange scheme.
- 1.3 To date, the Council has marketed the site on the basis of a short-term lease. We are now aware of interest in the site on different terms, and this represents a potentially major opportunity to create a significant number of new local jobs, supporting the Council's prioritisation of economic growth and job creation. Cabinet approval is therefore sought to market and subsequently dispose of the sorting office and associated areas on a terms to be agreed.

2.0 Decision Requested

- 2.1 Cabinet is requested to:
- i) approve that the areas of the former Royal Mail Sorting Office building/site not required to deliver the Crewe Rail Exchange Scheme (identified on site plan in Appendix 1) are marketed for disposal;
 - ii) approve its subsequent disposal, on terms to be agreed, subject to further delegated approvals in line with the Constitution, to the Interim Strategic Director (Places & Organisational Capacity) in consultation with the Portfolio Holder (Prosperity & Economic Regeneration).

3.0 Reasons for Recommendations

- 3.1 In 2011 the Council acquired the former Royal Mail buildings and site, off Weston Road, Crewe. This was done to facilitate new development around Crewe railway station, as identified in existing planning policy. Since then, the Council has secured (£6.177m) funding from the Department for Transport/Network Rail to deliver the first phase of its Crewe Rail Gateway

scheme, known as Crewe Rail Exchange (CRE). Works are currently underway to clear the majority of the site occupied by the former delivery office buildings, to create the new CRE scheme which will include a surface grade car park, taxi rank and an improved subway access serving Crewe Station.

- 3.2 The balance of the site includes a 4,517sq metre former sorting office, which is a more modern single-storey warehouse. There were no direct plans to develop this site, but it formed part of the single lot when the overall site was disposed of by Royal Mail.
- 3.3 Since the sorting office was acquired, it has been marketed on a short-term leasehold basis. Whilst there have been various enquiries, there has only been one short-term occupation of the building, when Expert Logistics used it as an interim facility ahead of their major new investment in new premises on Weston Road.
- 3.4 The Council is now aware of interest in the building, but only on the basis of terms other than short-term lease. As a site with existing consent for employment uses, the Council is keen to ensure it facilitates the creation of new jobs and investment, for the benefit of the local economy. Its proximity within the major employment area of Weston Road, and its proximity to Crewe rail station make it a particularly attractive proposition for potential investors. In particular, it will be more accessible to the local workforce as a result of the CRE scheme and the new 'One1ink ' bus service enhancing connectivity for working people in Crewe.
- 3.5 It is proposed that the site is marketed for disposal with immediate effect, on terms to be agreed, then subsequently disposed of in order to maximise the market opportunities.

4.0 Wards Affected

- 4.1 Crewe East

5.0 Local Ward Members

- 5.1 Cllr Peggy Martin, Cllr David Newton, Cllr Chris Thorley

6.0 Policy Implications including - Carbon reduction - Health

- 6.1 The former Royal Mail Sorting Office site operated as part of the Royal Mail mail and parcel operations serving Crewe. The authorised uses for the building are a mix of B1 (office/light industrial/R&D) and B8 (distribution). Given its location on Weston Road, it is considered that the site should be disposed on the basis of an employment-related use, and it will be valued on this basis. It has the potential to provide a significant number of new local jobs for Crewe at a critical time, supporting the Council's key priority: *A growing and resilient local economy*. It is also prioritised in the Council's Three Year Plan:

- Outcome 2 (*Cheshire East has a strong and resilient economy*),

- Priority 1 (*Local Economic Development*), and
- Change Project 1.3 (*Investment to support business growth*).

7.0 Financial Implications (Authorised by the Director of Finance and Business Services)

- 7.1 There are no cost implications for the Council relating to the marketing or disposal of the site. Sale of the site would generate a capital receipt, and remove the current revenue costs of holding the site, currently met the Assets Maintenance budget.
- 7.2 As well as marketing the site, the Council will undertake a valuation of the site in its current state and permitted uses.

8.0 Legal Implications (Authorised by the Borough Solicitor)

- 8.1 When the Council is disposing of any land it must comply with section 123 of the Local Government Act 1972 (the duty to obtain best consideration) unless it can rely on the Local Government Act 1972 general disposal consent ('well-being' justification) and the conditions to that consent are satisfied or the Secretary of State's specific consent is given. The Council must also have regards to its fiduciary duty.
- 8.2 The title to the site is subject to various restrictive covenants and incumbrances which may affect the buyer/ lessee's use of the site.
- 8.3 The site has been elected for VAT and VAT will be payable by the buyer / lessee on the purchase price/rent.
- 8.4 The Council is in the process of agreeing heads of terms for the long lease of CRE to a Network Rail group company. There will be rights in favour of CRE over the site and vice versa, such as rights for the users of the site to use the (to be built) access within CRE, subject to contributing to costs of its maintenance and repair and rights for Network Rail to enter the site to repair CRE. As these cross rights have not yet been fully negotiated, the Council will need to liaise with Network Rail when formalising terms for the disposal/ lease of the site.

9.0 Risk Management

- 9.1 The only identifiable risks in marketing the site, and its subsequent disposal, relate to there being no market interest. However, the Council is of the belief that this is not the case

10.0 Background and Options

- 10.1 Cheshire East Council bought the former Royal Mail site in Crewe in 2011, after a successful bidding competition. The 4.5-acre Weston Road site became vacant when Royal Mail relocated its sorting offices to Stoke and Warrington.

- 10.2 In the original report recommending the submission of a formal bid (October 2010), the key justification for purchase was the critical element the site plays in facilitating the delivery of the established Rail Gateway Supplementary Planning Document (SPD). This promoted a scheme that would create a more modern station environment, in order to increase the attractiveness of Crewe as a place for business and investment. It subsequently formed part of the Crewe Vision strategic framework, which has developed further through the All Change for Crewe programme, prior to the Council securing funding for the new Crewe Rail Gateway scheme.
- 10.3 The October 2010 Cabinet report identified, however, that the site to be acquired by the Council included areas not required to deliver the Rail Gateway scheme. This surplus area relates very closely to the site that is the subject of this report, i.e. the 4,517sq metre former sorting office, adjacent parking and service yard and areas of ancillary land that are not required to deliver the Crewe Rail Gateway scheme. The same report identified that number of short-term options would be considered whilst a longer-term position was developed.
- 10.4 Works are currently underway to clear the majority of the site occupied by the former delivery office buildings, to create the new Crewe Rail Exchange scheme, which will include a surface grade car park, taxi rank and an improved subway access serving Crewe Station.
- 10.5 Other options for the site that have been considered for the former sorting office and associated area are:
- i) *Continue to market the site for short-term leasehold occupation.* This has been ruled out on the basis of lack of market interest, the availability of other premises, and the costs to the Council of holding the building with vacant possession until it is let.
 - ii) *Demolish the building and operate with a temporary use, e.g. car parking.* This has been ruled out on the basis that it does not generate a long-term solution for the site and there could be limiting in operating it as a car park, given the implications for increased traffic movements onto Weston Road, and in terms of the displacement impact on other car parks in the vicinity.

11.0 Access to Information

- 11.1 The background papers relating to this report can be inspected by contacting the report writer:

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Appendix 1: Former Royal Mail sorting office and associated site

