

KESTREL WAY INDUSTRIAL UNITS

Executive Summary

The former recycling centre and adjacent land off Kestrel Way and Sythwood is owned by Woking Borough Council and was part of the land, including the current Fire Station and Carhouse Allotments site that the Council and Rutland earmarked for development by its Joint Venture Company, Rutland Woking Limited (RWL).

RWL has brought forward and obtained Planning Consent for three industrial units off the Kestrel Way entrance. It has also submitted a Planning Application for development off Sythwood which has yet to be determined but is referred to in the Affordable Housing report elsewhere in the Agenda.

This report seeks Executive approval for the development of the Industrial Units for the Council by RWL. The total cost of the development is £3.5m with an annual cost of between £129,000 (2.75%) and £133,000 (2.9%) depending on which interest rate applies at the time of the investment. The annual income is projected at £156,500 based on two pre let units (Units 1 and 3) with one unit (Unit 3 at £39,000) still to let; the forecast surplus is therefore between £27,000 and £23,000 depending upon the interest rate.

There is a possibility of a charitable organisation wishing to use Unit 2 but it would not be able to pay the rent that is sought. If the Executive approves the proposal set out herein negotiations will be held with the Charity and a report submitted to the Executive for consideration at its meeting in December when it considers support for voluntary organisations.

The Executive is requested to authorise the development of the industrial units at Kestrel Way by Rutland Woking and an Investment Programme Budget, financed by Loan, of £3.5m.

Recommendations

The Executive is requested to:

RESOLVE That

- (i) the development by Rutland Woking Limited of Industrial Units at Kestrel Way be approved; and
- (ii) an Investment Programme Budget of £3.5m, to be financed by a 50 years PWLB Annuity Loan, be approved.

Reasons for Decision

Reason: To provide additional industrial units in support of local business activity.

The Executive has the authority to determine the recommendation(s) set out above.

Background Papers: None.

Kestrel Way Industrial Units

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1.0 Introduction

- 1.1 The former recycling centre and adjacent land off Kestrel Way and Sythwood is owned by Woking Borough Council and was part of the land, including the current Fire Station and Carhouse Allotments site that the Council and Rutland earmarked for development by its Joint Venture Company, Rutland Woking Limited (RWL).
- 1.2 RWL has brought forward and obtained Planning Consent for three industrial units off the Kestrel Way entrance; a copy of the Block Plan for the site is attached at Appendix 1. RWL has also submitted a Planning Application for development off Sythwood which has yet to be determined but is referred to in the Affordable Housing report elsewhere in the Agenda.

2.0 Proposed Development

- 2.1 There are three Industrial Units proposed for Kestrel Way as outlined in the Block Plan above. The cost of the development, which has been subject to tender, is £3.5m. The three industrial units are as follows:-

	Sq.Ft.	Rate (£)	Rent £	
Unit 1	6,544	11.00	72,000	Pre Let
Unit 2	2,683	14.54	39,000	To let
Unit 3	3,116	14.60	45,500	Pre Let
Total	12,343		156,500	

- 2.2 As outlined above the annual income is projected at £156,500 based on two pre let units (Units 1 and 3) with one unit (Unit 3 at £39,000) still to let.
- 2.3 There is a possibility of a charitable organisation wishing to use Unit 2 but it would not be able to pay the rent that is sought. If the Executive approves the proposal set out herein negotiations will be held with the Charity and a report submitted to the Executive for consideration at its meeting in December when it considers support for voluntary organisations.

3.0 Implications

Financial

- 3.1 The annual cost to finance the £3.5m investment, depending on the interest rate charged for the PWLB Annuity Loan is between £129,000 (2.75%) and £133,000 (2.9%) depending on which interest rate applies at the time of the investment.
- 3.2 The annual income is forecast at £156,500, see 2.1 above; the forecast surplus is therefore between £27,000 (2.75%) and £23,000 (2.9%) depending upon the interest rate achieved.
- 3.3 The financial summary is attached at Appendix 2 (2.75%) and Appendix 3 (2.9%).

Human Resource/Training and Development

- 3.4 There are no human resources or learning and development issues raised by this report.

Community Safety

- 3.5 Community Safety issues will be addressed in the implementation of the project.

Risk Management

- 3.6 Risk Management issues will be addressed in the implementation of the project.
- 3.7 There is a risk that the letting of Unit 2 may be delayed or that the Council decides to let it below market value which will reduce the return for the Council.

Sustainability

- 3.8 The proposals herein add to the economic sustainability of the Borough through the provision of new industrial unit space.

Equalities

- 3.9 There are no equalities issues raised by this report and the development will meet all accessibility standards.

Safeguarding

- 3.10 There are no safeguarding issues raised by this report.

4.0 Consultations

- 4.1 The Leader of the Council and the Portfolio Holder have been consulted in the preparation of this report.

REPORT ENDS