

## **Wiltshire Council**

### **Cabinet**

**13 December 2016**

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**Subject: Castle Works, Castle Road Salisbury**

**Cabinet Member: Councillor Fleur de Rhé Phillipe  
Cabinet Member for Economic Development, Skills,  
Strategic Transport and Strategic Property**

**Key Decision: Yes**

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#### **Executive Summary**

The Council owns the freehold to Castle works, Castle Road, Salisbury subject to a lease to Five Rivers Eco Homes Limited with 85 years unexpired. The company has obtained outline planning consent (reference SAL/14/06650/OUT) for residential development and has requested that the Council enter into a joint sale agreement (the main terms of which are contained in the confidential paper). Entering into the agreement will deliver a significant capital receipt to the Council and enable important economic benefits in terms of safeguarding high quality jobs within Wiltshire, facilitating the growth of an important high value manufacturer, delivering local brownfield regeneration and providing 60 new homes including 19 affordable housing units.

#### **Proposal**

To enter into a joint sale agreement with 5 Rivers Ecohomes for the disposal of Castle Works Salisbury on terms to be agreed by the Associate Director People and Business following consultation with the Cabinet Member for Economic Development, Skills, Strategic Transport and Strategic Property and the Associate Directors for Legal and Governance and Finance.

#### **Reason for Proposal**

A disposal will generate a capital receipt, safeguard employment in Wiltshire, and deliver affordable housing provision in line with policy.

**Dr Carlton Brand  
Corporate Director**

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### **Purpose of Report**

1. To seek approval to enter a joint sale agreement with Five Rivers Eco Homes Limited in respect of the Castle Works site, Castle Road, Salisbury ("Castle Works").

### **Relevance to the Council's Business Plan**

2. Priority 2: To boost the local economy – creating and safeguarding jobs

### **Main Considerations for the Council**

3. Ensuring that the main businesses are retained in accordance with the outline planning permission is expected to safeguard, in the short term, in excess of 50 jobs in the high-value manufacturing / engineering sector, which is a priority sector in the economy. It is understood that the businesses may be seeking to expand and in any event would benefit from new premises as the current buildings are ageing, and considered to be inflexible and not well suited to modern business needs.
4. In addition to any section 106 planning obligations, the major shareholder of Five Rivers Eco, with whom the Council has negotiated the commercial terms, has also offered to give such written undertakings as are necessary to ensure that Five Rivers commits to safeguarding these jobs within the Wiltshire.
5. Similar obligations will be inserted into the joint sale agreement.
6. The development will provide 19 affordable homes in an area of need and a further 41 market units towards the Council's target for new homes in Salisbury along with the regeneration of a brownfield site.

### **Overview and Scrutiny Engagement**

7. As an urgent item, there has not been the opportunity to engage with the Overview and Scrutiny committee at this stage. However the Chairman of

Overview and Scrutiny has been briefed on the matter and in view of the urgency, which arises from the operational constraints of the existing building meaning that the businesses may need to decide on relocation options in the very near future, it has been agreed that this matter should come before cabinet now.

### **Safeguarding Implications**

8. There are no safeguarding implications relating to the proposal.

### **Public Health Implications**

9. If taken forward, the proposal will enable the delivery of housing, including affordable housing, in an area of need and improve the environment by regenerating a brownfield site.

### **Procurement Implications**

10. There are no procurement implications relating to the proposal.

### **Equalities Impact of the Proposal**

11. There are no equalities impacts arising from the proposal.

### **Environmental and Climate Change Considerations**

12. Environmental impacts associated with the proposed residential development were considered by the planning committee and assessed as having no likely significant effects on the environment, and planning permission is conditional e.g. the agreement of a Construction Environmental Management Plan.

### **Risks that may arise if the proposed decision and related work is not taken**

13. Risks include the loss of a substantial number of jobs if the businesses decide to relocate out of the area, the failure to realise a capital receipt from the sale of the site and the failure to regenerate a brownfield site to create new housing, including affordable housing, in an area of need.

### **Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks**

14. The businesses may be minded to relocate outside of the county in any event, but any joint sale agreement will be drafted to include such covenants as are necessary to mechanisms to mitigate this risk.
15. The leaseholders may not agree to enter a joint sale agreement or to surrender their legal interest. This is a commercial decision for both those organisations. This risk will be mitigated by negotiations that Five Rivers will carry out with the leaseholders.

## **Financial Implications**

16. The Council will receive a substantial capital receipt which will significantly exceed the value of the income stream received from the fixed annual rent payments currently received from Five Rivers Eco Homes Limited as detailed in the confidential appendix.

## **Legal Implications**

17. S 123 of the Local Government Act 1972 gives Wiltshire Council the ability to transfer land at less than market value where that transfer helps secure the promotion of the economic, social, or environmental wellbeing of the area. The Secretary of State's approval is required if the undervalue exceeds £2,000,000 which is unlikely to be the case in this matter.
18. Legal Services, in conjunction with property services, will so far as it has not already done so, need to review the title deeds for the property to evaluate any legal issues which may have an impact on the proposed joint sale agreement and the ultimate disposal of the site.

## **Options Considered**

19. These, and the terms of the potential joint sale agreement are included in the confidential report.

## **Conclusions**

20. Entering into a joint sale agreement with Five Rivers Eco Homes Limited for the freehold disposal of the Castle Works site will generate a capital receipt, safeguard employment in Wiltshire, and generate affordable housing provision.

## **Alistair Cunningham (Associate Director, Economy and Planning)**

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Appendices

Part ii - Appendix