

## Item 6 – Public Question Received under Standing Order 27.5

	Question From	Question to	Question
1	Mrs Buckley	Councillor Pike	<p>The committee report seems to lack detail on Item 7. Surrender of the lease on the HBC owned Land at Southmoor Lane, Havant. Until recently this was Havant Lorry Park and has now been vacated.</p> <p>Why does the committee report not give details of what Suez Recycling and Reclamation South East Ltd were doing with the site, the planning history and restrictions on the lease?</p>
<p><b>Reply:</b> Suez hold a lease for this land for a term of 123 years from February 1989. Suez never occupied the site themselves. The site was underlet by Suez to Hemley International Ltd. The lease is being forfeited by Suez. The planning history is minimal – no planning applications have been made in the last 20 years. There are restrictions on the current lease, but this change gives us the opportunity to revisit these. As Cabinet Lead, I have received detailed briefings about this site, which are <b>Exempt</b> reports under s123 LGA 1972. These include independent market valuations in order to determine best consideration and therefore the best course of action for the Council.</p>			
2	Mrs Buckley	Councillor Pike	<p>The rent review was not completed by HBC in 2019 resulting in four years of the rent increase of £15,000 not being paid to HBC a total of £60,000. This seems to be poor property management. Why are HBC now proposing the Council pay Suez £400,000 to surrender the lease on a site they are not currently using?</p>
<p><b>Reply:</b> The Estates team were unable to complete and formalise the rent review in February 2019 because various breaches of covenant were identified. We required the tenant to remedy the various breaches of covenant under the lease, and provisional agreement was reached with Suez to settle the rent review at £80,000 per annum. Reaching agreement by mutual consent with Suez has avoiding time consuming and expensive legal and estates costs.</p> <p>Land is an asset and has a market value. HBC are purchasing the long leasehold interest from Suez subject to payment of £400,000 because a lease of 89 years unexpired of industrial land, has a significant market value. Suez would be at liberty to sell their</p>			

	Question From	Question to	Question
			valuable leasehold interest in the land to another party however the terms agreed with HBC will make a major contribution to our projected income, as forecast in our Medium Term Financial Strategy.
3	Mrs Buckley	Councillor Pike	This 2.2 acre HBC site in Southmoor Lane is adjacent to Budds Farm Wastewater Treatment Works and could be a very convenient site for Southern Water to have a Water Recycling Plant an important part of their proposal to recycle effluent to Havant Thicket Reservoir as a source of drinking water. Havant BC recent response to Defra made it clear that the Council do not support the Water Recycling proposal. Have there been discussions with Southern Water regarding the use of this 2.2 acre Southmoor site ?
			<p><b>Reply:</b> Various sites have been considered by Southern Water within a 1.5km radius of Budds Farm as part of their strategic project.</p> <p>HBC are not proposing to dispose of the site at Southmoor Lane to Southern Water. In any case, the site is unsuitable for the requirements of Southern Water as it is far too small.</p>
4	Mr Owens	Councillor Pike	1. Has there been ANY contact with Southern Water whatsoever in the 5 years prior to this meeting (22 March 2023) regarding any potential arrangement for Southern Water or any of it's representatives or any of it's contractors to acquire, purchase, lease or otherwise contractually conduct its business on any site within 1.5 kilometre of the Budds Farm boundary (please indicate the site) specifically related to the recycling of sewage effluent for drinking water?
			<p><b>Reply:</b> Southern Water are required to consult with landowners within the Borough impacted by their plans. They have a statutory obligation to do so given the nature of their proposed project. Therefore, as a Council we have engaged with Southern Water whenever they have plans that impact Council owned property.</p>
5	Mr Owens	Councillor Pike	When the plan is to remove a massive £400k from the HBC corporate reserves it seems to me that ALL FIVE risks in para 9.0 should be properly determined and stated using appropriate and unambiguous nomenclature - this is not the case. Currently only one fits

	Question From	Question to	Question
			the accepted practice of using low/medium/high risk language (ie para 9.4). I note that Para 9.1 says the risk is "limited" which appears to be contextually ambiguous. Risk assessments usually consist of risks plus risk mitigation; the latter is clearly absent in this motion and mitigation is clearly a significant material consideration when such a large sum of taxpayers cash is potentially at risk. What are the specific levels of risk (low/medium/high) for each risk and what are the mitigations for each risk?
<p><b>Reply:</b> The report seeks authority to release corporate reserves to enable the Deed of Surrender to be completed with Suez only.</p> <p>The risks section of the report relate to financial modelling, much of which is contained within exempt reports. We have our own experienced and qualified officers who also have access to external property and legal advice as required.</p> <p>For example, we make assumptions about our ability to let the property within certain timescales, and that the market conditions will not be substantially different to now. I am confident that we have substantial interest in the site, and that reletting should take place quickly. We also have risks about receiving the site with vacant possession – again, this is a low risk because most of this work has already been completed by Suez.</p>			
6	Mr Owens	Councillor Pike	It seems very curious to me that the urgency of vacating the site has literally been stated as being in the next 2 days (24/3/23). With such urgency it seems somewhat absurd that the two reasons cited in para 3.8 could both be true. So, is the council planning to use the land for "operational use" (if so what will the use be?) or is an opportunity for generating additional revenue already on the table and in progress (if so what is the nature of the opportunity?) or do both reasons apply, please explain?
<p><b>Reply:</b> Suez must yield up the site subject to agreed conditionalities by the long stop date (31<sup>st</sup> March 2023) in order to complete the surrender of their long leasehold interest. Both reasons apply. A good number of expressions of interest have been received have been received to use the site for open storage purposes pending consideration of any development opportunities, to realise additional revenue for HBC. All these points are fully aligned with our Corporate Strategy and Asset Management policies.</p>			