

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 11 July 2016

Portfolio:	Finance and Resources
Subject:	Disposal of land at Daedalus
Report of:	Director of Finance and Resources
Strategy/Policy:	Corporate Strategy
Corporate Objective:	A dynamic, prudent and progressive Council

Purpose:

To consider the terms for the disposal of land at Daedalus to NATS (National Air Traffic Services) for the construction of a new training radar.

Executive summary:

NATS plans to build a new radar training tower to enable its engineers to carry out testing and training activities without causing disruption to its national radar network.

An area of land has been identified at Daedalus to accommodate the radar within its own secure compound. The report sets out commercial Heads of Terms for the disposal of the land to enable NATS to build its facility and then enter into a lease for the land.

When the lease is completed the annual rent received would be reinvested within the Daedalus Estate.

Recommendation/Recommended Option:

That the Executive:

- (a) approves the draft Heads of Terms, as set out in confidential Appendix A to this report;
- (b) delegates authority to the Director of Finance and Resources in consultation with the Executive Member for Policy and Resources to agree the detailed terms, as appropriate; and
- (c) agrees to reinvest the annual rent received from the disposal of land under this lease into the Airport Estate to support the Vision for Daedalus.

Reason:

To enable the disposal of land to NATS to progress to legal completion.

Cost of proposals:

The legal and surveyors costs associated with the disposal of land will be met from the proceeds of the disposal. The annual rent received will be reinvested within the Airport Estate in accordance with the Vision for Daedalus.

Appendices:

A: Draft Heads of Terms (CONFIDENTIAL)

B: Plan

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Executive Briefing Paper

Date:	11 July 2016
Subject:	Lease of land for new NATS training facility at Daedalus
Briefing by:	Director of Finance and Resources
Portfolio:	Policy and Resources

INTRODUCTION

1. NATS plans to build a new radar training facility to enable its engineers to carry out testing and training activities without causing disruption to its national radar network.
2. An area of land has been identified at Daedalus to accommodate the radar within its own secure compound. The report sets out commercial Heads of Terms for the disposal of the land to enable NATS to build its facility and then enter into a lease for the land.

BACKGROUND

3. Based at Swanwick, NATS is the largest employer in the Borough of Fareham and maintains a network of 23 operational radar sites throughout the UK.
4. There are currently no radar training facilities available within the UK and therefore NATS has to take one of its operational radars out of service whenever new equipment has to be installed and trialled.
5. The radar will be used by NATS for development of new software, new equipment and for training purposes and therefore would not be available to provide an active radar feed for the airfield for air traffic control purposes.
6. In addition to being used to accommodate NATS' operational development and training needs the installation could be used to provide training facilities for external, third party radar users and technicians.
7. The new training radar will assist NATS in the effective long term maintenance of its operational network.

DAEDALUS AS A LOCATION FOR THE RADAR TRAINING FACILITY

8. Initial feasibility work suggests that the site identified by NATS through dialogue with the Council and its Airport Management company is capable of accommodating the radar training facility with minimal impact on surrounding land and operational infrastructure.

9. Being located on the perimeter of the airport at Daedalus where there are a number of similar installations, the site identified for the facility is considered suitable in the context of its surroundings and the compound will be securely fenced from adjoining occupiers including the Airport itself.
10. NATS is currently occupying an office in the Fareham Innovation Centre on a short term basis to carry out project feasibility work for the new facility.
11. There is scope to provide NATS with longer-term accommodation within the Daedalus estate, to include office, conference and welfare facilities for both NATS engineers and third party contractors, consultants and representatives. This will be a matter for further discussion, on terms to be agreed by the Director of Finance and Resources.

TERMS FOR LAND DISPOSAL

12. Through discussions with NATS, draft Heads of Terms have been prepared for the disposal of land to accommodate the radar training facility. These are attached in confidential appendix A.
13. Licence to undertake ground investigation works: The Council has already granted a licence to carry out ground investigation works on the plot identified for the radar training facility station at Daedalus.
14. Building Agreement/Agreement for Lease: A Building Agreement and Agreement for Lease will be entered into simultaneously to set out the parameters for development and enable construction to take place.
15. The Building Agreement will give NATS the right to access the site for the radar training facility, along with a small area adjacent to the site for laying down materials during the construction phase, and then to build the facility. NATS will be required to carry out and complete the development in accordance with the approved planning permission and a defined programme, and in accordance with the Council and CAA's requirements in respect of aerodrome safeguarding.
16. The Agreement for Lease provides certainty that, provided that NATS construct the facility in line with their obligations under the building lease, they will be entitled to a Lease of the land upon practical completion of its facility.
17. Lease of Land: Upon completion of the facility NATS will be granted a lease of the site.
18. The principal terms for the lease of land are shown in Appendix A, but will be refined in the detailed lease. The main elements of the lease are
 - a. The term of the lease is 20 years, with a tenant only break option at the end of year 5.
 - b. The compound will be situated in a non-airside location with access from Daedalus Drive through an existing gate.
 - c. The lease will be granted subject to all third party rights over the site, all operational requirements of the Airport and Coastguard, and existing users.
 - d. As a non-airside tenant NATS will be required to contribute its share to the cost of estate management, via a service charge.

e. NATS will be responsible for its own legal costs

19. It is important to note that the heads of terms set out in Appendix A reflect the arrangements that the Council would enter into, as landowner of the site at Daedalus. It does not reflect any dialogue that the Council may have in its capacity as Local Planning Authority, and obligations that may arise from these.
20. NATS has already secured planning consent for the proposed facility from both Fareham Borough Council (Application number: P/16/0689/FP) and Gosport Borough Council (Application number: 16/00173/FULL) respectively. The consent of both local authorities is required because part of the access road and associated fencing will be on land within the Borough of Gosport, while the compound itself is within the Borough of Fareham.

NEXT STEPS

21. If the Heads of Terms are agreed by the Executive, these terms will then be reported to the Council's lawyers and work will proceed to complete the legal documentation for the transaction.
22. It is anticipated that once this has been completed, construction of the facility would begin by Autumn 2016, with NATS in occupation from early 2017.

FINANCIAL IMPLICATIONS

23. An annual rent will be payable for the use of the Council's land at Daedalus. It is intended that this sum be reinvested in the Daedalus Estate to support the Council's Vision for Daedalus, net of any professional costs.
24. NATS is to be responsible for payment of its own professional costs associated with the transaction.

CONCLUSION

25. The proposal to build a new NATS training radar facility at Daedalus provides an opportunity for the Council to secure a long term rental income for the Estate on commercial market terms, and in doing so will facilitate a project of national importance for NATS for its business continuity.
26. As such, it is recommended that the Executive agree the Heads of Terms, as set out in the appendix, and delegate authority to the Director of Finance and Resources in consultation with the Executive Member for Policy and Resources, to agree the detailed terms for each of the legal agreements.

Enquiries:

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