
ASSET MANAGEMENT – DISPOSAL OF ASSETS

To: **Cabinet - 19th January 2016**

Main Portfolio Area: **Community Services**

By: **Lesley Trim, Estates Surveyor**

Classification: **Restricted**

Ward: **Bradstowe**

Summary: To ask Cabinet to consider the options below in respect of Retort House, Albion Street car park, Broadstairs, and decide one of the following:

- (i) agree to dispose via Community Asset Transfer**
- (ii) proceed with a freehold sale on the open market**
- (iii) Retain as an asset**

For Decision

1.0 Introduction and Background

- 1.1 Retort House is listed as a community asset on the Council website.
- 1.2 Cabinet gave authority on 19th June 2014 to progress the disposal through the disposal framework for a freehold sale.
- 1.3 The asset was nominated by Broadstairs Town Council and the asset disposal notice was received on 2nd June 2105.
- 1.4 The interim moratorium end date was 13th July 2015, and the full moratorium end date was 1st December 2015.
- 1.5 The potential protected period end date is 1st December 2016.

2.0 The Current Situation

- 2.1 Two potential bids have been received:
 - Broadstairs Town Council;
 - Broadstairs Youth and Leisure Centre.
- 2.2 The moratorium period has now expired where the community groups prepare to raise the necessary funding and their business case in order to buy the asset on the open market.
- 2.3 Lambert Smith and Hampton have valued the freehold interest of the property, for disposal purposes, on behalf of the Council, at the valuation date of 15th July 2015 at £60,000 (sixty thousand pounds) subject to the lease and tenancies. The market value of the property with the special assumption of full vacant possession at the

valuation date of 15th July 2015 remains at £60,000 (sixty thousand pounds). It is not considered that the valuation would have changed in the last 6 months.

- 2.4 I have written to the Broadstairs Youth and Leisure Centre, reminding them that the moratorium period expired on 1/12/2015. There has been no response to this letter, and no offer has been received
- 2.5 The Town Council has made an offer of £10,000, based on independent advice, taking into account the cost of surveys and the condition of the property, (£50,000 less than the Council's valuation), and have presented 2 options:
- (i) based on the minimum works required to get the building into a useable and leasable condition, but meeting minimum requirements as landlord at an estimated cost of £697,572 (footprint of existing building)
 - (i) maximising the use of the existing building by refurbishment and extension, making it more economical to run using an additional parcel of land in front of entrance, at an estimated cost of £1,324,478.

Both options are dependent on the availability of funding at the required time, and option (ii) can only proceed if an additional parcel of land in front of the current entrance is included to enable reconfiguration of the existing access to provide room for a disabled lift to be installed. However, this additional land was not included within the Community Right to Bid and there is no Cabinet approval to dispose of any additional land.

- 2.6 The independent valuer has confirmed that in his opinion a restrictive covenant limiting the uses as set out in 2.8 below does not have any significant effect on the valuation which reflects the current uses, the condition of the property and the challenges of refurbishment.
- 2.7 The potential uses the Town Council has identified as securing the promotion and improvement of the economic, social and environmental well-being of the area include:
- (i) Sportshall for badminton, basketball, dance classes/practice etc
 - (ii) Sportshall also to be used for public meetings, meeting rooms for businesses, clubs and societies;
 - (iii) Smaller meeting rooms for teaching, businesses, clubs and societies.

It is recognised that the Town Council would need to secure some commercial lettings in order to run the building.

- 2.8 The Council does not have sufficient funds to maintain the building to ensure it is fit for purpose.

3. Options

- 3.1 Cabinet are asked to give due consideration to the following, and decide which option to agree:

(i) Community Asset Transfer

Community Asset Transfer under the Local Government Act 1972: General Disposal Consent (England) 2003, if the Town Council cannot raise sufficient funds to pay market value. A Community Asset Transfer would follow the procedures as laid out in the Corporate Property Asset Management Strategy 2014-2019 adopted in 2014, and the approved disposal process. If Cabinet wishes

to consider the option of a community asset transfer it needs to be satisfied that the following specified circumstances as contained in the Annexe to the General Disposals Consent (England) 2003, have been met:

- The enabling powers for community asset transfer require a market valuation to be undertaken, (see 2.3 above);
- a) For the Council to demonstrate community asset transfer for each estate, there must be evidence of the transfer benefiting:-
 - promotion or improvement of the economic well-being of the area
 - promotion or improvement of the social well-being of the area and
 - promotion or improvement of the environmental well-being of the area.The Town Council has listed in 2.8 above their evidence supporting these benefits, for Cabinet's consideration.
- b) The difference between the unrestricted value of the land to be disposed of and the consideration for the disposal does not exceed £2,000,000 (two million pounds). The difference does not exceed £2,000,000, and therefore no further approvals would be required.
- Based upon current authority granted to Officers there is no delegation for them to progress towards a Community Asset Transfer for less than best value, and Cabinet would need to weigh the difference between the benefits transferred versus the reduced financial receipt.

(ii) Open Market Sale

The Council disposes of the asset on the market, under an approved method of disposal, over the next 12 month period as an asset listed of Community Value. The process begins again if it has not been sold. A sale on the open market could result in a lower or higher capital receipt depending on the market at the time of sale;

(iii) Retain Ownership

Retain the property as a Council asset, whereby the Council would need to identify sufficient funds to maintain the building, to ensure it is fit for purpose, and negotiate new arrangements regarding the occupancy of the building.

4.0 Corporate Implications

4.1 Financial and VAT

4.1.1 There are no VAT implications.

4.1.2 There will be no loss of rental income, and the Council will make savings with repair, maintenance and statutory compliance which could be ring-fenced to support ongoing work around asset disposals and or strategy.

4.2 Legal

4.2.1 Provided that the disposals of assets are dealt with through the agreed process there are no residual legal issues.

4.3 Corporate

4.3.1 This report has been prepared with reference to the Property Disposal Process 2014-2019, adopted by Cabinet on 15th October 2014

4.3.2 Release of surplus council assets will provide capital receipts to fund priorities aligned to the current Corporate Plan. Should capital not be realised through disposal the risk to the Authority will be in securing funds to deliver such priorities.

4.3.3 Retaining surplus sites exposes the Authority to unnecessary maintenance liabilities, costs, management, liability and health and safety property risks.

4.4 Equity and Equalities

4.4.1 The council's equality duty has been assessed in relation to the elements of this report, but it is not considered that these will compromise the rights and requirements of any group in relation to the adoption of the recommendation.

5.0 Recommendation

5.1 Cabinet consider whether the purpose for which the land is to be disposed is likely to contribute to the promotion or improvement of the economic, social or environmental well-being of the whole or part of the district or all or any persons resident or present in the district. In particular, whether those benefits outweigh the difference in price between the offer and the valuation of the land.

5.2 If cabinet is satisfied in relation to recommendation 5.1 that approval is given to dispose of Retort House by Community Asset to transfer to Broadstairs Town Council.

5.3 Any transfer to include appropriate restrictive covenants and overage clauses to protect the Council's position in the event of any future disposals of the property.

6.0 Decision Making Process

6.1 This is a key decision which can be taken by Cabinet and is subject to call-in.

Contact Officer:	Lesley Trim Estates Surveyor
Reporting to:	Bob Porter, Interim Head of Housing

Annex List

None	N/A
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Background Papers

Title	Where to Access Document
None	N/A

Corporate Consultation Undertaken

Finance	Tim Willis , Director of Corporate Resources and S151 Officer
Legal	Tim Howes, Director of Corporate Governance and Monitoring Officer