
ASSET MANAGEMENT – DISPOSAL OF ASSET

To: **Cabinet – 19th January 2016**

Main Portfolio Area: **Community Services**

By: **Lesley Trim, Estates Surveyor**

Classification: **Restricted**

Ward: **Viking**

Summary: To ask Cabinet to consider the options below for Pierremont Hall 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 Pierremont Hall is listed as a community asset on the Council's website.
- 1.2 Cabinet gave authority to officers at the Extraordinary meeting held on 19th February 2015 to progress, through the asset disposal process, negotiations with the Town Council as part of their community right to bid following the time frame and process documented in the Localism Act 2011.
- 1.3 Due to the Purdah period the disposal was delayed until 2 June 2015. A public notice for the Localism Act 2011 (Assets of Community Value) was advertised.
- 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 A bid has been received from Broadstairs Town Council.
- 2.2 The 6 month moratorium period has now expired which had given the community groups time to 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 valued the freehold interest of the property for disposal purposes, on behalf of the Council at the valuation date of 15th June 2015 at £290,000 (two hundred and ninety thousand pounds) subject to leases and tenancies. The market value of the property with the special assumption of full vacant possession at the valuation date of 15th June 2015 is £500,000 (five hundred thousand pounds only). It is not considered that either valuation would have changed in the last 6 months.

- 2.4 There are two other parties that have registered as having an interest in Pierremont Hall, but there has been no further contact from either party.
- 2.5 The Town Council has made an offer of £190,000 based on independent advice, taking into account the cost of surveys and the condition of the property, (£100,000 less than the Council's valuation) and have presented 2 options for their proposed refurbishment works:
- (i) based on 'minimum' works which delivers a building which is fit for purpose , and has wheel-chair access to the Council Chambers, and an accessible WC. Not all areas of the ground floor would be accessible to all users. No platform lift is provided to the upper stories at an estimated cost of £257,660
 - (ii) based on 'maximum' works which will include the provision of a platform lift and full access from the car park level to the ground and 1st floors. New toilet facilities are provided to the ground and first floor via a two storey toilet block extension and new or refurbished toilet facilities elsewhere. At an estimated cost of £395,518.

This is dependent on the availability of funding at the required time.

- 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, and takes into account the current condition of the property.
- 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) The creation of a formal local historic archive;
 - (ii) Youth /social club;
 - (iii) Town Council offices/service centre/Chamber;
 - (iv) Broadstairs Folk Week offices;
 - (v) Town Shed Scheme;
 - (vi) Children's nursery;
 - (vii) Market events;
 - (viii) Commercial lettings of the office space.
- 2.8 It is recognised that the Town Council would need to secure commercial lettings in order to run the building.

3.0 Options

Cabinet give due consideration to the follow, and decide which option to agree:

3.1 (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.

4.0 Corporate Implications

Financial and VAT

4.1 There are no VAT implications.

4.1.1 There will be a loss of rental income to the Council from the remaining tenants as below however, once the site is disposed of this will be offset by reduced running costs such as Repairs, Business Rates, Management and Utilities and it is suggested these are ring-fenced to facilitate ongoing work around asset disposals and or strategy.

- (i) Broadstairs Town Council current rent payable £3,800pa plus service charges
- (ii) Broadstairs Folk Week current rent payable £3,750pa plus service charges and £1,200pa paid as a Licence fee for the annexe building.

4.1.2 All the other occupiers of the building vacated in January 2015 at a rental loss to the Council of £14,420pa plus service charges.

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 Recommendations

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 wellbeing 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 Pierremont Hall by Community Asset 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
Legal	Tim Howes, Director of Corporate Governance and Monitoring Officer