

## **Report to Portfolio Holder for Resources and Reputation**

**Subject:** Sale of Cornerstone House, 32 Tilford Road, Newstead

**Date:** 24 November 2017

**Author:** Property Surveyor

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### **Wards Affected**

1 Newstead Abbey

### **Purpose**

2 To seek approval to sell Cornerstone House, 32 Tilford Road (the Property) shown edged red on the plan in Appendix 1.

### **Key Decision**

3 This is not a Key Decision.

### **Background**

4 The Property comprises a ground floor former shop originally built in the late Victorian era, which has been extended to the rear in the 1970's. The Council has held the Property for 21 years.

5 The Property is currently let to CAST Angling Projects (CAST) who have been in occupation since 1 September 2016.

6 The Property is in need of some building work including external pointing, roofing works and repair to areas of damp. This work will be required to the Property in the near future. The Council does not have budget to carry out these repairs which are estimated to be in the region of £15,000.

7 CAST would like to purchase the Property as they are already in occupation and are keen to remain there due to the success the charity has had during their time in occupation. They have put in an offer to buy the Property for market value which the Council's Property Services Manager confirms is £49,500.

8 It is not thought that there is likely to be any other prospective purchasers for the Property who would pay more than market value as there are no adjacent owners who would enjoy any marriage value from purchasing the Property. Marketing the Property would therefore be unlikely to achieve an offer of more than market value.

- 9 Council Standing orders for dealings with land state that

*The executive shall consult with the Chairman of the Overview and Scrutiny Committee and ward members before making any decision to dispose of any land or property other than the sale of council houses to sitting tenants pursuant to the right to buy.*

- 10 The Chairman of the Overview and Scrutiny Committee and ward members have been consulted in accordance with the above and have made no comment.

- 11 Standing orders further state that for sale of land with an estimated value of over £20,000:

*... the sale shall be effected by tender in accordance with the following tender procedure unless the relevant Cabinet member authorises a different method of disposal after consultation with the Chairman of the Overview and Scrutiny Committee.*

- 12 Disposal in accordance with the tender procedure referred to above necessitates that the Property is marketed in one local newspaper with sealed bids being required by a certain date. As the Council already has an offer for the Property which is equivalent to market value it is thought that selling in accordance in this instance could be an inefficient use of officer time and Council budget.

The Chairman of the Overview and Scrutiny Committee was consulted on the suggestion that sale should be direct to CAST, rather than the tender procedure described in the Standing Orders, and made no comment.

### **Proposal**

- 13 It is proposed:

That the Property is not sold through a tender process in accordance with Standing Orders and instead is sold to CAST for £49,500.

### **Alternative Options**

- 14 An alternative option would be not to sell the Property and continue leasing the Property to CAST however the Council could then be required to carry out the required building works which would result in capital expenditure (estimated to be in the region of £15,000) for which there is currently no budget.
- 15 Another option would be to market the property and then sell it. However, there is no guarantee that the Property would be sold for market value or that it would sell at all. This option could therefore result in unnecessary expenditure on marketing fees and use of officer time.

## **Financial Implications**

- 16 There is currently an income stream from the Property of £3,600 per annum. This would be lost if the Property was sold.
- 17 Selling the Property will bring in a capital receipt of £49,500.
- 18 Each party is to pay their own legal fees.

## **Appendices**

- 19 Appendix 1 Plan showing the Property edged red

## **Background Papers**

- 20 None identified.

## **Recommendation**

- 21 **THAT:**
  - (a) The Property is sold for £49,500 directly to CAST without following the tender procedure set out in the Council's Standing Orders for Dealing with Land

## **Reasons for Recommendations**

- 22 The reasons for these recommendations are as follows:
  - (a) It is unlikely that there would be another interested purchaser for the Property.
  - (b) Sale of the Property will provide the Council with a capital receipt of £49,500.
  - (c) There will no longer be any future possible maintenance liability associated with the Property.