



# Delegated decision report

## **DECISION UNDER DELEGATED POWERS**

**DECISION CANNOT BE TAKEN BEFORE WEDNESDAY 22 AUGUST 2012**

Title	<b>PROPOSED SALE OF ST NICHOLAS HOUSE, ST JOHNS ROAD, NEWPORT</b>
Report To	The Deputy Leader and Cabinet Member for the Economy and the Environment

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### EXECUTIVE SUMMARY

1. To approve the disposal of the council's freehold interest in St Nicholas House for the sum of £565,000, the highest offer received following a full marketing exercise.
2. The outcome will be a capital receipt from this disposal towards the annual capital receipts target as set out in the council's medium term financial plan and in accordance with the strategic asset management plan approved in 2011 and a planned reduction in office accommodation as set out in the council's transformation programme.

### BACKGROUND

3. The St Nicholas site, currently used by the council as office accommodation, includes a large Victorian house with extensions of various ages and designs, together with a chalet style property at the rear. The properties sit on an elevated site above and on the junction of St Johns Road and Whitepit Lane, Newport.
4. The site is mainly occupied by the Fire and Rescue Service and plans have been in development for some time for it to vacate St Nicholas House and relocate to the main Newport fire station. In anticipation of this, development and potential sale options were investigated in respect of the St Nicholas site.
5. Other council services occupying the site are using the building on a short term basis, and their relocation has been planned for November to coincide with that of the Fire and Rescue Service.
6. An architect was appointed to produce some initial designs for development and/or refurbishment of the site in order to maximise the likely capital receipt possible from its disposal.
7. Through discussion with planning officers as well as on the basis of initial marketing advice received for the site a decision was taken to submit a scheme for the demolition of the main existing buildings and the development of four pairs of three storey four bedroom semi-detached houses plus conversion of the chalet building into a chalet bungalow.

8. Planning consent for this scheme was granted in November 2011 under TCP/30379/A.
9. Following the receipt of planning consent marketing advice was sought from the five agents on the council's commercial agency framework. The current condition of the buildings on the site, as well as the current uncertainties across the property market resulted in varied advice and marketing recommendations. Indeed figures quoted ranged from £300,000 to £900,000 depending on the individual agent's views on the desirability of the site and the market demand.
10. The successful agent was appointed and marketing commenced in early February 2012 with an advertised asking price of offers in the region of £600,000. The availability of the property was advertised through for sale boards on the site and the agent's website, as well as marketing in the County Press and the Estates Gazette (the main national property publication).
11. Reasonable interest was generated from the outset, with various parties viewing the site and the architect's drawings. An offer of £450,000 was received in early May 2012 and several other parties indicated that they were considering making an offer. Accordingly in an attempt to realise these offers, a decision was taken to draw the marketing to a close via a best and final offer process. An advert was published on 11 May 2012 to this effect, seeking best and final offers for the site by Friday 25 May 2012. This had the desired effect of producing two higher offers of £540,000 and £565,000.
12. As the £565,000 offer is from an applicant that has provided evidence of its funding source, the marketing agents have recommended it for acceptance.

## STRATEGIC CONTEXT

13. In December 2010 the council's cabinet agreed the future shape and direction of the organisation of which one of the key principles is "the council will actively seek to sell or dispose of assets that are surplus to requirements where practicable to maximise capital receipts, or lease them where it is not".
14. The disposal of this council asset will contribute towards a number of the Isle of Wight Council's priorities, as detailed in the Corporate Plan for 2011-2013.
  - Delivery of budget savings through changed service provision: delivering services in different ways will allow the release of council buildings thereby creating significant savings of accommodation and maintenance costs, as well as generating capital receipts.
  - Regeneration and the economy: seeking the best quality use of surplus/disused property assets may ensure high quality regeneration opportunities are realised.
  - Housing and homelessness: the redevelopment of surplus assets for residential use where possible will increase the number and quality of houses provided on the Isle of Wight, including the delivery of more affordable housing where possible.
15. The disposal is identified in the strategic asset management plan approved in 2011.
16. If this property is disposed of it will release a capital receipt into the council's corporate account as part of the annual capital receipts target.

## CONSULTATION

17. There has been no public consultation in respect of this proposed transaction.

## FINANCIAL / BUDGET IMPLICATIONS

18. As the site becomes vacant the council will continue to be liable for all outgoings in respect of the vacant parts of the property such as business rates and insurance plus any ongoing maintenance liabilities. It is therefore in the council's best interest to dispose of the property as soon as possible. To mitigate against such outgoings, the council will apply for empty business rates relief, on any vacant parts of the property. Any revenue budget savings arising from disposal of this property will contribute to the council's savings target for accommodation costs.
19. If the recommendation made within this report is adopted the council will benefit from a capital receipt in the sum of £565,000.

## LEGAL IMPLICATIONS

20. The council currently holds the property on a freehold basis.
21. The council has the ability to dispose of property under Section 123 of the Local Government Act 1972 for best consideration.

## CARBON EMISSIONS

22. During the last financial year, the energy consumption for St Nicholas house was as follows;

	<b>kWh</b>	<b>tCO2</b>
<b>GAS</b>	95,000	17.4
<b>ELECTRICITY</b>	38,500	20.8
<b>TOTAL</b>		38.2

This represents an annual saving as a result of the CRC Energy Efficiency Scheme of £468.

This disposal has already been accounted for within the Carbon Management Plan where it was estimated to achieve a carbon saving of approximately 68 tonnes of carbon dioxide (CO<sub>2</sub>).

Reduced occupancy and behavioural changes within the building since the Carbon Management Plan was written have already resulted in a carbon saving of 30tCO<sub>2</sub>.

## PROPERTY IMPLICATIONS

23. It is considered that property implications are adequately covered within the main body of this report.

## EQUALITY AND DIVERSITY

24. The council as a public body is subject to general and specific duties under equality and diversity legislation and as such has a duty to impact assess its service, policies/strategies and decisions with regards to diversity legislation and the nine "protected characteristics (race, gender reassignment, disability, age, sex and sexual orientation, religion or belief, pregnancy and maternity, marriage and civil partnership).

25. A stage 1 equality impact assessment initial screening form has been completed (available as a background paper); this has not identified any negative impacts from this proposal. This report, therefore, considers that none of the identified groups are likely to be adversely affected by this decision.

## SECTION 17 CRIME AND DISORDER ACT 1998

26. There are not believed to be any specific crime and disorder issues other than if the site was to become vacant such properties can be prone to vandalism and it is therefore in the council's interests to dispose of the building as soon as possible.

## OPTIONS

27. Options have been considered in respect of this property as follows:
- (a) To sell the property as detailed above and accept the offer of £565,000.
  - (b) To continue to market the property for a longer period in the hope of achieving a higher capital receipt.
  - (c) To retain ownership of the property, carry out any necessary repairs and use the building for council purposes.
  - (d) To retain ownership of the property, carry out necessary repairs and improvements, and let to a private occupier.

## RISK MANAGEMENT

28. Option (a) represents limited risk to the council as it has followed a robust marketing route that has included research into the funding method/ability of the proposed purchaser.
29. Option (b) comprises a high risk as the existing applicant may withdraw. Also, due to the level of exposure to the market, it is unlikely that a better offer may be received. Indeed the major risk of this course of action would be that a lower offer ultimately has to be agreed, particularly in light of the potential for continued falls in the property market.
30. Under option (c) retaining the property for further corporate use is not advisable, due to the layout and condition of the building, and the fact that there is no identifiable council use for the building.
31. Option (d) would leave the council with on-going property management liabilities. In addition, if the council was to pursue this route it is difficult to predict exactly what alternative uses would be demanded by the market and what works would be required to enable such use, with a medium to high risk of opting for a use with limited or no demand.

## EVALUATION

32. The availability of the property has been marketed widely; however, this marketing has coincided with a time of continued uncertainty within the property markets. Whilst several applicants have viewed the property, the agents consider it unlikely that a higher offer will be received and, therefore, option (b) is not recommended.
33. Option (c) would involve the council in considerable work and cost to meet the current backlog of repairs to the property and potentially achieve compliance with Equality Act

requirements. One of the principal elements of the delivery of budget savings through changed service provision is the disposal of surplus properties. Where properties are no longer fit for purpose it makes sense for them to be disposed of in accordance with this objective. Retaining the property for further corporate use is not advisable, due to the layout and condition of the building.

34. Option (d) would fail to achieve a capital receipt, would have ongoing revenue cost implications and necessitate some level of landlord management input.
35. In light of continued uncertainty across the property market and the continuing uncertain economic climate, it is considered that option (a) is the recommended disposal path.

#### RECOMMENDATION

36. That the council adopts option (a).

To sell the property as detailed above and accept the offer of £565,000.

#### APPENDICES ATTACHED

37. [Appendix](#) - Site plan.

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STUART LOVE  
Director of Economy and Environment

COUNCILLOR GEORGE BROWN  
Deputy Leader and Cabinet Member for  
Economy and Environment

Decision

Signed

Date

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