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| DECISION-MAKER: | CABINET | | |
| SUBJECT: | DISPOSAL OF BEDFORD HOUSE, AMOY STREET | | |
| DATE OF DECISION: | 15 OCTOBER 2013 | | |
| REPORT OF: | CABINET MEMBER FOR RESOURCES | | |
| <u>CONTACT DETAILS</u> | | | |
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STATEMENT OF CONFIDENTIALITY

Confidential Appendix 2 contains information deemed to be exempt from general publication by virtue of category 3 to paragraph 10.4 of the Councils Access to Information Procedure Rules as contained in the constitution. Publication of this information could influence bids for the property which may be to the Councils financial detriment.

BRIEF SUMMARY

Bedford House is now surplus to Council requirements and is to be offered for sale. A planning application submitted by the Council for a housing scheme with access from Amoy Street and Henry Street was refused at the Planning and Rights of Way Panel in March 2013. The property is now to be sold at auction without planning permission for redevelopment. In order to support the Panel's decision it is proposed that the Council retain a strip of land between Henry Street and the site to be sold to prevent a through route being created at a later date.

RECOMMENDATIONS:

- (i) To approve the principle of the sale of Bedford House by auction
- (ii) To approve the reserve price set out in Confidential Appendix 2.
- (iii) To confirm that the appointed auctioneer be authorised to sign the contract for sale immediately after the auction
- (iv) To note the estimated value of the capital receipt from this disposal has already been built into the funding of the capital programme. Any receipt that differs from the estimates will need to be considered corporately as part of any future prioritisation of resources.
- (v) Should the reserve price be met that the Head of Property, Procurement and Contract Management be authorised to proceed with and take all ancillary action to secure the sale

REASONS FOR REPORT RECOMMENDATIONS

1. Bedford House is vacant and there is no service need for the building. The

property is therefore surplus to Council requirements.

2. Providing there is competitive bidding at the auction and the reserve is met, a sale at auction will achieve the earliest completion of the sale.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

- 3 Planning permission for an alternative scheme could be sought, and if granted, the property sold with the benefit of that consent. The prospect of obtaining planning permission for a scheme that materially enhances value is uncertain. Seeking a further planning permission will delay the sale during which time the Council will incur costs.
- 4 The property could be marketed by private treaty. This is considered to be a less certain way of achieving an unconditional sale for the property.
- 5 The property could be sold without the retention of a ransom strip, which could encourage higher offers. This would open up the possibility of the purchaser being able to obtain planning permission on appeal for a scheme that allows access from Henry Street.

DETAIL (Including consultation carried out)

- 6 To support the sale of the property, a planning application was submitted for a residential scheme of 10 houses. The scheme provided for access into the site from both Amoy Street and Henry Street and exit via Amoy Street only. Although supported by planning officers, the application attracted opposition from Canton Street residents and was refused on the grounds that the creation of a vehicular access through route would have a harmful impact on the character and community of Canton Street.
- 7 In the light of the refusal, it is not proposed to seek planning permission for an alternative scheme but rather to now sell the site unconditionally at auction. This does not mean that the site will not be redeveloped but it will be up to the purchaser to obtain their own planning permission.
- 8 In order to prevent any purchaser from accessing the property in the future from Henry Street and to support the decision of the Planning and Rights of Way Panel, a small section of land between Henry Street and the property will be excluded from the sale and retained by the Council. This proposal does not constitute a disposal at less than best consideration, as market value will be obtained for the actual piece of land being sold. The retention of the small strip of land however does rule out any possibility of planning permission being obtained in the future for redevelopment of the site with access from Henry Street. It is considered that potential purchasers would bid more for the property if the ransom strip was included in the sale. A higher capital receipt (as indicated in Confidential Appendix 2) is being foregone in order to achieve planning objectives.
- 9 The recommended reserve is set out in Confidential Appendix 2.

RESOURCE IMPLICATIONS

Capital/Revenue

- 10 A sale of the site will release a 100% receipt to the General Fund which has already been built into the funding of the current capital programme. This

assumed that that the sale would complete in 2013/14. Any receipt that differs from the estimates in terms of value and timing will need to be considered as part of any future prioritisation of resources.

- 11 As reported in September 2013 the capital programme is fully funded based on the latest forecast of available resources although the forecast can be subject to change; most notably with regard to the value and timing of anticipated receipts. In addition to the forecast capital receipts there will be additional receipts which will flow from the enhanced sale of assets programme as this comes to fruition. Towards the end of 2013/14 it should be possible to better estimate the amount and timing of these forecast additional receipts.
- 12 The future intention is to use any additional capital receipts from disposals over and above those which are funding the current programme to repay long-term council borrowing. In practice this will be subject to the current position on temporary borrowing at that time together with any future prioritisation of resources.
- 13 Any ongoing revenue costs associated with maintaining the site until disposal will be covered within existing property management budgets. These costs will continue to create a pressure on this budget in 2013/14 until disposal is complete

Property/Other

- 14 If the sale of the site does not proceed or is delayed, this will result in ongoing maintenance and security costs. Also rates are being paid in relation to this property. The Council are currently incurring costs of approximately £2,200 per month

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

- 15 Section 123 Local Government Act 1972.

Other Legal Implications:

- 16 None

POLICY FRAMEWORK IMPLICATIONS

- 17 The proposal set out in this report is not contrary to any policy implications. The disposal of a council property for a capital receipt supports the Councils capital programme.

KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED:

Bargate

SUPPORTING DOCUMENTATION

Appendices

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| 1. | Site Plan |
| 2. | Reserve Price (Confidential) |

Documents In Members' Rooms

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| 1. | None |
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Equality Impact Assessment

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| Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out. | No |
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Other Background Documents

Equality Impact Assessment and Other Background documents available for inspection at:

Title of Background Paper(s)

Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)

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| 1. | None | |
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