

Executive

30 August 2018

Report of the Corporate Director of Economy and Place

Portfolio of the Executive Leader (incorporating Finance and Performance)

Disposal of Ashbank - No 1 Shipton Rd York

Summary

1. This report seeks an Executive decision to dispose of the former council office at Ashbank, 1 Shipton Road to the highest financial bidder.

Recommendations

2. The Executive is asked to
 - a) Approve the sale of Ashbank to Anchor Housing Trust (Anchor) as the highest net financial bidder.
 - b) To retain Bid 1 as a reserve bidder, should Anchor Housing Trust fail to complete the purchase of Ashbank in a timely manner. That authority be delegated to the Director of Economy and Place to agree the disposal to the reserve bidder in their place.

Reason: To achieve the best financial consideration for the disposal of this surplus asset and enable development on a currently vacant property.

Background

3. The property is a former Council office building, which was vacated in April 2013 when the new Council office accommodation was opened at West Offices. A plan of the site is included at annex 1.

4. The buildings are comprised of a late Victorian detached house fronting Shipton Road with 1970's side extensions. To the rear are sunken gardens and a gravelled car park. The site area extends to 0.8 acres.
5. On 22nd November 2005 the Executive approved the sale of Ashbank as part of the Administrative Accommodation Project – Business Case. The anticipated disposal value was £1,250,000. However, this valuation was predicated upon the demolition of the existing building and therefore the development of an unencumbered site.
6. The property was vacated in April 2013 and work commenced to prepare the property for sale. Early engagement with planning colleagues soon identified that the existing villa and sunken garden could not be demolished and needed to be retained. This meant that there was no access to the rear of the site. This brings significant limitations on the development potential of the site, which impacted upon the potential sale value.
7. In order to maximise the potential value of the site, a planning permission was agreed in Sept 2013 for a residential conversion and a development to the rear. In September 2014, following extensive negotiations, an option agreement was entered into with Anchor Housing Trust who own the neighbouring property called 'Barleyfields'. This "Option" enables the Council to exercise the right of access in return for a share of the resulting uplift in value. The right will be passed on to the new owner on completion of the sale. The option provides a right of access, which increases the capital value of Ashbank.
8. In the Autumn of 2017 the site was marketed and attracted bids from six developers. Three of these bids were unconditional, meaning they were not dependent and subject to, for example, securing planning permission. The highest bid (conditional upon planning) was £1.8 million from Anchor and as such Anchor were identified as preferred bidder.
9. The £1.8 million bid from Anchor was provided subject to planning and Anchor had based their bid on a 4 storey independent living scheme for older people. However when Anchor sought pre application advice on their development proposal they were asked to reconsider their scheme and reduce the height of the proposed development.
10. Anchor subsequently submitted a revised bid based on a smaller scheme. This bid was not received until the beginning of June 2018 and was lower than their

initial one. In view of this it was decided to give the under bidders the opportunity to resubmit revised offers with a closing date of 6th July 2018.

11. A full list of the offers received, are set out in the summary attached at annex 2. A full list of bidders is set out in confidential annex 4. Annex 2 sets out the bids and indicates both the gross value of the offers and then the net value once the cost of exercising the option agreement has been deducted.
12. The net value of the revised bids ranges from £900k to £1.35 million. The highest net value has been offered by Anchor. Their bid is conditional upon attaining planning consent for their scheme. The £1.35 million offer is not subject to any deductions in respect of the option agreement, given Anchor are the beneficiaries of such.
13. Sanderson Weatherall, who are the council's appointed agents, have reviewed the offer and have provided a letter attached as confidential annex 5, confirming their view that this offer reflects its current value, and represents best consideration.
14. Anchor has submitted a pre application enquiry in respect of their revised scheme. This has received positive feedback from Planning. Whilst a planning application will be required to consider the matter in full, the fact that a pre application has now been received and considered, reduces the risk of the offer not proceeding to completion.
15. To further reduce the risk of a bid not proceeding, it is recommended that a reserve bidder is nominated. The bid by bidder 1 is recommended on the basis that this is an unconditional bid and hence whilst lower than Anchor's, is not dependent upon attaining planning consent, but is based on the assumption that access is provided to the rear of the site through the option agreement. Should Anchor's bid not proceed in a timely manner to completion and payment of the sum offered, then it is recommended that authority be delegated to the Director of Economy and Place to agree the disposal to the reserve bidder in their place.
16. The disposal of this site has been protracted and impacted by a number of factors, but it is recommended that the above proposal represents best consideration in the market at this time taking into account planning and conservation issues.

Consultation

17. This report has been written in consultation with the officer Capital and Asset Board.
18. The Older Persons' Accommodation Programme has also been engaged. They report that a sale of this site in order to allow the development of a new Independent Living scheme for older people would enable a welcome addition to the supply of good quality accommodation with care for older people. York's 75+ population is growing rapidly and will increase by 50% by 2030, including a corresponding increase in the number of people living with dementia.
19. Anchor is a trusted, not for profit provider of housing and care for older people, and their plan to expand provision in York is very welcome. York has an undersupply of Independent Living accommodation with care, both city-wide and in the north of the city. The 51 new homes that this sale would enable, will help considerably in addressing this undersupply.
20. However, we are aware that these proposals will also affect the sheltered housing scheme next door and, as would be expected of Anchor, we ask that the change process is carefully managed.
21. Anchor has been approached to explore the opportunity to allow the council nomination rights on the site. They have responded stating that they are pursuing a leasehold scheme where nomination rights would not be applicable. Should this change they would be willing to discuss nomination rights with the council.

Council Plan

22. This proposal contributes towards the Council's priority of
 - a) A prosperous city for all.
 - b) We are entrepreneurial, by making the most of commercial activities
 - c) All York's residents live and thrive in a city which allows them to contribute fully to their communities and neighbourhoods

Implications

23.

- **Financial** – The capital receipt received will contribute to the overall funding available to support the Council's capital programme. As previously reported to Executive in November 2017, capital receipts received are to be used to finance the purchase of property at Hospital Fields Road and Swinegate in the medium term.
- **Human Resources (HR)** – There are no human resources implications.
- **One Planet Council / Equalities** – The One Planet Impact Assessment form is attached at annex 3.
- **Legal** - Section 123 of the Local Government Act 1972 authorises the Council to dispose of general fund (non-housing) land without the consent of the Secretary of State (for Communities and Local Government) provided that the best consideration reasonably obtainable is being received. The offer from Anchor is conditional upon Anchor obtaining planning permission (on terms acceptable to them) for their proposed development scheme. If that condition is not satisfied by a specified date (to be negotiated) then any sale contract with Anchor would automatically terminate. However Anchor could choose at their discretion to waive that condition and proceed to complete the purchase of the Property without having obtained planning permission. Any sale contract to Anchor or alternatively bidder 1 would not impose a legal obligation on the purchaser to carry out any particular development on the Property by any particular date/deadline – it would be at the buyer's discretion whether they redevelop the property.
- **Crime and Disorder** – There are no crime and disorder implications.
- **Information Technology (IT)** – There are no information technology implications.
- **Property** – contained within this report.

Risk Management

24. Failure to secure a capital receipt will impact upon the council's capital finances. The recommendation to proceed with both a preferred and reserve bidder will reduce the risk of not receiving a capital receipt. There is however, a risk of neither the preferred nor reserve bidder proceeding, in which case the property would be remarketed.

Contact Details

Author:

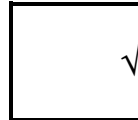
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**Report
Approved**



13 August 2018

Specialist Implications Officers

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For further information please contact the author of the report

Background Papers:

Report to Executive on 22 November 2005.

Annexes

Annex 1 – Site plan
Annex 2 – Summary of bids.
Annex 3 – One Planet York decision making tool

Confidential Annexes

Confidential Annex 4 – Names of bidders
Confidential Annex 5 – Agent's letter