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## Meeting of the Executive

10 October 2006

Report of the Corporate Landlord

### 3 - 4 Patrick Pool

#### Summary

- 1 This report seeks approval for the sale of the freehold at 3-4 Patrick Pool.

#### Background

- 2 The subject property is shown edged in black on the plan at Annex 1. The net internal area is 1476 square metres (137 square feet), over 3 floors.
- 3 The property has been let as offices for many years, but the last letting terminated 2 years ago and it has been vacant since. It was held for possible use by the City Centre Partnership, but in December 2005 that service was housed at Silver Street instead. Another potential tenant was the Citizens Advice Bureau (CAB) however, they have recently elected to remain at their existing premises at Blossom Street, also owned by the council, after repair of that building. The offices are not suitable for a public access use because of steps from the pavement, inhibiting disabled access.
- 4 In light of CAB not wishing to occupy the property and the lead in time required to submit a report to the Executive, the property has been put on the market for sale. The closing date for offers is however, after the date of this meeting and therefore the council is not committed in any way to sell the property.
- 5 As this property was not surplus in March 2006, it was not listed on the approved schedule of usable capital receipts, to support the capital programme. This report therefore recommends amendments to the schedule.

#### Consultation

- 6 Ward Member consultation has taken place, and the Members support the sale, provided full market value is obtained, as this would be likely to attract a new use and bring occupation to an empty property.
- 7 The availability of the property was circulated to all departments of the council in January 2006, but no other operational need has been identified.

#### Options

8 There are 2 options available:-

Option 1 – to sell the property.

Option 2 – to retain the property within the commercial portfolio.

## **Analysis**

9 Option 1 : Sell the Property

The property has potential, following refurbishment, for either retail and/or residential use as well as the existing office use. It is therefore proposed that it should be sold on the open market, with vacant possession.

The sale has the advantage of raising a capital receipt to support the council's capital programme, whilst at the same time bringing private sector investment to refurbish the property and removing a vacant property from the street scene. The sale of the property could be achieved in this financial year.

10 Option 2 : Retain the Property

Reletting the property for office use would require a refit of the accommodation to provide a modern office environment this would require investment by the council or giving a prospective tenant a substantial rent free period. The demand for office space of this size and location is however low and long period of voids would possibly be the norm. Changing the use to retail/residential would require substantial investment and there is no CRAM funding available at the present time.

## **Corporate Objectives**

11 Retention of the property would not contribute directly towards the corporate objectives, however a sale would contribute funds for the capital programme. This sale therefore contributes towards corporate objectives by the raising of finance for approved schemes.

## **Implications**

12 The following information is provided:

- **Financial**

Financial analysis of the 2 options is contained in Confidential Annex 2. In summary, the capital receipts schedule approved by Council on 1<sup>st</sup> March 2006 included a commercial property valued at £650k, which currently generates £45k per annum in rental income for the council. At present, there is a revenue budget contingency of £46k to compensate the commercial property portfolio for any assets that are disposed of in order to fund the capital programme, but £26k of this is already committed for other approved sales. Therefore, to help to protect the revenue position of the council, Property Services have identified other, lower yielding, options to replace those proposed at budget time. The Capital Programme

Monitor One report, on this agenda, seeks approval to changes to the capital receipts schedule, which has identified additional capital receipts of £670k (for the loss of £1k pa revenue income) to replace the £650k sale highlighted above. The additional receipts relate to the sale of Patrick Pool, and higher offers for other property sales.

- **Human Resources (HR)**

There are no HR implications.

- **Equalities**

There are no equality implications.

- **Legal**

There are no legal implications to the proposed disposal.

- **Crime and Disorder**

There are no major implications, although the bringing of the property back in to beneficial use will improve security.

- **Information Technology (IT)**

There are no IT implications.

- **Other Implications**

There are no other implications. Property implications are contained in the report as a whole.

## **Risk Management**

13      Option 1 : Sell the Property

There is a good market for freeholds in the City Centre and the risk of not achieving a sale at or above the reserved price is considered low.

14      Option 2 : Retain the Property

The low commercial return and public access issues affecting the Property mitigate against retaining the Property in the commercial portfolio.

## **Recommendations**

15      The Executive is asked to consider approval of Option 1.

To approve the freehold sale of the property by informal tender on the open market, provided the best offer received is at or above the reserve figure.

Reason: To secure a capital receipt to support the capital programme, and to bring the property back into a beneficial use.

- 16 Members are also asked to consider approval to the amendments to the Capital Receipts Schedule, as detailed in Exempt Annex 2.

Reason: To retain the approved level of capital receipts needed to support the capital programme in the light of changed circumstances, and in particular to retain revenue income at existing levels.

### Contact Details

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**Report Approved**



**Date** 12 September 2006

**Specialist Implications Officer(s)**

Implication: Financial  
Name: Tom Wilkinson  
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**Wards Affected:** Guildhall

For further information please contact the author of the report

**Background Papers:** All the information in this report is held on the Property Services file, subject to confidential on exempt information.

**Annexes** 1 – Plan  
2 – Financial Analysis (Confidential).

12/9/2006  
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