

	<b>REPORT TO CABINET TO BE HELD ON 14 NOVEMBER 2017</b>
	<b>Key Decision</b> <b>YES</b>  <b>Forward Plan Ref No</b> <b>7</b>
<b>Corporate Priority Place Council</b>	<b>Cabinet Portfolio Holder</b> <b>Cllr Helen Mallory</b>

**REPORT OF: DIRECTOR (RB) – 17/250**

**WARDS AFFECTED: WHITBY WEST CLIFF**

**SUBJECT: DISPOSAL OF 10 SKINNER STREET, WHITBY**

**RECOMMENDATION (s):**

Cabinet is recommended to:

- (i) approve, in principle, the marketing and subsequent tendering of the freehold interest of 10 Skinner Street, Whitby as outlined red on Appendix 1;
- (ii) approve a marketing budget of £5,000 to be funded from the Capital Development Reserve;
- (iii) note that a further report will be presented seeking final approval for the sale of the freehold interest in the premises following the tender exercise.

**REASON FOR RECOMMENDATION (S):**

- To obtain a capital receipt to assist the Council in meeting its corporate objectives.
- To obtain the in principle support of Cabinet to dispose of the freehold interest of the premises.
- To approve disposal costs to conduct the tender exercise.
- To comply with the Council's Constitution

## **HIGHLIGHTED RISKS:**

- Following marketing of the premises if no acceptable offers are forthcoming the premises remain in Council ownership and a capital receipt will not be obtained.
- If the premises are retained there will be an ongoing management and maintenance liability.

## **1. INTRODUCTION**

- 1.1 No.10 Skinner Street was an operational Council building which was vacated on the 13 February 2013.
- 1.2 In 2014 the Council marketed the property for either sale or lease with a quoting rent of £16,000 per annum, or £300,000 for the freehold interest.
- 1.3 The premises were let from February 2015 for a period of 5 years as retail premises with ancillary upstairs space; the annual rental was £15,000 per annum.
- 1.4 Unfortunately the business was not successful and the premises were surrendered back to the Council on the 30<sup>th</sup> June 2017 and have remained vacant since this time.

## **2. CORPORATE AIMS/PRIORITIES AND THE COMMUNITY PLAN**

- 2.1 A capital receipt generated will assist in funding the Council's Capital Programme in accordance with the Financial Strategy.
- 2.2 **Place:** to protect and improve our environment, now and for the future.

**Council:** to be an efficient and effective Council, which is financially sustainable for the future.

## **3. BACKGROUND AND ISSUES**

- 3.1 On the 17<sup>th</sup> June 2014 a report was submitted to Cabinet (14/213) outlining offers received and recommending the sale of the freehold interest in the premises. This was following a marketing period of circa 12 weeks. Offers were received for both the freehold and leasehold interest in the premises and Cabinet subsequently decided that Officers should pursue a leasehold disposal rather than freehold disposal.
- 3.2 The premises are currently in a reasonable state of repair being wind and water tight however substantial internal decoration/ reconfiguration work is likely required depending on the end use. The building still also suffers from rising dampness which will need tanking to eradicate the problem.

- 3.3 The current rateable value of the premises is £10,250. There was an initial three months exemption period but as of the 25<sup>th</sup> September 2017 the Council is now liable for paying the rates while it remains empty which equates to £4,777 per annum.

#### **4. CONSULTATION**

- 4.1 Internal consultation with relevant officers and external consultation with relevant agents has taken place.

#### **5. ASSESSMENT**

- 5.1 Officers have once again considered the future of these premises and whether to seek a freehold or leasehold disposal. Conversion to alternate uses is possible and would likely be looked at favourably by the Planning Department, based on the merits of any individual scheme. Residential conversion to the upper floors is likely to be a favoured option. However the costs of such a conversion in terms of refurbishment and internal reconfiguration will be significant. The premise is a heavily customised property that was made fit for purpose by the Council in previous years. Internally it is currently an awkward layout having a split level ground floor with a staircase to the upper floors running through the middle of the building which currently limits its rental potential. In its current state it is considered that a reasonable and sustainable annual rental for the premises would be circa £13-£16,000 per annum while it is hoped that freehold offers would be in the region of £300-350,000.

#### **7. IMPLICATIONS**

##### **(a) Policy**

- 7.1 There are no policy implications within this report.

##### **(b) Legal**

- 7.2 The proposals in this report are in accordance with the Council's Constitution.

- 7.3 Any sale will be documented by way of a formal legal agreement.

##### **(c) Financial**

- 7.4 Disposal of the property will generate a capital receipt and release the Council from any ongoing maintenance liability.

- 7.5 Upon the previous approval for disposal of the property a prudent capital receipt was budgeted within the capital programme. The decision to lease the property resulted in a corresponding annual contribution to the capital programme from the rental receipts in order to balance the capital budget over the long term.

7.6 The current outstanding budget within the capital programme relating to this property stands at £100k. This level of receipt must be generated in order to balance the Council's capital budgets.

**(d) Risk**

7.6 The risks are detailed in the risk matrix to the rear of this report.

**Richard Bradley**  
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## Glossary of Terms

Risk

An event which may prevent the Council achieving its objectives

Consequences

The outcome if the risk materialised

Mitigation

The processes and procedures that are in place to reduce the risk

Current Risk Score

The likelihood and impact score with the current mitigation measures in place

Corporate Objectives

An assessment of the Corporate Objectives that are affected by the risk identified.

Target Risk Score

The likelihood and impact score that the Council is aiming to achieve

Service Unit Manager

The Service Unit or Officer responsible for managing the risk

Action Plan

The proposed actions to be implemented in order to reduce the risk to the target score

## Risk Scoring

Impact	5	[Hatched]				
	4	[ ]	[ ]	[Hatched]		
	3	[Hatched]	[ ]	[ ]	[Hatched]	
	2	[Hatched]	[Hatched]	[ ]	[ ]	[Hatched]
	1	[Hatched]	[Hatched]	[Hatched]	[ ]	[ ]
		A	B	C	D	E
	Likelihood					

### Likelihood:

A = Very Low

B = Not Likely

C = Likely

D = Very Likely

E = Almost Certain

### Impact

1 = Low

2 = Minor

3 = Medium

4 = Major

5 = Disaster