

	<b>REPORT TO CABINET TO BE HELD ON 12 DECEMBER 2017</b>
<b>NOT FOR PUBLICATION: This report contains exempt or confidential information in a Private and Confidential Appendix (P&amp;C1).</b>	<b>Key Decision</b> <b>NO</b>  <b>Forward Plan Ref No</b>
<b>Corporate Aims: Place Prosperity Council</b>	<b>Cabinet Portfolio Holder</b> <b>Cllr. Helen Mallory</b>

**REPORT OF THE DIRECTOR (RB) – 17/256**

**WARDS AFFECTED: WEST CLIFF, WHITBY**

**SUBJECT: DISPOSAL OF FORMER PUBLIC CONVENIENCES AT KHYBER PASS, WHITBY**

**RECOMMENDATION (S):**

Cabinet is recommended to:

- (i) note the offers received following the marketing exercise which are detailed within the Private and Confidential Appendix (P&C1);
- (ii) provide final approval for the freehold disposal of the old public convenience building on Khyber Pass, Whitby as shown edged red in Appendix 2 (the Property) to Bidder A subject to obtaining satisfactory planning permission.

**REASON FOR RECOMMENDATION (S):**

- To achieve a capital receipt from the disposal and reduce the Council's maintenance liability.
- To obtain final approval for the freehold disposal in accordance with the Councils Constitution

- To provide a regeneration opportunity for this prime sea front site.
- To provide Bidder A with the reassurance needed to progress to the planning stage for the proposed demolition and redevelopment.

## **HIGHLIGHTED RISKS:**

- (i) If the offer is not accepted then a capital receipt will not be achieved.
- (ii) If the property continues to remain vacant, it could lead to further deterioration.
- (iii) Planning consent is not obtained
- (iv) The sale of the property falls through

## **1. INTRODUCTION**

- 1.1 The Council is the freehold owner of the property at Khyber Pass Whitby which has a footprint of approx.146 square metres, as identified edged red in Appendix 2. The facility is currently closed and in structural disrepair.
- 1.2 Cabinet approved the in-principle disposal of the freehold interest on 14 June 2016.
- 1.3 The disposal of the freehold interest in the property provides an opportunity for the proposed developer to regenerate this site and for the Council to achieve a capital receipt which will offset the costs of the already constructed new public convenience facility.
- 1.4 The creation of the new public convenience facility has given visitors and residents of Whitby a modern building, layout and fittings which has now been transferred to Whitby Town Council to operate.

## **2. CORPORATE AIMS**

- 2.1 A disposal of the freehold interest will meet the following Corporate Aims:

**Place:** high quality planning and development;

**Prosperity:** develop sustainable tourism which is of high quality, varied and is all year round;

**Council:** ensure our service provides value for money and secure best use of our assets.

## **3. BACKGROUND AND ISSUES**

- 3.1 The Council is currently responsible for both the internal and external maintenance and upkeep of the property. By disposing of the site all repairing liability will transfer to the new owner.
- 3.2 The property was first marketed on the 4<sup>th</sup> July 2016 with a closing date of the 5<sup>th</sup> September 2016. Three tenders were received and assessed against the pre-determined evaluation criteria.
- 3.3 The winning bidder was selected and the offer was approved for acceptance by Cabinet in December 2016. The proposal was to refurbish the existing building but after a structural survey was carried out by the bidder their offer was substantially reduced and therefore rejected by the Council.
- 3.4 The premises were subsequently remarketed on the 16<sup>th</sup> August 2017 with a closing date of the 9<sup>th</sup> October 2017. All previous interested parties were contacted and made aware of the new tender as part of the marketing exercise. Two tenders were received.
- 3.5 The tenders were assessed against the evaluation criteria Price (75%) and Qualitative (25%). The tender prices received are outlined in P&C Appendix 1.

## **4. CONSULTATION**

- 4.1 Portfolio Holder Councillor Helen Mallory has been consulted and is supportive of the proposed disposal.
- 4.2 Officers have held initial discussions with the Planning Authority to understand the scope of the development that is proposed for the site. An informal discussion has taken place with planning officers who have confirmed that they would be comfortable with a development which included a restaurant/café use.
- 4.3 The Local Highway Authority has been consulted and has been shown a copy of the proposed new development and are happy with the proposals.
- 4.4 Public consultation will follow the submission of the planning application.
- 4.5 The prospective purchaser is aware of the requirement to amend/divert the energy infrastructure within the existing building.

## **5. ASSESSMENT**

- 5.1 Bidder A's financial offer is detailed in the private and confidential appendix (P&C1). The sale is subject to Bidder A obtaining planning consent.

5.2 Taking into consideration the cost of the new toilet facilities the overall scheme should now be cost neutral, in that the capital receipt from the sale of the property will cover these costs.

5.3 At present the Council is liable to pay Business Rates on the premises, which totals £2,900. Therefore by disposing of the premises the Council is able to avoid this annual cost.

## **6. IMPLICATIONS**

### **6.1 Policy**

6.1.1 The proposal is in accordance with the Council's policy framework.

### **6.2 Financial Implications**

6.2.1 Bids are outlined in the private and confidential appendix (P&C1).

6.2.2 A capital budget has been approved to allow the anticipated capital receipt to be offset against the cost of the new toilet facilities which have now been built and costs incurred at risk.

### **6.3 Legal**

6.3.1 The Council will prepare all the relevant Legal documentation pertaining to the disposal.

### **6.4 Risk**

6.4.1 Detailed in the attached Risk Matrix

### **6.5 Planning Implications**

6.5.1 Bidder A will need to apply for planning permission to demolish the property and redevelop the site.

6.5.2 The successful bidder has engaged in pre-planning discussions with the Planning Authority and has received positive feedback.

### **6.6 Crime and Disorder Implications**

6.6.1 None presently but the longer the premises remain vacant and deteriorates the more likely anti-social behaviour will arise.

### **6.7 Environmental Implications**

6.7.1 This is a prime seafront location and it is anticipated that the development will be constructed to a high quality design which will compliment the area and add to the regeneration of the Town.

## 6.8 Communications

6.8.1 The sale of the premises has been advertised in the Scarborough News & Whitby Gazette. It has also been advertised online via the Council's website & Estates Gazette. Three for sale boards were erected on the building.

## 7. ACTION PLAN

7.1 The action planned timeline to dispose of the property is:

- |                                       |                  |
|---------------------------------------|------------------|
| • Report to Cabinet                   | 12 December 2017 |
| • Call in deadline                    | 22 December 2017 |
| • Bidder A to obtain planning consent | 1 May 2018       |
| • Completion of sale                  | 1 July 2018      |

**Richard Bradley**  
**Director**

**Author: Louise Dudman, Senior Estates Assistant, Town Hall, St Nicholas Street, Scarborough, YO11 2HG**  
Telephone No: 01723 232412  
E-mail address: [louise.dudman@scarborough.gov.uk](mailto:louise.dudman@scarborough.gov.uk)

## Risk Matrix

<b>Risk Ref.</b>	<b>Date</b>	<b>Risk</b>	<b>Consequences</b>	<b>Mitigation</b>	<b>Current Risk Score</b>	<b>Target Score</b>	<b>Service Unit Manager/ Responsible Officer</b>	<b>Action Plan</b>
1	December 2017	Cabinet not agreeing to the freehold sale.	A capital receipt will not be generated  The Council will have on-going maintenance expenses.		A4	A4	Estates & Strategic Land	
2	December 2017	The sale should fall through.	The property will remain vacant and the Council will remain liable for all operating and running costs.		A4	A4	Estates & Strategic Land	
3	December 2017	Planning consent not being obtained	The sale would fall through and a capital receipt would not be obtained.		A4	A4	Estates & Strategic Land	