	<b>REPORT TO CABINET TO BE HELD ON  16 OCTOBER 2018</b>
	<b>Key Decision</b>  <b>Forward Plan Ref No</b>
	<b>Cabinet Portfolio Holder</b> <b>Cllr Helen Mallory</b>

**REPORT OF DIRECTOR (RB) – 18/164**

**WARDS AFFECTED: WHITBY WEST CLIFF**

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

**RECOMMENDATION (S):**

Cabinet is recommended to:

- (i) approve the financial offer from bidder A, subject to planning permission being granted, as detailed in the private and confidential Appendix 1;

**REASON FOR RECOMMENDATION (S):**

- To achieve a capital receipt from the disposal and reduce the Council's maintenance liability noting the loss of on-going rental income.
- To accept the financial offer for the building

**1. INTRODUCTION**

- 1.1 The Council is the freehold owner of the subject premises located at 10 Skinner Street Whitby as identified edged red in Appendix 1.

- 1.2 The premises are currently vacant following the vacation of the tenant in June 2017.
- 1.3 The disposal of the freehold provides an opportunity for a 3<sup>rd</sup> party to regenerate the building and for the Council to achieve a capital receipt.

## **2. CORPORATE OBJECTIVES AND THE COMMUNITY PLAN**

- 2.1 The 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 In November 2017 Cabinet approved the marketing and disposal of the premises by way of a long lease or freehold sale.
- 3.2 The premises were marketed for sale on the 2<sup>nd</sup> February 2018 with a closing date of the 6<sup>th</sup> April 2018.
- 3.3 The tenders received are detailed in the private and confidential appendix (P&C1).

## **4. CONSULTATION**

- 4.1 The Portfolio Holder for Corporate Investment Councillor Helen Mallory has been consulted and is supportive of the proposed disposal.
- 4.2 The recommended bidder has engaged with the Planning Authority to determine if their proposed end use as a hotel would be suitable for this location. An informal discussion has taken place with it being confirmed that planners would be comfortable with the change of use as it will contribute to the tourism economy.
- 4.3 The recommended bidder has obtained an independent building survey and architectural advice.

## **5. ASSESSMENT**

- 5.1 In an effort to determine the viability of the premises the Council's Estates Service considered refurbishing and redevelopment costs. It was found that the building required substantial investment and return on cost was assessed to be minimal.

- 5.2 At present the Council is liable to pay Business Rates on the premises to the value of £5,000 per annum (unbudgeted).

By disposing of the premises the Council is able to avoid these annual costs although would lose the opportunity of achieving any rental income from the site.

With the building not appealing to potential tenants it is unlikely, in the short term that the rental income budget will be achieved and therefore disposal is the preferred option.

The income shortfall, built into the base budget, will need to be offset by rent reviews on other buildings within the Council's property portfolio.

## **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 Outlined in the body of the report.

### **6.3 Legal**

- 6.3.1 The Council will prepare all the relevant legal documentation pertaining to the sale.

### **6.4 Risk**

- 6.4.1 Detailed in the attached Risk Matrix

### **6.5 Planning Implications**

- 6.5.1 The successful bidder will need to apply for planning permission for a change of use. Pre-planning discussions are currently in place with the Planning Authority.

- 6.5.2 The Planning Authority has given informal approval that the proposed future use would be favourably received.

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

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

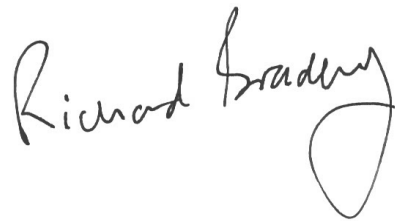
### **6.7 Environmental Implications**

- 6.7.1 There are no environmental implications.

## 7. ACTION PLAN

7.1 The proposed timeline to dispose of the property is:

- Report to Cabinet 16 October 2018
- Planning permission submitted 1 December 2018
- Planning permission granted 1 February 2019
- Completion of sale 31 March 2019



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## 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	October 2018	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	
2	October 2018	Not securing a buyer.	The property will remain vacant and the Council will remain liable for all operating and running costs.		A4	A4	Estates	
3	October 2018	Not obtaining planning permission	The sale of the premises will not go ahead and the Council will remain liable for the vacant building.		A4	A4	Estates	