

CABINET

Sale of 29 Castle Hill, Lancaster

21st April 2009

Report of Corporate Director (Regeneration)

PURPOSE OF REPORT			
To report on the implications of selling the above property by auction, and to obtain approval to sell the property as detailed below.			
Key Decision	<input checked="" type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>
Date Included in Forward Plan		Referral from Cabinet Member	
This report is public			

RECOMMENDATIONS OF COUNCILLOR ARCHER

- (a) To sell 29 Castle Hill, Lancaster at auction.
- (b) To authorise the Head of Property Services to fix the auction reserve in conjunction with the Auctioneer, to agree to the payment of the auctioneers fees and to authorise the relevant officers to complete the sale.

1.0 Introduction

The property known as 29 Castle Hill comprises the former Tourist Information Centre and the Merchants Public House. Cabinet previously resolved at its meeting on the 21st of February 2006 to relocate the Lancaster Tourist Information Centre into the Storey Institute and declare the property surplus (Minute 148 refers) and place it in the General Fund Disposal schedule. The former Tourist Information Centre will be sold with vacant possession, however the Merchants public house is let to a third party on a 125 year lease and the property will be sold subject to that lease.

2.0 Proposal Details

To enable the sale to take place during the 2009/10 financial year, it is considered that the best method of sale for this property is by auction. This has the advantage of being binding on the bidders at the auction, when a contract has to be entered into and a deposit paid.

Pugh & Company is to be selected as auctioneers, as they are holding a commercial property auction on the 4th of June 2009. (They have been previously used with good results for the sale of a number of Council premises during recent years.) The basis for their fees is £1000 plus VAT per property for a page entry in the auction catalogue, plus a sale charge of £250 plus VAT for each property. It is suggested that the level of the auction reserve be delegated to the Head of Property Services, in consultation with the auctioneer. This needs to be set at a realistic level, to ensure a sale takes place. Occasionally properties entered for auction sell prior to auction, i.e. where the auctioneer receives a realistic offer, the auctioneer effectively acting as the Council's agent. There is also a risk that bids may not reach the reserve, and property may not sell. The reserve will be set nearer to the time of the auction, depending on the amount of interest experienced. Some flexibility may be needed at and immediately before the auction itself, so delegated authority is sought for the Head of Property Services in these circumstances.

3.0 Details of Consultation

No consultation has taken place.

4.0 Options and Options Analysis (including risk assessment)

- 4.1 Option 1 - To sell 29 Castle Hill, Lancaster by auction, to authorise the Head of Property Services to set the auction reserve in conjunction with the Auctioneer, to agree to the payment of his fees and to authorise the relevant officers to complete the sale. This would be in accordance with the Council's approval to dispose of surplus properties.
- 4.2 Option 2 - Sell the property by alternative methods e.g. private treaty. As similar sales have fallen through in the past, this could not guarantee a disposal.
- 4.3 Option 3 - Not to sell the property. This would not be in accordance with the Council's approval to dispose of the premises, the premises are listed in the General Fund Disposal schedule. The City Council would be left with recurring management liabilities and costs.

5.0 Officer Preferred Option (and comments)

Option 1 is preferred for the reasons outlined above and that Cabinet approves the disposal by auction and to authorise the relevant officers to complete the sale.

RELATIONSHIP TO POLICY FRAMEWORK

There is no specific reference to this sale within the Council's Corporate Plan. The sale would be in line with the Disposal Strategy approved by Cabinet on 17th March 2009.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

This report raises no implications

FINANCIAL IMPLICATIONS

Should the property be sold then it would generate a capital receipt for the City Council. The property is already included in the General Fund Disposal schedule, and when a receipt is received it will contribute to the overall financing of the general fund capital programme.

SECTION 151 OFFICER'S COMMENTS

The s151 Officer has been consulted and has no comments to add

LEGAL IMPLICATIONS

Legal Services have been consulted and would further advise that as the contract for sale is required to be signed away from Council offices, in accordance with Article 14 of the Constitution the Chief Executive will need to authorise two officers attending the auction to sign the contract of sale.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments

BACKGROUND PAPERS

None

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