

Cabinet

Sale of Morecambe Town Hall Cottage, Marine Road East, Morecambe

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"/>
		Referral from Cabinet Member	<input type="checkbox"/>
Date Included in Forward Plan	8 th June 2009		
This report is public			

RECOMMENDATIONS TO COUNCILLOR THOMAS

- (1) That the Council's interest in Morecambe Town Hall Cottage be declared surplus to requirements.
- (2) That Morecambe Town Hall Cottage be sold at auction.
- (3) That the Head of Property Services be authorised 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 Morecambe Town Hall Cottage was formally occupied by the caretaker responsible for Morecambe Town Hall. However after the retirement of the last caretaker in October 2007 and a reorganisation of the municipal buildings premises management the property was no longer required and has been vacant since that time.

The property is beginning to show signs of deterioration, with dry rot recently identified in the end of one of the roof timbers. If this is left unattended it could spread to other roof timbers causing further problems and greater expense in the future.

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.

Fisher Wrathall is to be selected as auctioneers, as they are holding a property auction on the 30th of September 2009. We have not previously used Fisher Wrathall but feel that a local agent would be more suited to deal with this type of property. The Council has auctioned for sale a number of premises during recent years with good results. The basis for their fees is 2% plus VAT or a minimum of £1400 plus VAT plus an advertising charge of £275 plus VAT and a registration fee of £275 plus VAT.

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. He is acting as the Council's agent and may advise the Council to accept the offer and withdraw the lot from the auction or reject the offer and proceed to auction. 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

Consultation took place with the Ward Councillors on the 22nd of June 2009 and they have requested that this matter is referred to Cabinet

4.0 Options and Options Analysis (including risk assessment)

- 4.1 Option 1 - To declare Morecambe Town Hall Cottage surplus to requirements and sell the property by auction. In addition 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 obtain the necessary authority required under the Constitution to enable the relevant officers to proceed with this sale by way of auction. 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 accordance with the Council's approval to dispose of premises which are no longer required for operational purposes and the City Council would be left with recurring management and repair liabilities and costs, including remedial works to eliminate the dry rot from the property.

5.0 Officer Preferred Option (and comments)

Option 1 is preferred for the reasons outlined above and that the property is declared surplus and approval is given for the disposal of the property 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, it is not possible to quantify the market value of such a receipt at this time. The current capital programme does not reflect any receipts for the sale of the above property, if and when a receipt is received it will be incorporated into the overall financing of the programme at the earliest opportunity. There is an associated revenue cost of holding the property. This was in the region of £4,000 during 2008/09 and covered electricity, gas, rates, one-off security measures (£2,900), legionella monitoring and servicing. The ongoing annual cost of retaining this property until such time it is disposed is unlikely to be more than £2,000. In addition the Council has received a quote of £1,500 plus VAT for initial works to resolve the dry rot problems, however this price may increase if further problems are exposed at the point the works are undertaken. It is unlikely at this stage that if Members opt for option 1 that the Council will undertake the dry rot works, unless the auctioneer advises that we would receive higher consideration if these works are carried out. In any case it is likely that other remedial works may be required to the exterior of the property in the interim, these and the potential dry rot works will have to be met from existing repair and maintenance budgets for municipal buildings.

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 as referred to in the body of the report, in event of option 1 being approved, because the contract for sale will be 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 to add.

BACKGROUND PAPERS

None

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