

## **PROPOSED REFURBISHMENT AND LETTING OF THE CEDARS PROPERTY AT NORTH WALSHAM AND POSSIBLE FUTURE SALE OR DEVELOPMENT OF ADJACENT LAND & BUILDINGS**

**Summary:** This is an update to a report previously presented to Cabinet on the 30<sup>th</sup> March 2020, which identifies opportunities that would see the regeneration of a heritage building, known as The Cedars, and adjoining land. The proposal would require the Council to withdraw from a previously expressed intention dated November 2014 to dispose of the asset and move forward with a proposal for the main building to be refurbished and retained by the Council for letting and consideration of options for the remainder of the site.

**Options considered:** A range of options and uses have been considered and a feasibility study recently produced which makes recommendations for future uses. The alternative option is to continue with the previously agreed decision to dispose, however this would lead to a further long period in which the building remains vacant, at risk and deteriorating; it would also lead to the loss of grant support for the building's restoration.

**Conclusions:** The property has stood empty since 2016 whilst the sale of the property was under negotiation. During this time there has been considerable officer resource needed in managing the vacant property and budget required to hold it, without the property providing any benefit to the local community or wider district.

The prospective purchaser has in the period since November 2014 been unable/unwilling to commit to the acquisition of the property. In more recent times officers have explored alternative options and have succeeded in securing grant support for the building's restoration and conversion. Beneficial alternative options are now open to the Council following the completion of a feasibility study.

In evaluating the options and the inability of the prospective purchaser to complete, it is recommended that the disposal is not pursued; rather that the premises be refurbished and offered to let on the basis of a commercial rent either to community uses or to the private sector or a combination of both. The land and ancillary buildings offer some potential for development/conversion and it is recommended that options for its alternative use and possible disposal be further investigated. In both cases this would now represent best value and would support the objectives of the Corporate Plan, Asset Management Plan and furthermore would meet the criteria as stated in the Council's Disposal Policy.

**Recommendations:** It is recommended that Cabinet should resolve:

- A. To formally withdraw from the current disposal transaction which, after more than six years has not progressed to completion.**
- B. To retain the main Cedars building for letting purposes subject to a refurbishment as per the revised specification of works and then to market the premises to let.**
- C. That the previously allocated capital funding and the grant secured from Historic England is utilised for the refurbishment as per the revised cost plan.**
- D. That options are investigated for the separate use and possible disposal of the remaining parts and that marketing commences for the sale of the surplus site for potential third party development. (A further report being brought to Cabinet if disposal is deemed the most appropriate option).**

**Reasons for Recommendations:**

The proposed retention and refurbishment of the property and letting for a commercial rent to community organisations or private sector would bring the property back into beneficial use. This would prevent this important Listed Building from being further at risk and would utilise grant funds already secured. The refurbishment of the property supports the following key corporate priorities:

- Boosting Business Sustainability and Growth within North Walsham and surrounding areas (as part of the overall HSHAZ town centre improvement project).
- Financial Sustainability - by utilising grant funding to invest in the restoration of the building and reducing the Council's financial liabilities, revenue costs of holding the vacant, at risk, property, as well as providing both revenue income and a potential future receipt.

#### **LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW**

*(Papers relied on to write the report, which do not contain exempt information and which are not published elsewhere)*

Cabinet Member(s)	Ward(s) affected North
Cllr Eric Seward	Walsham

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## **1. Introduction**

- 1.1 In the summer of 2014 the District Council received an unsolicited offer for the property known as The Cedars, North Walsham, and after receiving independent valuation advice the Council's Cabinet, at its meeting of 4<sup>th</sup> November 2014 agreed to the sale of the property and terms were agreed with the purchaser.
- 1.2 However, despite contract paperwork being prepared in early 2015, the disposal of the property became protracted and following further negotiations with the purchaser and an options paper having been prepared, a further report was presented in to Cabinet in March 2020. This report gained approval from Cabinet to continue with the existing prospective purchaser on the basis that the revised terms represented best value and supported the Council objectives at that time.
- 1.3 The proposed disposal of the property has still yet to complete and, given COVID and levels of investor confidence at this time, there would appear no prospect of this producing the desired outcome within any reasonable period of time; meanwhile the property has been vacant and becoming dilapidated and at risk, costing the Council money and causing reputational damage. This report therefore seeks to provide an alternative option to the Council following the completion of a feasibility study and the receipt of external grant funds.

## **2. The Property**

- 2.1 The property was previously operated as a town council office and occupies a prominent location within the town to the east of North Walsham Market Place, opposite the town's post office, and close to the library and community centre. It was identified in the application for High Street Heritage Action Zone funding as an important building at the gateway to the town centre.
- 2.2 The property comprises the main building that was divided into office and meeting space with ancillary accommodation; a yard and parking area, portakabins (now removed) and barns/outbuildings.
- 2.3 The main council offices building, and some historic barn structures within the curtilage of the property are Listed; and the site lies within the North Walsham Conservation Area.
- 2.4 A further area of land, owned by the District Council and which adjoins the site, is largely vacant with a small storage shed that is let under licence (see plan Appendix 1).

## **3. Background**

- 3.1 A condition survey of the property was commissioned in 2010/11 to assess the then current and future maintenance requirements over a period of 5 years. At

that time, the report indicated that repair work to the building would have a cost in excess of £200,000. This cost was calculated at 1Q2010 BICS prices and did not allow for professional fees or management costs.

- 3.2 These works in the main included like for like replacements of doors/windows, works to the roof, replacement boiler and heating system, decoration, repointing walls, upgrade of electric services to the barn, rebuilding the rear external/boundary walls, and resurfacing the parking areas. There was no allowance for improvement except where it is necessary to upgrade at the time of replacement to comply with current regulations.
- 3.3 Since this time, the condition of the building and grounds has deteriorated since the property became vacant. There has been little repair and maintenance undertaken on the building since this time, on the basis that it was assumed a disposal was forthcoming which would have resulted in the major refurbishment of the building and site. The property is now suffering from dampness and some structural cracking.
- 3.4 In 2014, the District Council received an unsolicited letter expressing interest in acquiring the property for redevelopment to create a pub/restaurant. A conditional offer to acquire the freehold of the property was agreed subject to a number of conditions.
- 3.5 Following the Cabinet approval of November 2014 to dispose of the property, the Council instructed its solicitors to move forward with the legal transaction by way of a conditional contract, including a number of conditions required by the purchaser.
- 3.6 By September 2016 the Council had relocated the occupiers of the building to other accommodation in readiness for the disposal. However, the property has remained vacant since this time.
- 3.7 During 2017 a Section 53 of the Wildlife and Countryside Act 1981 application was made proposing the confirmation of a claimed Public Right of Way from Hall Lane to New Road through the site. The Council discussed this issue with the prospective purchaser and proposed that this issue be addressed as part of any subsequent planning application for the pub/restaurant through proposing the diversion of any claimed Public Right of Way across the site.
- 3.8 In late 2019, because the sale had not completed, a site visit and review discussion meeting was held with members to consider the future of the property. It was agreed that minor remedial work to improve the appearance of the property and to stop further dilapidations was to be undertaken, this included the removal of the vacant, dilapidated porta-cabins from the site (which occurred in 2020). It was also agreed that a number of options for the future of the building would be considered. Further discussions were also held with the prospective purchaser who re-stated their commitment to proceed with the purchase of the property in early 2020, prior to the onset of the COVID pandemic.
- 3.9 An opportunity for grant funding became available in 2019 and the Council was successful in North Walsham becoming a High Street Heritage Action Zone (HSHAZ) during spring 2020. An element of the grant funding was proposed in order to bring this important Listed Building back into use, as at that time as the legal exchange of the conditional contract had still not been achieved. This funding would contribute a substantial sum towards the refurbishment costs, matched by the Council. The Council would, however, not be eligible for this grant if it were to dispose of the property.

- 3.10 In early 2020 the Covid pandemic and consequent lockdowns caused business uncertainty, particularly in the hospitality sector, and that lack of certainty has adversely impacted on investment confidence. This is thought to have had a particularly negative financial impact on the prospective purchaser of this property and, whilst the legal documents were largely agreed, the company has not progressed with its proposed acquisition of the property.

#### **4. Current Position**

- 4.1 The HSHAZ project is now well established and as part of this programme, a detailed survey of the property was commissioned in order to provide an updated position on the property condition. This survey identified a range of essential repairs and improvement works required to the building to bring it back into use. An associated cost plan was also produced.
- 4.2 Alongside this, a feasibility study was completed that highlighted several opportunities for the future beneficial use of the property, with the aim that its restoration and use would assist in the overall package of town centre improvements under the HSHAZ programme, reflecting its location and heritage status. It established that office use would be one of the most straight forward and suitable options for the main building due to the need for only simple conversion with minimal alterations required, giving flexibility to range of potential future users.
- 4.3 Having assessed the findings of the survey, cost plan and feasibility study a value engineering exercise was undertaken which highlighted opportunities to make cost savings whilst still being able to undertake essential repairs and bring the property back into use.
- 4.4 The assessment from the options undertaken in 2019 for the land and barn has also been updated, which contemplates potential residential development amongst other things, as the housing market has remained strong.
- 4.5 As part of the Open Public Estate programme (OPE) the Council previously identified the opportunity for a 'community hub' within the town that could provide an enhanced customer experience of public services through bringing together a number of public sector partners. Whilst this concept was supported the project did not proceed due to the substantial financial commitment and questionable viability in developing a new hub. However, by assessing the merits of such a facility it did identify a number of community focused organisations that would welcome the opportunity to work with likeminded organisations within a hub environment.
- 4.6 The disposal of the property to the prospective purchaser now appears highly unlikely to complete, and even if it did, there would be a considerable hiatus before any development materialised. There is a desperate need to ensure that the property is repaired and maintained and that it is able to fulfil a valuable role in the future improvement of the town centre. With the grant funding that has been secured and the options that appear to be viable as a result, it is proposed that the Council does not continue to hold out for the disposal but that it capitalises on more immediate opportunities that will be beneficial to the fabric of this historic building, the Council, and the town centre of North Walsham.

## **5. Proposal**

- 5.1 Having assessed the feasibility study, condition survey, cost plan and appraisals the opportunity to retain and refurbish the building appears to be compelling. There would appear to be a variety of options relating to both the main building, the ancillary barns and the remainder of the site, which would be financially attractive but moreover would assist with the wider regeneration of the town in the short and longer terms. The option of bringing in a new hospitality business into the town, whilst attractive in many ways, did generate negative comment from some interests in the town. The HSHAZ scheme is motivated towards the improving the vitality and viability of North Walsham town centre and the Council believes this building can play an important role in that vision. The wider project (town centre place making, building improvements and cultural programming) will help to reinforce the existing hospitality businesses in the town and to some extent therefore, the use of this property for alternative uses will help to further reinforce that objective.
- 5.2 Whilst the Council's Cabinet had previously agreed in November 2014 to dispose of the property, as this has not completed, and as new opportunities have emerged, it is proposed to withdraw from the disposal and instead to:
- 5.2.1 Retain, refurbish and let the main property for a use or uses that will be appropriate to its characteristics and its location and that will cover its revenue costs; and
  - 5.2.2 consider further the available options for the remainder of the site and the barns
- 5.3 Through the OPE project the Council is aware of local public service and community organisations which have an interest in co-locating in this area, and officers have commenced discussions with these as potential tenants. It is proposed to undertake additional marketing of the building for letting alongside this.
- 5.4 As the land and barn adjoining the property are not essential to the retention and letting of the main building, these could be used or developed independently (subject to planning consent), with the potential for a capital receipt, which could help cover the cost of the Council's contribution to the Cost of repair/ restoration of The Cedars.
- 5.5 It is therefore recommended that further investigations and feasibility work be undertaken to explore the further potential of the site in order to optimise its value. It is proposed that a further report be presented to Cabinet following a comprehensive marketing of the site and once appropriate options have been evaluated.
- 5.6 It is proposed with the third parcel of land and storage shed, to terminate the licence so that this area can be incorporated into any hub scheme as a parking area.

## **6. Conclusion**

The property has stood empty since 2016 whilst the sale of the property was under negotiation. During this time there has been considerable officer resource needed in managing the vacant property and budget required to hold it, without the property providing any benefit to the local community or wider district.

The previous prospective purchaser has been unable/unwilling to commit to the acquisition of the property. Meanwhile officers have explored alternative options and have succeeded in securing grant support for the building's restoration and conversion. Beneficial alternatives options are now open to the Council following the completion of a feasibility study.

In evaluating the options and the inability of the prospective purchaser to complete, it is recommended that disposal is not pursued but that the premises be refurbished and offered to let either to public service / community uses or to the private sector or a combination of both. The land and ancillary buildings offer some potential for development/conversion and it is recommended that options for its alternative use and possible disposal be investigated. In both cases this would now represent best value and would support the objectives of the Corporate Plan, Asset Management Plan and furthermore would meet the criteria as stated in the Council's Disposal Policy.

## **7. Asset Management Policies**

7.1 The Councils Asset Management Plan strategic vision and focus for its portfolio is to be creative and entrepreneurial whilst having a fair and transparent use of its land and property and asset management approaches.

7.2 The retention and refurbishment of The Cedars alongside a potential disposal of part of this asset would support the following key aims of this document:

- Manage investment land and property assets soundly to optimise revenue income and capital receipts
- Reduce operating costs whilst ensuring assets remain fit for purpose and support service delivery
- Assets are sustainable and flexible for current and future needs whilst minimising the future costs to the Council of energy costs and maintenance liabilities
- Drive economic growth enabling businesses to thrive and grow
- Support our town centres, making them popular destinations to visit and enjoy
- Create opportunities that deliver community benefits.

7.3 Alongside the Asset Management Plan is the Council's Disposal Policy and a sale of part of this property would meet a number of this document's disposal criteria. An asset may be considered for disposal, where it:

- No longer contributes to the delivery of the Council's services, strategic or corporate objectives
- Provides a financial benefit to the council in terms of a capital sum to provide a more suitable re-provision
- Is not fit for purpose and is no longer economical, environmentally or culturally sustainable
- May be required for larger scale redevelopment opportunities, which would deliver greater economic development or regeneration through a wider land assembly.
- Has no strategic, regeneration or redevelopment potential to the Council

- Is a risk or poses a future risk to the Council
  - Is under performing and offers no future capital appreciation or investment rate of return
  - Would offer social, community or environmental benefit
- 
- Improves economic development of the area or encourages start up or business growth.

## **8 Implications and Risks**

- 8.1 Legal implications and risks are shown in the options appraisal and in the exempt Appendix C.

## **9 Financial Implications and Risks**

- 9.1 Commercially sensitive financial implications and risks are shown in the options appraisal in the exempt Appendix C.
- 9.2 Costs involved since agreeing the now abortive sale have been mainly revenue costs incurred in managing the site as a vacant building. In 2018/19 the cost was circa £10,000 which is mainly business rates on the now removed portakabins, but excludes officer time in undertaking weekly inspections.
- 9.3 Whilst the Council is still responsible for the property and would manage any lettings and ongoing repairs and maintenance, this would be countered by a rental income and service charge.
- 9.4 If a sale of the car park and barns/outbuildings was to proceed the Council would no longer need to fund the substantial repairs required and all revenue costs associated with the management of the outbuildings/ barn and the car park.

## **10 Sustainability**

- 10.1 The redevelopment of the property would require that the property meets the current Building Regulations at that time relating to sustainability. The repairs and improvements currently contemplated would substantially improve its energy efficiency and carbon footprint.
- 10.2 In addition to this, it is believed that the new proposal would strengthen the vibrancy and vitality of North Walsham town centre through establishing a new business or community hub.

## **11 Equality and Diversity**

- 11.1 The property being vacant and in its current form is limited in supporting equality and diversity within the town. A refurbishment and re-letting of the property would be required to meet current legislation in relation to equality and diversity and it envisaged that the new lettings would provide improved accessibility to many groups within the local community.

## **12 Section 17 Crime and Disorder considerations**

- 12.1 The property has suffered from some anti-social behaviour whilst vacant.



12.2 This report does not raise any further issues relating to Crime and Disorder.

### **13.0 Appendices**

13.1 NNDC ownership plan

13.2 Revised specification of works (the current draft)



## **CEDARS – REVISED INTERNAL SPECIFICATION OF WORKS**

**7<sup>TH</sup> MAY 2021**

Room numbers refer to the plans contained within the report by Kings & Dunne

### **B01 - Main basement room**

General tidy up and sweep out all materials (no redecorations required)

New lighting if required to meet Fire Regs

Use remains as a general store

### **B02 – Basement corridor & stairs**

As B01 – no redec required

Threshold repair to 2x lower steps

New lighting if required for Fire Regs

Use remains as corridor and stairwell

### **G01 – Entrance Hall**

General making good and redecoration

Minor repair to tiled floor at entrance to basement

New lighting

New door furniture to Fire Door

Fix any loose cabling

### **G02 – Office**

General making good and redecoration

Removal of suspended ceiling & repairs to original lathe & plaster ceiling and cornice above

Replace missing tiles in hearth

New door furniture if existing is unserviceable

Floor finish - re-carpet or consider exposing timber floor

Service existing sash windows

Replace 2x vents if required

### **G03 – Meeting Room**

General making good and redec

Remove pin board and make good

Repair cracking

Window to be serviced

Renew blinds to window

**G04 – Rear Hall**

General making good and redecor

Remove pin board

Tiled floor repairs

New lighting

**G05 – Rear Porch**

Complete removal of existing timber structure and make good

Overhaul existing door to become reinstated external back door

**G06 – Staircase Hall**

General making good and redecoration

New lighting throughout

Redecorate timber staircase and provide new carpets

**G07 – Safe Room**

Retain safe

New boiler location to be reviewed (from G09 corridor)

New door and frame to meet Fire Rating (if required)

New lighting

**G08 – WC**

Refurbish existing sanitary ware – only renew if unserviceable

New lighting

Review extract arrangements as required

**G09 – Corridor**

Remove boiler & make good

Replace damaged plaster near boiler

Consider new location for boiler in WC adjacent

General making good and redecoration

Repair existing floor and deep clean

Remove or tidy exposed wiring as required

**G10 – Reception**

General making good and redecoration

New carpet to floor

Remove window insert/vision panel if not serviceable

**G11 – Office**

Stud walls to remain in situ

Generally make good and redecorate

New carpet to floor

New lighting

**G12 – Office**

Stud walls to remain in situ – otherwise as G11 above

**G13 1a New Road – Office**

No work required other than door cleaning and repainting

Use to be as a separate NNDC storage facility

**F01 – Landing area**

Replace door to F12 store

General make good and redecorate

New carpets

New lighting

**F02 – Upper stairs and landing**

General make good and redecorate

New carpets

New lighting

**F03 – WC**

Refurb sanitary ware if serviceable otherwise renew

New floor finishes as required

New lighting as required

Mechanical extract vent through external wall

**F04 – Office**

General make good and redecorate

New carpets

New lighting

**F05 – Office**

As F04 above

Remove secondary glazing

Leave open fireplace

**F06 Office**

Refurb internal doors

General make good and redecorate

New carpets

New lighting

Tidy cupboards and fix as required

**F07 – Office**

Stud walls to remain in situ

Potential re-glazing if required

General make good and redecorate

New carpets

New lighting

**F08 – Lobby**

As above F07

**F09 – Office**

General make good and redecorate

New carpets

New lighting

**F10 – Office**

As above

Refurb and retain built in cupboards

**F11 – Store**

Chipboard to remain and to be re-clad

General make good and redecorate

New vinyl floor finish

New lighting

**F12 – Store**

New door and new frame if frame required New vinyl floor finish

New lighting

### **F13 – Kitchen**

Construct new timber stud wall beneath existing beam to create smaller kitchen area and new WC

Form new door into F13 kitchen by re-opening blocked doorway in F12

Fit new kitchenette

Generally make good and redec

New vinyl floor finish

### **F14 – New WC formed out of F13**

General make good and redec

New vinyl floor finish

New lighting

New sanitaryware

Associated plumbing & drainage (note existing WC in G08 below)

### **General Items**

Remove any secondary glazing if unserviceable

Consider provision of window blinds throughout (tenant fix?)

Replace any door hardware that is not serviceable

Fixed wire test, undertake recommendations and add further sockets as required

Fire exit signage – check all signage & replace extinguishers as required

Fire detection and alarms throughout

Complete Legionella testing prior to any letting

Roof – inspect and review loft insulation – replace if required

Replacement of switchgear as required

Data cabling removals and new installations

Intruder detection alarms to Ground Floor

New boiler, pumps and associated equipment / replacement of all radiators and controls

Builders work in connection with services

### **Roof**

Generally in good order – attend to minor repairs

### **Guttering and downpipes & fascia boards**

Renew all items as required

**External windows and doors**

Repair all items as required

**Externals linked to building**

Timber bike shed to be cleared & retained and corrugated plastic roof to be cleaned

Boundary Walls – inspect and repair brickwork as necessary

**Externals**

Bike shed structure outside rear door to be retained, cleared and roof covering cleaned