

Disposal of property

Summary: The Council acquired a mixed use property in 2017 and part of which has been let for holiday accommodation. The property has not been performing as anticipated and is not likely to reach the desired financial return in the future and therefore a sale of the property is proposed.

The property has been advertised on the open market and a number of offers have been received. Officers are now seeking authority to sell the property.

The village shop does not form part of this proposal and is to be retained with tenant remaining.

Options considered: The Council could retain the property, however it does not produce the financial returns required and does not support the Councils Corporate Plan objectives.

Conclusions: During ownership the performance of the holiday let property has been monitored and whilst some improvements have been gained, overall the property has not secured the level of income and financial return envisaged. This has been further impacted by the need to close the property during the national lockdown.

As financial returns in accordance with the Councils Asset Management Plan are not being achieved, it is proposed to sell this part of the property and to retain the community shop and tenant on the existing lease terms.

Following the property having being advertised for sale on the open market best and final offers have been received. These offers have been qualified and assessed. Acceptance of the recommended offer will result in a capital receipt for the Council upon legal completion.

Recommendations: **It is recommended to Cabinet to approve the disposal of the property as outlined in the exempt appendix.**

Should there be any further changes to the offer made, to delegate to the s151 officer, in consultation with the portfolio holder, the ability to dispose of the property:

- **To a different buyer at the same sum or**
- **For any value exceeding the original sale price**
- **At a reduction of up to 10% of the agreed sale**

- price**
- Allowing for any additional costs incurred**

Reasons for Recommendations: The disposal is in accordance with the Council's Disposal policy and the offer is deemed to be the best financial consideration reasonably obtainable at the current time.

Cabinet Member(s) Cllr E Seward	Ward(s) affected Itteringham/Erpingham
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1. Introduction

- 1.1 The Council acquired a mixed use property during 2017/18 comprising of a private residential property and attached village shop which was being successfully run by a community organisation.
- 1.2 The village shop is let to the community group under a formal lease arrangement and the residential part of the property which had previously been a family home was fully furnished and let for holiday accommodation from 2018.
- 1.3 Whilst the residential property was marketed through a specialist holiday letting company and it secured a number of bookings, the property had periods of vacancies and was also closed during the Government national lockdown during 2020 – 2021, when required. These void periods have impacted on its financial return and income to the Council.
- 1.4 Officers have sought to reduce voids and costs alongside investigating opportunities to increase income during ownership and whilst there has been an improvement it is unlikely to reach the financial investment anticipated.
- 1.5 Whilst the Council intended to monitor its performance over a 5 year period, as the property does not support the Councils Corporate Plan objectives, it is not meeting the financial return anticipated and is not likely to, in accordance with the Council's Asset Management Plan, It was proposed to sell the residential element of the property during 2021.
- 1.6 Following this, the due notice period was given to the holiday let company and it is expected that the majority of the bookings will go ahead prior to legal completion of the sale.
- 1.7 It is intended that the community shop will be retained by the Council with tenant remaining under the existing lease terms and therefore the shop will not form part of the proposed disposal.

2. Disposal

- 2.1 Officers appointed an experienced and local estate agent, following a procurement exercise and has been advertising the freehold property for sale on the open market during 2021.
- 2.2 During this time there have been a number of viewings which has resulted in offers being made by interested parties. Best and final offers been requested and subsequently been qualified by the Agents and assessed by the Estates Team.
- 2.3 The Estates Team recommend the offer as described in the exempt appendix is accepted.
- 2.4 The proposed disposal of the property is in accordance with the Councils Disposal policy, which provides a framework through which the Council can effectively manage its portfolio.
- 2.5 The Council will seek to dispose of its assets where it is in the best interest of the Council. In the case of this property, the asset does not contribute to the delivery of Council services and does not meet the required return.

3. Corporate Plan Objectives

- 3.1 The proposed disposal would contribute to the Financial Sustainability and Growth Corporate Plan Objective as the sale of the property will contribute to the financial sustainability of the Council.

4. Medium Term Financial Strategy

- 4.1 The sale of the property will generate a capital receipt as described in the exempt appendix, which will support the Councils Medium Term Financial Strategy.

5. Financial and Resource Implications

- 5.1 Financial details regarding the offer are included in the exempt appendix.
- 5.2 The offer which is recommended is sufficient to recover all costs incurred with owning and managing the property.

6. Legal Implications

- 6.1 The Council will appoint a residential conveyancing solicitor to act on behalf of the Council in undertaking the transaction and to provide legal advice.
- 6.2 The offer made subject to contract and is not legally binding until exchange of contracts.

7. Risks

- 7.1 There is a risk that the sale of the property does not proceed through to legal completion and the property will need to be remarketed. At the current time the property market is buoyant and therefore whilst this would cause a delay at this point in time, it is not envisaged to have a detrimental impact.
- 7.2 There is a risk that property values may reduce due to further negotiation from the purchaser following a survey of the property for example or if remarketing recommenced following an abortive sale. This could cause negative financial impact in these scenarios. If this occurred, the Council could continue accept a lower price, or retain and let the property until a time when values or demand improves.

8. Sustainability

9.1 There are no direct sustainability implications with the proposed disposal.

9. Climate / Carbon impact

10.1 There are no direct climate or carbon impact with the proposed disposal.

10. Equality and Diversity

11.1 There are no direct equality and diversity implications with the proposed disposal.

11. Section 17 Crime and Disorder considerations

12.1 There are no direct crime and disorder considerations with this proposal.

12. Conclusion and Recommendations

12.1 The Council acquired a mixed use property in 2017 with village shop that is let to a community organisation and a residential part which is let as holiday accommodation.

12.2 During this time the performance of the holiday let property has been monitored and whilst some improvements have been gained, overall the property has not secured the level of income and financial return envisaged. This has been further impacted by the need to close the property during the national lockdown.

12.3 As financial returns in accordance with the Councils Asset Management Plan are not being achieved and are not likely too, it is proposed to sell this part and to retain the community shop and tenant on the existing lease terms.

12.3 It is recommended to Cabinet to approve the disposal of the property as outlined in the exempt appendix.