

CABINET

18th March 2014

Barleythorpe Hall Redevelopment

Report of the Director for Places (Development & Economy)

STRATEGIC AIM:	Creating a brighter future for all; Creating a safer community; Building our infrastructure		
KEY DECISION	YES	DATE ITEM FIRST APPEARED ON FORWARD PLAN	9 th August 2013

1. PURPOSE OF THE REPORT

- 1.1 To update on revised offers received for Barleythorpe Hall and to seek a decision on the sale.

2. RECOMMENDATIONS

- 2.1 That Cabinet considers the revised bids for Barleythorpe Hall and the proposal from a third party to remarket jointly.
- 2.2 That Cabinet recommends to Full Council the disposal of Barleythorpe Hall to the Preferred Bidder, delegating authority to the Director for Places (Development and Economy) in consultation with the Portfolio Holder for Places (Development) and Finance to finalise the detailed matters in the terms of the disposal.
- 2.3 That Cabinet declines the alternative bids and the proposal to remarket jointly.

3. REASONS FOR THE RECOMMENDATIONS

- 3.1 The revised bids include an offer that could be recommended for acceptance due to the amount of the capital receipt and deliverability of the revised scheme.
- 3.2 Reduce the ongoing revenue expenditure of continued retention of Barleythorpe Hall.

4. UPDATE ON BIDS

4.1 Historic bids

As detailed in the previous cabinet report (Report 201/2013) the Hall was vacated in 2006 following the reprovision of the elderly care accommodation and services at the Rutland Care Village and a decision was taken to sell the asset. Marketing commenced in late 2006 with planning applications also being submitted for conversion and new build.

Bids were sought with a closing date of September 2007 and the highest bid was accepted. However due to the downturn in the property market this was withdrawn in Spring 2008 and a decision was made by Cabinet to mothball the Hall pending an upturn in the market.

In March 2011 Cabinet approved the remarketing of the Hall, and in March 2012 one bid was on the table at the closing date. To ensure any further interest was captured, a further round of marketing took place with a cut-off date of May 2013.

Cabinet report 201/2013 detailed the bids received in May 2013. All of the bids referred to above are detailed at Exempt Appendix A. In addition there have been a number of expressions of interest that have not materialised into firm bids.

4.2 Current bids

Further to the decision by Cabinet in May 2013 (report 201/2013) officers commenced discussions with the Welland Procurement over the EU procurement process for securing a partner for a Joint Venture development.

Since that time a revised bid has been received from one of the consistently interested parties who had continued to demonstrate firm interest. This bid is considered worthy of further consideration. The proposed scheme is deemed deliverable and the gross bid is at an acceptable level being 10% more than the figure reported in September 2013. This is supported by our property agent. There will be deductions from the gross offer for developer contributions in accordance with Council Policy.

Further dialogue has taken place with the bidder to look at alternative approaches for vehicular access and there is now a firmed-up proposal presented. This is detailed in the Exempt Appendix B and is subject to contract and obtaining planning consent. The bidder does not require any further internal board or bank approvals/valuation.

The scope of the arrangements moving forward is that the bidder would be required to exchange conditional contracts one month after receipt of draft contract which would include arrangements/timescales for the submission of the planning application. Completion of the transaction will be required to be within 2 months of receipt of satisfactory planning permission. The proposed sale area is edged red on Appendix C.

4.3 A second bidder has also confirmed that their original offer for straight purchase rather than a joint venture remains on the table. The residential scheme with potential demolition of the Hall and new build is detailed in Exempt Appendix B.

4.4 A potential third bidder made contact on 19th February 2014 to express interest in the site but have subsequently contacted the property agent to confirm that they would not be making a firm offer.

5. ADDITIONAL JOINT MARKETING PROPOSAL

5.1 In mid-January 2014 an approach was received from a third party seeking to enter into a joint marketing arrangement with the Council for the Hall site and their own site. The landowner was asked to provide a more detailed proposal by 31st January to set out the principles of that joint arrangement [e.g. a collaboration agreement], the perceived added benefits to each party and the potential timescales involved. The short timescale for this more detailed proposal was set in order to maintain momentum with considering the revised bids. A further proposal was received on 31st January and this is detailed at Exempt Appendix B.

6. CONSULTATION

6.1 A meeting of the Ward Members, Portfolio Holder and Officers (Planning, Highways and Property) took place with the residents of Barleythorpe village, at their request, on 7th October 2013. The purpose of the meeting was to update them on the proposals for Barleythorpe Hall in terms of; future use and marketing/planning/access; traffic concerns and potential highway improvements in the village; planning updates on the Hawksmead development (Oakham North) and the Local Plan review (restraint village status).

The discussions at the meeting helped clarify what redevelopment would be appropriate in planning terms and be likely to be amenable to the residents (e.g. residents felt that retention of the hall was a high priority). This has enabled progress on shaping the asset disposal in particular the potential access routes. It has in turn assisted with bids being refined and firmed-up based on planning advice provided.

7. EU PROCESS AND JOINT VENTURE

7.1 Following further consideration of this process and in the light of the firm bid for a straight sale which is considered to be deliverable and acceptable, this process has not been progressed significantly. There were concerns regarding the lengthy timescale which becomes more unfavourable when compared to a straight sale when a firm acceptable bid is in play. The agent has also advised that there is no hard evidence of an uplift in value but there will be a considerable delay going through the EU process and the ongoing asset holding costs

7.2 The straight sale should provide a much earlier capital receipt than the EU process as it would be possible to move quickly to exchange of contracts and submission of planning application. With the EU process there would be a period of circa 48 weeks before the initial award decision and the exchange of contracts and planning submission following on from that stage. The amendments to the scheme provide greater chance of delivery than previously and an overage clause would be included within the contract to capture the potential uplift in value from planning improvements that might be obtained during the application process. This value uplift will be shared through an agreed financial control process which is to be developed as part of the detailed matters for this disposal.

If Cabinet are not minded to accept the current bid then the EU process could be resumed.

8. FINANCIAL IMPLICATIONS

8.1 Financial implications:

a) If the current straight sale bid is progressed a gross capital receipt as detailed in Exempt Appendix B could be achieved, subject to planning, but with deductions for developer contributions including affordable housing (commuted sums). A satisfactory financial status summary report on the preferred bidder is attached at Exempt Appendix D.

b) The implications of the third party joint marketing proposal cannot be quantified unless further detail is provided. However, the protracted timescale will mean vacant property costs will continue to be incurred for a longer period of time.

9. RISK MANAGEMENT

RISK	IMPACT	COMMENTS
Time	M	The Hall is deteriorating and a solution needs to be concluded to remove the holding costs
Viability	M	There are a number of significant issues to be overcome in terms of planning and highways
Finance	M	Further deterioration of the Hall and grounds will impact on revenue budgets and continuing to hold the asset will further delay capital receipts. The scheme as presented will allow the capital receipt to be applied to other capital projects or reduce borrowing.
Profile	M	The asset has a raised profile in the locality but not beyond the village. However, redevelopment in a restraint village may become a cause for concern or comment.
Equality & Diversity	L	An EIA questionnaire has been completed which indicates a full EIA is not required.

10. REASONS WHY THE REPORT IS MARKED “NOT FOR PUBLICATION”

10.1 The Exempt Appendices are marked “Not For Publication” because they contain exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Background Papers
Cabinet Report 201/2013

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