



## **Disposal of Churchfields Office, Wincanton**

Executive Portfolio Holder:	Councillor Tony Lock, Protecting Core Services
Strategic Director:	Clare Pestell, Commercial Services and Income Generation
Service Manager:	Robert Orrett, Commercial Property, Land and Development Manager
Contact Details:	Robert.orratt@southsomerset.gov.uk or 01935 462075

## **Purpose of the Report**

1. To seek a decision from members on the disposal of this surplus operational property asset.

## **Forward Plan**

2. This report did not appear on the District Executive Forward Plan. We have received offers for the sale of the property and seek a decision to enable us to conclude the previously approved principle, to dispose of Churchfields Wincanton, following the conclusion of the marketing and sale process .

## **Public Interest**

3. The efficiency of the council's operations and use of operational assets impacts on the effective use of the revenues available to the council and the delivery of services to South Somerset.
4. Securing re-use of this substantial property in Wincanton is environmentally sound and will also contribute to the quality of the town and its economic base.
5. The capital receipt is to be ring-fenced within the budget for the Wincanton regeneration project.

## **Recommendations**

6. That the District Executive:
  - a. Approve the recommendation for sale of the property asset contained in the confidential appendix.
  - b. Delegate to the Director of Commercial Services and Income Generation approval of detail of the sale providing the price and basis remain in accordance with the information provided.

## **Background**

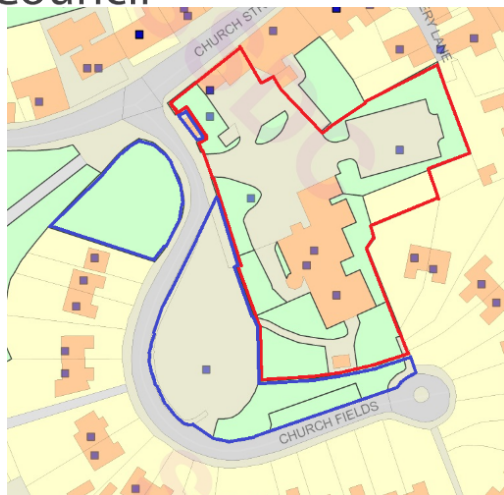


## South Somerset District Council

7. A report was provided to District Executive on 1 March 2018 “SSDC Review of Operational Office Accommodation – Progress Report”.
8. The report set out principles for developing a revised Area Presence which were endorsed by District Executive and have been progressed.
9. District Executive approved the recommendation for disposal of and/or redevelopment of its current Area Offices over the next 2 years in accordance with relevant governance and policies.
10. The Churchfields Office, Wincanton is one of the Area Offices within the scope of that decision. Work has been progressed to create the replacement arrangements and to end the operational use of the property. This having been achieved, a project to secure disposal has been implemented.
11. Offers have been received from interested parties. These are summarised in the confidential appendix along with a recommendation as to which to accept for the sale to be concluded.

### Realisation Strategy

12. One of the reasons for the recommendations made in March 2018 was that the council had significantly more office accommodation than it required. It was recognised in the report that the Area Offices were not suitable for our operational needs as an agile style of working is introduced alongside the wider Transformation Programme.
13. The Commercial Strategy (approved by District Executive in August 2017) includes the overarching principle for existing assets that unless they either contribute positively to a policy objective, and represent value for money compared to other ways in which the same benefit could be achieved, or provide an adequate financial return on investment, they should be considered for disposal.
14. The Churchfields Office was identified as not meeting the criteria for retention. Officers have therefore progressed work to evaluate options for realisation and prepare for that. The operational asset which is intended for disposal comprises the area edged red on the plan below. The areas edged blue are the other ownerships of the council in the immediate vicinity comprising public car parking, public conveniences and landscape.
15. Consideration was given to three realisation options:
  - a. Direct development
  - b. Joint venture development
  - c. Sale



16. The likely future use for the property is residential. That may require planning consent but permitted development rights exist nationally for change of use from offices to residential.
- a. Direct development was not considered prudent. The council property team does not include specialist capacity to operate as developer on a conversion. Embarking on such a project would dramatically divert resource away from the established objectives. While there is prospect of developer's profit, that is reflective of the risks involved. It is considered preferable to leave development specialists with experienced teams to take that on.
  - b. Joint venture has the potential to blend capabilities with the advantage of ownership. The relatively small scale of the project, and the inherently higher risks and uncertainties with conversion and refurbishment led to the conclusion that the effective outcome would be better if the developer is unfettered by a JV contract, and that the costs of setting one up would not be justified in this case either in quantum or prospect for successful conclusion.
  - c. Sale – this was considered the best option. It allows interested parties flexibility around their vision for future use, does not exclude the possibility of buyers for purposes that differ from residential conversion, and allows the buyer to operate flexibly and under their individual judgement. Offers might be unconditional or subject to planning but either way this option should provide the council with a relatively early disposal, capital receipt and ending of the facility management costs.
17. In preparation for the disposal, discussions were held with the two tenants of parts of the building to give them time to consider future options and relocate. One has already moved from the building and the other will do so shortly.
18. A selection process was operated to appoint marketing agents in the expectation of a private treaty sale process. The agents all provided their views on marketing strategy.



## South Somerset District Council

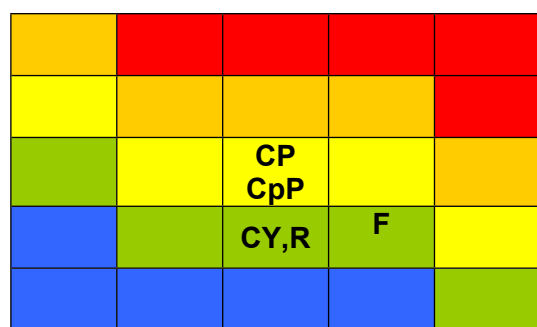
19. Marketing of the property commenced in April 2020. There was uncertainty as to market response as this was just after COVID-19 lockdown commenced. However, there was a reasonable level of interest and a satisfactory number of viewings. The interest was brought to a conclusion with best offers sought from interested parties. In view of the commercial sensitivity of the bidding process, information on the bids and the recommendation for the party to sell to is contained in the confidential appendix.

### Financial Implications

20. The potential capital receipt from the sale of this asset is stated in the Confidential Appendix. The receipt is to be ring-fenced for the Wincanton regeneration project.
21. There are expected to be continuing net revenue savings. The net annual expenditure over the last five years has averaged above £20,000. This £20,000 ongoing pressure can now be removed from the Medium Term Financial Plan.

### Risk Matrix

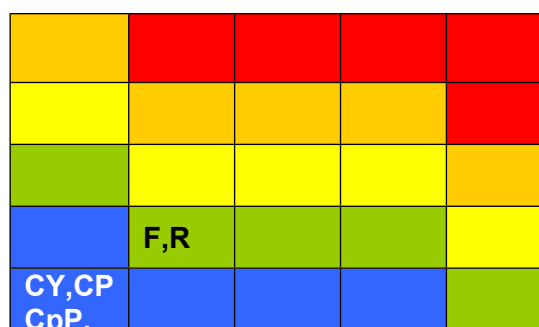
Risk Profile before officer recommendations



Likelihood



Risk Profile after officer recommendations



Likelihood



#### Key

Categories	Colours (for further detail please refer to Risk management strategy)
R - Reputation	High impact and high probability
CpP - Corporate Plan Priorities	Major impact and major probability
CP - Community Priorities	Moderate impact and moderate probability
CY - Capacity	Minor impact and minor probability
F - Financial	Insignificant impact and insignificant probability

### Council Plan Implications

22. This report links to the following Council Plan objectives:

- Protecting Core Services
- Take a more commercial approach to become self-sufficient financially



## **South Somerset District Council**

- Supporting the Regeneration of Wincanton

### **Carbon Emissions and Climate Change Implications**

23. Reduced operational estate footprint and carbon emissions. Re-use of physical assets with any aspects subject to Building Regulations meeting current standards.

### **Equality and Diversity Implications**

24. This report does not involve any equality or diversity implications.

### **Privacy Impact Assessment**

25. There is no personal information included in this report.

### **Background Papers**

- SSDC Review of Operational Office Accommodation – March 2017
  - SSDC Commercial Strategy 2017
  - Churchfields Offices, Disposal - Inclusion of public car park – report to Area East Committee, February 2020
-