

Disposal of Churchfields Office, Wincanton

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Purpose of the Report

1. To inform members on the disposal of this surplus operational property asset.

Public Interest

2. 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.
3. 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.
4. The capital receipt is to be ring-fenced within the budget for the Wincanton regeneration project.

Recommendations

5. That The Committee note:
 - a. District Executive decision on the recommendation for sale of Churchfields offices, Wincanton.
 - b. That the proceeds of the sale are ring fenced for the Wincanton Regeneration Project.

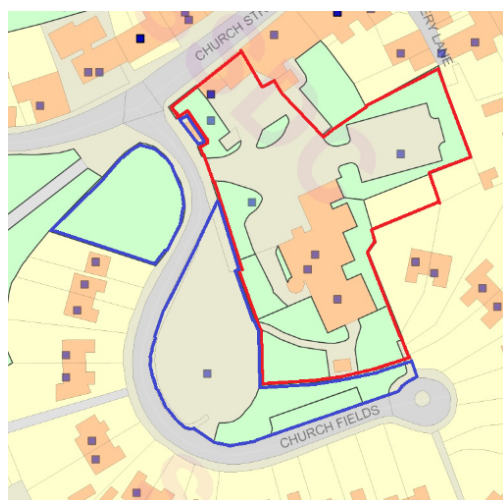
Background

6. A report was provided to District Executive on 1 March 2018 "SSDC Review of Operational Office Accommodation – Progress Report".
7. The report set out principles for developing a revised Area Presence which were endorsed by District Executive and have been progressed.
8. 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.

9. 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.
10. Offers have been received from interested parties that have been reported to District Executive. The commercial interests of this council, and also of the interested parties needs to be protected. Accordingly, information on the level of offers or the identity of the preferred bidder are not released in this public report. The amount realised can be released following completion of the sale.

Realisation Strategy

11. 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.
12. 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.
13. 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.



14. Consideration was given to three realisation options:



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- a. Direct development
- b. Joint venture development
- c. Sale

15. 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.

16. 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.

17. 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.

18. 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.

Financial Implications

19. The potential capital receipt from the sale of this asset is to be ring-fenced for the Wincanton regeneration project.



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20. There are expected to be continuing net revenue savings. The net annual expenditure over the last five years has averaged above £20,000.

Council Plan Implications

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

- Protecting Core Services
- Take a more commercial approach to become self-sufficient financially
- Supporting the Regeneration Wincanton

Carbon Emissions and Climate Change Implications

22. 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

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

Privacy Impact Assessment

24. 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
 - Churchfields disposals officer report to District Executive on September 3rd 2020
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