

WAVERLEY BOROUGH COUNCIL

EXECUTIVE

8 JULY 2020

Title:

Property Matter - The British Red Cross Society site Wey Court Farncombe
Purchase

Portfolio Holder: Cllr Mark Merryweather, Portfolio Holder for Finance

Head of Service: Peter Vickers, Head of Finance and Property

Key decision: Yes

Access: Part Exempt

Note pursuant to Section 100B(5) of the Local Government Act 1972

An Annexe to this report contains exempt information by virtue of which the public is likely to be excluded during the item to which the report relates, as specified in Paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972, namely:

Information relating to the financial or business affairs of any particular person (including the authority holding that information)

1. Purpose and summary

1.1 This report seeks approval for the purchase of the British Red Cross Society site in Wey Court, Farncombe at a value detailed in Exempt Annexe 1. It is proposed to fund the purchase from the Capital Receipts Reserve.

2. Recommendation

It is recommended that the Executive approves the purchase at the value set out in Exempt Annexe 1, and that the purchase be funded from the Capital Receipts Reserve.

3. Reason for the recommendation

The British Red Cross acquired the site from the Council by way of two separate legal transactions several years apart. The main site subject to a right of pre-emption (ie first refusal) in favour of the Council, the remainder of the site subject to restrictive covenant in favour of the Council that the building is not to be used for any purpose other than as a medical loan store. The Red Cross wish to sell and the Council underwent negotiations with them to acquire the site back. Under the terms of the right of pre-emption sale price should be with vacant possession

and for a restricted use, however, negotiations were complicated by a commercial lease to a nursery.

The site has potential for the following options:

- Continue with the nursery lease should they wish to stay
- Site accumulation for a bigger development project

The Council put in an offer which was accepted by the British Red Cross on the 14 May 2020.

The Property Investment Advisory Board, at its meeting on 2 June 2020, reviewed the purchase and supports and recommends to the Executive that this purchase be undertaken.

4. Relationship to the Corporate Strategy and Service Plan

- 4.1 The purchase of this site supports the vision of a financially sound Waverley. An income stream will support service delivery.

5. Implications of decision

5.1 Resource (Finance, procurement, staffing, IT)

The purchase will add a property asset to the Council's portfolio that will either generate a rental stream or hold capital value. Should the current tenants of the site wish to remain in occupation the Council will negotiate a rent. However, if the current tenants wish to vacate interest has been received from other parties wishing to use the site.

5.2 Risk management

Risk will be assessed in line with the Council's Risk Management Framework and Risk Appetite Statement and in accordance with the Property Investment Strategy's requirements with regard to risk.

5.3 Legal

- 5.3.1 The Council will instruct external solicitors to carry out the usual due diligence of the site which comprises two separate Land Registry titles on behalf of the Council and advise the Council of the terms of the occupational letting to ensure the tenant does not have security of tenure under the Landlord and Tenant Act 1954.

- 5.3.2 Once contracts have been agreed and a completion date fixed, the Council can proceed to exchange contracts. Normally a deposit of 10% of the purchase price is paid on exchange.

- 5.3.3 On completion balance of purchase price will be due and payable.

Following completion:

Rent authority letter will be sent to the occupational tenant
Stamp Duty Land Tax will be payable on the purchase price.

5.4 Equality, diversity and inclusion

There are no direct equality, diversity or inclusion implications in this report. Equality impact assessments are carried out when necessary across the council to ensure service delivery meets the requirements of the Public Sector Equality Duty under the Equality Act 2010.

5.5 Climate emergency declaration

The Property Investment Strategy has a commitment to honouring the Council's Climate Change Emergency.

6. Consultation and engagement

6.1 This report is bought to the Executive following recommendation of the Property Investment Advisory Board at its meeting on 2 June 2020.

7. Other options considered

7.1 If the Council does not acquire this site back it will likely be sold off and the Council will miss out on the opportunity to fulfil the potential detailed in 3.

8. Governance journey

8.1 The Property Investment Advisory Board, at its meeting on 2 June 2020, reviewed the purchase and supports and recommends to the Executive that this purchase be undertaken.

Annexes:

Exempt Annexe 1 – purchase price

Background Papers

There are no background papers, as defined by Section 100D(5) of the Local Government Act 1972).

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Agreed and signed off by:
Legal Services: 25/6/2020
Head of Finance: 26/6/2020
Strategic Director: date

Portfolio Holder: 23/06/20