

To: Councillor Brock (Chair)
Councillors Page, Barnett-Ward, Emberson,
Ennis, Hoskin, Leng, McElroy, McEwan,
Mitchell, Robinson, Rowland, Terry,
Thompson and White

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POLICY COMMITTEE 3 APRIL 2023

Further to the agenda for the meeting of the Policy Committee on Monday, 3 April 2023 please see attached the reports originally marked 'to follow'.

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This report sets out the outcome of a marketing exercise to dispose of the freehold of the former Phoenix School at 40 Christchurch Road and seeks authority to dispose of the freehold interest.		
<u>ITEMS FOR CONSIDERATION IN CLOSED SESSION</u>		
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READING BOROUGH COUNCIL

REPORT BY EXECUTIVE DIRECTOR FOR ECONOMIC GROWTH AND NEIGHBOURHOOD SERVICES

TO:	POLICY COMMITTEE		
DATE:	3 APRIL 2023		
TITLE:	DISPOSAL OF 40 CHRISTCHURCH ROAD, READING		
LEAD COUNCILLOR:	CLLR LENG	PORTFOLIO	LEAD CLLR FOR PLANNING & ASSETS
SERVICE:	ASSETS MANAGEMENT	WARDS:	REDLANDS
LEAD OFFICER:	CHARAN DHILLON	TEL:	
JOB TITLE:	ASSISTANT DIRECTOR PROPERTY AND ASSETS MANAGEMENT	E-MAIL:	charan.dhillon@reading.gov.uk

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 To advise the Committee of the outcome of a marketing exercise to dispose of the freehold of the former Phoenix school, 40 Christchurch Road (the property) and to seek authority to dispose of the freehold interest on the terms set out in this report.
- 1.2 Elsewhere on this meeting's agenda is a closed session report and the commercial information contained within the closed session report should be taken into consideration when making a decision as regards the recommendation in open session.

Appendices: -
Appendix 1 - Location Plan

2. RECOMMENDED ACTION

- 2.1 That the Property be sold to Bidder A on an unconditional basis on the terms set out in paragraph 4.3.1 of the report.
- 2.2 If the purchaser does not perform to an acceptable timescale the Executive Director for Economic Growth and Neighbourhood Services be given delegated authority in consultation with the Leader of the Council, the Lead Councillor for Planning & Assets and the Assistant Director for Legal and Democratic Services to:
 - a) agree a revised offer price and terms where appropriate which secures best consideration
 - b) re-engage with other bidders as appropriate or remarket the property for disposal at best consideration.

3. POLICY CONTEXT

- 3.1 The property is edged black on the attached Plan at Appendix 1 and is currently vacant.
- 3.2 Hamilton School, formerly known as Phoenix School, a special needs school was previously located at the property.
- 3.3 The decision to relocate the school to the Hamilton Centre was approved on 8 April 2020. The school relocated in February 2022 and the property was formally handed back on 29 April 2022, at which point, 40 Christchurch Road became surplus to requirements. The report noted that 40 Christchurch Road would produce a capital receipt for the sale of the former school site.
- 3.4 The Secretary of State for Education issued his consent to dispose of the property on 9 August 2022. Consent stipulated that the property should be sold on the open market by way of a freehold transfer in accordance with the Council's statutory duty to obtain best consideration.
- 3.5 Reading Borough Council's Third Sector Policy Statement states that when a council asset is declared surplus in accordance with Corporate Asset Management Plan criteria and is therefore not required for operational or service delivery purposes by the council or a partner organisation, it will be advertised for disposal usually on a freehold basis.
- 3.6 Third Sector organisations can bid for a surplus property and all bids received will be considered by Policy Committee. Additionally, third sector organisations will also be able to bid for a leasehold interest rather than the freehold of the premises, subject to certain criteria.

4. THE PROPOSAL

4.1 Current Position:

- 4.1.1 Officers invited three firms of chartered surveyors to submit a fee quote in relation to the marketing of the Property resulting in the appointment of Haslam's.
- 4.1.2 Haslam's were formally instructed and marketed the property for 12 weeks with bid returns due on 16th November 2022.
- 4.1.3 The disposal was also advertised on the Reading Voluntary Action website in accordance with the Council's Third Sector Policy. The property was advertised as suitable for a variety of uses and conditional and unconditional offers were sought.
- 4.1.4 16 offers were received in total by Haslam's and through the Third Sector Policy process.
- 4.1.5 A tabulated summary of the offers can be found in the closed session report at Appendix 2 together with a criteria-based assessment.

4.1.6 Officers have also undertaken a criteria-based assessment of the Third Sector bids, weighing up the overall benefits of the bids including the scale of the financial offer.

4.3 Proposed Option

4.3.1 It is proposed that the Property is sold to Bidder A on the following terms: -
Offer: £x (As set out in the confidential report) for the freehold interest.

Offer conditions: Unconditional regarding use of the property subject to the exchange of an agreement for lease between Bidder A and the education provider at the same time as the sale completes for a 25-year lease of the property to be entered into with the education provider once the works at the property have been completed, to use the property for educational purposes.
Subject to ground, building and services surveys.

4.3.2 This is an unconditional offer and represents the best market value of the property as confirmed by Haslam's.

4.3.3 If the offer price is materially reduced prior to exchange, or the Bidder A does not perform within an acceptable timescale, it is recommended that the Assistant Director of Property and Assets Management in consultation with the Leader of the Council be given delegated authority to reengage with the other best or highest offers or appropriate bidder or remarket the property for disposal for best consideration.

4.4 Other Options Considered

4.4.1 The options are to not dispose of the property or to dispose to another bidder.

4.4.2 The capital receipt arising from the disposal is required to support the Council's Medium Term Financial Strategy and if not disposed of would present an ongoing liability and revenue burden.

4.4.3 The other offers would not secure the added benefits of the Bidder A proposal.

5. CONTRIBUTION TO STRATEGIC AIMS

5.1 The disposal of the Property supports the aim of remaining financially sustainable to deliver service priorities in accordance with the Medium-Term Financial Strategy.

5.2 The proposal meets the following priorities of the Council's Corporate plan.

6. ENVIRONMENTAL AND CLIMATE IMPLICATIONS

6.1 The building has been unoccupied since the school was moved.

6.2 The building would be refurbished with energy efficiency improvements.

7. COMMUNITY ENGAGEMENT AND INFORMATION

- 7.1 The disposal was subject to an open market and Third Sector marketing exercise and generated a range of interest from the community/voluntary sector.

8. EQUALITY IMPACT ASSESSMENT

- 8.1 Under the Equality Act 2010, Section 149 the Council must, in the exercise of its functions, have due regard to the need to:

- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act.
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

- 8.2 The Council has reviewed the scope of the proposals as outlined within this report and considers that the proposals have no direct impact on any groups with protected characteristics.

9. LEGAL IMPLICATIONS

- 9.1 This delegation is exercised under the delegation (5) to Policy Committee for Key Decisions related to the disposal of land and property, of the constitution. Under delegation (18) Policy can delegate decisions to officers.

- 9.2 This disposal is covered by section 123(2) of the Local Government Act 1972 (S.123) whereby a council cannot dispose of its land for a consideration less than the best that can be reasonably obtained in the market (Best Consideration), except with the express consent of the Secretary of State. The overriding consideration when deciding what constitutes Best Consideration is the commercial value of the disposition to the local authority that is capable of being assessed by a valuer. In other words, Best Consideration is the best value that can be achieved on the open market for the disposal of the Property together with that which has commercial or monetary value to the local authority.

- 9.3 The independent valuer has confirmed that the offer by Bidder A represents best value that can be obtained on the open market. Therefore, the recommendations are in accordance with the Council's S.123 obligation and constitute Best Consideration.

- 9.4 The Assistant Director of Legal and Democratic Services should be authorised to enter into the necessary legal agreements.

10. FINANCIAL IMPLICATIONS

- 10.1 In accepting the offer the Council would obtain the expected capital receipt in 2023/24 to support the Council's Medium Term Financial Strategy. Further financial information is set out in the confidential report set out elsewhere on this agenda.

11. BACKGROUND PAPERS

There are none.

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