

DRAFT

To: City Executive Board

Date: 9th September 2009 **Item No:**

Report of: Interim Head of Property & Facilities Management

Title of Report: 19A Paradise Street, City Centre

Summary and Recommendations

- Purpose of report:** To seek approval to the disposal of the freehold interest in 19A Paradise Street as shown edged on the attached plan.
- Key decision?** No
- Executive lead member:** Councillor Oscar van Nooijen – Service Transformation
- Report approved by:** Melbourne Barrett – Executive Director, City Regeneration
- Finance:** Sarah Fogden/Penny Gardner
Legal: Jeremy Thomas
- Policy Framework:** Transforming Oxford City Council by improving value for money and service performance. Improve the local environment, economy and quality of life.
- Recommendation(s):** City Executive Board is recommended to:
1. Approve the freehold disposal of 19A Paradise Street at a consideration as detailed in the Confidential Appendix to this report, and otherwise on detailed terms and conditions to be approved by the Interim Head of Property & Facilities Management, as shown on plan in Appendix 1. In the event that the proposed purchase does not proceed at this level, the Board is requested to authorise the Interim Head of Property & Facilities Management to proceed with a sale at or above open market value.

Background

1. At its meeting held on 10th September 2007 the former Executive Board approved in principle the disposal of 19A Paradise Street. That approval was based upon disposal being by way of a 150-year lease at a peppercorn rental.
2. Local agents Marriotts were appointed and they have been actively marketing 19A Paradise Street since it became vacant in May 2007. During the past 2 years, various offers have been received, however none have proceeded to completion due to difficulties raising the required funds.

Report

3. In the Spring of 2009, three parties showed interest in the premises and all enquired as to whether the property could be disposed of on a freehold basis. On that basis Marriotts went back to all three parties for best and final offers, both on a long leasehold and freehold basis, the details of which are reported in the attached confidential appendix to this report.
4. Due diligence has been carried out with regard to the financial standing of the highest bidder who is a cash purchaser.
5. Marriotts had previously been requested in June 2007 by the Council to provide a market valuation in this matter; in November 2008 and May 2009 they were asked to refresh their opinion to take account of current market conditions. They confirmed that the price offered for the freehold is in their opinion in excess of the current market value, as set out in section 2 of the confidential appendix. The sale is on an unconditional basis.
6. The Council has previously disposed of long leasehold interests in adjoining property, and whilst it does hold a freehold interest in a block of adjacent Oxford City Homes properties fronting Paradise Square, this has been pepper potted by Right to Buy sales. There is therefore no strategic reason for the Council to need to retain the freehold in this property.

Environmental Implications

7. Any development of the site will accord with the current building regulation and conservation area requirements.

Planning Implications

8. There is currently no record of the authorised use of the property although it is thought that the building has been primarily used as

offices until becoming vacant in May 2007. Planning policies in the West End Area Action Plan will apply.

9. The purchaser who has submitted an unconditional bid for the site will be responsible for obtaining a detailed planning consent. The intended use will be offices.

Financial Implications

10. The disposal of this land represents a significant capital receipt for the City Council. The disposal will relieve the Council of the costs of holding a vacant property.
11. The Council's agent's fees of 0.75% and its legal fees will be funded from the purchase price.

Legal Implications

12. The Council's powers to dispose of land comprised within the General Fund are contained within Section 123 of the Local Government Act 1972 for best consideration.

Equality Implications

13. There are no direct implications arising out of the sale of this property.

Risk Implications

14. A risk assessment has been undertaken and the risk register is attached at Appendix 2.

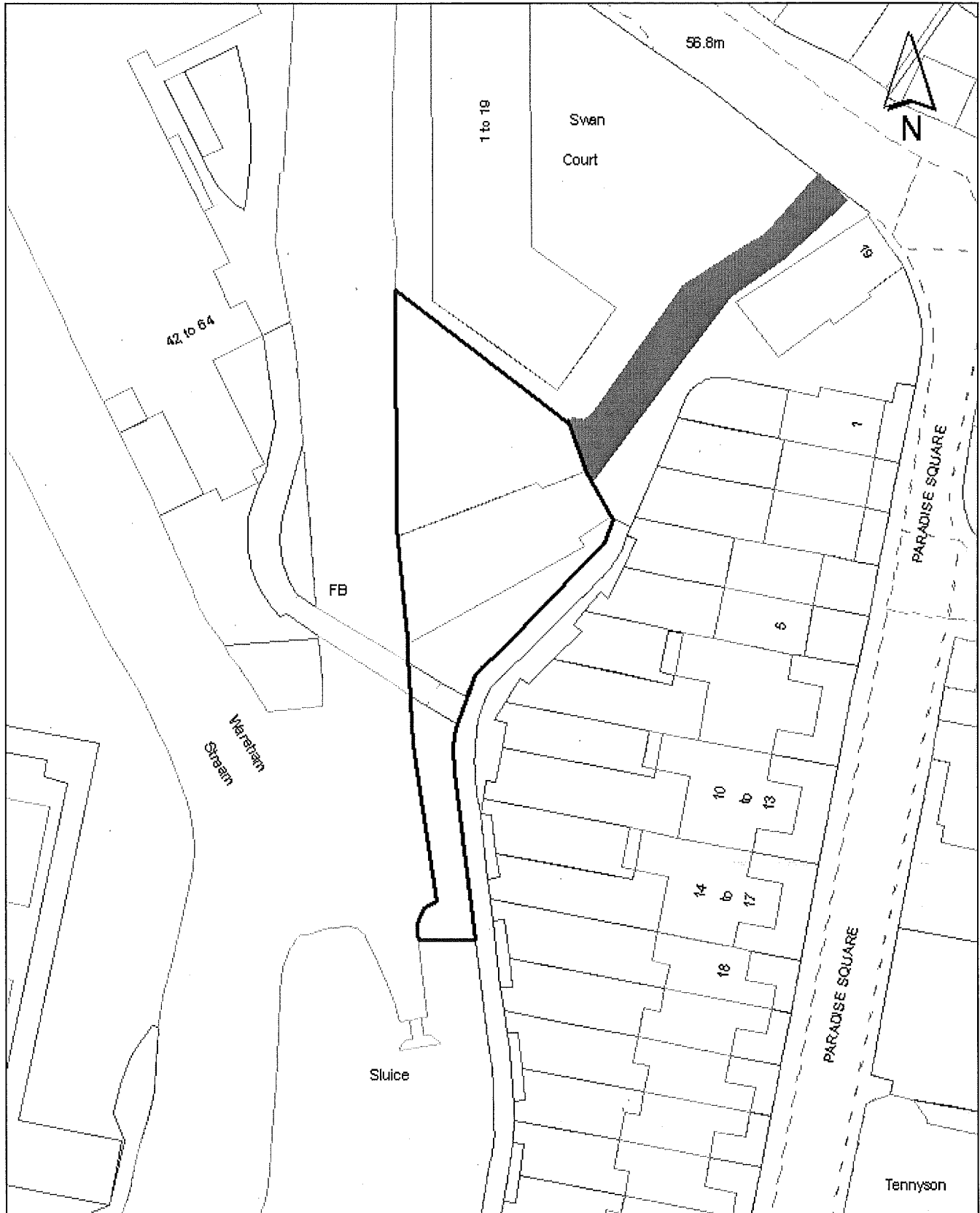
Recommendations

15. To approve the freehold disposal of 19A Paradise Street at a consideration as detailed in the Confidential Appendix to this report, and otherwise on detailed terms and conditions to be approved by the Interim Head of Property & Facilities Management, as shown on plan in Appendix 1. In the event that the proposed purchase does not proceed at this level, the Board is requested to authorise the Interim Head of Property and Facilities Management to proceed with a sale at or above open market value.

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List of background papers: Executive Board Report
10th September 2007

Version number: 1.1



19A Paradise Street, Oxford

Scale: 1:500

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Financial & Asset Management



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CEB Report Risk Register

Risk Score **Impact Score:** 1 =Insignificant; 2 = Minor; 3 = Moderate; 4 = Major; 5 = Catastrophic **Probability Score:** 1 = Rare; 2 = Unlikely; 3 = Possible; 4 = Likely; 5 = Almost Certain

No.	Risk Description Link to Corporate Objectives	Gross Risk		Cause of Risk	Mitigation	Net Risk		Further Management of Risk: Transfer/Accept/Reduce/Avoid		Monitoring Effectiveness				Current Risk			
		I	P			I	P	Q 1	Q 2	Q 3	Q 4	I	P				
1	Failure to complete sale at agreed price.	4	3	Worsening economic climate. Deterioration in purchasers financial health/appetite to purchase.	Mitigating Control: Level of Effectiveness: (HML) Tight control of completion of legal process/timescales for completion (H). Financial checks undertaken on purchasers financial status (M).	2	2	✓	✓	Action: Revert to grant of lease/revenue income in the event sale does not proceed within acceptable timescales. Action Owner: Sara Woodruff Mitigating Control: Regular monitoring of progress of legal process in conjunction with legal colleagues. Control Owner: Sara Woodruff	Outcome required: Milestone Date: Early completion of sale - Oct 2009.	Q 1	Q 2	Q 3	Q 4	I	P

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