

To: City Executive Board

Date: 30th June 2010 **Item No:**

Report of: Head Corporate Assets

Title of Report: Proposed sale of 170 Walton Street

Summary and Recommendations

Purpose of report: To seek approval to the disposal of the freehold interest in 170 Walton Street, as shown edged black on the attached plan.

Key decision? No

Executive lead member: Councillor Ed Turner

Report approved by: Mel Barrett - Executive Director of City Regeneration

Finance: Gillian Chandler
Legal: Lindsay Cane

Policy Framework: More and better housing for all.
Transform Oxford City Council by improving value for money and Service Performance.

Recommendation(s): The City Executive Board is recommended to:

Approve the freehold disposal of 170 Walton 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 Head of Corporate Assets. In the event that the proposed purchase does not proceed at this level, the Board is requested to authorise the Head of Corporate Assets to proceed with the sale at, or above, open market value.

Background

1. At its meeting on 5th November 2007 the former Executive Board (EB) approved in principle the disposal of 170 Walton Street, plan attached at Appendix 1.
2. Savills Oxford office were appointed in March 2010 and have been actively marketing the property which has been advertised frequently in the Oxford Times, been placed on the Savills website and primelocation.com and rightmove.co.uk websites. The agents have carried out 339 mailings and conducted 27 viewings.
3. The property has been previously marketed by another firm of agents and in November 2008 a significantly lower offer was received which was not accepted. The property was subsequently withdrawn from the market.

Report

4. Significant marketing has taken place and seven offers were received after Savills called for best and final offers.
5. Due diligence has been carried out in respect of the ability of the highest bidder to proceed. Savills have confirmed that the price offered for the freehold provides best consideration.
6. Details of the financial offer are attached at the Confidential Appendix 2.
7. The original EB approval in November 2007 was based on the principle that the capital receipt would help meet the shortfall in decent homes funding. The approval required that the disposal should be agreed by CEB once details of the terms were known.
8. The sale price is at a level which is outside the delegated authority of the Head of Corporate Assets.

Risk Implications

9. A risk assessment has been undertaken and the risk register is attached as Appendix 3.

Sustainability and Climate Change Implications

10. There are no sustainability and climate change implications arising.

Equalities Implications

11. There are no equalities implications arising.

Financial Implications

12. The property has been vacant for some time and is in generally poor condition. The quality of the accommodation will continue to deteriorate if left vacant with potentially escalating costs of maintenance and repair.

The sale will produce a significant capital receipt.

Legal Implications

13. The property is classed as HRA land, if the Council sells to an individual, the specific consent of the Secretary of State would not be required as the proposed disposal would be covered by the General Housing Consents 2005.

Recommendations

14. Approve the freehold disposal of 170 Walton 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 Head of Corporate Assets. In the event that the proposed purchase does not proceed at this level, the Board is requested to authorise the Head of Corporate Assets to proceed with the sale at, or above, open market value.

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List of background papers: Executive Board Report 5th December 2007

Version number: 1

Appendix 1

Plan of Site



Title: 170 Walton Street

Scale: 1:1,250

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Corporate Assets



Appendix 3 Risk Register – 170 Walton Street

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	Q	Q	Q	I	P
1.	Sale fails to complete.	2	3	Purchaser withdraws.	Mitigating Control: Close contact during Legal process. Level of Effectiveness: (HML) M	2	2	Action: Liaison with solicitors and agents throughout transaction. Action Owner: Jane Winfield. Mitigating Control: Control Owner:	Outcome Required: Sale completes. Milestone Date: July 2010	Q 1	Q 2	Q 3	Q 4		
2.	Purchaser reduces price.	2	3	Market sentiment.	Mitigating Control: Close liaison with agents and Legal team during transaction. Level of Effectiveness: (HML) M	2	2	Action: Constant contact with purchaser through agents and with purchaser's solicitors through sales process. Action Owner: Jane Winfield. Mitigating control: Control Owner:	Outcome Required: Highest price possible paid. Milestone Date: July 2010						
3.	Reputational risk	3	2	CEB refuse to agree transaction.	Mitigating Control: Report sets out reasoning and capital receipt is advantageous. Level of Effectiveness: (HML) H	2	1	Action: CEB report prepared. Action Owner: Jane Winfield. Mitigating Control: Control Owner:	Outcome Required: Transaction agreed at CEB and completes. Milestone Date: July 2010						