

**To: City Executive Board**

**Date: 9<sup>th</sup> February, 2011**

**Item No: 9**

**Report of: Head of Corporate Assets**

**Title of Report: DISPOSAL OF 83-97 ASHURST WAY, ROSE HILL**

### **Summary and Recommendations**

**Purpose of report:** This report arises from a decision by Executive Board on 10<sup>th</sup> September 2007, which approved the disposal and marketing of 83-97 Ashurst Way (as shown edged black on the attached plan). In July 2008 CEB approved a sale of the property, which did not progress.

This Report outlines the subsequent marketing and makes a recommendation to approve a sale at the best achievable price.

**Key decision?** No

**Executive lead member:** Councillor Ed Turner

**Report Approved by:**

**Executive Director:** Mel Barrett, Executive Director of City Regeneration

**Finance :** Lindsay Cane

**Legal:** Gillian Chandler

**Policy Framework:** More housing, better housing for all.  
Improve the local quality of life.  
Reduce crime and antisocial behaviour.

**Recommendation:** That City Executive Board:

Approve the freehold disposal of 83-97 Ashurst Way at a consideration as detailed in the confidential appendix attached to this report. In the event that the purchase does not proceed at this level, to authorise the Head of Corporate Assets to proceed with a sale to an alternative bidder at or above the estimated open market value.

## **Executive Summary**

1. At its meeting on 10<sup>th</sup> September 2007, the Executive Board approved in principle the disposal of 83-97 Ashurst Way, as shown on the plan attached at Appendix 1.
2. The property was actively marketed from September 2007 and was under offer for some considerable length of time during 2008, but after protracted re-negotiations, a purchase did not proceed.
3. In June 2010 a new firm of agents (Thomas Merrifield) was instructed and the property was actively re-marketed. Some 200 sets of particulars were distributed and the property was advertised on Thomas Merrifield's website and rightmove.co.uk. 18 viewings were conducted.
4. Eight offers were received for the property during the course of marketing.
5. The offer is at a lower level than the original bid (in 2008), but the property market has seriously deteriorated in the interim. In addition, the original offer was just that, an offer, and did not proceed. The confidential appendix confirms that the proposed purchase price represents open market value or above.
6. The purchaser has carried out significant due diligence and has cash funds available.
7. The purchaser intends to refurbish the units to let or possibly sell
8. In the event of the proposed purchase not proceeding to completion authority to dispose of the premises to an underbidder at or above open market value is requested.
9. The capital receipt will be put towards maintaining the decent homes programme

## **Legal Implications**

10. The property is an HRA asset and consent of the Secretary of State will be required as the proposed disposal is not covered by the General Consents in Section 32 of the Housing Act of 1985.

## **Risk Implications**

11. A risk assessment has been undertaken and the risk register is attached as Appendix 2.

## **Sustainability and Climate Change Implications**

11. The proposal will result in a vacant building being brought back into use, adding residential capacity and thereby contributing to the sustainability of the city.

## **Equalities Implications**

12. The capital receipt will contribute to maintaining the quality of council housing in the city , which makes a positive contribution towards reducing housing inequality .

## **Financial Implications**

13. 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 security, maintenance and repair.

The sale will produce a significant capital receipt which will contribute to the council's capital programme.

## **Recommendations**

That the City Executive Board:

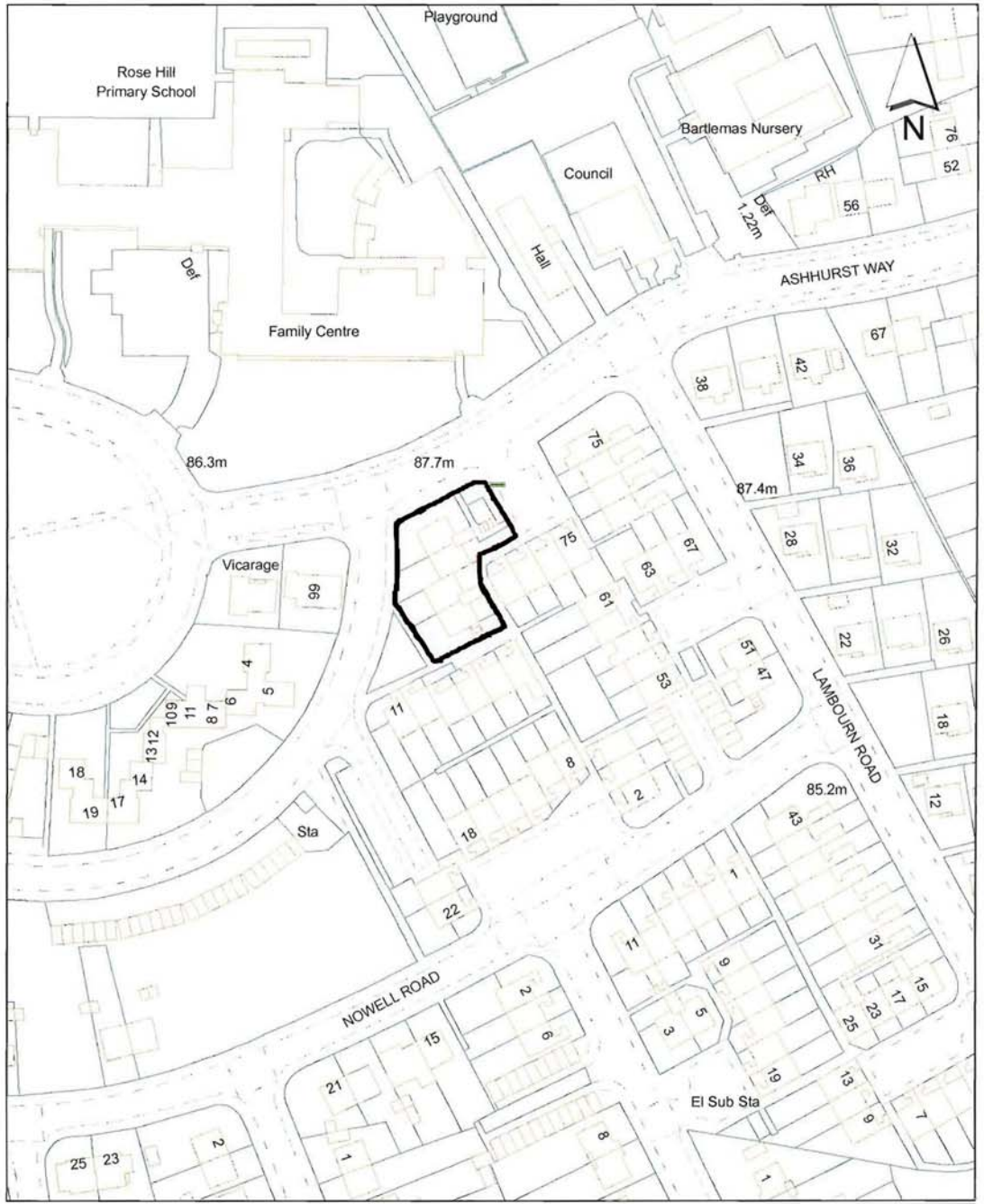
Approve the freehold disposal of 83-97 Ashurst Way at a consideration as detailed in the confidential appendix attached to this report. In the event that the purchase does not proceed at this level, to authorise the Head of Corporate Assets to proceed with a sale to an alternative bidder at or above the estimated open market value.

**Name and contact details of author:** P Jane Winfield  
Major Projects & Disposals Manager  
jwinfield@oxford.gov.uk  
Extension: 2551

**List of background papers:**

**Version number:** 1

Appendix 1



83-97 Ashurst Way, Rose Hill

Scale: 1:1,250

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Financial & Asset Management





## Appendix 2 Risk Register – 83-97 Ashurst Way

Risk Score	<b>Impact Score:</b> 1 = Insignificant; 2 = Minor; 3 = Moderate; 4 = Major; 5 = Catastrophic <b>Probability Score:</b> 1 = Rare; 2 = Unlikely; 3 = Possible; 4 = Likely; 5 = Almost Certain
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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.	Sale fails to complete.	1 2	P 3	Purchaser withdraws.	Mitigating Control: Close contact during Legal process.  Level of Effectiveness: (HML) M	1 2	P 2	Action: Liaison with solicitors and agents throughout transaction. Action Owner: Jane Winfield. Mitigating Control:  Control Owner:	Outcome Required: Sale completes. Milestone Date: March 2010	Q 1	Q 2	Q 3	Q 4	I	P
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: March 2010						
3.	Damage to Reputation	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: March 2010						