

Decision Report - Executive Decision

Forward Plan Reference: FP/22/04/03

Decision Date – 21st June 2023

Key Decision – Yes



The Disposal of Dunpole & Magnolia Cottage, Donyatt

Executive Member(s): Cllr. Ros Wyke - Lead Member for Economic Development, Planning & Assets:

Local Member(s) and Division: Cllr Val Keitch & Cllr Sue Osborne

Officer: Charlie Field, Strategic Manager – Estates

1. Summary / Background

- 1.1. This Key Decision is required to enable the disposal of SC's interest in the surplus asset known as Dunpole & Magnolia Cottage, Donyatt, which can be found edged in red on the attached plan at Appendix 1 ("the property") and detailed in the Sale Particulars at Appendix 3.
- 1.2. The estimated capital receipt for this asset can be found in Confidential Appendix 2.

2. Recommendations

- 2.1. **That the Lead Member for Economic Development, Planning and Assets**
 - 1) Authorises the Service Director – Strategic Asset Management, in consultation with the Interim Head of Legal Services, to complete the sale of the property known as Dunpole and Magnolia Cottage.
 - 2) Agrees the case for Appendix 2 to be regarded as exempt information and to be treated in confidence, as the case for the public interest in maintaining the exemption outweighs the public interest in disclosing that information.

3. Reasons for recommendations

- 3.1 The Council is committed to evaluation of and, where appropriate and practicable, rationalisation of its surplus property and land portfolio to reduce costs and to achieve capital receipts. The property was declared surplus as there is no immediate or projected future operational need to deliver services from it. Therefore, in line with the published Policy for

Disposal of Property Assets (2014), disposal of the property is considered the most appropriate option and will generate a capital receipt for the Authority. Details of the estimated receipt can be found in Confidential Appendix 2. The capital receipts from this sale will contribute towards the financing of the Council's 2022/23 2023/24 capital budgets as anticipated in the Medium-Term Financial Plan, with any surplus being held in reserve for future potential investment. Although there is a loss in rental income to the Council through the sale of the property, this can be absorbed within current budgets. While the property remains the responsibility of Somerset Council, expenditure is being incurred to keep the property secure and safe.

- 3.2 The accompanying Confidential Appendix 2 contains commercially sensitive information relating to the Council's financial and business affairs. Officers therefore recommend that this is treated as exempt information. "Exempt information" is defined by Section 100 of the Local Government Act 1972, by Schedule 12A to that Act. The estimated receipt is considered to be commercially confidential to ensure that the Council obtains the best market value for this and other future disposals, and also to protect the confidential commercial interests of the buyer.

4. Other options considered

- 4.1. The option of retaining the property was considered by the Asset Strategy Group on the 19th January 2022, and was not supported because:
- the Council does not have an operational business requirement to use the building.
 - leasing the property out to third party tenants is not considered viable as it would require a large amount of investment to improve the condition of the property to a suitable standard for letting and to comply with legislation. The estimated value of this investment can be found in Confidential Appendix 2.
 - The option of developing the site for social housing was considered but discounted in this case due to the nature of the property as grade II listed in a fairly isolated location.

5. Links to Council Plan and Medium-Term Financial Plan

- 5.1. The proposed sales contribute towards the Council's 2023/4 MTFP target for capital receipts in order to support the delivery of the Somerset Council Plan 2023-2027 priorities.

6. Consultations and co-production

- 6.1. Asset Strategy Group has been kept informed of the programme of disposals of Council assets and applications for planning consents. This particular disposal was discussed at Asset Strategy Group on the 19th January 2022.
- 6.2. The Estates Team engage with services to assess whether there is a need for the property to support statutory services. In this case, no internal need has been identified.
- 6.3. The asset optimisation and finance workstreams of the Local Government Reorganisation have been informed of the intention to dispose of this property in line with the finance and assets protocol.
- 6.4. The local members for this decision will be consulted on this disposal before this decision is taken.

7. Financial and Risk Implications

- 7.1. Subject to the successful conclusion of the sale, the proposed disposal will achieve a capital receipt for the Council, the full value of which can be found in Confidential Appendix 2.
- 7.2. Any SC costs which directly relate to the disposal will be funded from the capital receipt, up to a capped maximum of 4% of the sale value. Should costs exceed this value then any value exceeding this amount will be met from Property's operational revenue budget. A notional allowance is budgeted for each year to cover this eventuality. An estimate of the cost of sale is included in Confidential Appendix 2.
- 7.3. A risk in all property transactions is that the sale may not progress as quickly as SCC expects after the decision is signed, due to (for example) negotiations with the purchasers, formality of completing paperwork and change of buyer circumstances. If this were to happen, it would most likely be due to factors outside of the Council's control. There was considerable interest in the property during marketing, which means that the Council could likely successfully remarket the property, if this were to happen, making the impact of this risk low.

8. Legal and HR Implications

- 8.1. The legal work to progress the disposal of the property will be carried out through the Council's in-house Legal Services team who will draft the necessary

legal documentation for the proposed disposal and will provide legal advice and support to ensure that the Council's interests in respect of the same are protected.

8.2. There are no HR implications

9. Other Implications

9.1. Equalities Implications

An Equality Impact Assessment is not required as there are no equalities implications.

9.2. Community Safety Implications

There are none

9.3. Sustainability Implications

There are none

9.4. Health and Safety Implications

There are none

9.5. Health and Wellbeing Implications

There are none

9.6. Social Value

There are none

10. Scrutiny comments / recommendations:

10.1. This decision has not been considered by a scrutiny committee.

11. Background

11.1. Dunpole & Magnolia Cottage is an 18.55-acre property comprising a listed house, cottage, farm buildings, and land in Donyatt, near Ilminster. Until recently, it was leased to a tenant on an Agricultural Holdings Act tenancy and used as a working farm, along with an additional 150 acres of land. These buildings and small piece of land were surrendered back to the Council in early 2022 and are not considered suitable for reletting due to the amount of repairs

and maintenance needed to restore it to rentable condition and comply with legislation.

After evaluation of the property by the Estates Team no operational use for the property has been identified. Therefore, disposal of the property is considered the most appropriate option and will generate a capital receipt for the Authority. Details of the estimated receipt can be found in Confidential Appendix 2.

The property has been advertised on the open market. This approach was supported by Asset Strategy Group on the 19th January 2022.

- 11.2. The property was originally placed on the market in March 2022 and later re-marketed in September 2022. The Council is now looking to move forward with the disposal of the property. The estimated sale price of the property can be found in Confidential Appendix 2.

12. Background Papers

- 12.1. Appendix 1 – Plan of Site to be Sold
 Confidential Appendix 2 – Schedule of Value
 Appendix 3 – Sale particulars

Report Sign-Off

		Signed-off
Legal & Governance Implications	David Clark	09/06/2023
Legal Implications	Honor Clarke	10/03/2023
Governance	Scott Wooldridge	08/03/2023
Communications	Chris Palmer	09/06/2023
Workforce	Chris Squire	08/03/2023
Asset Management	Oliver Woodhams	13/03/2023
Executive Director/Senior Manager	Jason Vaughan	13/03/2023
Strategy and Performance	Alyn Jones	08/06/2023
Commissioning Development	Sunita Mills	08/03/2023
Commercial & Procurement	Claire Griffiths	10/03/2023
<u>Report Sign Off (updated)</u>		
Executive Lead Member	Cllr Ros Wyke - Lead Member for Economy, Planning & Assets	15/03/2023
Local Division Members	Cllr. Val Keitch Cllr. Sue Osborne	13/04/2023 21/03/2023

Opposition Spokesperson	Cllr Mark Healey for Prosperity, Assets and Development	02/06/2023
Scrutiny Chair	Cllr Bob Filmer – Scrutiny Committee – Corporate & Resources	29/03/2023