

Report Title:	Asset Review and Disposal
Contains Confidential or Exempt Information	Main Report Part I, All Appendixes - Part II Not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.
Cabinet Member:	Councillor Johnson, Cabinet Member for Business, Economic Development & Property.
Meeting and Date:	Cabinet – 24 th June 2021
Responsible Officer(s):	Duncan Sharkey- Chief Executive
Wards affected:	Oldfield

REPORT SUMMARY

The Trustees announced the closure of the Sports Able Charity early in 2021 due to a significant reduction in the number of volunteers able to offer time and assistance to keeping the charity operational and a significant reduction in funding resulting in the charity no longer being sustainable.

Under the terms of the lease dating back to 1983 the Trustees were able to surrender the lease of the clubhouse premises back to the Council with the Council having pay £100,000 towards the initial construction of the building. The building was vacated at the end of May 2021.

This paper sets out several options for the future use of the building including disposing of the building to Maidenhead Heritage Centre in return for the acquisition of the current Heritage Centre on Park Street.

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That Cabinet notes the report and:

- i) Approves the disposal of the former Sports Able Building to Maidenhead Heritage Centre in return for the acquisition of the current Heritage Centre on Park Street.**
- ii) Approves the leasing of the former Sports Able building on a commercial basis in the event that the transaction to the Maidenhead Heritage Centre does not proceed.**
- iii) Delegates authority to the Chief Executive in consultation with the Cabinet Member for Business, Economic Development & Property to negotiate the legal contracts required to complete the transactions.**

2. REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

Options

Table 1: Options arising from this report

Option	Comments
Option 1 – lease building to voluntary or community group at peppercorn rent. This is not the recommended option	The Council will incur significant costs in repairing the building in addition to the £100,000 paid to Sports Able and generate nil income
Option 2 or 3 Dispose of the building to Maidenhead Heritage Centre in return for the acquisition of the current Heritage Centre in Park Street or lease the building on a commercial basis. This is the recommended option	The Council will receive an additional capital receipt from freeing up the site on Park Street without having to reprovide the building in central Maidenhead or will generate a substantial rental income if the building is leased which will support the Council's budget..

- 2.1 The former Sports Able building is in Braywick Park, and is a single storey building originally built in 1983 which has been extended several times since. The building comprises a number of large activity rooms, a bar, kitchen, offices, and storage facilities with a gross internal area of 8,250 sq ft although the lettable floorspace is smaller. A location plan is included in Appendix A and a floorplan in Appendix B.
- 2.2 The building is dated, and the asset survey carried out by Kempton Carr Croft (KCC) has highlighted significant repairs that are required over the short to medium terms of £191,450. A copy of KCC's report is contained in Appendix C.
- 2.3 The building is surplus to any RBWM operational requirements.
- 2.4 A number of parties have expressed an interest in taking occupation of the building including charitable and voluntary organisations, community groups and commercial occupiers. In addition, the building may prove a suitable relocation option for Maidenhead Heritage Centre from their current property on Park Street, freeing up phase III of York Road regeneration project.
- 2.5 **Option 1** is to lease the building to a voluntary group or community groups including
- The St John Ambulance
 - Maidenhead Hindu Society
 - Sporting Mind

- CycleHub

These groups are seeking the use of this building under a lease at a peppercorn rent however the Council would need to undertake significant capital investment into the building in line with the recommendations of the KCC survey which would be £120,000 in year 1, followed by over £71,000 in the following 4 year period. This investment would be in addition to the £100,000 premium paid to the Trustees of Sportsable.

- 2.6 **Option 2** is the potential disposal of the building to the Maidenhead Heritage Centre as a relocation option from their current building on Park Street.

The current Heritage Centre forms part of Phase III of the York Road development project that is being delivered in the Joint Venture between the Council and Countryside Properties. In order to deliver a vacant site, the Heritage Centre will need to be relocated. Whilst their current building is c4,000 sq ft, the Heritage Centre's trustees have ambitions for a larger property of up to 6,000 sq ft. A like for like provision would cost c£1.2m (£300psf) to construct plus the purchase price of the land required to accommodate the new building.

Relocating the Heritage Centre to Braywick Park would therefore make available a net land receipt from Phase III of circa £1.7m. Land receipts from Phase III are currently forecast for FY 2024/25, and if we could not relocate Heritage Centre then this land receipt would be at risk.

- 2.7 **Option 3** is to lease the building on a commercial basis to generate a rental income for the Council to support its budget. Initial marketing advice has identified the potential use of the building by pre-schools and nursery occupiers with rental figures of between £65,000 and £100,000 pa being achievable. It is likely that any rental agreement would provide for rent free as a contribution towards the repairs of the building that would be undertaken as part of the reconfiguration of the building by an occupier thereby saving the Council the Capital requirement to improve the building.

A commercial use would require a change of planning consent but initial views from the LPA are favourable given the recent opening of the Leisure Centre and Forest Bridge School and the onsite car parking that the building enjoys.

3. KEY IMPLICATIONS

- 3.1 Initial discussions have taken place with the Maidenhead Heritage Centre's Trustees to explore whether the relocation to Braywick Park is a viable option. The initial feedback is very positive, and depending on appropriate terms, seems like a relocation option that would be suitable to the trust, that would enable them to achieve their ambitions for growth into a museum that is reflective of all aspects of the borough. It is anticipated that a decision will be forthcoming by the end of August with a further 2 months required to conclude the legal process if terms are acceptable to the trustees. We would envisage a transitional period for a relocation if it was to proceed, to make sure that the business can continue to run smoothly during any relocation.

3.2 Should the Heritage Centre decline then the Council would seek to lease the building to a commercial operator. it is assumed that it would require 6 months to identify a tenant and conclude a letting

3.3 **Table 2: Key Implications**

Outcome	Unmet	Met	Exceeded	Significantly Exceeded	Date of delivery
Option 2	Heritage Centre Decline to relocate	31 st October 2021	2 weeks before	4 weeks before	31 st October 2021
Option 3 if Option 2 not pursued	Property not leased	30 th April 2022	2 weeks before	4 weeks before	30 th April 2022

4. FINANCIAL DETAILS / VALUE FOR MONEY

4.1 Relocating the Heritage Centre would produce a capital receipt of £1,730,000 in 2024/25 from Phase III of the York Road Development Project. This is already factored into the MTFP as a capital receipt from our JV Partner Countryside.

4.2 During negotiations the Council will be exposed to the costs of holding the vacant building in Braywick Park such as business rates, utilities, insurance, and security fees. These are treated as a revenue cost and will be taken from a property reserve budget that has been set up for vacant community buildings that get handed back to the Property Services Team. Although we will try and keep these costs to a minimum. This property reserve budget is already identified in the MTFP.

4.3 Legal fees and valuation fees will be required to document the transfer of the building to the Maidenhead Heritage Centre, these cost will be taken from the regeneration improvement budget cost code, which has been set up to bring forward the regeneration schemes.

4.4 The acquisition of the Heritage Centre will be offset, by the value of our asset, in practical sense there would be an asset swap, however, SDLT and Land Registry fees would still be payable, based on the calculated value, along with some fit out cost of the new museum. York Road development has s.106 funds specifically for community facilities and their relocation costs, these are made available by our JV Partner Countryside when we release York Road phase II, which will be later this year.

4.5 The council will take on the running costs of the vacant heritage centre or the cost of demolishing the building, this cost is assumed below in total £108,000 not currently included in the MTFP. In preparing this site for vacant possession, it gives us the ability to bring it forward for construction, which also means that both the private and affordable homes will be built out and ready for occupation ahead of programme.

Option 2				
Revenue Costs	2021/22	2022/23	2023/24	2024/25
Additional total	8,000			
Reduction				
Net Impact (income)	8,000	-	-	-
Capital Costs				
2021/22	2022/23	2023/24	2024/25	
Additional total	100,000			
Reduction				1,730,000
Net Impact (income)	100,000	-	-	1,730,000

- 4.6 If Option 2 is not progressed and the building is leased as set out in Option 3 again the Council will be exposed to vacant property costs and will incur leasing and legal fees to secure an occupier. A rent-free period of 18 months is assumed so that the building would become income producing in October 2023. A worst-case rental of £65,000 pa is assumed in income. The building does not currently produce any income/rent on the basis that its previous lease arrangements were on a peppercorn rent. So, there is only income gain in this scenario, however, there are holding cost as listed below to prepare the building before a commercial let could take place.

Option 3				
Revenue Costs	2021/22	2022/23	2023/24	2024/25
Additional total	41,000			
Reduction			32,500	65,000
Net Impact (income)	41,000	0	32,500	65,000
Capital Costs				
2021/22	2022/23	2023/24	2024/25	
Additional total				
Reduction				
Net Impact (income)	0.00	0.00	0.00	0.00

5. LEGAL IMPLICATIONS

- 5.1 The Council has the power to dispose of land in its ownership (disposal including the grant of a lease) under s123 of the Local Government Act 1972 provided the land is sold at a consideration not less than the best that could reasonably be obtained in the market, unless Secretary of State Approval is obtained to transfer at a value below market value for the use as affordable housing or some other social good
- 5.2 A S123 valuation report will be required for the disposal of the former Sports Able building to the Maidenhead Centre and the acquisition of the Heritage Centre Building on Park Street by the Council.
- 5.3 A new lease will need to be agreed with an occupier if option 3 is progressed. Any letting will be at a market rent following a comprehensive marketing campaign.

6. RISK MANAGEMENT

6.1 The project will be managed by the RBWM Property Company and Property Services with oversight from the PropCo Board.

6.2 Table 3: Risks

Risk	Level of uncontrolled risk	Controls	Level of controlled risk
Agreement of terms with Maidenhead Heritage Centre	Medium	Early engagement to assess viability of option to Heritage Centre and avoid prolonged discussion	Low
Valuation Report	Medium	Obtain S.123 report to obtain market value	Low
Option 3 – planning risk	Medium	Early engagement with LPA	Low
Option 3 – prolonged marketing period	Medium	Full marketing campaign to be progressed – initial interest being registered.	Low

7. POTENTIAL IMPACTS

7.1 Equalities. An Equality Impact Assessments screening form has been completed and is available on the [council's website](#).

7.2 Climate change/sustainability. The building will need investment in refurbishment which will include the electrical and heating services and insulation properties of the building. As part of negotiations it will be a requirement to improve the energy efficiency of the building.

7.3 Data Protection/GDPR. No personal information has been used or stored.

8. CONSULTATION

8.1 Internal consultation with CLT and Cabinet Member. Report also taken and discussed with Capital Review Board and approved.

9. TIMETABLE FOR IMPLEMENTATION

9.1 Implementation date if not called in: Immediate. The full implementation stages are set out in table 3

Table 4: Implementation timetable

Date	Details
1 st July 2021	Commence formal negotiations with Maidenhead Heritage Centre
31 st October 2021	Conclude legal process and complete property transfers
If Option 2	
1 st September 2021	Commence marketing of building to occupiers
1 st April 2022	Complete lease to new occupier
1 st October 2023	End of Rent-Free Period and income commences

10. APPENDICES

10.1 This report is supported by four appendices – all Part II - **Not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972:**

- Appendix A – Location Plan
- Appendix B – Building Floorplan
- Appendix C – Kempton Carr Croft Stock Condition Survey
- Appendix D – Vision from Maidenhead Heritage Centre

11. BACKGROUND DOCUMENTS

11.1 This report is supported by 1 background document:

- Equality Impact Assessment Screening Form

12. CONSULTATION (MANDATORY)

Name of consultee	Post held	Date sent	Date returned
Cllr Johnson	Cabinet Member for Business, Economic Development & Property.	25/05/21	27/5/21
Duncan Sharkey	Chief Executive	25/05/21	26/5/21
Adele Taylor	Executive Director of Resources/S151 Officer	25/05/21	27/5/21
Andrew Durrant	Executive Director of Place Services	25/05/21	27/5/21
Kevin McDaniel	Executive Director of Children's Services	25/05/21	01/6/21
Hilary Hall	Executive Director of Adults, Health and Housing	25/05/21	25/5/21
Andrew Vallance	Head of Finance	25/05/21	07/6/21
Elaine Browne	Head of Law	25/05/21	27/5/21
Emma Duncan	Deputy Director of Law and Strategy / Monitoring Officer	25/05/21	27/5/21
Nikki Craig	Head of HR Corporate Projects and IT	25/05/21	02/6/21

Louisa Dean	Communications	25/05/21	
Karen Shepherd	Head of Governance	25/05/21	26/5/21

REPORT HISTORY

Decision type:	Urgency item?	To follow item?
First entered on the Cabinet Forward Plan: 23 rd April 2021	No	No

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