
Wiltshire Council

**Meeting of Cabinet Member for Strategic Planning, Development Management,
Strategic Housing, Property and Waste**

11 August 2014

Subject: Corsham Mansion House & Library

**Cabinet member: Cllr Toby Sturgis
Cabinet Member for Strategic Planning, Development
Management, Strategic Housing, Property and Waste**

Key Decision: No

Purpose of Report

1. To provide information on the bids that have been received in respect of the proposed sale of the Corsham Mansion House and Library in order that the Cabinet Member may make an informed decision when deciding which bid the Council should accept, if either.

Background

2. In July 2011 a report was considered by Cabinet Capital Assets Committee (CCAC) outlining a proposal from Hadston Ltd to (Hadston) acquire the Corsham Mansion House & Library (the property) at market value in order to use the premises for its Digital Corsham project.
3. Members resolved to accept the offer as they believed the project would provide benefits to the community whilst maximising sale value.
4. Subsequently other interested parties expressed an interest in the property's acquisition. Therefore the matter was referred back to CCAC's meeting on 14th September 2011 which resolved: *To offer the Mansion House and Library at Pickwick Road, Corsham, for sale on the open market.*
5. Following a robust marketing exercise bids were received but they were rejected as being non-compliant to the tender requirements.
6. One of the concerns of the potential purchasers revolved around the uncertainty of when the Council would be in a position to provide vacant possession of the property. At that time, planning consent had not been granted for the proposed Corsham Campus to which both the library and youth services would relocate. Accordingly, the marketing campaign was suspended until the Council could provide a firmer date for vacating the premises.

7. The property was offered for sale on the open market again in 2013 inviting best and final offers by 27th November 2013. The evaluation criteria was price and deliverability, the latter comprising how the acquisition and bidder's scheme would be financed together with the likelihood that planning and Listed Building consent would be forthcoming.
8. Community benefit did not form part of the evaluation criteria as the weight for any such benefit would be difficult to assess.
9. Three offers were received. One was rejected on the basis of price and an auditor's note on the company accounts that stated that there was a material uncertainty that may cast doubt on the company's ability to continue as a going concern.
10. The other two were from Hadston and Martingate Centre Ltd (Martingate). The bids were referred to Development Control officers who initially raised development control concerns over both scheme proposals. Both bidders were invited to discuss their proposed schemes with those officers and then resubmit their bids reflecting any alterations to their proposals arising out of those discussions.
11. On receipt of those amended bids, both parties were asked to clarify some financial aspects of their bids and these were received from both. The revised scheme proposals were also passed to development control for comment. Both bids are now able to be taken forward.

Main Considerations

12. The Cabinet Member for Planning, Property, Waste and Strategic Housing is invited to consider which bid, if either, the Council should accept. A summary of the confidential aspects of each bid has been provided separate to this report in order that he has a complete picture.

PRICE

13. The offer from Hadston is conditional upon planning and Listed Building consent with the purchase price payable thereafter. The offer is a set price but also includes overage provisions in the event that a more valuable use is secured. For the reasons set out in paragraph 21 below the potential overage for any gain whilst part of the offer should not be given any particular weight
14. The offer from Martingate is unconditional and completion would take place shortly after the Council provides vacant possession. The bulk of the purchase price is payable upon completion with the remainder, which is indexed, payable later.
15. As one offer is unconditional and the other is conditional there needs to be consideration of present value adjustment and potential costs that may occur in relation to the conditional offer.

16. When a Net Present Value adjustment is applied to reflect the time to obtain planning consent (an assessment by Corporate Finance has been provided to the Cabinet Member on a confidential basis)
17. The average annual cost of maintenance of the property between 2009 & 2013 inclusive, amounts to £22,264, the NNDR payable for the library is £11,100 and £3,800 for the Mansion House (although empty rates can be claimed as it is a Listed Building). Therefore assuming minimal utility charges, the additional cost to the Council of holding the premises for a year amounts to around £35,000.
18. Even if both the net present value adjustment and potential cost factored in the Hadston Bid is still higher.

FINANCIAL DELIVERY

19. Both parties have paid a deposit amounting to £5,000 which is refundable to the unsuccessful bidder but not to the company whose bid is accepted. No further deposit will be paid on exchange of contracts.
20. Martingate has provided evidence that funds are available for the purchase.
21. Hadston will be using a Special Purchase Vehicle (SPV) wholly owned and controlled by Hadston to acquire the property and has arranged funding subject to conditions that would normally apply to an acquisition such as this.

LISTED BUILDING/PLANNING CONSENT DELIVERABILITY

22. Development control officers have concerns in relation to both of the bidder's schemes, but the principles are largely acceptable.
23. The concerns with the Hadston scheme relate to parking and to the massing of the accommodation block to the rear of the Mansion House. The former could be overcome if an enforceable management plan can be agreed. The latter may be resolved through further detailed discussions or a reduction in size.
24. The concern with the Martingate scheme is the proposed removal of a floor within the Listed building. However as Martingate is prepared to purchase the property without securing Listed Building/planning consent this may not be considered an issue.

Safeguarding Considerations

25. Not applicable

Public Health Implications

26. Not applicable

Environmental and Climate Change Considerations

27. Both proposals involve development of the property. All environmental and climate change issues are most appropriately dealt with through the planning process

Equalities Impact of the Proposal

28. None

Risk Assessment

29. There is a risk that Hadston will not secure Listed Building/planning consent and therefore the property will be left vacant incurring costs during that time. Development Control has looked at the company's proposals and the shortcomings are capable of remedy.
30. Hadston may fail to complete the purchase despite securing the appropriate consents. The company has provided assurances that finance will be available through its funding partner.
31. Martingate may leave the building empty and not proceed with developing out its scheme. This is considered to be a low risk as the company will have already paid a substantial sum and will be looking to secure a return on the investment as quickly as possible.

Financial Implications

32. If the Council accepts the bid from Hadston then it may incur revenue costs whilst the property remains empty during the planning application process. It will obtain a substantial capital receipt if the proposed scheme secures planning/Listed Building consent.
33. If the Council accepts the bid from Martingate then the Council will not incur revenue costs during the planning application process. It will also receive a substantial capital receipt, the second tranche of payment is indexed.

Legal Implications

34. The Council must decide which bid, if any, to accept solely in accordance with the evaluation criteria. Any other considerations cannot be taken into account. This was the basis that the bidders were invited to submit their offer.
35. If a decision is made to go with either bid then Legal Services should be involved from an early stage to ensure appropriate legal documentation is completed to ensure that the risks to the Council are minimised.

Options Considered

35. The Cabinet Member is invited to decide which, if any, offer the Council will accept.
36. It is suggested that if one of the offers is accepted then this is on condition that the company exchanges contracts within 6 weeks of the Council sending out the draft legal documentation.
37. The Cabinet Member will need to assess the risks of proceeding with either of the parties as set out in paragraphs 29 to 31 inclusive.

Conclusions

38. The Martingate bid is an unconditional offer whereas the Hadston Ltd bid is conditional upon obtaining planning consent.
39. Both proposals have been considered by Development control and in principle both are deliverable in planning terms
40. The Hadston Bid is higher than that submitted by Martingate even with present day value and maintenance costs incorporated.

Dr Carlton Brand (Corporate Director)

Report Author: Mark Hunnybun
(Strategic Projects & Development Manager, Transformation)

In conjunction with

Frank Cain
Head of Legal Services

(29 July 2014)

Background Papers