

Subject:	Patcham Place – Disposal Update		
Date of Meeting:	19 January 2012		
Report of:	Strategic Director Resources		
Lead Cabinet Member:	Finance & Central Services		
Contact Officer:	Name:	Angela Dymott	Tel: 29-1450
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Key Decision:	Yes	Forward Plan No: 26938	
Ward(s) affected:	Patcham		

FOR GENERAL RELEASE**1. SUMMARY AND POLICY CONTEXT:**

- 1.1 Patcham Place had been occupied by the Youth Hostel Association (YHA) for nearly 70 years until they vacated in October 2007. In June 2011 Cabinet authorised for the property to be marketed by agents for disposal by way of a long leasehold interest. Cabinet also authorised that a subsequent report be presented to Cabinet summarising the results of the marketing exercise and bids received providing recommendations for disposal. This report is complemented by a report in Part Two of the Agenda.

2. RECOMMENDATIONS:

- 2.1 That Cabinet authorise the disposal of Patcham Place and stables on a 125 year lease to the preferred bidder. The net capital receipt shall be used to support the council's corporate accommodation strategy - Workstyles transformation project and capital programme.
- 2.2 That Cabinet authorise continuing with the disposal to a reserve bidder should the preferred bidder withdraw or the remarketing of the property.

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

- 3.1 Patcham Place was originally purchased, along with 22 acres of land in 1926 for the purpose of providing land for pleasure walks and public grounds. During the late 1920s and early 1930s the building was in a serious state of disrepair and a lease was granted to the YHA who with substantial investment repaired and refurbished the building and put it to use as a Youth Hostel. The main house is Grade II* listed. The stables are Grade II listed and are used as a parks depot. See attached plan at Appendix 1 indicating the 1.7 acre site for disposal.
- 3.2 In October 2007 the YHA's lease came to an end and they chose to vacate the property. Their customer requirements for accommodation had changed and they were unable to meet these changes at Patcham Place.

- 3.3 On 9 June 2011 a report was presented to Cabinet recommending that Patcham Place, including the stable building be marketed by agents for disposal by way of a long leasehold interest. The report further recommended that a subsequent report be presented to Cabinet summarising the results of the marketing exercise and bids received, providing recommendations for the disposal.
- 3.4 Following presentation of the Cabinet report, the council tendered the agency instruction which was awarded to Cluttons in July. A 2-page colour brochure was produced and a sales pack prepared including relevant legal documentation. Marketing began in earnest in early September, sales boards were erected and adverts were placed in the Estates Gazette, Property Week, South East Business, The Argus and The Worthing Herald. The brochures were sent to agents, applicants, investors and developers from all property sectors and the details were uploaded onto 8 property internet sites. A press release was also issued.
- 3.5 The marketing campaign generated approximately 170 enquiries from a variety of sectors including residential, commercial, leisure, education, community and arts. Cluttons completed over 30 viewings and in October invited all interested parties to submit their best and final offers on either an unconditional (as to planning) or on a subject to planning basis. A further advert was placed in The Argus announcing the closing date and a Form of Offer was approved which included a requirement for the developer to set out the social, environmental and economic benefits they intended to achieve as part of their proposal. The closing date for offers was 30 November.
- 3.6 Three offers were received. The offer from the preferred bidder provides a number of non-financial benefits, including: -
- Offices for their expanding business, providing space to create local jobs.
 - Sympathetic restoration of the property with state of the art technologies to minimise carbon emission and ensure renewable energy resources are used where possible.
 - A conference and meeting space for third party organisations.
 - Space for small and start up organisations to support innovation and enterprise and learning.
 - Space to invite SMEs (Small and Medium Enterprises) on sectors of importance to the city such as environmental services, eco-tourism and digital media to occupy the building and benefit from synergies and reduced rents and overheads to encourage growth and success of such businesses.
 - Development of the external areas in sustainable materials and in a manner to encourage and protect the success of local wildlife.
 - The opportunity to make a marked visual improvement to the building.
 - A venue for young people to attend activities and events focussing on the arts and other socially important subjects.
 - Workshops and classes to further apprentice schemes and in particular a scheme to take ex-offenders and teach them skills and trades to enable them to contribute positively to the community.
- 3.7 The main reasons given for not submitting offers included:
- The high costs of initial repair and conversion works. Various estimates were given ranging from £1m to £2m depending upon use.
 - The Grade II* listed status which limits how the building can be altered. The existing internal layout did not suit many interested parties.

- The lack of availability of bank finance for purchase and development of property.

4. COMMUNITY ENGAGEMENT AND CONSULTATION

- 4.1 Cabinet were originally consulted on this proposal in June 2011 when the original report recommending the property be marketed was presented and approved.
- 4.2 Prior to the June 2011 Cabinet report, consultation was carried out internally with relevant services and Property & Design to consider whether the property had potential as an operational property.
- 4.3 Prior to the June 2011 Cabinet report the Planning Projects Team and Conservation Team advised on the planning guidance for the property.
- 4.4 Prior to the June 2011 Cabinet report consultation was carried out with the South Downs National Park Authority.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 5.1 The capital receipt from the disposal of the building, less any disposal costs, will be used to support the council's Workstyles Phase 2 scheme as detailed to Cabinet on 8th December 2011. Any additional balance over the sum required to support the scheme will provide resources to support the council's corporate capital funds. The building does not currently generate any rental income, however, it does incur some minor running costs associated with the upkeep and security of the site.

Finance Officer Consulted: Rob Allen

Date: 16/12/11

Legal Implications:

- 5.2 S. 123 of the Local Government Act 1972 enables the Council to dispose of this property provided that best consideration reasonably achievable is obtained. It is not considered that any individual's Human Rights Act rights will be adversely affected by the recommendation in this report.

Lawyer Consulted: Anna MacKenzie

Date 16/12/11

Equalities Implications:

- 5.3 The preferred bidder's development proposals include the provision of a venue to give young people a place where they can attend activities and events focusing on the Arts and other socially important subjects. The proposal also includes the provision of accommodation for workshops and classes to further the preferred bidder's apprentice schemes which includes a scheme to teach skills and trades to ex-offenders.

Sustainability Implications:

- 5.4 The preferred bidder's development proposals include the introduction of flood protection systems, the development of external areas in sustainable materials to encourage and protect local wildlife and the installation of technologies to ensure

carbon emissions are minimised and renewable energy resources are used where possible.

Crime & Disorder Implications:

- 5.5 Whilst the property is vacant it is occupied by guardians under contract to ensure it is secure and maintained. On completion of the transaction responsibility for the security and maintenance will transfer to the preferred bidder.

Risk and Opportunity Management Implications:

- 5.6 As the preferred bidder's offer is not subject to obtaining planning consent the risk implications are relatively low. However should the transaction be delayed or the offer withdrawn the council can either reconsider the other offers put forward or re market the property.

Public Health Implications:

- 5.7 The proposals submitted by the preferred bidder detailed in 3.6 include proposals to reduce inequality by providing a venue for young people and training and apprentice schemes.

Corporate / Citywide Implications:

- 5.8 The proposals submitted by the preferred bidder and summarised in 3.6 aim to achieve a number of non-financial benefits that support the council's corporate plan priorities to tackle inequality and create a more sustainable city.

6. EVALUATION OF ANY ALTERNATIVE OPTION(S):

- 6.1 Alternative bids have been detailed and considered in Part 2 of this report.

7. REASONS FOR REPORT RECOMMENDATIONS

- 7.1 Following a thorough marketing exercise interested parties were invited to provide their best and final offers. Three bids were received. The preferred bid has the added benefit of not being subject to planning and provides a number of non-financial benefits for the city that support the council's corporate plan objectives.

SUPPORTING DOCUMENTATION

Appendices:

1. Location Plan

Documents in Members' Rooms

None

Background Documents

1. Cabinet Report Patcham Place 9 June 2011