

**CYNGOR SIR POWYS COUNTY COUNCIL**

**PORTFOLIO HOLDER DELEGATED DECISION**

**by**

**COUNTY COUNCILLOR PHYL DAVIES**

**( PORTFOLIO HOLDER FOR HIGHWAYS, RECYCLING AND ASSETS)**

**January 2019**

**REPORT AUTHOR: David Micah, Commercial Property Manager**

**SUBJECT: Sale by Public Auction of Surplus Properties**

---

**REPORT FOR: Decision**

---

**1. Summary**

- 1.1 Over recent months a number of Council Services have been proactive in declaring various property assets surplus to their requirements. The Corporate Asset Policy has been followed and consideration has been given to the most appropriate mechanism of marketing and disposing of a number of property assets, many of which require modernisation and improvement.
- 1.2 Due to the nature of these properties, it is considered that sale by auction is the most appropriate method of disposal, also providing the best opportunity to ensure that capital receipts are received before the end of the current financial year to help meet the Council's capital income targets.
- 1.3 Additionally, it is also considered that in an effort to increase the Council's capital receipts further, a number of properties which are currently offered for sale by private treaty should also be added to a collective property auction, as they have struggled to achieve significant interest to date on the open market.
- 1.4 The combined list of newly surplus properties, along with those which have already been marketed by private treaty, is attached at Appendix 1.
- 1.5 Confidential minimum reserve prices below which it is recommended the properties will not be sold are also provided at Confidential Appendix 3.

**2. Proposal**

- 2.1 It is proposed to market the assets listed in Appendix 1 in a collective Public Auction and terms have been sought from several local Agents and on this occasion, Brightwells Limited (Brightwells) have provided the best commercial terms.

2.2 Brightwells terms of business are attached in the Confidential Appendix - Appendix 2 - as they are deemed to be commercially sensitive and should not be publicly disclosed.

2.3 It is further proposed that delegated power should be given to the Portfolio Holder for Highways, Recycling and Assets to agree final reserve prices (which must be no lower than the minimum price as stated in Appendix 3) not more than 3 working days prior to the appointed Agent's confirmed auction date. 2.4 In requesting the delegated power referred to above, the selected agent will be required to provide Officers with a comprehensive summary no less than 7 working days in advance of the confirmed auction date detailing (for each property):-

2.4.1 the number of interested parties,

2.4.2 the number of viewings undertaken,

2.4.3 the number of legal packs requested / downloaded,

2.4.4 their proposals for the reserve price.

### **3. Options Considered / Available**

3.1 Option 1: Enter the assets listed in Appendix 1 in a collective Public Auction which it is anticipated will generate a timely and valuable capital receipt for inclusion in the Council's future capital projects.

3.2 Option 2: Offer the assets for sale via Private Treaty. This is not the preferred option given that a number of those properties listed at Appendix 1 have already been offered using this method without success, whilst the majority (if not all) of the others are likely to prove problematical to sell via private treaty.

### **4. Preferred Choice and Reasons**

4.1 Officers' preferred option is Option 1 above, which will allow these assets to be marketed and hopefully sold, earning the Council a significant capital receipt within the current financial year.

### **5. Impact Assessment**

5.1 Is an impact assessment required? No

5.2 If yes is it attached? N/A

### **6. Corporate Improvement Plan**

6.1 The proposal will support the financial requirements of the Corporate Improvement Plan with regards to the Financial Strategy. The combined sales of these properties will remove maintenance liabilities for both the Strategic Property team and HRA – thereby supporting the goal of

achieving a balanced revenue budget - and providing capital receipts for the General Fund and HRA.

- 6.2 The sale of these properties also provides opportunities for developers to create refurbished homes for either owner occupation or rented accommodation, and also opportunities for investors to support economic growth of the County's business community whether already established in an area or newly created, thereby supporting both the Council's "Economic" and "Residents and Communities priorities.

## **7. Local Member(s)**

7.1 Due to the geographical spread of the properties covered in this report, comments have been invited from each of the following local members:-

**Councillor Aled Davies (Rhos-y-Brithdir):** Thank you for the information, I am aware that this small area has almost been sold in the past, I am happy that another attempt is made. Could I be notified of the auction date so I can help publicise locally nearer the time.

**Councillor Dai Davies (Hazeldene):** I'm happy for the property in my ward to be sold by auction.

**Councillor Phyl Davies (Staylitttle):** I support the sale of this property in auction.

**Councillor Joy Jones:** I have no problem with these houses being sold off as they have stood empty for a very long time and it would cost a tremendous amount of money to bring up to standard or redevelop.

It will be good to see the properties being used again, as these are properties that raise questions from the public from time to time as to why the council are leaving them stand empty.

**Councillor Sarah Lewis (5 Conway Street):** I fully understand the importance of selling surplus properties to help the Council balance the budget in these difficult times, so I am happy to approve your suggestions.

**Councillor Gareth Morgan:** Although email requests for comments regarding the auction proposals were sent out on 12<sup>th</sup> and 20<sup>th</sup> December, no comment regarding the inclusion of the property in auction has been provided.

**Councillor Jeremy Pugh:** Although email requests for comments regarding the auction proposals were sent out on 12<sup>th</sup> and 20<sup>th</sup> December, no comment regarding the inclusion of the property in auction has been provided.

**Councillor Michael Williams (former DSO Yard):** I'm happy to support its sale.

**8. Other Front Line Services**

Does the recommendation impact on other services run by the Council or on behalf of the Council? No

If so please provide their comments: N/A

**9. Communications**

Have Communications seen a copy of this report? Yes/No

Have they made a comment? If Yes insert here.

**10. Support Services (Legal, Finance, Corporate Property, HR, ICT, Business Services)**

10.1 Legal; The recommendations can be supported from a legal point of view and the legal team will support the sales as and when required to do so.

10.2 Finance: The Capital and Financial Planning Accountant comments that the five council fund assets will make a loss on disposal which will be financed from the unusable reserves. The capital receipt will be available to support the Councils Medium Term Financial Strategy . The HRA assets are currently being revalued in 2018/19 and the surplus or loss disposal will need to be calculated following the revaluation. Any surplus or loss on disposal will be financed from the unusable reserves. The capital receipt will be ringfenced to the HRA and will be available to finance the projects included in the Business Plan and Capital Programme.

The Finance Manager Environment and Resources notes the contents of the report any property that is declared surplus tends to deteriorate and the costs for maintenance tend to increase, there may also be the need to incur revenue costs in order to secure the property from vandalism and other anti-social behaviour, if it is left vacant for prolonged period.

The revenue costs associated with the cost of the auction will be funded from within the current revenue budget of the service.

10.3 Corporate Property: The Professional Lead supports the proposal in order to realise capital receipts for these properties.

10.4 HR (if appropriate)

10.5 ICT (if appropriate)

**11. Scrutiny**

Has this report been scrutinised? No

**12. Data Protection**

If the proposal involves the processing of personal data then the Data Protection Officer must be consulted and their comments set out below.

N/A

**13. Statutory Officers**

13.1 The Solicitor to the Council (Monitoring Officer ) commented as follows :  
“ I note the legal comments and have nothing to add to the report.”

13.2 The Head of Financial Services (Deputy Section 151 Officer) notes the comments of the Capital and Financial Planning Accountant and the Finance Manager Environment and Resources.

**14. Members' Interests**

The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If the Portfolio Holder has an interest, he/ she should declare it, complete the relevant notification for and refer the matter to Cabinet for decision.

**15. Future Status of the Report**

Members are invited to consider the future status of this report and whether it can be made available to the press and public either immediately following the meeting or at some specified point in the future.

The view of the Monitoring Officer is that: Schedule 2 should remain confidential in order to protect the commercial sensitivity of the information and that Schedule 3 should remain confidential until the sale of all properties named in that Schedule has been concluded

<b>Recommendation:</b>	<b>Reason for Recommendation:</b>
<b>1. To approve the disposal of the properties identified in Appendix 1 by public auction</b>	<b>To remove maintenance liabilities for these surplus properties and generate potentially significant capital receipts before the end of the current financial year.</b>
<b>2. To grant delegated authority to the Portfolio Holder for</b>	<b>To enable the auction to proceed in a timely manner after receipt of the</b>

<p>Highways, Recycling and Assets to approve the final reserve prices (<u>which must be no lower than the minimum price as stated in Appendix 3</u>) not more than 3 working days prior to the Agent's auction date.</p> <p>3. Schedule 2 should remain confidential in order to protect the commercial sensitivity of the information and that Schedule 3 should remain confidential until the sale of all properties named in that Schedule has been concluded</p>	<p>Agent's marketing summary for each property.</p> <p>To protect the confidential nature of the information</p>
--	--

Relevant Policy (ies):	Corporate Asset Policy		
Within Policy:	Y	Within Budget:	Y

Relevant Local Member(s):	Councillor Aled Davies Councillor Dai Davies Councillor Phyl Davies Councillor Joy Jones Councillor Sarah Lewis Councillor Gareth Morgan Councillor Jeremy Pugh Councillor Michael Williams
---------------------------	--

Person(s) To Implement Decision:	<b>David Micah, Commercial Property Manager</b>
Date By When Decision To Be Implemented:	<b>asap</b>

Is a review of the impact of the decision required?	<b>N</b>
---	----------

Contact Officer: David Micah, Commercial Property Manager
Tel: 01597 826054
Email: david.micah@powys.gov.uk

**Background Papers used to prepare Report:**

- <https://powys.moderngov.co.uk/ieListDocuments.aspx?CId=638&MId=4047>
- <https://powys.moderngov.co.uk/ieListDocuments.aspx?CId=674&MId=4284>
- <https://powys.moderngov.co.uk/ieListDocuments.aspx?CId=674&MId=4380>

## APPENDIX 1

**Brecon - 5 Conway Street:** Detached rendered two-storey house with cellar storage sitting in a good sized plot near to the Canal basin, with no off-street parking and limited on-street availability. Latterly used as a House in Multiple Occupation (HMO) and divided into 4 bedsits, the property shows signs of structural movement, and is in need of full refurbishment. **Declared surplus by Housing Service. Auction Guide £130,000+**

**Builth Wells Library:** former public library in the main shopping street, offered for sale by Private Treaty for a period of nearly 18 months. Previously agreed sales have fallen through, with limited new interest. **Declared Surplus by Head of Recreation and Leisure. Auction Guide £140,000+**

**Garthmyl - Hazeldene:** Detached uninhabitable 2 bedroom cottage, formerly acquired as part of the Montgomeryshire Canal Restoration Scheme over 20 years ago. Purchased under compulsory purchase powers, the former owners of the property have been consulted and have confirmed they do not wish to exercise their rights to repurchase the property. The Canal and River Trust are aware of the intention to dispose of the property. **Declared surplus by Strategic Property Manager. Auction Guide £40,000**

**Llanidloes – 7, 12, and 14 Foundry Street:** Three terraced 1/2 bedroom properties, to be offered in the auction as three separate lots, allowing everyone an opportunity of purchase. Within walking distance of Llanidloes Town Centre, these properties have been vacant for some time and will need full renovation. It is considered by our housing colleagues that it may not be possible to refurbish them to a letting standard which complies with the Welsh Housing Quality Standards due to the physical constraints of each house. **Declared surplus by the Housing Service. Auction guide £50,000+ each**

**Llanidloes – Library:** detached former town library building, accessed direct from Mount Lane car park. **Declared surplus by Head of Recreation and Leisure. Auction guide £70,000+**

**Machynlleth – former DSO Yard:** situated next to the Town Council owned Kennel House, and accessed via Y Plas grounds and the adjoining Cwrt David Williams (Mid Wales Housing site), this is a constrained site comprising a modest single storey listed workshop building (in need of refurbishment) and an open yard. **Declared surplus by Highways. Auction Guide £30,000+**

**Newtown – 19 and 27 Old Kerry Road:** Both properties comprise mid-terrace houses situated on opposite sides on Old Kerry Road. Located within walking distance of the Town Centre and convenient to the Railway Station. No.19 offers 4 bedroom accommodation over three stories, a communal rear yard shared with the neighbouring house, and no parking. It is in need of full modernisation. It would be difficult to meet the Welsh Housing Quality Standards even after refurbishment. No.27 offers three bedroom

accommodation, also laid out over three floors, has a small rear garden and parking for one vehicle. However, it would need extensive and costly refurbishment and modernisation works to enable it to meet Welsh Housing Quality Standards. **Declared surplus by the Housing Service. Auction guide £50,000+ (no.19), £80,000+ (no.27)**

**Rhos-y-brithdir – Former Quarry:** Formerly occupied by Highways as a gravel store, this site is deemed to comprise potentially contaminated land. It has been offered for sale by private treaty for several years, and although purchasers have come forward, they have withdrawn before Contracts can be exchanged. **Declared surplus by Highways. Auction Guide £Nominal**

**Staylittle – Former School and House:** Former school and house, most recently used as staff accommodation, offices, and storage in conjunction with the Staylittle Outdoor Pursuit Centre (not included in this auction). Rights of access reserved to the Vendor in respect of the sewerage treatment plant. **Declared Surplus by the Head of Leisure and Recreation. Auction Guide £65,000+**