

 EXECUTIVE MEETING - 28 November 2018		Agenda Item No. 11
Title	10, 12 & 14 Chapel Street, Warwick	
For further information about this report please contact	Chris Makasis, Estates Management Surveyor	
Wards of the District directly affected		
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No, but a linked confidential report appears elsewhere on the agenda	
Date and meeting when issue was last considered and relevant minute number	None	
Background Papers	None	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	Yes
Included within the Forward Plan? (If yes include reference number)	No
Equality & Sustainability Impact Assessment Undertaken	N/A

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive	12.11.18	Chris Elliott
Acting Head of Service	12.11.18	Steven Partner
CMT	12.11.18	Chris Elliott, Andy Jones, Bill Hunt
Section 151 Officer	12.11.18	Mike Snow
Monitoring officer	12.11.18	Andy Jones
Finance	12.11.18	Mike Snow
Portfolio Holder(s)	12.11.18	Peter Phillips
Consultation Undertaken		
Not relevant.		
Final Decision?	Yes	
Suggested next steps (if not final decision please set out below)		

1. **SUMMARY**

1.1 To consider a proposal concerning 10, 12 & 14 Chapel Street, Warwick.

2. **RECOMMENDATION**

2.1 That Executive approves the offer of a capital receipt from an overage agreement concerning the former WDC property known as 10 - 14 Chapel Street, Warwick, hatched on Plan 1 attached.

3. **REASONS FOR THE RECOMMENDATION**

3.1 The Executive on 9/1/2013 approved the sale of WDC's 10 - 14 Chapel Street, hatched on Plan 1 attached, to the Warwick Kings High School ('WKHS'), subject to an overage payment to be made to WDC, by WKHS, if the property was to be sold off by WKHS within a 20 year period from the date that WDC disposed of it to the WKHS.

3.2 WKHS placed this property, along with all of its neighbouring buildings around the Chapel Street area, on the market, For Sale, in 2017 and WKHS now wish to dispose of all their premises, including 10 - 14 Chapel Street, in the near future.

3.3 WKHS were aware of the overage requirement and duly approached WDC for this overage sum, required by WDC, to be agreed. Following discussions between WDC and WKHS an appropriate overage sum has been agreed, subject to the Executive Committee's approval. The sum proposed is private & confidential and is set out in the private & confidential Appendix 1 of this report.

3.4 The proposal will provide this Council with an appropriate capital receipt and will enable the site to be developed, in partnership with the other WKHS buildings, in an appropriate refurbishment of the buildings, subject to future Planning Consents, in accordance with the agreed development brief.

4. **POLICY FRAMEWORK**

4.1 **Fit for the Future (FFF)**

The Council's FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. To that end amongst other things the FFF Strategy contains several Key projects. This report shows the way forward for implementing a significant part of one of the Council's Key projects.

The FFF Strategy has 3 strands – People, Services and Money and each has an external and internal element to it. The table below illustrates the impact of this proposal if any in relation to the Council's FFF Strategy.

FFF Strands		
People	Services	Money
External		
Health, Homes,	Green, Clean, Safe	Infrastructure,

Communities		Enterprise, Employment
<u>Intended outcomes:</u> Improved health for all Housing needs for all met Impressive cultural and sports activities Cohesive and active communities	<u>Intended outcomes:</u> Area has well looked after public spaces All communities have access to decent open space Improved air quality Low levels of crime and ASB	<u>Intended outcomes:</u> Dynamic and diverse local economy Vibrant town centres Improved performance/productivity of local economy Increased employment and income levels
Impacts of Proposal		
<u>Intended outcomes:</u> Cohesive and active communities	<u>Intended outcomes:</u> Area has well looked after public spaces All communities have access to decent open space Improved air quality Low levels of crime and ASB	<u>Intended outcomes:</u> Dynamic and diverse local economy Vibrant town centres Improved performance/productivity of local economy Increased employment and income levels
Internal		
Effective Staff	Maintain or Improve Services	Firm Financial Footing over the Longer Term
<u>Intended outcomes:</u> All staff are properly trained All staff have the appropriate tools All staff are engaged, empowered and supported The right people are in the right job with the right skills and right behaviours	<u>Intended outcomes:</u> Focusing on our customers' needs Continuously improve our processes Increase the digital provision of services	<u>Intended outcomes:</u> Better return/use of our assets Full Cost accounting Continued cost management Maximise income earning opportunities Seek best value for money
Impacts of Proposal		
All staff are engaged, empowered and supported The right people are in the right job with the right skills and right behaviours	Focusing on our customers' needs Continuously improve our processes	Better return/use of our assets Full Cost accounting Continued cost management Maximise income earning opportunities Seek best value for money

5. BUDGETARY FRAMEWORK

- 5.1 The proposal shall provide this Council with a capital receipt assisting it for capital expenditure purposes.

6. RISKS

Risk	Possible Trigger	Possible Consequences	Risk Mitigation / Control
Refuse to Relinquish the Restrictive Covenant	Executive decision to refuse agreement	Reduced Capital Receipt The building remains undeveloped and vacant and so detrimental to the town centre.	Approve the relinquishment of the restrictive covenant

7. ALTERNATIVE OPTIONS CONSIDERED

- 7.1 The Executive could decide to refuse to agree to the proposition but this would result in the property lying empty and would defer the receipt of a capital receipt without any surety of obtaining a larger or the same sum. For this reason this option is not recommended.

8. BACKGROUND

- 8.1 In 2015 Warwick District Council (The Council) disposed of 10 – 14 Chapel Street (the Property) to Warwick Independent Schools Foundation for Kings High Girls School (The School).
- 8.2 Within the Agreement for Sale, The Council retained a 20 year Overage provision, referred to as the Additional Payment and is due where a Disposal of the Property or part thereof with the benefit of a Planning Permission takes place within a 20 year period. The Additional Payment is defined as 50% of the Net Uplift in Value, being the value of The Property with planning permission, less a Base Value and Expenses achieving a planning permission.
- 8.3 Since the Council disposed of the Property, The School has embarked upon the relocation of its Kings High Campus to Warwick School Campus on Myton Road. To part fund this relocation project The School marketed Kings High Campus as a prospective redevelopment/regeneration project and following a competitive bidding process, received a number of bids, an unconditional bid which included the Property being agreed.
- 8.4 The unconditionally of the approved bid, has resulted in The School needing to remove all legal impediments, prior to an unconditional exchange and completion of the contract. Given the risks attached to the unconditional offer, the selected bidder will not proceed to completion until all impediments have been removed. One such impediment is the Overage Provision that the School via their agent has been seeking to agree an appropriate Additional Payment, to enable its removal.
- 8.5 The basis for the agreed Additional Payment to be calculated; is the increased value, following a Planning Permission. Because of the nature and terms of the Unconditional bid, the Property does not have an approved planning permission and the Additional Payment has therefore been calculated assuming both one

exists and also an indicative scheme – essentially the conversion of the Property for a residential use.

- 8.6 The Property has for many years past, been used both as council offices and latterly as a School. Consequently conversion and rebuild costs which includes the removal of significant levels of asbestos, single storey extensions and virtual 'gutting' and rebuild of its internal structures are excessive.
- 8.7 The School's agent submitted an initial appraisal which after allowing for an increase in the value of the Property assuming a residential change of use, less build costs, finance, removal of asbestos/exterior single storey space, developers profit and finance, identified a net gain in value of £46,000. The Council's agent was appointed to review the information provided, with the gain considered to be low. Following negotiations and meetings a gain has been accepted, with the Council receiving 50% as per the terms of the Overage.