



## Property Disposal - 5-7 King Street

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<b>Lead Member/Relevant Portfolio Holder</b>	<b>Councillor Sarah Cox</b> - Portfolio Holder for Corporate Finance, Property and Resources

<b>Corporate Priority:</b>	Excellent Services positively impacting on our communities.
<b>Relevant Ward Member(s):</b>	n/a
<b>Date of consultation with Ward Member(s):</b>	2 December 2024
<b>Exempt Information:</b>	Part Exempt – Additional report containing exempt information and is not for publication in accordance with Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.
<b>Key Decision:</b>	Yes b) Making savings or generate income of £50,000 or more
<b>Subject to call-in:</b>	Yes

### 1 Summary

- 1.1 This report is to update members on the current position of the Council-owned property at 5-7 King Street, Melton Mowbray, which will shortly become vacant, and to determine an agreed route forward for the property.

## 2 Recommendations

That Cabinet:

- 2.1 Approves the sale of the Council-owned property at 5-7 King Street in line with the details as set out in this report;
- 2.2 Delegates to the Director for Prosperity and Place, in consultation with the Portfolio Holder for Corporate Finance, Property and Resources and the Director of Corporate Services, to dispose of 5-7 King Street in line with the conditions as set out in this report to reduce the liabilities on the Council as soon as is reasonably possible.

## 3 Reason for Recommendations

- 3.1 The existing tenant of the property has exercised the break clause in their lease effective from 23 October 2024. A temporary agreement has been entered into by the tenant to stay in the property until the end of 2024.
- 3.2 Due to this, officers are recommending that the Council start the process of disposal as a matter of urgency to ensure any liabilities that could be incurred between the existing tenancy ending and disposal of the premises are minimised.

## 4 Background

- 4.1 The existing tenant of 5-7 King Street informed the Council in August 2024 that they would be seeking to break the lease and vacate the property on 23 October 2024. Since then the tenant has been issued with a temporary license to remain in the premises until 31 December 2024.
- 4.2 Due to these changes in circumstances the council will be incurring costs associated with the vacant property from 1 January 2025.
- 4.3 Officers have considered a series of options which all look to reduce any potential liabilities the council would be responsible for once the property is vacated. In summary these were:
  - To retain the building as a bar or other going concern.
  - Convert the upper floors to office space and let commercially.
  - Offer the building as an Asset of Community Value;
  - Let the building on the open market;
  - Sell the building.

## 5 Main Considerations

- 5.1 5-7 King Street is a council-owned property which is in a prominent position just off the market place in Melton Mowbray. On 12 October 1976 it was listed Grade II\* under reference NGR: SK7524719202 and the listing is described by Historic England as follows:

'House. Early c14 altered and extended in c16 and remodelled early and late c19. C14 house believed to have been built for John de Mowbray, Lord of the Manor of Melton. Timber frame and brick, rendered in c19. Hipped and gabled pantile roof. 2 storeys. The

front (south) range contains 2 bays of c14 crown post roof frame at east end. To left, c16 west range with first floor framed in four bays and framed north gable wall. A short, gabled, framed, c16 wing on east side of west range. Central c19 brick ridge stack on south range and brick stack cut down to eaves level in west wall of west range. South front has late c19 shop fronts and rendered first floor with 2 early c19 sashes with bars (4x4 panes). First floor framing to west wall underbuilt in brick: close studding, intermediate rail and upper angle bay braces where not disturbed by insertion of early c19 sashes and chimney stack. Later eaves raised above top plate. Similar close studding in north gable and north wall of short east wing. C14 roof in south range with two octagonal crown posts with moulded caps and bases. Above caps, chamfered struts to collar purlin and collar ties. Bracing of each rafter for the collar ties may be secondary. A later plain crown post against the central stack braced from the principal beam. Framing for a smoke hood at junction of c14 and c16 roofs. C16 wing has a clasped purlin roof with wind braces. House has important group value in King Street.'

- 5.2 The property is a significant heritage asset to the area given that it sits within the Melton Conservation area and is a listed building. Any conditions, restrictions or requirements that are in place as a result of this listing are placed upon the building itself and not upon a particular owner. Any transfer or sale would mean these conditions, restrictions or requirements are passed onto whoever is responsible for the building, thus protecting its heritage value.
- 5.3 These conditions will also have an impact on the value of the property on the open market. Disposal by auction is standard practice, but given the nature of the building, a negotiated sale may prove to be the more advantageous method of sale, or alternatively sale as an Asset of Community Value.
- 5.4 5-7 King Street is not on the Asset of Community Value register under the Community Right to Bid legislation. Under that legislation, if registered under an approved application, there is a moratorium of six months should the owner of the registered property seek to sell. This allows a period of time for the nominee of the registration to purchase the property.
- 5.5 Whilst the property is not currently registered as such, officers recommend that sale under an informal Asset of Community Value route would be an alternative option to follow, sitting alongside auction or negotiated sale options, should a properly constituted local or community group come forward with the local connections and ability to take on the property on a not-for-profit basis.
- 5.6 In 2003, the Heritage Lottery Memorial Fund awarded a grant to refurbish and protect the building. It is important to note that this funding protected the building from further disrepair and was of benefit to the building regardless of ownership. It is recommended that this funding is considered as part of the final sale arrangements.
- 5.7 From 1 January 2025 the Council will start to incur costs as a result of the building being empty in the region of £600 per month or £7k per year.
- 5.8 Numerous options have been explored to look at a range of ways the Council could look to reduce the ongoing liabilities that the property could pose once it is vacated. These are explored further in section 6 of this report.
- 5.9 All options other than sale retain an element of significant risk in relation to council finances due to the current condition of the property with significant investment required to

bring it to a lettable standard and to ensure that the premises meets all the relevant standards.

- 5.10 To mitigate costs, officers will work with potential short-term tenants should any options for meanwhile use of the property come forward.

## **6 Options Considered**

6.1 The following options have been explored when considering the future of King Street:

6.1.1 **Retain the building as a bar or other going concern.**

6.1.2 **Convert the upper floors to office space and let commercially.**

6.1.3 **Offer the building as an Asset of Community Value.** A building or other land is an asset of community value if its main use has recently been or is presently used to further the social wellbeing or social interests of the local community and could do so in the future. The Localism Act states that 'social interests' include cultural, recreational and sporting interests. As the building has not been used by a community group or offers significant local interest for many years, it is unlikely the property could be deemed an Asset of Community Value, and the property is not on the council's register. MBC could still offer the property for sale to local community groups however, with the significant amount of work and maintenance required for the upkeep of the building, it is considered highly unlikely that this would be of interest to any group. It is an option that officers will work through with any properly constituted body that comes forward.

6.1.4 **Let the property on the open market.**

6.1.5 Following an assessment of options above it is the view of officers that none of these options are considered viable. These predominately relate to the costs of refurbishment, the potential lack of interest in the market, costs associated with a vacant property and the ongoing liabilities the property presents to the council whether it be rented or vacant

6.1.6 **Sale of the asset.** The recommended course of action is for the property to be sold on the open market.

This approach removes the need for the council to incur any immediate costs to improve the building whilst also avoiding any unknown risks that come with works to a listed building. Costs will be incurred whilst the property remains vacant but not sold.

## **7 Consultation**

7.1 N/A

## **8 Next Steps – Implementation and Communication**

8.1 Subject to the approval of Cabinet, officers will work with commercial auctioneers to develop particulars for the site and then proceed to auction. In parallel officers will work with any community group that comes forward to purchase the property as an Asset of Community Value.

## **9 Financial Implications**

9.1 Financial Implications vary depending on the preferred option.

9.2 Should members be minded to retain the property and re-lease it on the open market there would be a significant capital outlay in order to bring it up to the standard the market would expect.

- 9.3 Should the council wish to keep the building, but be unable to let the premises, there would be significant costs in excess of £7,000 per year or £600 per month the property was vacant in addition to the loss of the existing rental income which is in the base budget
- 9.4 Should the council wish to dispose of the property, there would be a capital receipt and all future liabilities in relation to the building removed.

**Financial Implications reviewed by: Director for Corporate Services**

## **10 Legal and Governance Implications**

- 10.1 The Council has a statutory and fiduciary duty to obtain best consideration for disposal of land and buildings in its ownership.
- 10.2 The Council has the power to dispose of land in its ownership under s123 of the Local Government Act 1972 provided the land is sold for the best consideration that could reasonably be obtained in the market. A General Exemption has been granted by the Secretary of State to transfer at a value below market value. It may not be necessary to rely on that specific exemption since the liability for repair of the building will reduce the market value as indicated above.
- 10.3 Legal Services will need to consider whether there are any restrictions which prevent sale of the building as recommended.
- 10.4 Legal Services will draft, complete and execute all documents required to complete the disposal of the land and building subject to any restrictions that may apply.

**Legal Implications reviewed by: Monitoring Officer.**

## **11 Equality and Safeguarding Implications**

- 11.1 The current building is not DDA compliant regarding access and moveability within the property due to its age and heritage status.

## **12 Data Protection Implications (Mandatory)**

- 12.1 A Data Protection Impact Assessments (DPIA) has not been completed because there are no risks/issues to the rights and freedoms of natural persons arising directly from this report.

## **13 Community Safety Implications**

- 13.1 N/A

## **14 Environmental and Climate Change Implications**

- 14.1 N/A

## **15 Other Implications (where significant)**

- 15.1 Inability to dispose of the property due to it being seen as a liability – this is due to the fact the building is listed and in need of modernisation. Any works undertaken will need to be agreed via the local conservation officer and are likely to be costlier as they will need to in character of the existing building. The potential outlay and costs may be prohibitive to a prospective purchaser.
- 15.2 Continual holding costs – in the event a buyer or tenant cannot be found for the property, the council will have to continue meeting the holding costs for the foreseeable future.

## 16 Risk & Mitigation

Risk No	Risk Description	Likelihood	Impact	Risk
1	Financial implications from retaining the building. Could have to incur significant capital costs to maintain the building as well as property vacancy costs	Very High	Critical	High Risk
2	Loss of heritage assets and value associated with the building	Low	Critical	Medium Risk
3	Council reputation – current occupier very popular in the local community with a lot of local support. Could be viewed as council closing down the business if not communicated properly	Low	Marginal	Low Risk

		Impact / Consequences			
		Negligible	Marginal	Critical	Catastrophic
Likelihood	Score/ definition	1	2	3	4
	6 Very High			1	
	5 High				
	4 Significant				
	3 Low		3	2	
	2 Very Low				
	1 Almost impossible				

Risk No	Mitigation
1	Financial – sale of the property will remove the financial liability on the council and the more quickly it is sold, the lower that potential liability will be.
2	Heritage – any conditions, restrictions and requirements in relation to the building will be transferred with the ownership of the facility.
3	Reputational – once a decision is made we will need to be clear about the reasons for disposal with members of the public.

## 17 Background Papers.

17.1 N/A

## **18 Appendices**

18.1 N/A