

Public Report with Exempt Appendices  
Delegated Officer Decision

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**Committee Name and Date of Committee Meeting**

Delegated Officer Decision – 26 November 2021

**Report Title**

Method of Disposal of Surplus Property Asset – former Adult Learning Disability property, 58 Quarry Hill Road, Wath Upon Dearne, Rotherham, S63 7TD.

**Is this a Key Decision and has it been included on the Forward Plan?**

No, but it has been included on the Forward Plan

**Assistant Director Approving Submission of the Report**

Simon Moss, Assistant Director, Planning, Regeneration & Transport

**Report Author(s)**

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**Ward(s) Affected**

Wath

**Report Summary**

The purpose of the report is to seek approval from the Assistant Director – Planning, Regeneration and Transport following the delegation by Cabinet ( Cabinet Minute No.60 2021/2260) to dispose of the Council's freehold interest in 58 Quarry Hill Road, Wath Upon Dearne.

**Recommendations**

1. That the Assistant Director (Planning, Regeneration and Transport) disposes of the Asset by way of Auction on the 8 December 2021 to ensure best consideration is achieved under Section 123 – Local Government Act 1972.
2. That the Assistant Director of Legal Services is instructed to negotiate and complete the necessary legal documentation for the agreed method of disposal.

**List of Appendices Included**

Appendix 1 Exempt Financial Addendum

Appendix 2 Location Plan.

Appendix 3 Initial Equalities Screening Form.

## **Background Papers**

Monday 18 October 2021 Cabinet Report - Disposal of Surplus Property Asset - former Adult Learning Disability Property, 58 Quarry Hill Road, Wath Upon Dearne, Rotherham, S63 7TD

## **Consideration by any other Council Committee, Scrutiny or Advisory Panel**

Cabinet – 18 October 2021

## **Council Approval Required**

No

## **Exempt from the Press and Public**

Yes – partially exempt.

*An exemption is sought for Appendix 1 under Paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information) of Part I of Schedule 12A of the Local Government Act 1972 is requested, as this report contains sensitive commercial information that could impact on the negotiation strategy and disposal values.*

*It is considered that the public interest in maintaining the exemption would outweigh the public interest in disclosing the information because the Council's commercial interest could be prejudice by the disclosure of this commercial information.*

Method of Disposal of Surplus Property Asset – former Adult Learning Disability property, 58 Quarry Hill Road, Wath Upon Dearne, Rotherham, S63 7TD. Error! Reference source not found.

## **1. Background**

- 1.1 The property at Quarry Hill Road became vacant in March 2021 following the relocation of the learning disability residential respite services into the newly developed facilities at Conway Crescent, East Herringthorpe.
- 1.2 The property was subsequently declared surplus to the operational requirements of the Adult Care, Housing & Public Health Directorate in March 2021.
- 1.3 In May 2021, the Asset Management Board supported the view that the property would be suitable for disposal.
- 1.4 At its meeting held on 18 October 2021 Cabinet approved the disposal of the Council's freehold interest in 58 Quarry Hill Road, Wath Upon Dearne, Rotherham, S63
- 1.5 At its meeting held on 18 October 2021 Cabinet delegated authority to the Assistant Director (Planning, Regeneration and Transport) for the disposal of the asset by implementing the most appropriate method of disposal to help expedite the process, whilst ensuring that best consideration is achieved under Section 123 – Local Government Act 1972.
- 1.6 At its meeting held on 18 October 2021 Cabinet gave further approval to the Assistant Director of Legal Services to be instructed to negotiate and complete the necessary legal documentation
- 1.7 A location plan for 58 Quarry Hill Road is attached in Appendix 1.

## **2. Key Issues**

- 2.1 The property was declared surplus to the operational requirements of Adult Care, Housing & Public Health in March 2021. Consultations have since taken place with all relevant service areas via the Asset Management Board and no other alternative operational use has been identified for the property.
- 2.2 The property is currently vacant and therefore poses a risk to the Council in terms of ongoing security and its financial risks from the accumulating holding costs.
- 2.3 The site is designated as Residential Area in the current Local Plan.
- 2.4 The Council regularly reviews its property portfolio to ensure it has a fit for purpose estate, reduce unnecessary holding costs and, where appropriate, generate capital receipts.

### 3. Options considered and recommended proposal

#### 3.1 Option 1: Dispose the Property by Way of an Informal Tender

Pros:

- RMBC retains more control over the sale and can introduce conditions and requirements as necessary.
- The tender process compels potential bidders to make their best offer, whereas the incremental nature of an auction may see prices settle below this level.

Cons:

- It's a slow and lengthy process during which holding costs on the property continue to accrue.
- Informal tenders are generally conditional and are often subject to third-party decisions (i.e., planning, financing etc) which creates uncertainty in the sale.
- Either party can withdraw from the deal at any point until legal completion.

#### 3.2 Option 2: Dispose the Property by Way of Auction

Pros:

- Very quick. Once the auction hammer falls the buyer is legally bound to complete, and pay for, the purchase within 28 days. The sale is deemed to have been made at the point of the auction and hence holding costs can also be transferred to the buyer from that point too.
- There's certainty of sale because, once a sale is made, the buyer cannot renegotiate or pull out of the deal without financial or legal penalty.
- It's a tried and tested method of disposal which usually attracts serious buyers from a wider area, thereby increasing the number of potential bidders and ensuring the successful disposal of the property.

Cons:

- Some loss of control because the property will simply be sold to the highest bidder.
- There's a degree of uncertainty in the sales price due to the nature of the auction, although this can be mitigated to a certain degree through the reserve price.

Therefore, because this disposal does not have any special requirements or conditions attached, a disposal by way of auction is the preferred method. The benefits of the speed and certainty of the sale outweigh the slight uncertainty in the sales price. If the auction is successful, we will receive the sale proceeds and associated fees within 28 days.

In contrast, a disposal by way of an informal tender can take at least three months to negotiate whilst also incurring greater costs to the organisation in

- terms of both officer time and the ongoing holding costs.
- 3.3 Further to the reasons above, the preferred method of disposal in Option 2 - Disposal the Property by Way of Auction.

The Guide and Reserve Price are set out in Appendix 1 Exempt Financial Addendum

#### **4. Consultation on proposal**

- 4.1 All local ward members have been consulted on the proposal to dispose of this property and no objections or representations have been received.
- 4.2 The proposal to dispose of this property has been the subject of detailed consultation through Asset Management Board. The Board and the Portfolio Holder for Jobs & the Local Economy are fully supportive of the proposal.

#### **5. Timetable and Accountability for Implementing this Decision**

- 5.1 The Assistant Director (Planning, Regeneration and Transport), in consultation with the Head of Asset Management, has decided the most appropriate method of disposal to achieve best consideration under Sec.123 LGA 1972 be by Auction
- 5.2 The Auction is to be held on the 8<sup>th</sup> December 2021. Should the property fail to meet the reserve price, then the property shall be available to be purchased under auction conditions and subsequently presented to the next available Auction.

#### **6. Financial and Procurement Advice and Implications (to be written by the relevant Head of Finance and the Head of Procurement on behalf of s151 Officer)**

- 6.1 The estimated capital receipt from the sale of this property is identified in the exempt Appendix 3. It is unclear at this point what impact Covid-19 will have on the property market.
- 6.2 Savings from the closure and disposal of Quarry Hill have been identified as part of the Council approved revenue property savings.
- 6.3 The Council will no longer incur revenue and holding costs on this property once it is disposed of and these are identified in the exempt Appendix 1.
- 6.4 Corporate Procurement have confirmed that, as this is a sale of land, there are no procurement implications.

#### **7. Legal Advice and Implications (to be written by Legal Officer on behalf of Assistant Director Legal Services)**

7.1 Other than as already identified and detailed in this report there are no direct legal implications arising from the subject matter of this report.

## **8. Human Resources Advice and Implications**

8.1 There are no direct HR implications arising from this report.

## **9. Implications for Children and Young People and Vulnerable Adults**

9.1 The Adult Care, Housing and Public Health Directorates have confirmed that the property is surplus to their service requirements.

## **10. Equalities and Human Rights Advice and Implications**

10.1 There are no direct implications for equalities or human rights arising from this report.

## **11. Implications for CO2 Emissions and Climate Change**

11.1 The sale of 58 Quarry Hill will eliminate the Council's responsibility for emissions relating to operating that site, however this will not impact the overall emissions relating to domestic buildings across the Borough. The site is likely to be used and/or redeveloped after this but the precise use, and impact on emissions, is currently unknown.

11.2 A Carbon Impact Assessment Form is attached in Appendix 4.

## **12. Implications for Partners**

12.1. None.

## **13. Risks and Mitigation**

13.1 If the property were to be retained without an identified use or future need then this would place a significant financial burden on current resources.

13.2 The main mitigation against the risk identified in this report is to approve the proposed disposal of the surplus property.

**14. Accountable Officers**

Simon Moss, Assistant Director – Planning, Regeneration & Transport

Approvals obtained on behalf of Statutory Officers: -

	<b>Named Officer</b>	<b>Date</b>
Chief Executive	Sharon Kemp	Click here to enter a date.
Strategic Director of Finance & Customer Services (S.151 Officer)	Named officer	Click here to enter a date.
Head of Legal Services (Monitoring Officer)	Named officer	Click here to enter a date.

*Report Author:* **Error! Reference source not found.**

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