

**Committee Name and Date of Committee Meeting**

Cabinet – 20 November 2023

**Report Title**

Disposal of Land at Doncaster Gate, Rotherham

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

Yes

**Strategic Director Approving Submission of the Report**

Judith Badger, Strategic Director of Finance and Customer Services

**Report Author(s)**

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**Ward(s) Affected**

Boston Castle

**Report Summary**

The purpose of this report is to seek approval for the disposal of the Council's freehold interest in the land at Doncaster Gate.

**Recommendations**

That Cabinet:

1. Approves the disposal of its freehold interest in the land as shown edged in red at Appendix 1.
2. The Assistant Director of Planning, Regeneration and Transport negotiates the terms and conditions of the disposal and that the Assistant Director of Legal Services completes the necessary documentation.

**List of Appendices Included**

Appendix 1 Doncaster Gate Site Plan  
Appendix 2 Exempt Financial Impact  
Appendix 3 Equality Analysis  
Appendix 4 Carbon Impact Assessment

**Background Papers**

21 December 2011 – Cabinet approval to dispose of the Asset.

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

None

**Council Approval Required**

No

**Exempt from the Press and Public**

Yes

A partial exemption is sought for Appendix 4 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 Appendix 4 contains sensitive commercial information relating to a transaction between a number of parties including the Council.

## **Disposal of Land at Doncaster Gate, Rotherham**

### **1. Background**

- 1.1 The Council acquired the freehold of the entire site of the former Doncaster Gate Hospital and grounds in 2009 to facilitate the then Civic Core regeneration and to provide temporary accommodation for Council staff prior to the completion of Riverside House.
- 1.2 This acquisition included the existing long lease agreement to Matrix Medical (now Assura PLC) of the existing medical facility, which was granted for a period of 60 years from 12<sup>th</sup> October 2004 at a peppercorn rent and is subject to a deed of variation that was completed on 11<sup>th</sup> June 2010. This lease extends to the building edged green as indicated on the plan at Appendix 1. The lease also includes a provision where the Council is to provide 165 car parking spaces on site for use by the tenants and patients of the medical facility.
- 1.3 The Assura PLC long lease is also subject to several sub leases that have been granted to the two GP Practices, a Pharmacy, and a number of other NHS operations within the building.
- 1.4 The maintenance and insuring responsibility of the building lies with the long leaseholder Assura PLC, whereas the Council, as freeholder is responsible for the maintenance of the car park, landscaping, lighting, and upkeep of the surrounding site.
- 1.5 Following the decant of staff into Riverside House, the remaining former hospital building was subsequently demolished to make way for future development of the site.
- 1.6 In 2017, this development site was sold to Rotherham Notts College (RNN) who subsequently developed the University College Rotherham (UCR). A further plot of land was sold to RNN to facilitate potential future expansion of the UCR.
- 1.7 Following these disposals the Council was left with the freehold interest in the site edged red on the attached plan within Appendix 1. This means the Council has a responsibility to maintain the site whilst no longer having a physical presence on the site.
- 1.8 Whilst the Council can recover its expenditure from Assura PLC (and a proportion from RNN for the access road) under the terms of the lease and transfer agreement, this is onerous on staff resources.
- 1.9 Historically this has proven to be difficult when recovering the service charge payments and has often turned into a lengthy and costly process in terms of officer time.

- 1.10 The long leaseholder Assura PLC has currently paid all outstanding service charges on the site and has no arrears at the time of writing this report.

## **2. Key Issues**

- 2.1 The land is surplus to operational requirements of the Council and there is no benefit to holding this interest.
- 2.2 The disposal of this asset will produce a capital receipt and contribute towards the Council's Medium Term Financial Strategy.
- 2.3 The sale of this asset will also alleviate the Council from managing the service charge provision as this would be passed to the new owner to manage.
- 2.4 Should Cabinet agree to the disposal of the asset then, to ensure best value, the Council will engage appropriate specialist property agents to manage the disposal process.

## **3. Options considered and recommended proposal**

- 3.1 **Option 1** - To dispose of the property by private treaty direct to the existing long leaseholder. This has already been explored and discussions have taken place since 2018. No significant progress on this matter has been made and continuing the path will likely lead to abortive work and is therefore not the recommended option.
- 3.2 **Option 2** – This is the recommended option. The site is offered on the open market by way of the most appropriate marketing method. Whilst this would not preclude the long leaseholder from bidding, it would open the process up to the market and guarantee the best value is achieved for the Council.
- 3.3 **Option 3** –The Council retains the freehold interest and continues to manage the site and recover its expenditure until the lease has expired and the land and buildings revert to the Council. This is a long-term plan as the Council would need to retain this for a minimum of 40 years.
- 3.4 Whilst the building may potentially revert to the Council if the leaseholder fails to renew its lease, there is a risk that the building may not be fit for purpose or required after this period and may subsequently become a burden for the Council. This option has therefore been discounted due to this risk.

## **4. Consultation on proposal**

- 4.1 All local ward members have been fully consulted on this matter and have not raised any objections to the proposed recommendation.

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

- 5.1 As detailed above dealing with the long leaseholder on a direct basis has proven to be both time consuming and costly.

5.2 The report seeks approval to dispose of the site on the open market in a manner which will allow the long leaseholder to make an offer for the freehold of the site should they still have an interest. In marketing the site this way the Council ensures best value is received and the sale is completed in a timely manner.

## **6. Financial and Procurement Advice and Implications**

6.1 The financial implications arising from the proposed disposal of the Council's freehold interest in land at Doncaster Gate are included within the exempt Appendix 2. There are no procurement implications as a result of the proposed disposal of this property, other than the potential need to engage appropriate specialist property agents, however, those costs will be part of the disposal costs.

## **7. Legal Advice and Implications**

7.1 Section 123 of the Local Government Act 1972 required that the Council achieve best value when disposing of assets including land. The proposed method of disposal through an open market process would provide evidence that the Council had put in place the necessary processes to ensure that best value has been achieved.

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

8.1 There are no human resources implications arising from this report.

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

9.1 There are no implications arising from this report.

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

10.1 There are no implications arising from this report.

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

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

## **12. Implications for Partners**

12.1 There are no implications arising from this report.

## **13. Risks and Mitigation**

13.1 The sale of this property will account towards the medium to long term financial strategy.

## **14. Accountable Officers**

Rob Mahan, Assistant Director – Financial Services

Approvals obtained on behalf of Statutory Officers: -

	<b>Named Officer</b>	<b>Date</b>
Chief Executive	Sharon Kemp	06/11/23
Strategic Director of Finance & Customer Services (S.151 Officer)	Judith Badger	01/11/23
Assistant Director of Legal Services (Monitoring Officer)	Phil Horsfield	01/11/23

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