

**Cheltenham Borough Council**  
**Cabinet – 1<sup>st</sup> June 2010**  
**Disposal of 24 Cambray Place**  
**Report of**  
**Cabinet Member Built Environment**

**1. Executive Summary and recommendation**

**1.1 The issue**

**1.2** 24 Cambray Place is a four storey, regency style property converted from residential into offices. It has been let by the Council as a multiply occupied commercial property, but became fully vacant at the end of March 2010.

**1.3** An options appraisal was submitted to the Asset Management Group in March 2010 considering whether the Council should retain the property for investment purposes, or alternatively dispose of the freehold and invest the proceeds.

**1.4** Discounted cash flows, produced in consultation with Financial Services, indicate that the best financial option for the Council is to sell the freehold and use the capital receipt to finance premiums incurred from previous debt rescheduling decisions. (See Options appraisal, Appendix A)

**1.5 I therefore recommend that Cabinet:-**

**1.5.1 Approves the freehold disposal of 24 Cambray Place and delegates authority to the Head of Property and Asset Management to agree the terms of the disposal.**

**1.6 Summary of implications**

**1.6.1 Financial**

This option allows for the capital receipt to finance premiums, producing an estimated saving to the General Fund of £52,000 per annum, which over the 10 year DCF period amounts to a value of £450,762.

As detailed in Appendix A

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## 1.6.2 Legal

The Council has the power to dispose of property in its ownership by virtue Section 123 of the Local Government Act 1972 provided that it gets the best consideration reasonably obtainable for the property.

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## 1.7 Implications on corporate and community plan priorities

### 1.7.1 Effectively managing our assets

- Adhering to a robust, informed and consistent decision making process and considering the variety of issues associated with assets, when making short and long term decisions about them.
- Demonstrating the best use of resources to ensure that our assets are effectively managed, in order to reduce the costs of running them and maintaining them whilst maximising income levels.

### 1.6.2 Bridging the gap

- Adhering to the council's commitment to it's bridging the gap programme which plans to create a sustainable budget that will continue improving over time.

## 1.8 Statement on Risk

**1.7.1** The disposal of this property would reduce the Council's investment portfolio and revenue income. However, the options appraisal considered this reduction in income and discounted cash flow assessment shows that the financial gain from disposal and investment of the funds would outweigh the loss of rental income.

**1.7.2** There is a risk that due to current market conditions the property will take a longer time to sell and may achieve less than our estimated sale price. However, a marketing/sale period has been allowed for in our financial assessments, plus the estimated sale price is based upon advice from local agents who are working in the current market. The same risk would apply if the property were to be marketed for re-letting.

**1.7.2** Retaining the property would incur ongoing management costs, with the risk of future void periods, vandalism and maintenance costs.

**1.7.3** There is also a risk to the Council's reputation if the property is left empty in such a popular and prominent location. In addition, by leaving the property void, the Council is unable to realise any revenue or capital income. Should an acceptable offer not be received on the property, the decision to sell will be reappraised at the appropriate time.

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## 2. Background

- 2.1 The property is a four-storey terraced property occupying a prime location in the Central Business District to the south-west of the High Street.
- 2.2 The property is basically sound but general renovation, improvement and redecoration (mainly to ground and basement) is needed, if it is to continue as office accommodation.
- 2.3 The Planning Department has advised that the principle of conversion to residential is acceptable. Local Estate Agents have viewed the property and advise that should the property be placed on the market, it is likely to attract a lot of interest for conversion to residential flats.

## 3. Consultation

- 3.1 Consultation has been carried out with Ward members, the officer Corporate Asset Group (CAG), the Asset Management Working Group and the Cabinet Member Built Environment, all of whom are supportive of the proposal.

## 4. Conclusions

- 4.1 The best option available now this property has become available is to dispose of the freehold and invest the proceeds.
- 4.2 The proposed course of action would be to place the property on the market with a local estate agent as soon as possible.

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### Background Papers

The following documents are exempt and thus not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (Paragraph 3: Information relating to the financial or business affairs of any particular person(including the authority holding that information):

Options Appraisal (Appendix A)

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### Accountability

Cabinet Member Built Environment

### Scrutiny Function

Environment

**Appendix A - Not for publication by virtue of paragraph 3 of Schedule 12A (as amended) of the Local Government Act 1972.**

**Appendix B – Site plan**

