
Merchant House, Newbury

Committee considering report: Executive on 4 May 2017

Portfolio Member: Councillor Dominic Boeck

Date Portfolio Member agreed report: 21 March 2017

Report Author: Richard Turner

Forward Plan Ref: EX3299

1. Purpose of the Report

- 1.1 To promote the purchase of the freehold of Merchant House, Oxford Road, Newbury, RG14 1PA.
- 1.2 The Scheme of Delegation within the Constitution (s. 3.13.13) allows delegated authority for the Head of Legal Services to authorise the purchase of property up to £300,000. This report recommends the acquisition of the freehold of a property at an amount which is beyond this threshold.

2. Recommendation

- 2.1 That West Berkshire Council negotiate to purchase the freehold interest in the property occupied currently under a lease by the Youth Offending Team, subject to the approval of confidential financial matters reserved within the Part II report.

3. Implications

- 3.1 **Financial:** There will be a capital expenditure.
- 3.2 **Policy:** N/A
- 3.3 **Personnel:** None
- 3.4 **Legal:** Legal input to transfer property
- 3.5 **Risk Management:** None
- 3.6 **Property:** Property to negotiate terms of purchase
- 3.7 **Other:**

4. Other options considered

- 4.1 West Berkshire Council negotiates to renew the lease when it expires on 12 May 2017 for a term of years to be decided and agreed with the freeholder.
- 4.2 Given the operational requirements of Youth offending Team there is currently no suitable other West Berkshire Council property to which they could locate.

5. Executive Summary

- 5.1 Merchant House is located at 20 Oxford Road Newbury close to the Waitrose supermarket and comprises a former residential property built around 1867/8 on a site of about 500 sq m (0.12 acres) but has been converted to be used as B1 offices, the site being shown edged red on the attached plan.
- 5.2 The property comprises about 2386 sq ft of office accommodation on ground and first floor with two small courtyards and parking for around 9 vehicles, but a right of way is reserved through the parking area serving an adjoining property.
- 5.3 Currently WBC occupies the building under a lease dated 12 May 2015 for a period of 2 years so the lease will expire shortly in May 2017.
- 5.4 The building is occupied by the Youth Offending Team who has adapted the building for their use which involves multi agency working and generally it would be difficult for this service to share space with other occupiers due to the nature of the service provided and the vulnerable nature of their users.
- 5.5 Initial discussions with the owner have taken place and he has indicated that he would be willing to sell the freehold.
- 5.6 A valuation report has been commissioned by the Council from Quintons Commercial.
- 5.7 There is the possibility that the property could be converted back to a residential premises which will require a change of use planning application and physical adaptation internally.
- 5.8 The final value of the property will be subject to the outcome of negotiations with the sellers agent and WBC will be represented by a property agent.
- 5.9 Over the occupancy period by WBC of the premises, considerable expenditure exceeding £100,000 has been committed to works involving fire regulation works and other repair and maintenance issues to make the property compliant for its current use and if the council vacates the premises it potentially faces a claim for any dilapidations, plus the cost of relocating to alternative premises and any adaptation that may be required but relocating by May 2017 is not physically practical.
- 5.10 The proposal for the purchase of Merchant House was recommended to Asset Management Group on 23 February 2017 and received approval.
- 5.11 The proposal for the allocation of capital funding for the purchase of Merchant House was recommended to the Capital Strategy Group on 17 March 2017 and received approval.

6. Conclusion

- 6.1 Acquiring Merchant House, as an operational property, is a sensible option in that it reduces the outgoings to the council compared to renting, but also should the property become surplus to requirements at any point there is the option to either let the property for income or sell.

7. Appendices

7.1 Appendix A – Location plan.