



# BEMBRIDGE PARISH COUNCIL

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## COMMITTEE REPORT

<b>COMMITTEE</b>	Finance & Assets Committee
<b>DATE</b>	1 <sup>st</sup> May 2018
<b>TITLE</b>	10 year maintenance programme, redevelopment or disposal of 5/7 High Street

### **EXECUTIVE SUMMARY**

1. This paper seeks a decision on the future of 5/7 High Street, Bembridge to either implement a 10 year maintenance programme, redevelop the property and increase the rental income by possibly £16,200pa or to dispose of the property and generate a possible capital receipt of £180,000.
2. This reflects the vision, aims and objectives of the Parish Council  
**Vision**
  - To ensure the longevity and sustainability of services in Bembridge**Aims and Objectives**
  - To ensure sustainable use of the important Community Assets and Public Amenities
  - To keep the precept as low as realistically possible
  - To reduce buildings maintenance costs

### **BACKGROUND**

1. Bembridge Parish Council purchased the public toilets and freehold of the building 5/7 High Street from the Isle of Wight Council in December 2011 for £1.00. No schedule of condition or dilapidations report was undertaken.
2. There are three commercial leases.
  - 5 High Street Captain Stan's Fish Shop lease dated 7<sup>th</sup> January 2009 for 10 years £6,500pa.
  - 7 High Street Logobrand Retail Strategy Ltd name changed to Conker Cloud Office lease dated 7<sup>th</sup> January 2012 for 7 years £5,250pa.
  - Section of rear yard Southern Electric Power Distribution plc lease dated 10<sup>th</sup> June 2005 for 21 years £60pa.
  - A license is held by SH Tree Services dated April 2001 for the concrete shed in the rear yard £700pa. Notice has been issued and vacant possession due on 8<sup>th</sup> May 2018.
3. Bembridge Parish Council Lengthsmen occupy the Nissan hut in the rear yard as a workshop/store. Decisions have been taken by Bembridge Parish Council to relocate the Lengthsmen with a purpose built workshop to the entrance of the old school field off Steyne Road and to relocate the public toilet to the Village Hall and make necessary amendments to the kitchen to accommodate this. The decision to move the toilets is to be funded from

within the budget agreed for 2018/19. The Finance & Assets Committee on 6<sup>th</sup> February 2018 agreed to allocate £10,000 from general reserves to relocate the Lengthsmen which keeps the general reserves above 3 working months.

4. The tenants of 5 and 7 High Street were offered renewal of leases on 15<sup>th</sup> March 2017. On 28<sup>th</sup> March 2017 the tenants were offered first rights to additional space, garages, workshop and parking, that would be subject to availability. Terence Willey & Co has been appointed to draft the new leases of 5 and 7 High Street. Christopher Scott has been appointed to conduct landlord's inspections to assist the lease renewal process.
5. A condition survey was conducted by Steve O'Keefe Quantity Surveyor for Christopher Scott on 24<sup>th</sup> February 2017 for 5/7 High Street and a costing for building repair and enhancement works totalled £126,400 plus routine maintenance that requires annual budget of between £1,575 and £2,625. One quote dated 23<sup>rd</sup> August 2017 was received for the works £104,400 Inc. VAT. A full tender process would be required for works over £25,000 and a minimum of 3 tenders required complying with Financial Regulations.  
**(Note: These figures have not allowed for contingencies which must be considered along with VAT implications and could not be quantified until actual quotes are received).**
6. The site has an ongoing revenue cost of approx. £6,500pa. (cost of toilets and Lengthsmens Nissan hut)
7. During the time that Bembridge Parish Council has been in ownership of the freehold the concrete beam to the front of the Fish Shop was repaired costing £6,826.31. Maintenance works have been debated countless times with numerous changes in direction preventing progress.
8. A valuation was conducted by Christopher Scott on 10<sup>th</sup> August 2016 that the existing investment value of 5/7 High Street was £180,000.
9. 18<sup>th</sup> October 2016 Full Council agreed to sell 5/7 High Street.
10. 16<sup>th</sup> January 2017 Petition handed in to the Parish Office, 'We are Bembridge residents and we wish to stop the proposed sale of 5/7 High Street since this would be detrimental to three businesses based there, Captain Stans, SH Tree Services and Conker Cloud'
11. 7<sup>th</sup> March 2017 Full Council rescinded the decision to sell 5/7 High Street.
12. May 2017 change in Council with 10 new Councillors being elected and 2 Councillors returning.

### **STRATEGIC CONTEXT**

1. During the Local Government Finance Settlement proposals have been included for the past three years to extend the referendum principles that exist for Principal authorities to Parish and Town Councils thus introducing a potential cap on the precept. They have failed to be implemented to date. The precept and grant for 2018/19 financial year is £159,000. If successful the Government could introduce a cap of 2.00% increase going forward being the same model as the Isle of Wight Council. This could fundamentally change the way a Parish Council has to consider its finances with a move to a more self-sustaining financial position being driven to find additional revenue generating streams and less reliance upon the precept increases.
2. Bembridge Parish Council has taken on most of the discretionary services that were provided by the Isle of Wight Council such as toilets, grounds maintenance, environment

officer role, beach cleaning, maintenance of Rights of Way, Beach safety equipment etc. The statutory services that the Isle of Wight Council may look to devolve are potentially all Rights of Way, elements of Social Care, Housing, Youth Provision, Car Parks, Planning, Environmental Health, Licensing and the list could go on.

3. There are a range of local services that the Parish Council has had to take over otherwise provision would have ceased such as the Bembridge Friendship Circle; Community bus, Luncheon Club, Street Fair administration and more in the pipeline with the pending transfer of the maintenance of St Luke's Churchyard if it is closed by order of the Secretary of State.
4. Bembridge has an ageing population with 48% being over 60 compared to the Island average of 31% and national average of 23% (source 2011 census). There is an ageing population with the younger generation's having to work longer in life with increasing retirement ages meaning fewer volunteers are coming forward.
5. The asset stock for a Parish Council of 2,100 properties, 3,639 electorate and approx. 4,000 population and a medium size is vast; most of which are old buildings requiring a lot of investment to bring them up to modern day standards. Some of these properties are underused.

### **CONSULTATION**

1. Bembridge Parish Council has actively consulted the community, who they represent, on a wide range of issues and options available. Meetings were held with a range of stakeholders to consider the future of 5/7 High Street and the Village Hall.
2. 3<sup>rd</sup> – 7<sup>th</sup> October 2016  
Meetings held with the tenants of 5/7 High Street being Captain Stans, Conker Cloud, SH Tree Services and Bembridge Parish Lengthsmen. Southern Electric was written to.
3. 10<sup>th</sup> – 14<sup>th</sup> October 2016  
Meetings were held with the Village Hall Management Committee, Library Management Committee Inc. Community Action Isle of Wight and Heritage Centre Management Committee.
4. 17<sup>th</sup> – 21<sup>st</sup> October 2016  
Consultation with the community using a leaflet and return form to list the assets in order of priority and comments to feed into the process. Mail drop to all houses 270 responses received.
5. 1<sup>st</sup> November 2016  
Two public consultation session held in the village hall for the Community Hub project. 121 in attendance over the two sessions.
6. 9<sup>th</sup> November 2016  
Village Hall Arts user group meeting 13 in attendance
7. 14<sup>th</sup> November 2016  
Village Hall Drama user group meeting 21 in attendance.
8. 15<sup>th</sup> November 2016  
Village Hall Horticulture user group meeting 18 in attendance.
9. 7<sup>th</sup> November 2017

Two public consultation sessions held in the village hall to review the asset and service provision of the Parish Council and receive feedback from the public. 21 in attendance.

10. 27<sup>th</sup> February 2018

Public information session held in the Village Hall to present information and answer questions of the public. 54 in attendance.

**FINANCIAL/BUDGET IMPLICATIONS**

1. A condition survey was conducted by Steve O'Keefe Quantity Surveyor for Christopher Scott on 24<sup>th</sup> February 2017 for 5/7 High Street and a costing for building repair and enhancement works total £126,400 plus routine maintenance that requires annual budget of between £1,575 and £2,625.
2. A condition survey was conducted by Steve O'Keefe Quantity Surveyor for Christopher Scott on 24<sup>th</sup> February 2017 for the Village Hall and a costing for building repair and enhancement works total £166,250 plus routine maintenance that requires annual budget of between £3,150 and £4,250.
3. Bembridge Parish Council has two public works board loans. One taken out for the Parish Office in 2008 and one taken out for the Village Hall extension in 2005.
4. Village Hall, High Street, Bembridge extension was part funded by a loan of £55,000 on 09/08/2005 from the Public Works Loan Board on behalf of the Village Hall Management Committee. Bembridge Parish Council is repaying the principal and interest at the fixed annual cost of £3,378.64 from 2005/06 for 30 years until 2035/36 – 18 years to go with a balance outstanding of £40,464.96 The Village Hall Management Committee repays Bembridge Parish Council the costs to cover the life of the loan on an approved repayment schedule. The Village Hall Management Committee commenced repayment of the interest element in 2006/07. The Principal repayment started at £300.00 in 2008/09 rising each year by £125.00 until the end of the loan in 2035/36.
5. The Parish Office, 5 Foreland Rd, Bembridge was purchased for £111,000 on 13/05/2008. The PWLB was taken out on 06/05/2008 for £111,000 over 5 years @ 4.590% and surrendered on 02/11/2009 paying £123,202.18. Refinancing took place therefore the current PWLB was taken out on 02/11/2009 for £111,000 over 40 years @ 4.24%. Balance outstanding £88,800, cost £6,600pa reducing annually due to the reduction in capital/interest to be repaid on 02/11/2049 - 32 years to go. The reason for refinancing the loan over a longer term was the Parish Council at that time intended to sell the former Parish Chamber (known as 7 High Street) to finance the purchase of 5 Foreland Road, but the downturn in the property market resulted in the Parish Council reviewing this decision to continue with the purchase of 5 Foreland Road without having to sell 7 High Street.
6. A valuation for the Parish Office was conducted by Christopher Scott on 10<sup>th</sup> October 2016 for an open market value of £110,000 or a rental value of £8,000pa.
7. Total borrowing outstanding at 20<sup>th</sup> March 2018 is £129,264.96.
8. The Debt Management Office (DMO) is an executive agency of her Majesty's Treasury who are responsible for debt and cash management for the UK Government, lending to local authorities and managing certain public sector funds. PWLB's function is to lend money from the National Loans fund to local authorities and collect repayments.
9. There are vast financial penalties if the loans are repaid early. Both PWLB new advance rates and PWLB discount rates are set twice daily both at 09:30 & 12:30. These rates are based on

the gilt yield curve (which is constantly changing) with a margin applied. Therefore, the discount rates and the PWLB rates change twice a day and will vary day to day causing early repayment figures to differ slightly.

#### 10. Loan Table

Loan	Start	Finish	Term	Amount	Interest rate	Annual payment	Capital outstanding	Early repayment charge	Total payable
Village Hall	09/08/2005	09/08/2035	30 yr	£55,000	4.55%	£3378.64	£40,464.96	£12,207.93	£52,672.89
ParishOffice	02/11/2009	02/11/2049	40 yr	£111,000	4.24%	£6628.37	£88,800.00	£32,342.00	£121,142.00
<b>Figures at 20<sup>th</sup> March 2018</b>							<b>£129,264.96</b>	<b>£44,549.93</b>	<b>£173,814.89</b>

11. Herewith the advice from Steve Parkinson HALC Finance & VAT specialist adviser:  
 “Local councils are not liable for income tax, corporation tax or capital gains tax.  
 If the sale is more than £10,000, the income is a capital receipt. The council will only be able to use the money for capital purposes – purchase or enhancement of assets or repayment of debt.”
12. There is currently £30,000 in earmarked reserves for 5/7 High Street roof fund and £30,000 for the Village Hall roof fund.
13. Bembridge Parish Council has approved its budget for 2018/19 and raised a precept of £159,000 that is £75.26 per band D.

#### **LEGAL IMPLICATIONS**

1. The council can ‘do anything that individuals generally may do’ under the General Power of Competence therefore has the power to maintain or redevelop its property.
2. The council has the power to borrow money for their statutory functions or for the prudent management of their financial affairs under the Local Government Act 2003 schedule 1 para 2.
3. The council has the power to dispose of its property in any manner they wish under section 127 (1) of the Local Government Act 1972. There are however certain rules that must be observed. Land cannot be disposed of for a consideration (price) less than best that can be reasonably obtained, unless the consent of the Secretary of State has been obtained.
4. Whilst there is no obligation upon the Parish Council to provide public toilets and there is no enforceable restrictive covenant upon the title of 5/7 High Street the Parish Council is committed to the re-provision of a public toilet within the Village centre.

#### **EQUALITY AND DIVERSITY**

1. The Council is required to meet statutory obligations under the Equality Act 2012 to have due regard to eliminate unlawful discrimination. The protected characteristics are:-
  - age
  - disability
  - gender reassignment
  - marriage and civil partnership
  - pregnancy and maternity
  - race
  - religion or belief
  - sex
  - sexual orientation

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2. The proposals under consideration in this report have no direct impact upon those with protected characteristics.

## OPTIONS

The options are option 1 a 10 year maintenance programme, option 2 redevelop, option 3 disposal.

### Option 1 - 10 year maintenance programme

1. Due to the past inaction of implementing a maintenance programme there are considerable sums required due to the disrepair of the building. These are broken down into repair and enhancement works and routine maintenance.
2. A condition survey was conducted by Steve O’Keefe Quantity Surveyor for Christopher Scott on 24th February 2017 for 5/7 High Street and a costing for building repair and enhancement works total £126,400 plus routine maintenance that requires annual budget of between £1575 and £2625. To utilise this information option 1 is based upon the public toilets remaining at 5/7 High Street and the Lengthsmen staying within the rear yard. The figures are from a quantity surveyors report and are a guide only.
3. The routine maintenance works required on an ongoing basis are:-  
Fire alarm servicing, emergency light testing, electrical testing, asbestos register, gutter cleaning and minor repairs, fire risk assessment annual update, clear ivy and creeper growth as required cost between £1575 and 2625pa.
4. The repair and enhancement works required are:-  
Complete re-roofing, investigation of roof spread and tie front panels to timber frame, replacement windows, replacement doors, new lintels to the left, right and rear elevations, external redecorations, general repointing to masonry elevations, rebuild damaged arch way, replacement cavity wall ties, rebuild loose areas of brick and replacement masonry, toilet refurbishment and replacement Nissan hut/workshop total £126,400.
5. A new Nissan hut/workshop would cost approx. £10,000 to include concrete base, workshop and electric improvements.
6. Professional fees such as Project/Buildings Manager 10% and Lettings Agent 12.5% of rental value need to be included for the stages of work upon the project cost.
7. Prioritisation of works would need to be agreed by the Parish Council over 1-10 years.
8. Duplicate costs would be expected for several uses of scaffolding each time works are commissioned and could not be quantified until prioritisation of works is agreed and quotes are received.
9. A toilet refurbishment is included within the quantity surveyors report at £10,000. The Parish Council has experience of toilet refurbishments at Steyne Park and The Point toilets and if the same specification was to be delivered the estimated cost is £30,000.

Notes	Cost	Notes	Income	Funding	Notes
New nissan hut	10,000.00	Income	13,510.00	30,000.00	in earmarked reserves for 5/7 High St roof fund
Toilet refurbishment	30,000.00			<b>138,000.00</b>	PWBL required
All maintenance	100,000.00	<b>Total</b>	<b>£ 13,510.00</b>		10yr Loan at 1.78%
<b>Sub Total</b>	<b>140,000.00</b>				Repayments per year £14,467.52
<b>plus 20% VAT</b>	<b>28,000.00</b>				Total repayment £151,908.96
<b>Total Cost</b>	<b>£ 168,000.00</b>			<b>£14,467.52</b>	<b>Required to cover Loan repayment net cost</b>

## **RISK MANAGEMENT**

1. The impact of implementing a 10 year maintenance programme is the need to employ/commission works of professional property/buildings manager to implement the works required over 1-10 years. This is a necessity as it has not been achieved in the past. The Parish Council must be realistic about the expertise and resources required to deliver. If it is the expectations of the Parish Council to be able to do so with the existing staff and/or volunteers then past mistakes will be repeated.
2. A lettings agent needs to be appointed to manage the tenants. There is no separation between the roles of employer and landlord.
3. The building should not be mothballed. Delivering the works over 10 years would drive up the costs as the building would continue to depreciate, dilapidate and duplicate some costs such as repeated use of scaffold. Professional property managers suggest a 1-5 year approach upon buildings maintenance is the national standard practice as 10 years is too long.
  - a. The Parish Council has to find adequate funds to maintain the building at 5-7 High Street
  - b. The Parish Council has to find adequate funds to maintain and refurbish the Village Hall building. (No additional funds would be available for increasing the capability of the Village Hall to offset the costs).
  - c. The building would be retained as a Parish asset.
  - d. There would be no need to relocate public toilet or Lengthsmen.

## **FINANCIAL RISK ASSESSMENT**

1. If a PWLB was secured for the amount of the buildings maintenance works and repaid equally over a period of 10 years it would cost the Council £14,467.52 per annum.
2. If the income was ring fenced to cover the cost of the loan that same amount would still be required to cover the agreed budget shortfall.
3. If the works were funded by the precept over 10 years the amount required would vary each year depending upon the works agreed to take place in that year or if somehow equal £13,800 per annum.
4. If the works were funded by the precept as a one off the amount required would be £138,000 and nearly double the precept required for 1 year.

**(Note: These figures have not allowed for contingencies which must be considered along with VAT implications and could not be quantified until actual quotes are received and a contingency set).**

5. This doesn't include funds required to undertake the buildings maintenance works at the Village Hall that must be considered and therefore could double the loan required.

## **EVALUATION**

1. The Parish Council can expect costs to rise as the building should not be mothballed and would depreciate and dilapidate over a period of 10 years and should not overlook the requirement to include a contingency and liabilities for VAT and must appoint professional property/buildings manager to implement the works and a Lettings agent to manage the tenants.
2. Earmarked reserves would not cover the total cost, so either a loan funded by a precept increase or the potential increase in precept would be required to deliver option 1.



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3. The building would be retained as a Parish asset with no need to relocate the toilets or Lengthsmen.

## Option 2 – Redevelop

1. This option to redevelop 5/7 High Street aims to increase the rental income by possibly £16,200pa and would increase the tenants from 3 to 8.
2. The retail shop at ground floor level would be retained. The office at first floor level would be retained. The SSE electric substation in the rear yard would be retained.
3. The public toilet would be relocated to the Village Hall. The Lengthsmen would be relocated to the entrance of the old school field off Steyne Road in a new workshop.
4. The space of the public toilets would be redeveloped into 2 office units including a small extension to the rear. The Nissan hut and concrete shed would be demolished and 3 new workshops installed.
5. Planning permission would be required. Redevelopment works would need to be completed along with the repair and enhancement works and routine maintenance to ensure the building is kept to an acceptable and sustainable standard.

Notes	Cost	Notes	Income	Funding	Notes
Relocation of lengthsmen	10,000.00	Income	12,810.00		
Move toilets into Village Hall	12,000.00	Increased income potentially	16,200.00	30,000.00	in earmarked reserves for 5/7 High St roof fund
Amend toilets into offices	60,000.00			<b>312,679.50</b>	PWBL required
All maintenance	100,000.00	<b>Total</b>	<b>£ 29,010.00</b>		10Yr Loan at 1.78%
3 units in rear yard	40,000.00				Repayments per year £32,814.02
Architect 10%	22,200.00				Total repayment £344,547.21
Planner 7%	15,540.00				
Project/Building Manager 10%	22,200.00				
Letting Agent 12.5% of rental value	3,626.25				
<b>Sub Total</b>	<b>285,566.25</b>				
<b>plus 20% VAT</b>	<b>57,113.25</b>				<b>Repayments less increased income potential</b>
<b>Total Cost</b>	<b>£ 342,679.50</b>			<b>£16,814.02</b>	<b>Required to cover Loan repayment net cost</b>

### RISK MANAGEMENT

1. The impact of redeveloping the building is the need to employ/commission works of professional property/buildings manager to implement the works. A lettings agent needs to be appointed to manage the 8 tenants. There is no separation between the roles of employer and landlord.
  - a. Parish Council has to find adequate funds to maintain the building at 5-7 High Street.
  - b. Parish Council has to find adequate funds to maintain and refurbish the Village Hall building. (No additional funds would be available for increasing the capability of the Village Hall).
  - c. Income generation could cover the cost of a PWLB. However guaranteed tenure and management of 8 tenants would need to be managed through a lettings agent/property management company or the Parish Council would need to consider employing additional resource to manage the tenants.
  - d. Further debt to the village potentially covered by the income after 10 years.

### FINANCIAL RISK ASSESSMENT

1. If a PWLB was secured for the amount of the buildings maintenance works and repaid equally over a period of 10 years it would cost the Council £32,814.02 per annum that could be part funded by the increased potential income of £16,200 per annum and an increase in precept of £16,614.02 per annum.
2. If the works were funded by the precept as a one off the amount required would be £312,784.50 and nearly treble the precept required for 1 year.
3. The demand for 3 units and 2 offices has not been market tested. Rental uptake and retention of 8 tenants is a higher risk to manage and a business continuity plan would be

required to cover the cost of a loan if the expected income did not materialise and that would have to be done with the precept.

**(Note: These figures have not allowed for contingencies which must be considered along with VAT implications and could not be quantified until actual quotes are received and a contingency set).**

4. This doesn't include funds required to undertake the buildings maintenance works at the Village Hall that must be considered and therefore could double the loan required.

#### **EVALUATION**

1. The Parish Council should be aware that a speculative redevelopment would require a loan and therefore a further debt to the Parish Council. The revenue potential from developing would show an increased return on investment of 8.466% Total Cost £342,679.50 (£30,000+ £312,679.50) divide into Total Income £29,010.00 =  $0.08466 \times 100 = 8.466\%$ . This is without any guaranties that new revenue streams may not come on line as expected or that the demand for this type of development exists.
2. A business continuity plan would be required to cover the cost of a loan if the expected income did not materialise and that would have to be done with the precept money.
3. The Parish Council should also consider the planning permission requirements and the potential for increased traffic to the side of the property and on the junction of High Street, Love Lane and Sherborne Street.

### Option 3 – Disposal

Sale of the property could be in conjunction with new leases offered to both tenants (subject to the usual lease renewal processes), covenants placed on the facade being retained, the ground floor always being used for A, B1 and D1 use classes and excluding national/multi-national retailers from purchasing or leasing the building to minimise the impact upon existing High Street Businesses. The covenants will impact the potential capital receipt which, must be accepted to deliver the protection the community require. Capital from the sale can only be used for capital purposes which will benefit other Parish Council amenities in need of repair and upgrading including the Village Hall and/or repayment of debt.

Notes	Cost	Notes	Income	Funding	Notes
Sell building and yard as one		Sale - one off receipt	180,000.00		
2% fee to sell	3,600.00			25,000.00	in budget
Move toilets into Village Hall	12,000.00	<b>Total</b>	<b>£ 180,000.00</b>	30,000.00	in earmarked reserves for 5/7 High St roof fund
Relocation of lengthsman	10,000.00			142,152.00	Capital Money = sale - costs
Architect 10%	2,200.00				
Planner 7%	1,540.00				
Project/Building Manager 10%	2,200.00				
Letting Agent 12.5% of rental value					
<b>Sub Total</b>	<b>31,540.00</b>				
<b>plus 20% VAT</b>	<b>6,308.00</b>				
<b>Total Cost</b>	<b>£ 37,848.00</b>			<b>£ 197,152.00</b>	available to spend on capital projects

### RISK MANAGEMENT

1. The impact of selling the building would be the loss of a Parish Asset.
  - a. The Parish Council would receive significant funds from the sale of the property which would have to be used on capital purposes - purchase or enhancement of assets or repayment of debt. Any value generated is reinvested in community facilities in Bembridge village.
  - b. No future maintenance costs will be borne by the Parish for 5/7 High Street.
  - c. Loss of rental income £13,510 per annum would be mitigated by loss of maintenance requirements.
  - d. Ownership of the building would be outside Parish control that would be minimised with covenants to protect the buildings appearance and continued use.
  - e. New leases could be negotiated with the tenants prior to sale.
  - f. The council would retain ownership of the K1 telephone box to the front of the building.
  - g. The land and public right of way to the left of the building could be retained to ensure covenants could be imposed to retain the appearance of the frontage and ensure the downstairs shop continued to operate within use classes A, B1 and D1. This may affect the property value however it would provide adequate protection that the Community have demonstrated they want to see the façade kept as 5/7 is thought to be an Iconic building and downstairs should remain commercial premises. Visual appearance could be retained.
  - h. Whilst there is no obligation upon the Parish Council to provide public toilets and there is no enforceable restrictive covenant upon the title of 5/7 High Street the Parish Council is committed to the re-provision of a public toilet within the Village centre.
  
2. There are three obvious methods of sale being open market advertisement via an estate agent, sealed bids or auction. The main risk to the Parish Council is finding a purchaser with sufficient funds, and failing to complete the sale.

### FINANCIAL RISK ASSESSMENT

1. The loss of income would be mitigated against the loss of maintenance liabilities. The income is currently £13,510 per annum. If the property was sold within 2018/19 the loss of income could be mitigated from the general reserves or capital funding from within the budget could be used from the capital receipt instead of the budget.
2. £30,000 currently earmarked for 5/7 High Street roof would be an addition to the capital receipt.

### **EVALUATION**

1. Disposal of the property could be considered as appropriate, reusing surplus funds to sustain important community assets, with limited delivery risks.
2. Covenants on the facade, commercial use only of the ground floor and restricting ownership/leasing by national/multinational supermarket chains will be impact on the sale value. However, it is a necessity to protect businesses in the village.

### **CONCLUSION**

This paper seeks a decision on the future of 5/7 High Street, Bembridge:-

Option 1 – To implement a 10 year maintenance programme

Option 2 – To redevelop the property and increase the rental income by possibly £16,200pa

Option 3 – To dispose of the property and generate a possible capital receipt of £180,000

### **BACKGROUND PAPERS**

<https://www.bembridgepc.org.uk/document-library/community-assets/>

<https://www.bembridgepc.org.uk/document-library/finance-assets-committee/>

<https://www.bembridgepc.org.uk/document-library/documents/finance-transparency/>

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18<sup>th</sup> April 2018