



Report to: Cabinet Meeting - 26 March 2024

Portfolio Holder: Councillor Paul Peacock, Strategy, Performance & Finance

Director Lead: Sanjiv Kohli, Director - Resources

Lead Officers: Mark Eyre, Business Manager - Corporate Property, Ext. 5440
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Report Summary	
Type of Report	Open Report (with exempt appendix), Key Decision
Report Title	14 Market Place, Newark - Feasibility and Delivery
Purpose of Report	To provide Cabinet with Officer recommendations for 14 Market Place, Newark
Recommendations	That Cabinet: a) note and support the preferred delivery approach of Option 1: Retention as a General Fund Commercial Asset and Sale of one Residential Unit; and b) approve the Capital Budget as set out in the exempt appendix in 2024/25 to be financed by Capital Receipts to support the delivery and refurbishment of 14 Market Place as noted within this report and in accordance with option 1.
Alternative Options Considered	Sale of the asset in its current condition. Retention as a General Fund Commercial Asset and Transfer of Residential Unit to HRA.
Reason for Recommendations	14 Market Place sits within a prominent position in Newark town centre and is in disrepair and unoccupied. This recommendation helps bring the property back into use and helps deliver the Community Plan by creating sustainable economic growth and providing housing within the town centre with the knock-on effect of a more vibrant and active town centre.

1.0 Background

1.1 The Newark Town Investment Plan 2020 identified a strategy based on four pillars of change; two of the pillars within the Strategy state; 1) To create a vibrant town centre where people visit, experience, shop, work and live, and 2) To promote significant residential repurposing and redevelopment within and close to the Town Centre. The

proposed project at 14 Market Place is an intervention by the Council to achieve these aims. Further recent consultation in the development of the Newark Masterplan has identified from 1500 responses a need to focus on tackling vacant retail units and improving the market square. The repurposing and upgrading of 14 Market Place will promote the Council actively trying to listen and address issues raised by our community.

- 1.2 14 Market Place is in the town centre of Newark with a dual frontage onto the Market Place and Queens Head Court. It is owned freehold by Newark and Sherwood District Council and is comprised of a large basement, ground floor retail space and former residential space spread over the upper three floors. See appendix 1 (location map and photographs).
- 1.3 14 Market Place sits in a prominent location within the Market Place and is building of significant visual interest and contributes to the character of the Market Place.
- 1.4 The property was previously rented to a local business trading as 'The Little Tea Pot' café. The tenant moved out of the property early in 2022.
- 1.5 The property has had minimal investment in previous years and does not meet current standards for it to be used as viable commercial unit. The upper floors currently do not conform to a habitably or lettable standard due to their long period of non-occupation.
- 1.6 A valuation and appraisal report were carried out by IHCS Ltd on 9 of June 2023. In its current condition, the property has been valued at £134,550 as a freehold sale. This is divided up as £90,675 Market Value for the retail space including basement and £43,875 for the residential accommodation on the upper floors.
- 1.7 The building is in a conservation area, so any works required to the property would be subject to additional planning regulation.

2.0 Proposal/Details of Options Considered

- 2.1 **Option 1 (the preferred option): Refurbish the entire property; retaining the ground/basement floors as commercial rental space and selling the upper floors on a long lease as 1 two-bedroom flat.**
 - 2.1.1 The ground floor and basement would be retained as a General Fund asset and let out to a commercial tenant. The capital cost of this option was set out in the exempt appendix to the report, along with the potential contribution for tenant fit-out of the space. The total Estimated Budget requirement was also detailed in the exempt appendix. It is estimated this would generate an annual rental income of £6,000 p.a. The Corporate Property Estates team have confirmed that this type of property would attract a reasonable tenant demand. The Corporate Property Estates Team will liaise with the Economic Growth team to ensure a suitable and appropriate appraisal process is undertaken for the award of the lease to a tenant who provides an attractive, complimentary, and appropriate use for the town centre.
 - 2.1.2 Local market research and the housing needs for the area has given a strong indication that a two-bedroom apartment would achieve an Estimated Capital Receipt of

£140,000. This was confirmed by two local estate agents (Richard Watkinson and Buttercross).

2.1.3 The sale of the flat would generate an Estimated Capital Receipt of £140,000 for the General Fund. This option would provide an Annual Net Rate of Return (ANRR) of 2.11% and would payback within 52 years.

2.1.4 This option helps deliver the Community Plan by creating sustainable economic growth and providing housing within the town centre with the knock-on effect of a more vibrant and active town centre.

2.2 Option 2: Sale of the asset in its current condition

2.2.1 In the current condition the property has a Market Value of £134,550.

2.2.2 This option would have a Net Present Value of £131,950, once all legal and estate agent costs have been considered.

2.2.3 It would also leave the future of the building unknown which could have a negative impact on the town centre by way of remaining vacant and in poor condition, which would not support the Community Plan of creating sustainable economic growth and providing housing within the town centre. It is for these reasons that this option is not supported.

2.3 Option 3: Retention as a General Fund Commercial Asset and Transfer of Residential Unit to HRA

2.3.1 The ground floor and basement would be retained as a General Fund asset and leased on a commercial basis. The upper floors could create 1 two-bedroom HRA flat.

2.3.2 Following consultation with the Business Manager for Housing there is no appetite to have a two-bedroom HRA flat within the Market Place due to the challenges and additional housing management implications for a one-off property within this location.

3.0 Implications

In writing this report and in putting forward recommendations, officers have considered the following implications: Data Protection; Digital & Cyber Security; Equality & Diversity; Financial; Human Resources; Human Rights; Legal; Safeguarding & Sustainability and where appropriate they have made reference to these implications and added suitable expert comment where appropriate.

Financial Implications (FIN23-24/5413)

3.1 Option 1 is the preferred option. It has been assumed that £6,000 income will be receivable per year in rental income from the commercial unit (increasing with each anticipated rent review) and £1,000 expenditure for management. Any other costs associated with the premises will be passed on to the tenant/owner of the residential units in this option.

- 3.2 The estimated budget requirement is detailed in the exempt appendix to the report. An estimated £140,000 of the capital requirement will be replenished on receipt of the sale of the residential unit.
- 3.3 Excluding the disposal options, option 1 is the most favourable in terms of payback. None of the options have a positive net present value but the preferred option has an annual net rate of return is expected to be 2.11%.

Legal Implications

- 3.4 The Council's Legal Team will need to work with Corporate Property to finalise terms for lease agreements for the commercial units, and for a long leasehold disposal. The long leasehold disposal will need to be conducted in accordance with the Council's Acquisitions and Disposals Policy and comply with relevant statutory requirements for long leaseholds. The Legal Team has reviewed the legal title to the property and the restrictive covenants are as follows:
- A right for the proprietors of the Dominant Land (land at buildings known as 12 & 13 Market Place), to use the fire escape attached the Servient Land (14 Market Place);
 - A right for the fire escape to be attached to the Servient Land;
 - Proprietors of the Dominant Land must repair and maintain the fire escape, not carry out any work without our approval and carry out the work in a proper manner;
 - NSDC must not obstruct the fire escape and must allow free access to the public highway.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

None