NEWARK & SHERWOOD DISTRICT COUNCIL

Report to: Cabinet Meeting: 15 September 2026

Portfolio Holder: Councillor Lee Brazier, Housing

Director Lead: Suzanne Shead, Director - Housing

Lead Officer: Wayne Fox, Business Manager Building Safety & Asset Investment

| Report Summary | |
|---|---|
| **Type of Report** | Open Report / Key Decision (with exempt Appendix)<br><br>The Appendix to this report contains exempt information as defined under Schedule 12A of the Local Government Act 1972, Paragraph 3 under which the Cabinet has the power to exclude the press and public if it so wishes.<br><br>It is considered that the need to treat the information in this report appendix as exempt outweighs the public interest in disclosure because it contains information which are commercially sensitive financial details. |
| **Report Title** | 14 & 14a Millgate - Options Appraisal |
| **Purpose of Report** | To provide details of the works required to bring 14 Millgate to a fit standard for occupation and consider the other options available including disposal of the property in line with the Acquisitions & Disposals Policy |
| **Recommendations** | That Cabinet:<br><br>a) approve the proposal as set out in Option 2 – the sale of the property;<br><br>b) approve the progression of the sale in line with the Acquisitions & Disposals Policy; and<br><br>c) approve the reinvestment of the capital receipt in provision of new homes. |
| **Alternative Options Considered** | Retain the property and invest to bring the home up to standard. |
| **Reason for Recommendations** | To ensure both value for money and ensuring that homes are decent, warm and safe. The capital from disposal of this flat will be reinvested in new homes.<br><br>The proposal links to Ambition 2 of the Community Plan: |

| | |
|---|---|
| | *Increase the supply of housing, in particular decent homes that residents can afford to buy and rent, as well as improving housing standards.* |

## 1.0 Background

1.1 14 and 14a Millgate is a Grade II listed, two-storey building converted into two one-bedroom flats (ground and first floor). The property dates from circa 1835 and is of solid brick construction with slate roofs, timber sash windows and high internal ceilings.

1.2 14 Millgate is currently void. Due to the listing of the building and the poor condition of the ground floor flat an options appraisal was carried out. An appraisal has not been carried out on 14a Millgate, although it is anticipated that similar costs being be required if it became void.

1.3 At present the condition of the void property would not meet the Decant Homes Standard; specifically, the condition of the property does not provide reasonable thermal comfort and there is significant disrepair in terms of the windows.

1.4 In order to relet the property in line with the Council's empty homes major repairs would be required.

The options for the property are as follows:

- Complete all works required as per recommendations (with the conservation officers' approval), or
- Sale of the property

1.5 To complete the works required close liaison with the conservation officer would be required and consideration given to local planning conditions to upgrade the building. The thermal comfort may not be significantly altered enough to raise the EPC level from its current 'E' rating to the recommended 'C' range.

1.6 The table below gives a summary of the jobs against the two properties in the last 5 years. On average you would expect between 3-4 jobs per property per year. The repairs caried out at 14 Millgate consist of roof works, repairs to the windows and issues relating to damp and mould.

| Repairs carried out in the last 5 years on 14 & 14a Millgate | |
|---|---|
| 14 | 18 |
| 14a | 5 |

## 2.0 Proposal/Options Considered

2.1 Option 1 – Complete All Works

2.1.1 This option would require that all necessary works identified at void be completed, these initial works would make the property fit to let.

2.1.2 This option would not increase the current EPC rating of the property (Currently EPC E) and future works would be required to achieve an EPC rating of C or above by 2030 in line with the Government's energy targets

2.1.3 In order to achieve an EPC rating of C or above major works would be required to improve the thermal efficiency of the property. This could not be achieved through standard external wall insulation due to the property being Grade II listed within a conservation area. This would mean that the only way to improve the thermal efficiency would be by insulating the property internally and this would be very costly and invasive works.

2.2 Option 2 – Open Market sale of the Property

2.2.1 Under the Acquisitions and Disposal policy 2021 the properties meet the following key criteria:

*2.1 (e) The property is deemed to be an underperforming asset with either under-utilisation of space at low capacity or that the financial cost to retain property is too significant, the income generation possibilities are too low with a greater return/ cost saving being achievable through disposal of the property.*

2.2.2 An independent market appraisal carried out by Wood Moore & Co Ltd, Newark recommends disposal via auction with an expected sale price of £120,000.

2.2.3 Any capital receipts from the sale of the property would be used to support the Council House Development Programme.

2.2.4 If the property is disposed of homeless payment plus reasonable disturbance costs would be applicable for the remaining tenant.

## 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.

| **Implications Considered<br>Yes – relevant and included / NA – not applicable** | | | |
|---|---|---|---|
| Financial | Y | Equality & Diversity | N |
| Human Resources | N | Human Rights | N |
| Legal | Y | Data Protection | N |
| Digital & Cyber Security | N | Safeguarding | N |
| Sustainability | Y | Crime & Disorder | N |
| LGR | N | Tenant Consultation | N |

Financial Implications (FIN26-27/7485)

3.1 Option 1 would require capital investment to bring the property up to a lettable standard. The estimated cost of the initial works required to make the property fit are detailed in the Options Appraisal, with further investment likely to be required over the longer term to improve the energy performance of the property and maintain the asset.

A 30-year appraisal has been undertaken for Option 1. However, as this includes rental income already assumed within the HRA Business Plan, the appraisal output should not be treated as additional income or used as the primary basis for further investment. The financial assessment should instead focus on the upfront capital cost (which would need to be included in the current Investment Programme), future investment risks and the opportunity to reinvest a capital receipt in new homes.

3.2 Option 2 would result in the disposal of the property. This option would require provision for a statutory home loss payment and reasonable disturbance and moving costs. These costs can be met from the existing annual budget provision within the HRA revenue budget.

The disposal is expected to generate a capital receipt in excess of £120,000, based on the independent market appraisal. Subject to the final sale value achieved, the receipt would be retained within the HRA and used to support Phase 6 of the Council House new build programme, in line with the recommendation to reinvest the proceeds in the provision of new homes.

Legal Implications – LEG2627/2761

3.3 The properties have been identified as a potential surplus and an independent valuation has been undertaken in line with the Council's Acquisitions and Disposals (A&D) Policy. A reserve price has been indicated which will ensure that the Council obtains best value and complies with s123 of the Local Government Act 1972. Any disposal will need to comply with the A&D Policy and advice can be provided by the Legal team as required in relation to the policy requirements. The Legal team will need to be instructed in respect of any disposal.

Sustainability Implications

3.4 The property is a pre-1919 Grade II listed building within a conservation area and, as a result, the range of energy efficiency measures that can be undertaken is more limited and likely to require listed building consent and close liaison with conservation officers.

While there is a sustainability benefit in retaining and reusing an existing building, the age, form of construction and heritage constraints mean that bringing the property from its current EPC E rating to EPC C is likely to require specialist, intrusive and comparatively high cost works, such as internal insulation and sensitive upgrades to windows, heating and ventilation. National guidance also recognises that standard EPC methodologies can be less reliable for traditional buildings and that inappropriate retrofit can damage historic fabric and worsen moisture related issues.

The long-term sustainability implication of continued ownership is therefore that the Council would retain an asset with higher ongoing maintenance liabilities, more limited retrofit options and a greater risk of further capital expenditure to balance heritage protection, tenant comfort, damp prevention and future energy efficiency requirements.

3.5 Whilst the Council has a statutory duty to maintain its housing stock and ensure homes are safe, decent and fit for habitation, this duty does not require the retention of every asset where doing so would represent disproportionate expenditure and poor value for money. In the case of 14 Millgate, the property's Grade II listed status and location within a conservation area significantly restrict the range of improvements that can be undertaken to address disrepair, improve thermal efficiency and achieve future energy performance requirements. The specialist nature, cost and extent of the works required, together with the likelihood of ongoing higher maintenance liabilities and limited ability to achieve modern housing standards, mean that continued investment is unlikely to represent an efficient use of Housing Revenue Account resources.

The Council must balance its obligations as a social landlord with its duty to achieve best value and make prudent use of public funds. Where an asset becomes financially unsustainable to retain, disposal and reinvestment of the capital receipt into supporting the provision of new, energy-efficient homes can provide greater benefit to both existing and future tenants.

This does not mean that all heritage, listed or conservation area properties will be considered for disposal. The Council will continue to assess each property on a case-by-case basis and, where reasonable and proportionate mitigation measures can be implemented to address disrepair, improve safety, enhance energy efficiency and maintain compliance with housing standards, investment will continue to be made to retain those homes within the housing stock.

Disposal would only be considered where a robust options appraisal demonstrates that retention is no longer financially sustainable, would not represent best value, or would significantly reduce the Council's ability to invest in the wider housing portfolio.

**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