

## **Disposal at less than Market Value [Assessment]**

### **Property – Museum of Stone - [3033]**

Latest Asset Value [31.12.2021]	£115,000
Construction Value/cost [est]	£380,000
Annual Rental Value [MV]	£15,250 pax
Annual Rental Value [restricted]	£13,725 pax
Annual Running Costs [Tenant]	£26,000 pa [no NNDR]
Annual Running Costs [Council]	£12,000 pa

The Council own the freehold subject to the lease.

Points to note;

1. The Trust [tenant] accounts show running costs of circa £26,000 pa [10 years = £260,000] although they may include trust admin costs as well as the property running costs. The Council would have to absorb these costs if the tenant vacated the building as well as any additional NNDR costs where the tenant has relief [as a charity].
2. The Council is foregoing an income of at least £13,725 pa which is reduced from ARV/MV due to restricted lease. One could add back some 5% per annum for the landlord repairs however this is covered by the endowment fund in any event.
3. The tenant is a special purpose vehicle for this property/museum/facility. It has no other functions and this is its sole objects under the charity registration.
4. There is a net gain/saving to the Council as a result of the proposal. It does not have to employ staff and resources for the facility other than those which are wholly or substantially covered by the endowment fund. The rent forgone is some 50% of the running costs which would be incurred by the Council.
5. The Council is foregoing an income of £137,250 over ten years. The difference with the running costs [£260,000] over the term of the lease amounts to £145,000 which exceeds the current asset value [£115,000] and is therefore justifiable.
6. Longer term the property could be converted to residential use subject to planning so there is a residual value in the event of tenant failure or lack of use or utility.