

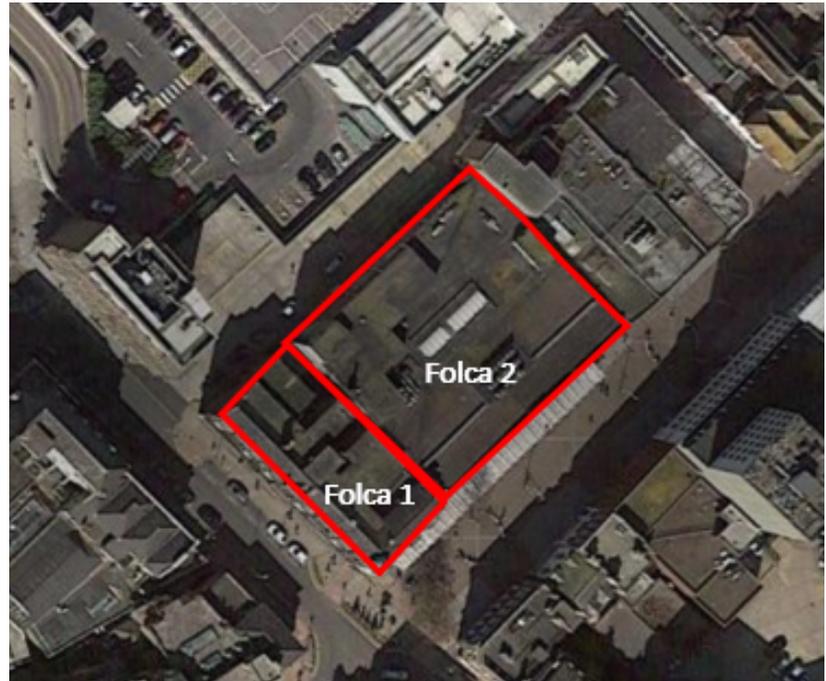
# Folca 1 – Update and Disposal Strategy

Overview & Scrutiny Committee  
27 May 2025



# Background

- September 2021 - Cabinet approval to deliver a Medical Centre in Folca 1
- August 2023 - Pellings (Surveyors) commissioned to undertake building condition report
- November 2023 - NHS confirmed medical centre in Folca 1 is non-viable
- July 2024 - Cabinet agreed exploration of alternative options for Folca 1
- October 2024 - Colliers (Surveyors) commissioned to deliver options report including viability and net present value



# Overview of Cabinet Report

- Cabinet - 11 June
- Cabinet report considers options for Folca 1
- Recommended option is disposal
- Sets out the financial contribution the disposal would make to the Folca 2 business case

# Folca 1 - Options Assessed

- Option 1 - Refurbishment as mixed retail and office space
- Option 2 - Refurbishment as mixed retail and residential
- Option 3 - Refurbishment as a hotel
- Option 4 - Demolish & rebuild
- Option 5 - Sell via an auction
- Option 6 - Open market disposal
- Option 7 - Do nothing and mothball the building

# Options - High Level Financial Summary

Option	Net Present Value	Development / remedial costs	Value of development	Return on Investment	Estimated Capital receipt to Folca 2	Risk level
Option1 - Refurbishment as retail and office space	██████	██████	██████	██████	£-	High risk
Option 2 - Refurbishment as retail and residential	██████	██████	██████	██████	£-	High risk
Option 3 - Refurbishment as a hotel	██████	██████	██████	██████	£-	High risk
Option 4 - Demolish & rebuild	N/A	██████	██████	██████	£-	High risk
Option 5 - Sell via an Auction	N/A	£-	██████	TBC	TBC	Medium risk
Option 6 - Open Market Disposal (estimated value)	N/A	£-	██████	TBC	TBC	Low risk
Option 7 - mothball the building (estimated value)	N/A	£645k	██████	██████	£-	High risk

# Options - Viability & Risk Summary

Option	Risk level	Viable for Council
Option1 - Refurbishment as retail and office space	High risk	No
Option 2 - Refurbishment as retail and residential	High risk	No
Option 3 - Refurbishment as a hotel	High risk	No
Option 4 - Demolish & rebuild	High risk	No
Option 5 - Sell via an Auction	Medium risk	No
Option 6 - Open Market Disposal	<b>Low risk</b>	<b>Yes</b>
Option 7 - Mothball the building	High risk	No

# Options - High Level Risk Summary

Associated Option	Perceived risk	Likelihood	Impact	Preventative action
All development options	Development risks	High	High	Disposal of Folca 1
All development options	Building Safety Act of 2022	High	Medium	Disposal of Folca 1
All development options	Changeable interest rates	High	High	Disposal of Folca 1
Disposal	Capital receipt for Folca 2 project	Low	Low	Recommend the best outcome to the Council
Disposal	Building capital expenditure	Low	Medium	Red Book valuation standards
Disposal	Not being able to dispose of Folca 1	Medium	Medium	Set a realistic asking price and timeline
Do nothing	Further dilapidation of the building	High	High	Disposal of Folca 1 ahead of further dilapidation
Do nothing	Annual running costs	High	High	Disposal of Folca 1
Do nothing	Reputational risk	High	High	Disposal of Folca 1 ahead of further dilapidation

# Cabinet Recommendations

## Summary of Options with Recommendation

- Feasibility assessment provides clear direction for the recommended option for Folca 1
- Any alternative development - significant financial risk and financial pressure on Council resources.
- Retaining and mothballing the building will cost £75,000 (pa) and £645,000 (capital)
- **Recommended option - To dispose of the property on an open market basis and secure a capital receipt**

## Impact on Folca 2

- Capital receipt reduces borrowing requirement and decreases revenue pressure

# Cabinet Report Recommendations

- To receive and note report
- To note the options considered for Folca 1
- To agree the recommended option for the disposal of Folca 1
- To note the impact of the disposal on Folca 2 project business case
- To agree to delegate authority to dispose of the building in line with the recommended option

# Questions