

## **COUNCIL**

**21 FEBRUARY 2013**

### **NELSON COURT AND ROBERT BEAN LODGE**

Portfolio Holders: Councillor David Brake, Adult Services  
Councillor Alan Jarrett, Finance

Report from: David Quirke-Thornton, Assistant Director for Adult Social Care  
Perry Holmes, Assistant Director, Legal and Corporate Services

Authors: Jane Love, Head of Partnership Commissioning, Adult Services  
Noel Filmer, Valuation & Asset Management Manager

#### **Summary**

This report seeks approval to sell Nelson Court and Robert Bean Lodge following Cabinet's decision, on 12 February 2013, to award the contract for the outsourcing of Robert Bean Lodge and Nelson Court to the Agincare Group.

#### **1. Budget and Policy Framework**

1.1 The unrestricted values of Nelson Court and Robert Bean Lodge each exceed £1m, therefore, the sales are matters for Full Council.

#### **2. Background**

2.1 Cabinet considered a Gateway 3 Contract Award report for the outsourcing of Nelson Court and Robert Bean Lodge on 12 February 2013. These properties are Linked Service Centres that provide residential care and support for older people with dementia, and day care.

2.2 Cabinet agreed the following recommendations:

- Cabinet approved the procurement contract award to the Agincare Group.
- Cabinet agreed to delegate authority to the Assistant Director, Adult Social Care, in consultation with the Portfolio Holders for Finance and Adult Services, Assistant Director of Legal and

Corporate Services and the Chief Finance Officer, to finalise the arrangements to ensure effective mobilisation of the service.

- Cabinet agreed to recommend to Full Council that it delegates authority to the Assistant Director, Adult Social Care, in consultation with the Portfolio Holders for Finance and Adult Services, Assistant Director of Legal and Corporate Services and the Chief Finance Officer, to dispose of the Nelson Court and Robert Bean Lodge properties.

### 3. Advice and Analysis

3.1 The contract for the outsourcing of Nelson Court and Robert Bean Lodge has been agreed on the basis that the Council will sell the freehold of these properties (as shown approximately edged black on the attached plans) to the Agincare Group. This contract will generate significant savings for the Council, as detailed further in the financial implications below.

### 4. Risk Management

Risk Categories	Outline Description	Risk Likelihood A=Very High B=High C=Significant D=Low E=Very Low F=Almost Impossible	Risk Impact I=Catastrophic II=Critical III=Marginal IV=negligible Impact	Plans To Mitigate Risk
Property	Sale of both properties may mean that they are not used for the purpose of providing care to vulnerable older people.	C	II	The properties will be sold subject to covenants that will prevent the provider from changing the use of the properties without prior agreement of the Council
Contractual /Property.	If the provider should go into liquidation after the freeholds have been sold, the Council will not be able to get the homes back without paying	D	II	The properties will be sold subject to covenants seeking to stop the

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	full market value for them.			<p>owners from changing the use of the properties without prior agreement of the Council. Part of Robert Bean Lodge will be leased back to the Council for 25 years.</p> <p>A financial assessment was undertaken during the Pre Qualification stage to determine the financial viability of the organisation, no concerns were identified.</p>
Contractual /Property	If the provider should go into liquidation before the Council has recouped savings to the level of the “undervalue” of the properties then it will not be able to recoup this undervalue.	D	II	Based on the predicted savings and the amount that the provider will pay for the homes, the Council will have recouped the undervalue within 3

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				years.  A financial assessment was undertaken during the Pre Qualification stage to determine the financial viability of the organisation, no concerns were identified.

## 5. Consultation

- 5.1 Significant consultation was undertaken. The specific aspect of the proposal for Robert Bean Lodge builds in the key comfort sought by residents, family carers and staff in the wider consultation in that the sale includes a covenant on the site, as was already the case for Nelson Court.

## 6 Financial and Legal Implications

- 6.1 The total predicted savings realised by awarding the contract are £430,000 in year 1, £1,203,760 in year 2 and £1,332,720 from year 3 and each subsequent year following for the remainder of the 25-year contract.
- 6.2 The Agincare Group is seeking to purchase both Nelson Court and Robert Bean Lodge. The Council will seek to protect the future of the services by placing suitable covenants on each site and the Agincare Group has agreed to this as it is committed to providing residential care from the sites into the future. Although selling the freehold of the sites without linking them to a care contract could achieve a higher capital receipt, the Council is not selling at an undervalue, as the savings realised by the contract will exceed the unrestricted freehold value of the sites.

- 6.3 The Council is under a duty under S123 of The Local Government Act 1972 to obtain best consideration, when it disposes of properties or lets them for over 7 years. In assessing whether a proposed letting constitutes best consideration, the Council is entitled to take into account any benefits, which result from sales or lettings, which have a financial value to the Council. In this case, the unrestricted freehold value (as accessed by specialist valuers) for Nelson Court is £1.15m and for Robert Bean Lodge is £1.645m. However, due to the nature of the care contract, the Council will be selling the properties for less than this. As set out in paragraph 6.1 above, the annual savings which will be realised as a result of the letting of the care contract and sale of the properties will be £430,000 in year one, £1,203,760 in year two and £1,332,720 from year 3 onwards. The capital value of these savings exceeds the unrestricted value of the properties and as a result, the sales are not at an undervalue.
- 6.4 Part of the Robert Bean Lodge building is used by the Council to provide a respite care service for people with learning disabilities, the Council will take a leaseback of this area for a term of up to 25 years.

## **7 Recommendation**

- 7.1 Cabinet recommends to Full Council that it delegates authority to the Assistant Director, Adult Social Care, in consultation with the Portfolio Holders for Finance and Adult Services, Assistant Director of Legal and Corporate Services and the Chief Finance Officer, to dispose of Nelson Court and Robert Bean Lodge.

### **Lead officer contact**

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### **Background papers**

Gateway 3 Contract Award: Outsourcing of Linked Service Centres – Nelson Court and Robert Bean Lodge – Cabinet 12 February 2013-02-07

<http://democracy.medway.gov.uk/ielIssueDetails.aspx?IId=10120&Opt=3>





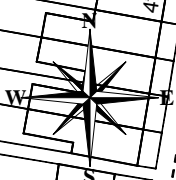
# Nelson Court



Scale: NTS 11/09/12







BERESFORD AVENUE

+ 76.8m

BALFOUR ROAD

Balfour Infant School

Robert Bean Lodge

El. Sub Sta

78.3m

Inglenook

Radleigh House

RADLEIGH GARDENS

81.1m

