

COUNCIL

12 AUGUST 2015

THE BALFOUR CENTRE, PATTENS LANE

Portfolio Holders: Councillor Adrian Gulvin, Resources
Councillor David Brake, Adult Services

Report from: Perry Holmes, Assistant Director Legal & Corporate Services

Author: Noel Filmer, Valuation & Asset Management Manager

Summary

This report requests that Council declares surplus the Balfour Centre site, Pattens Lane, Rochester and delegates authority to the Assistant Director Legal & Corporate Services in consultation with the Leader to dispose of the property.

This report will be considered by the Cabinet on 4 August 2015 (the same day as the Council Agenda despatch), therefore, the recommendations of the Cabinet will be circulated to Members separately.

1. Budget and Policy Framework

1.1 The value of the property is possibly over £1 million, so any disposal is a matter for Full Council.

2. Background

2.1 The council owns in excess of 1,000 property assets and along with staff and contracts, management of its properties constitutes one of the council's largest costs. Effective asset management is therefore essential, if the council is to fulfil its core objectives and provide good quality, value for money services.

2.2 All property assets are considered in the context of the council's outcomes, objectives and key actions (as set out in the Council Plan) to ensure that they contribute to the council's priorities.

3. The Balfour Centre

- 3.1 This report brings forward a proposal for disposal of the council's freehold interest in the Balfour Centre site, as shown approximately edged black on the attached Plan 1 (Appendix 1 to report).
- 3.2 The current uses at the site are:
- The areas hatched black on the plan were occupied by Rochester Care Home Limited as the provider of the day element of the council's Enhanced Care Services (ECS). The service has re-located to Robert Bean Lodge and the buildings are now empty.
 - The area-crosshatched black is a Day Centre. This was operated by the council, but Medway Community Healthcare CIC (MCH) has been running the Day Centre from the site since 15 April 2013.
- 3.3 Cabinet at its meeting of 12 June 2012 noted that the Director of Children and Adults would agree an employee secondment arrangement for the staff working at the Balfour Day Centre. This arrangement was to be with MCH in order to facilitate the co-production of a new community resource centre offering health and social care services. The secondment was to be for six months, after which point the staff would transfer to MCH if the co-working were successful. Following this secondment, the relevant staff transferred to MCH on 15 April 2013 and MCH has been leasing the premises from the Council.
- 3.4 Since that time, MCH has invested considerable resources in the Balfour Centre, created a number of new posts and continued to receive referrals to the service. The voids within the protected income from the council continue to reduce and MCH is no longer solely reliant on referrals from social care.
- 3.5 Despite considerable success in service delivery, MCH has been unable to find alternative premises in Medway. Two ambitious projects for lease or purchase have proved abortive and within MCH's current time frame, the Balfour Centre has been identified as a viable option for MCH to continue providing the service. MCH is currently in occupation under a short term non-secure lease that is due to expire on 31 December 2015.
- 3.6 A Planning Statement prepared on behalf of the council in September 2013 concluded that the principle of residential development on the Balfour site is acceptable and a market valuation of the site has been undertaken on this basis.
- 3.7 MCH has recently offered to purchase the freehold of the site, but terms are yet to be agreed. It is proposed that the Balfour Centre site is declared surplus now and if satisfactory terms can be agreed it can be sold to MCH.

4. Options

- 4.1 The council can either retain the Balfour Centre site with the inherent holding costs or dispose of its interest and realise a capital receipt.

5. Advice and analysis

- 5.1 The council has not identified any future operational need for the Balfour Centre.

6. Consultation

- 6.1 Consultation has taken place with the relevant Directorates and no objection to this proposal has been received.

7. Financial and legal implications

- 7.1 Disposal of the building and site will generate a capital receipt, which will add to the council's reserves or be available to fund member priorities.
- 7.2 Section 123 Local Government Act 1972 requires the council to obtain best consideration when it disposes of property, unless consent is obtained from the Secretary of State, or one of the general consents applies. If required in this case, the Council could use the provisions of the General Disposal Consent (England) 2003 provided it considers that the disposal is likely to achieve the improvement or promotion of the economic, social or environmental well-being of all or part of Medway and the undervalue does not exceed £2,000,000. Furthermore the transaction must not breach European Union state aid rules.
- 7.3 Under Part 5 of Part 3 of the council's Constitution, the decision to dispose of the property is one for Full Council, as the disposal value is possibly over £1,000,000. In addition to Full Council approval, the approval of Cabinet to the disposal is required because the disposal of land is an executive function under section 9D Local Government Act 2000. This is therefore a decision for Cabinet and for Full Council.
- 7.4 Since 15 October 2013 the, council has received an income from MCH which will be lost when the property is sold. However, this letting was always a temporary arrangement pending MCH's relocation and a disposal will generate a significant capital receipt, eliminate ongoing property management costs and the risk of voids, which will more than outweigh the loss in rental income.

8. Risk Management

Risk	Description	Action to avoid or mitigate risk	Risk Rating
Property remains void prior to disposal	Increased management costs, empty rates and possible impact on disposal value	Declare the property surplus to requirements and sell to achieve a capital receipt	D3

9. Recommendations

9.1 It is recommended to Full Council that it:

9.1.1 Declares the Balfour site surplus to requirements.

9.1.2 Delegates authority to the Assistant Director of Legal and Corporate Services in consultation with the Leader to:

9.1.3 Dispose of the property upon the best terms reasonably obtainable.

9.1.4 Utilise, if necessary, the Council's disposal powers under circular 06/03 Local Government Act 1972 General Disposal Consent (England) 2003, provided the transaction satisfies the consent order's conditions and does not breach state aid rules.

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Appendices

Appendix 1 – site plan

Background Papers

Cabinet 12 June 2012 *Balfour Day Centre* This is available via the Council Website: <http://democracy.medway.gov.uk/ieListDocuments.aspx?CId=115&MId=2525&Ver=4>

Cabinet 16 April 2013 *Sale of Robert Bean Lodge and Re-provision of the Napier Unit* This is available via the Council Website: <http://democracy.medway.gov.uk/ieListDocuments.aspx?CId=115&MId=2536>



PLAN No. 1
The Balfour Centre
Pattens Lane, Rochester

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