

CABINET

18 JANUARY 2011

PROPERTY DISPOSALS

Portfolio Holder: Councillor Alan Jarrett, Finance

Report from: Deborah Upton, Assistant Director Housing and Corporate Services

Author: Noel Filmer, Valuation and Asset Management Manager

Summary

This report requests that Cabinet declares surplus:

1. The Ridge Meadow Primary School site.
2. The Doddington Road Garage site.

So that these assets can be disposed of by the Assistant Director of Housing and Corporate Services, in consultation with the Portfolio Holder for Finance, at best consideration.

1. Budget and Policy Framework

- 1.1. As the value of the properties is over £100,000, but below £1,000,000 these are matters for Cabinet.

2. Background

- 2.1 The council owns in excess of 1,000 property assets and, next to staff, property is the council's largest single cost. Effective management is therefore essential, if the council is to fulfill its core objectives and provide good quality, value for money services. On 4 April 2006, Cabinet approved the Corporate Property Strategy, which provides corporate guidance to assist in the effective management of the council's property assets over the next five years and beyond.
- 2.2 To ensure that the council's property assets contribute to its priorities, outcomes, objectives and key actions, as set out within the Council Plan, all properties are considered in the context of rationalisation.
- 2.3 This report brings forward proposals for the disposal of properties, which are considered to be surplus to requirements.

3.1 Former Ridge Meadow Primary School Walderslade

- 3.1.1 The council owns the freehold of the above site as shown edged black on the attached plan, area of approximately 2.7 Hectares (6.6 acres). The use of the site for educational purposes has ceased as Cabinet, at its meeting on 15 December 2009, decided to close the school with effect from 31 August 2010 (Decision 206/2009).

3.2 The Doddington Road Garage Site

- 3.3.1. The council owns the freehold of the Doddington Way Garage site as shown edged black on the attached plan. The site has an area of 0.13 Hectares (0.33 acres) and includes 24 garages.
- 3.3.2. Cabinet at its meeting on 5 August 2008 made decisions about various garage sites including this site. Cabinet decision in respect of this site was that: "Cabinet agreed that negotiations commence to acquire suitable development access to the garage site at Doddington Road Twydall. Upon securing access, detailed planning permission to be sought for housing on the site and that upon determination, the land be declared surplus and the Assistant Director of Housing and Corporate Services was given delegated authority to dispose of it at best consideration."
- 3.3.3. Since this decision, residential land values have decreased significantly and it is going to be problematic, time consuming and expensive to secure the additional land needed for a development access and to secure detailed planning permission for residential use. It is therefore proposed that the site be sold as it stands.

4. Advice and analysis

- 4.1 The council could retain the former Ridge Meadow School site and the Doddington Road Garage site and continue to generate a small rental income from the garage site. Alternatively, it could sell the properties and realise a capital receipt, whilst divesting itself of the management and responsibility for the properties.

5. Risk Management

Risk	Description	Action to avoid or mitigate risk
Properties take a long time to sell	For example, there are no/few offers, or those who make the best offers make them conditional on planning consents, which will take time to obtain. In the meantime, the council remains responsible for the management of the empty buildings.	Declare surplus “without strings” as soon as possible, so that the disposals can proceed. Subject to best consideration being received, consider sale by auction as opposed to private treaty.
Properties are expensive and difficult to manage pending disposal	Properties become a target of antisocial behaviour/vandalism/squatters pending disposal. This is more of an issue with empty buildings and only the Ridge Meadow site is empty.	Declare surplus “without strings” as soon as possible, so that the disposals can proceed. Subject to best consideration being received, consider sale by auction as opposed to private treaty

6. Consultation

- 6.1. Consultation has taken place with the service directorates and the relevant Portfolio Holders and no objections to the disposals have been received.

7. Financial and legal implications

- 7.1 The council has a duty under s123 of the Local Government Act 1972 to obtain best consideration, when it disposes of interests in property, unless consent is obtained from the Secretary of State, or one of the general consents applies. The sale of the Ridge Meadow site will result in revenue savings and a capital receipt and whilst the sale of the garage site, will lead to a small decrease in rental income, it is felt that the capital receipts will more than compensate for this loss.
- 7.2 The council will need to secure consent from the Department for Education, before it can dispose of the Ridge Meadow site.
- 7.3 The Doddington Road Garage site is currently held as part of the Housing Revenue Account and therefore any disposal must comply with s32 of the Housing Act 1985. Disposals require the consent of the Secretary of State under this section. The Secretary of State has given a general consent for disposals in certain circumstances (The General Housing Consents 2005). Whether the disposal falls within the terms of any general consent or whether it will require specific consent will

depend upon the identity of the prospective purchaser and the exact terms of the disposal.

- 7.4 Under current financial rules on capital receipts pooling, the council is required to pass 50% of the proceeds from the sale of Housing Revenue Account assets to the government unless the value of the receipt is less than or equal to what is known as the notional Capital Allowance. After pooling, capital receipts can be used for any kind of capital expenditure and are not time limited.
- 7.5 The Capital Allowance scheme allows local authorities to add to a notional 'pot' for specified types of capital expenditure, those being on affordable housing and regeneration. The value of the pot may be drawn upon to reduce certain capital receipts before calculating the poolable amount. The Capital Allowance 'pot' falls each time it is applied to reduce a receipt. At 31 March 2010 the balance of the 'pot' stood at just over £9.4 million and clearly this will exceed the value of the receipt from the sale of the Doddington Road Garage site and therefore the total value received will be available to the council. Officers will aim to maximise retention of all HRA capital receipts under the Capital Allowance scheme.

8. Recommendations

- 8.1 That Cabinet declares the Ridge Meadow site surplus and delegates authority to the Assistant Director of Housing and Corporate Services, in consultation with the Portfolio Holder for Finance, to sell the property and to grant rights of way and rights for services between the public highway in Churchill Avenue and the site at best consideration
- 8.2 That Cabinet declares the Doddington Road Garage site surplus and delegates authority to the Assistant Director of Housing and Corporate Services, in consultation with the Portfolio Holder for Finance, to sell the properties at best consideration.

9. Suggested reasons for decision(s)

- 9.1 Cabinet is requested to declare the properties surplus in order to reduce revenue costs, realise capital receipts and gain investment in the Medway area.

Lead officer contact:

Noel Filmer, Valuation and asset management.

Telephone: (01634) 332415

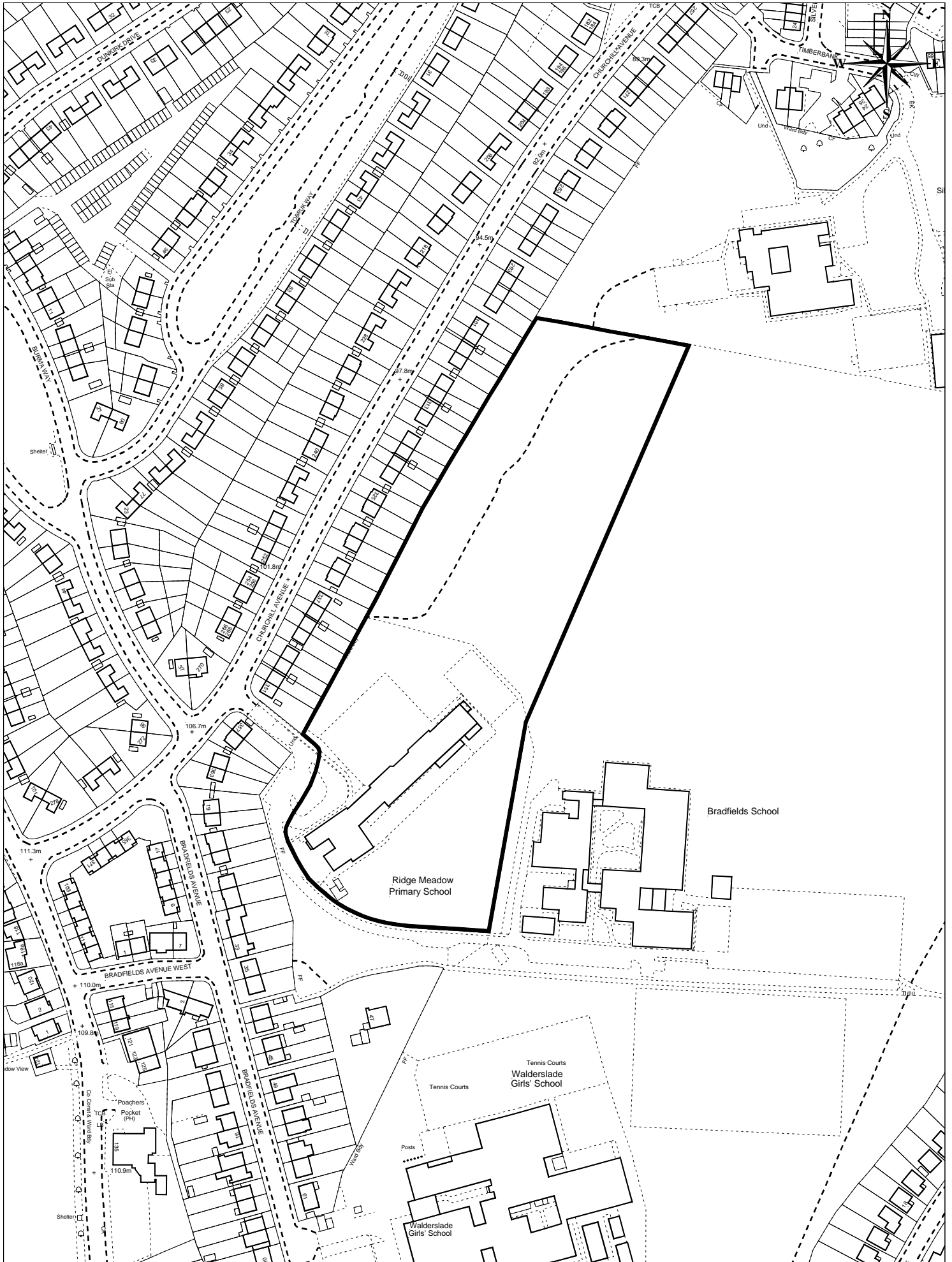
Email: noel.filmer@medway.gov.uk

Background Papers:

Corporate Property Strategy, approved by Cabinet on 4 April 2006.

Report regarding closure of Ridge Meadow School, approved by cabinet 15 December 2009.

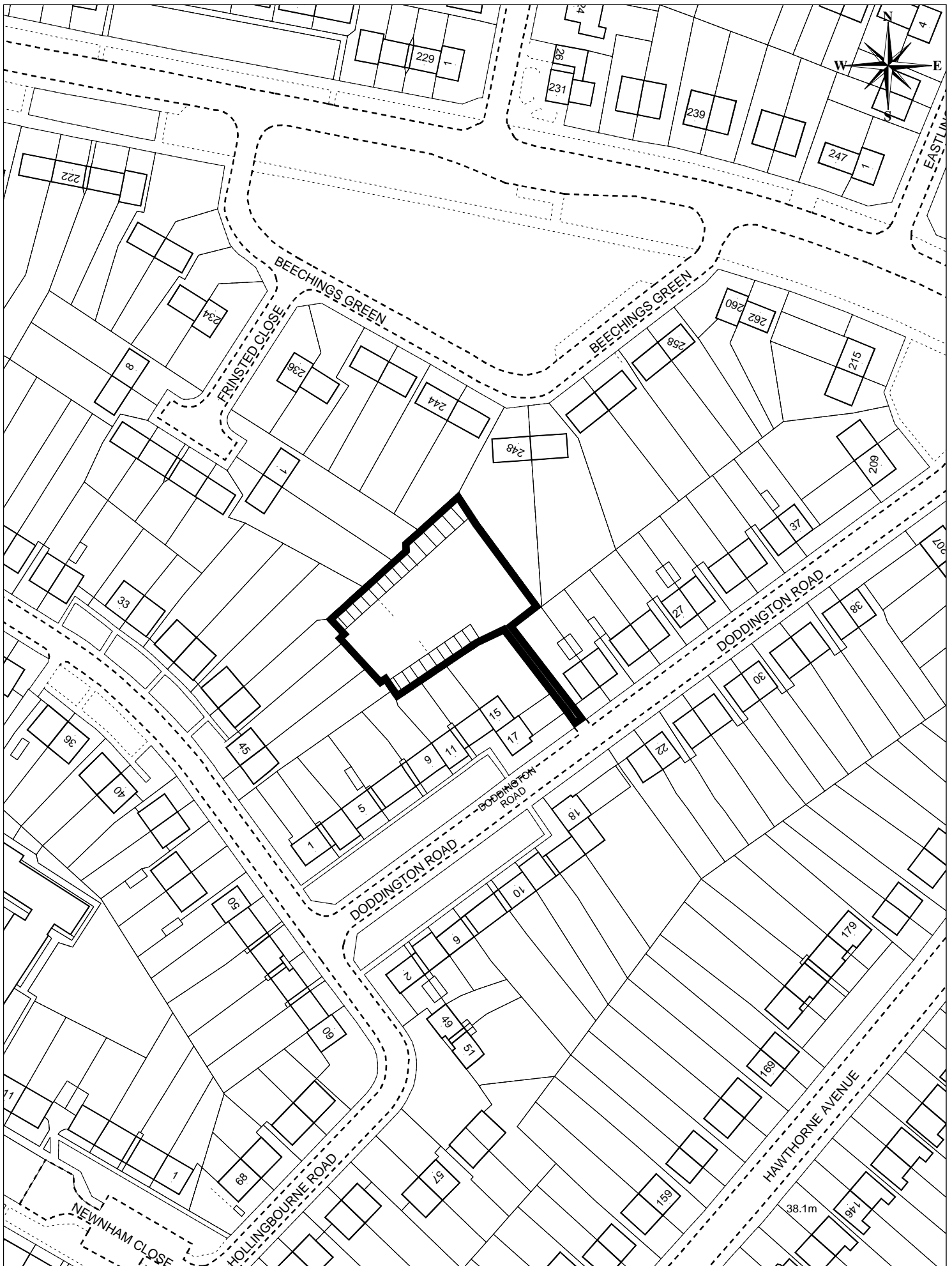
Report regarding various HRA property disposals, approved by cabinet 5 August 2008.



Ridge Meadow Primary School Site



Scale: NTS 07/01/11



Doddington Road
Area = 1,333 m²



Scale: NTS 07/07/08

© Medway Council, 2008