

COUNCIL

3 MARCH 2011

DISPOSAL OF QUEEN'S COURT RAINHAM

Portfolio Holder: Councillor Alan Jarrett, Finance
Councillor Tom Mason, Adult Services

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

Author: Noel Filmer, Valuation and Asset Management Manager

Summary

This report seeks Council approval to declare the Queen's Court site surplus, so that it can be disposed of by the Assistant Director of Housing and Corporate Services, in consultation with the Portfolio Holder for Finance, at best consideration, thereby removing the previous conditions attached to ensure the development of affordable supported housing.

1. Budget and Policy Framework

1.1. As Full Council has already made a decision about the disposal of Queen's court, then this is a matter for Full Council.

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 a property, which is considered to be surplus to requirements.

3. Queen's Court Rainham

3.1 The council owns the freehold of the above site as shown edged black on the attached plan, area of approximately 0.37 Hectares (0.91 acres). The property is a decommissioned sheltered housing scheme and ancillary car park.

3.2 On 27 January 2009, Cabinet agreed:

- To recommend to Full Council that it agrees to the disposal of the Queens Court site, at the best price reasonably obtainable with conditions attached to ensure the development of affordable supported housing and delegated authority to the Assistant Director of Housing and Corporate Services, in consultation with the Portfolio Holder for Finance to finalise the terms of the transaction.
- To delegate authority to the Director of Children and adults to agree a variance to the existing care support contract with The Avenues Trust for the provision of care support services at the property in line with the personalisation policy.

3.3 On 5 March 2009, Full Council agreed:

- To the disposal of the Queens Court site, at the best price reasonably obtainable with conditions attached to ensure the development of affordable supported housing and delegated authority to the Assistant Director of Housing and Corporate Services, in consultation with the Portfolio Holder for Finance to finalise the terms of the transaction.

3.4 As part of a national transfer of resources for people with learning disabilities from the NHS to Local Authorities, revenue funding for services for people with a learning disability (excluding forensic psychiatric and specialist services) has transferred from NHS Medway to Medway Council. Phase II of this transfer is for associated NHS properties to be transferred and in Medway, several properties will be transferring from NHS Medway to Medway Council.

3.5 This transfer of properties from NHS Medway to Medway Council provides a fresh opportunity to review how the needs of people with learning disabilities are met and officers will be taking forward this work in 2011. The Queen's Court site is therefore no longer required by Adult Social Care for supported living.

4. Advice and analysis

4.1 The Queen's Court site was marketed on the basis of the conditions imposed by the previous Full Council decision. There has been no real

interest at the sort of value, which the council would like to achieve for the site. Also, the site is no longer required by Adult Social Care for supported living. It is therefore proposed to sell the site without the conditions agreed by Council on 5 March 2009 and thus hopefully achieve a quicker sale at a higher price.

5. Risk Management

| Risk | Description | Action to avoid or mitigate risk |
|--|---|--|
| Property takes 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 as soon as possible, so that the disposal process can start. Subject to best consideration being received, consider sale by auction as appose to private treaty. |
| Property is expensive and difficult to manage pending disposal | Property becomes a target of antisocial behaviour/vandalism/squatters pending disposal. | Declare surplus as soon as possible, so that the disposal process can start. Subject to best consideration being received, consider sale by auction as appose to private treaty |

6. Consultation

- 6.1. Consultation has taken place with the service directorate and the relevant Portfolio Holders and no objections to the disposals have been received.
- 6.2. The Cabinet considered this report on 15 February 2011 and its recommendation is set out in paragraph 8 of this report (decision no. 32/2011 refers).

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 Queens Court will result in revenue savings and a capital receipt.
- 7.2 Queen's Court 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.

- 7.3 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.
- 7.4 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 Queen's Court 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. Recommendation

- 8.1 The Cabinet recommends to Full Council that it declares the Queen's Court 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 at best consideration and that this authority supercedes the previous authority delegated on 5 March 2009.

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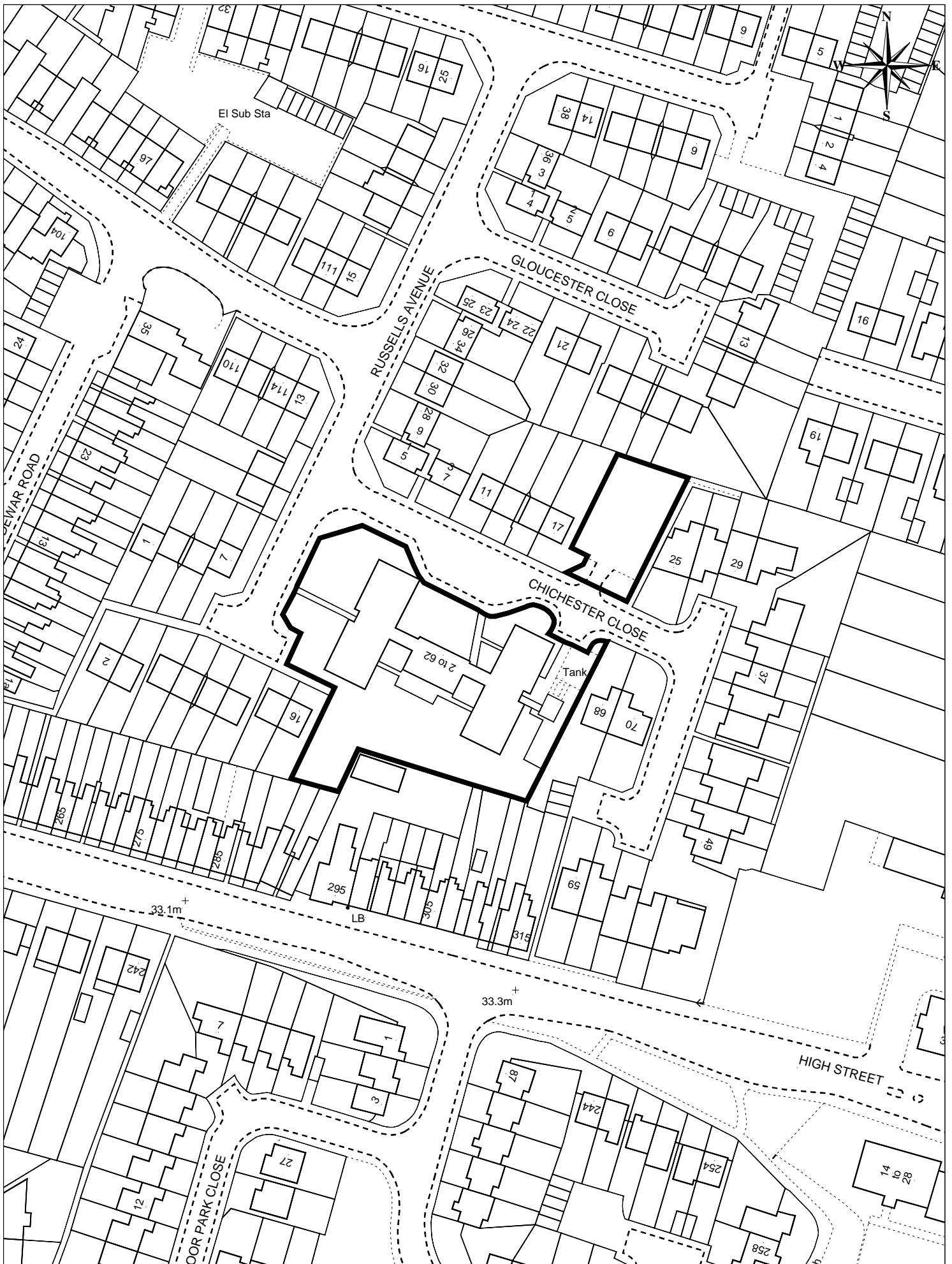
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Background Papers:

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

Various Property disposals, approved by Cabinet on 3 June 2008.

Development of Queen's Court, approved by Council 5 March 2009.



**Queens Court
Chichester Close, Gillingham**



Scale: NTS 07/01/11

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