

## CABINET

22 January 2013

<b>Title:</b> Disposal of Former Mayesbrook Nursing Home, Bevan Avenue, Barking	
<b>Report of the Cabinet Member for Finance</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> Eastbury Ward, Mayesbrook Ward	<b>Key Decision:</b> Yes
<b>Report Author:</b> Adam Wright, Estates Surveyor	<b>Contact Details:</b> Tel: 020 8227 5952 E-mail: adam.wright@lbbd.gov.uk
<b>Accountable Divisional Director:</b> Jonathan Bunt, Divisional Director – Finance	
<b>Accountable Director:</b> Graham Farrant, Chief Executive	
<b>Summary:</b> <p>This report sets out the proposal for the disposal of the Mayesbrook former residential care home, Bevan Avenue.</p> <p>The Council is the freeholder of the property known as Mayesbrook former residential care home, shown for identification purposes on the plan at <b>Appendix 1</b> to this report. The property was previously an operational property with Adult Services, it was used as a care home for the elderly, and has been vacant for approximately five years. The property requires ongoing expenditure by the Council, and is considered surplus to the Council's operational requirements.</p> <p>It is anticipated that the site will support a new housing development. The sale of the property will provide the Council with either a capital receipt, or the provision of housing units to the Council, with no capital receipt, in exchange for the property. The disposal will enable efficiency savings by the cessation of the costs associated to the property, and should enable transformation of the site from a derelict property to a site that is developed to provide new housing within the Borough, in line with Members policy agenda for increasing housing availability.</p>	
<b>Recommendation(s)</b> <p>The Cabinet is recommended to agree:</p> <ul style="list-style-type: none"><li>(i) The disposal of the Council's freehold interest in Mayesbrook former care home, Bevan Avenue, Barking, shown at <b>Appendix 1</b> to this report;</li><li>(ii) To authorise the Chief Executive, in consultation with the Divisional Director of Finance and the Head of Legal and Democratic Services, to negotiate terms for disposal of the freehold interest in the property shown at <b>Appendix 1</b> to this report, for either a capital receipt at the maximum price that can reasonably be negotiated (subject to the proposed sale being at open market value) or the provision of</li></ul>	

housing units to the Council, with no capital receipt, in exchange for the property

- (iii) That the decision to dispose of the property be the subject of a further report to the Cabinet in the light of the offers received.

### **Reason(s)**

Disposal of the property will provide the Council with either a significant capital receipt, or a number of new housing units.

The Council incurs a number of costs from holding the property, and receives no benefit from the property as it is surplus to operational requirements. The proposal will enable efficiency savings in respect of all costs currently paid by the Council that are associated to the property.

The proposal will assist the Council in achieving its Policy House Agenda for a “Better Future” and “make better use of our resources and assets.”

## **1. Introduction and Background**

- 1.1 The Council is the owner of the Mayesbrook former care home, Bevan Avenue shown on the plan at **Appendix 1** to this report. Photographs of the property are shown for Members’ information at **Appendix 2** to this report.
- 1.2 The property was used as a residential care home for the elderly, which ceased at the property in September 2007. The Council has been unable to find a use for the property, and it has remained vacant and surplus to operational requirements from the aforementioned date.
- 1.3 Maintaining the ownership of the property burdens the Council with a number of costs; those costs include maintenance of the property and its grounds and boundaries, security, Council Tax, and utilities. The annual costs to the Council, excluding Council Tax, total £18,300 per annum. The property is band H for Council Tax purposes, and the current annual Council Tax charge is £2,646 for 2012/13. The total costs of ownership of the property are therefore circa £21,000 per annum. The property is considered to be a vulnerable site. Since the property became vacant, the building has deteriorated and has been subject to a number of acts of vandalism, theft, and criminal damage resulting in the building becoming uninhabitable.
- 1.4 Following a site visit with the relevant Cabinet Members, it was expressed that the Council’s freehold interest in the property should be disposed of and that Cabinet authorisation to do so should be sought.
- 1.5 Property Services surveyors have consulted an architect and a surveyor to inform the options for disposal and prepare a marketing strategy with the objective of achieving the best sale price.
- 1.6 Three options for disposal of the site have been identified:
1. To dispose of the site with its existing Planning consent;

2. To dispose of the site with outline Planning consent for residential development;
3. To dispose of the site with full Planning consent for residential development.

To undertake a full planning application would delay the process by approximately six to twelve months. It is recommended that the site should be sold with its existing Planning consent and to be considered suitable for residential development.

- 1.7 Property Services in consultation with Officers of Regeneration, Planning, and Asset Management drafted the '*Brief for the disposal of Mayesbrook (former residential care home), Bevan Avenue – Terms and Conditions*'. This is included at **Appendix 3** of this report.

## **2. Proposal and Issues**

- 2.1 It is proposed that the Mayesbrook former care home, Bevan Avenue is disposed of to enable the Council to obtain either the maximum price that can reasonably be negotiated, subject to the proposed sale being at open market value, or the provision of housing units to the Council, with no capital receipt. It is therefore proposed that the site should be disposed of for a residential scheme (subject to Planning), and that bids are to be invited including three options for the Council to consider;
  - (i). a capital receipt to the Council based on the market value of the site supporting a residential scheme that does not include affordable housing;
  - (ii). a capital receipt to the Council based on the market value of the site supporting a residential scheme that does include affordable housing;
  - (ii). the provision of housing units to the Council, with no capital receipt.
- 2.2 As discussed elsewhere in the report, the sale of the property will enable the Council to make efficiency savings through the cessation of the costs associated with owning the property as identified in the report. The proposal will enable transformation of a site that presently features a derelict building, into a residential development, providing a mixture of dwelling types.

## **3. Options Appraisal**

- 3.1 If Members are in favour of the proposal, the Council has the option to obtain either a capital receipt, or the provision of housing units, with no capital receipt. The Council can reduce its costs by those associated with owning the property (as identified earlier in this report), and enable extra housing provision within the Borough.
- 3.2 The alternative option is for the Council to continue to own the property. This option ensures that the Council continues to incur a number of costs and management liabilities, and as the property is surplus to operational requirements, this option has no real advantages.

## **4. Consultation**

- 4.1 The Cabinet Members for Finance, Housing and Regeneration have been consulted as part of a review of the future options for the site.

- 4.2 Officers within Regeneration, Asset Management and Planning have been consulted in the drafting of this report.

## **5. Financial Implications**

Implications completed by: Martin Henwood, Deputy Chief Financial Officer.

- 5.1 The former Mayesbrook Care Home has no further purpose for the Council as an operational property. As a closed property, it is currently costing the Council almost £21,000 per annum and is at risk from squatters and vandalism.
- 5.2 Disposal of the property will create a capital receipt towards the current capital programme, and remove the current revenue costs. Additional capital receipts will enable the Council to reduce its level borrowing and related charges i.e. interest on borrowing.
- 5.3 Disposal costs, including the marketing strategy, will be included in the final business case options appraisal preceding an agreed sale. Disposal costs of up to 4% can be charged against the capital receipt.
- 5.4 The options appraisal undertaken after bids are received will establish the optimal overall value for money for the Council / taxpayer, consistent with best consideration requirements.

## **6. Legal Implications**

Implications completed by: Evonne Obasuyi, Senior Lawyer

- 6.1 The report is seeking approval for the disposal of the property. The Council is required to obtain best consideration in the disposal of its assets.
- 6.2 The Council has the power to enter into the proposed transaction but must do so in compliance with law and the Council's acquisition and land disposal rules.
- 6.3 The Council's disposal powers are contained in section 123 of the Local Government Act 1972, and Section 1 of the Localism Act 2011 also provides local authorities with a general power of competence.
- 6.4 There are covenants affecting the property and expressed to be for the benefit of the Becontree Estate which restrict use to elderly accommodation purposes and give the London County Council right to first offer of the property in the event of a disposal. It is considered that the benefit of the covenants have passed to this Council as statutory successor to the LCC for housing purposes. The covenants should therefore not prevent disposal.
- 6.5 The Legal Practice should be consulted for advice as to how the land should be disposed of and assistance with the preparation and completion of the necessary legal agreements.

## **7. Other Implications**

- 7.1 **Contractual Issues** - The transaction is a disposal of the Council's freehold interest in a property.

- 7.2 **Safeguarding Children** - A residential development would increase the child population, and will have an impact on school places, health resources, and the number of children referred to social care. Residential development impacts school provision and some provision for new school places should be made.
- 7.3 **Crime and Disorder Issues** - Vacant properties are considered to be vulnerable to vandalism, and illegal occupation.
- 7.4 **Property / Asset Issues** - The property is surplus to operational requirements. The Council has the option to dispose of the property by way of sale of the freehold.

**Background Papers Used in the Preparation of the Report:** None.

**List of appendices:**

- **Appendix 1** - Location Plan
- **Appendix 2** - Photographs of Property
- **Appendix 3** - Brief for the disposal of Mayesbrook (former residential care home), Bevan Avenue – Terms and Conditions