

## CABINET

23 July 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, with an exempt appendix (Appendix 2)</b>	<b>For Decision</b>
<b>Wards Affected:</b> Eastbury Ward, Mayesbrook Ward	<b>Key Decision:</b> Yes
<b>Report Author:</b> Adam Wright, Estate Surveyor	<b>Contact Details:</b> Tel: 020 8227 5952 E-mail: <a href="mailto:adam.wright@lbbd.gov.uk">adam.wright@lbbd.gov.uk</a>
<b>Accountable Divisional Director:</b> Jonathan Bunt, Divisional Director - Finance	
<b>Accountable Director:</b> Graham Farrant, Chief Executive	
<b>Summary</b> <p>The Council has a freehold interest in the former Mayesbrook residential care home site. Due to changing circumstances this is no longer used and there are no other potential operational uses for the site.</p> <p>Cabinet approved the sale of the site on the open market in January 2013, and this report covers the outcome of the process agreed at that meeting.</p> <p>Initial bids were received in May 2013 and the bidders were invited to submit final offers based on specific criteria.</p> <p>This report presents details of the bids received and seeks Cabinet approval to the disposal of the site.</p>	
<b>Recommendation(s)</b> <p>The Cabinet is recommended to:</p> <p>(i) Approve the disposal of the Council's freehold interest in the former Mayesbrook Nursing Home site, Bevan Avenue, shown edged red on the plan at Appendix 1, to the preferred bidder identified in Appendix 2, on the terms set out in the report.</p>	
<b>Reason(s)</b> <p>Cabinet have previously instructed for terms to be negotiated for the disposal of this property. This report is presented at Cabinet setting out offers received so that Cabinet can select a purchaser of the property.</p>	

## **1. Introduction and Background**

- 1.1 The Council is the owner of the former Mayesbrook residential care home, Bevan Avenue, shown on the plan at **Appendix 1** 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 Following a site visit with the Cabinet Portfolio holders, 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.
- 1.4 By Minute 83 (22 January 2013), it was agreed that the property should be disposed of with its existing planning consent and to be considered suitable for residential development.
- 1.5 Cabinet agreed to dispose of the property to obtain either a capital receipt, or the provision of housing units with no capital receipt. An alternative option of continuing to own the property was not selected by Cabinet.

## **2. Proposal and Issues**

- 2.1 Following the marketing by Property Services, a number of bids to purchase the property were received in May 2013. The bidders were subsequently invited to submit final offers in line with the following specific criteria for the housing mix of the site:
  - The development scheme is to be 100% private development, with no affordable housing provision.
  - The scheme to be made up entirely of houses, with no flats.
  - The houses should be a minimum of 3-bedrooms preferably with garage or suitable car parking space; no houses should be less than 3 bedrooms in size.
- 2.2 A summary of the final bids received is presented at **Appendix 2** to this report - as this appendix contains commercially confidential information it is included in the exempt section of the agenda, under the provisions of paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972.

## **3. Options Appraisal**

- 3.1 Members were presented with an options appraisal in the 22 January Cabinet report regarding the marketing of the site.
- 3.2 In respect of the options for the disposal, Appendix 2 sets out the details of the bids for the Cabinet to consider.

#### **4. Consultation**

- 4.1 Full consultation has taken part in respect of the previous report presented at Cabinet on 22nd January 2013. Financial and Legal implications have been reviewed during the consultation of this follow-up report.

#### **5. Financial Implications**

Implications completed by Martin Henwood, Deputy Chief Financial Officer

- 5.1 Disposal of the property will create a capital receipt towards the current capital programme, and remove the associated current revenue costs. Additional capital receipts will enable the Council to reduce its level borrowing and related charges i.e. interest on borrowing.
- 5.2 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.
- 5.3 The financial aspect of the options appraisal could be more complicated within the new local government finance framework, which took effect in April (2013). As well as the price offered by the bidder, allowance has to be taken for the New Homes Bonus generated. This does not change the preferred bidder in this case.
- 5.4 It has been assumed that payments to the GLA relating for the Community Infrastructure Levy (£20 per sq m) and the impact of Council Tax are neutral i.e. do not have an impact on the bids ranking and would be used to fund services to the homes proportionately.
- 5.5 A similar assumption has been made for any S106 receipts as these are subject to negotiation and the starting point, the number of units to be built, is very similar in both options. Therefore any difference would not make a material difference to the comparison of bids.
- 5.6 The analysis of the formal offers made is shown in Appendix 2. Of the compliant bids received, offer 1 is the most financially advantageous to the Council though it does not fully meet the criteria in paragraph 2.1 due to the inclusion of two 2 bedroom coach houses.

#### **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 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 property.

7.2 **Crime and Disorder Issues** - Vacant properties are considered vulnerable to vandalism, and illegal occupation.

7.3 **Property / Asset Issues** - The Council has the option to dispose of the property by way of sale of the freehold, and the costs of ownership will cease on disposal.

7.4 **Planning Issues** – Plans have been provided for Offer 1 and 2 schemes. Both schemes surpass the Council's 40% family housing target and provide one for one car parking. However it is clear even on the basis of the limited information provided that refinements to both schemes, particularly the Offer 2 scheme, are needed in order for them to comply with local planning policies. It is not possible to provide comment on the Offer 3 and 4 schemes as plans were not provided.

## **Background Papers Used in the Preparation of the Report:**

- Cabinet report January 2013 entitled "Disposal of Former Mayesbrook Nursing Home, Bevan Avenue, Barking".

## **List of appendices:**

- **Appendix 1** - Location Plan
- **Appendix 2** - Summary of bids (exempt information)