

**POLICY & RESOURCES
COMMITTEE**

Agenda Item 107

Brighton & Hove City Council

Subject: 251- 253 Preston Road Brighton -Disposal
Date of Meeting: 16th January 2014
Report of: Executive Director of Finance and Resources
Contact Name: Angela Dymott **Tel:** 291450
Officers: Angela.dymott@brighton-hove.gov.uk
Name: Ralph Long **Tel:** 291442
Ralph.long@brighton-hove.gov.uk
Ward(s) affected: Withdean

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 To advise Committee on the outcome of marketing the property for disposal as approved by Cabinet on 8th December 2011 for Workstyles Phase 2 and to seek approval to the grant of a long leasehold interest at a premium.
- 1.2 The disposal would release locked up capital in a declining inefficient asset that has been declared surplus to requirements and the net receipt would support the Workstyles strategy and approved business case.

2. RECOMMENDATIONS:

- 2.1 That approval be given to the disposal of the property on a 150 year lease to Southern Housing for a target capital receipt subject to planning and variation depending on the number of new houses permitted for development on the site.
- 2.2 The detailed terms to be settled by the Executive Director of Finance & Resources and the Head of Law.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The property is located at the junction of Preston Road and Clermont Road near to Preston Park station as shown edged red on the plan in Appendix 1. The building comprises two 4 storey Victorian villas linked by a modern 2 storey extension. It has been in the ownership of the council since Local Government reorganisation in 1997 when it was inherited from East Sussex County Council. The building was originally used as a children's community home. This was changed to a mixed use children's resource centre comprising residential and non-residential social services for children in 1993. Prior to vacation by the council the building was used as offices by the council's Fostering and Adoption teams and Child Protection Unit without residential use. All of the teams within the building were relocated to the Moulsecoomb hub by December 2012.

- 3.2 Following open marketing of the property by appointed agents Cluttons, a total of 13 bids were made by 11 parties, most of which were subject to planning approvals. A shortlist of 5 bidders were invited to interview with a panel made up of Cluttons, DMH Stallard as planning advisors and the responsible surveyor within the Estates Team. The interviewees were assessed on a scoring matrix under 8 headings – Track record, Finance, Financial offer, Planning, Development proposals, Lease terms, Timetable, and Benefits to BHCC. The outcome of this scoring matrix is set out in the table below.

Position	Applicant	Points	Proposed use
First	Southern Housing	375.0	Conversion for 24 flats plus 7 new houses with 40% affordable
Second	Reflections nursery	339.5	Nursery for up to 150 places
Third	Asquith nursery & Cantium	334.0	Nursery for up to 72 places plus 6 apartments & 3 new houses
Joint fourth	Brenchley Civil Engineering	320.5	Conversion to 9 dwellings
Joint fourth	Sussex Central YMCA	320.5	Conversion to 30 x 1 bed studio flats for 18-25 yr olds plus 6 new houses

- 3.3 The preferred bidder and recommended purchaser is Southern Housing who have submitted the highest capital receipt and achieved the highest score. Their proposed scheme involves the refurbishment and conversion of the building to provide 24 apartments and 7 new houses in the rear gardens with 40% affordable. The bid from Southern Housing represents best consideration and is an integral part of the Workstyles Phase 2 budget for which the original approval to the disposal was given in the report to Cabinet on 8th December 2011. There is a range attached to their bid depending on how many houses are permitted by the planning authority to be developed on the site

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 Alternative options were looked at that took into consideration the possibility of other well being economic, social and environmental benefits for the City. However having worked through the cost benefit analysis and business case with Housing and Children's Services there is no evidence that savings would be generated to support the business case for accepting a possible shortfall in the capital receipt. There is also the risk of these options not achieving best consideration and requiring Secretary of State consent which may not be forthcoming and could delay the process.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 Community engagement or consultation is not required for a commercial disposal of a vacant non- operational property. Consultations were undertaken internally with Planning, Finance, Housing, Children's Services and Joint Commissioning.

6. CONCLUSION

- 6.1 The recommendation is to dispose of the long lease to Southern Housing at the highest capital receipt

- 6.2 The capital receipt will contribute to supporting the council's Workstyles Strategy and Capital Investment Programme as approved by cabinet in December 2011.
- 6.3 The vacant building will be brought back into beneficial use through much needed housing in the City, the potential social problems of squatting, vandalism and arson will be minimised, the local environment will be improved and the City's housing stock will be increased.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The disposal of 251-253 Preston Road formed part of the funding resources to implement Workstyles Phase 2 and was reported to Cabinet on 8 December 2011. The net receipt generated from the disposal of the site was to be set aside to support the workstyles strategy with any surplus generated to be added to the corporate capital resources to support the Capital Investment Programme.
- 7.2 The bids submitted offer a range of receipts which are dependent upon how many houses are permitted by the planning authority to be developed on the site. The bid from Southern Housing offers the best potential range of receipts which will enable delivery of the projected capital receipts target.
- 7.3 The bid from Southern Housing would ensure that the funding within the Capital Investment Programme to support workstyles is achieved.

Finance Officer Consulted: Rob Allen

Date: 19/12/13

Legal Implications:

- 7.4 Section 123 of the Local Government Act 1972 ("the Act") enables a local authority to dispose of land held by them provided it achieves the best consideration reasonably obtainable.
- 7.5 Recommendation 2.1 as confirmed by paragraph 3.3. would represent best consideration as required by the Act.
- 7.6 It is not considered that any individual Human Right Act rights would be adversely affected by the recommendations in this report.

Lawyer Consulted: Joanne Dougnaglo

Date: 19/12/13

Equalities Implications:

- 7.7 Refurbishment of the property will allow improvements for disability access to the building.

Sustainability Implications:

- 7.8 Workstyles creates opportunities to reduce the carbon footprint of the Council. Refurbishment of the property will allow sustainability improvements to the building.

Any Other Significant Implications

7.9 None

SUPPORTING DOCUMENTATION

Appendices:

- 1 Plan of site (3.1)
2. Contractual Information – Exempt Category 3 – Not for Publication

Documents in Members' Rooms

None