

# REPORT FOR: **CABINET**

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<b>Date of Meeting:</b>	17 October 2013
<b>Subject:</b>	2013-2014 Property Disposal Programme
<b>Key Decision:</b>	Yes
<b>Responsible Officer:</b>	Caroline Bruce, Corporate Director of Environment and Enterprise
<b>Portfolio Holder:</b>	Councillor Stephen Wright, Portfolio Holder for Property and Major Contracts
<b>Exempt:</b>	No except for Appendix 1 which is exempt from publication under paragraph 3 of part 1 of Schedule 12A to the Local Government Act 1972 (as amended) as it contains information relating to the financial or business affairs of any person (including the authority holding that information)
<b>Decision subject to Call-in:</b>	Yes
<b>Enclosures:</b>	Appendix 1 Exempt information Appendix 2 Location Plans

## **Section 1 – Summary and Recommendations**

This report sets out proposals for the disposal of properties as detailed below

### **Recommendations:**

Cabinet is requested to

- 1) Declare surplus the properties detailed in this report;

- 2) Note the financial implications and projected sale prices detailed in Appendix 1;
- 3) Authorise the Corporate Director of Environment and Enterprise, in consultation with the Portfolio Holder and/or Leader of the Council, to take all action necessary to dispose of the Council's interest in the land and properties detailed for the best consideration that can reasonably be obtained.

**Reason: (For recommendation)**

The disposals will generate a significant capital receipt for the Council, generate a revenue saving and reduce backlog maintenance, thereby fulfilling part of the MTFs Work Stream.

## **Section 2 – Report**

The properties detailed below form part of the Environment and Enterprise Property Review.

The Property Review has identified properties 1 – 12 below as surplus to the Council's requirements and their disposal will deliver a significant capital receipt, reduce backlog maintenance and produce revenue savings. Additionally property No 8, Rayners Lane Library, provides a significant opportunity for re-provision of the Service upon beneficial terms within a refurbished adjacent property.

### **1) 109 Locket Road Harrow HA3 7NY**

This is an ex School caretaker house for Belmont School to be vacated shortly by the retired caretaker. The property is no longer required by the school and comprises a 1930s 3-bed semi-detached house in need of modernisation.

The property is located within a residential street and not situated within the school grounds.

### **2) The Lodge West Harrow Cemetery Clamp Hill Stanmore HA7 3JS**

This is an ex Parks caretaker house adjacent to the West Harrow Cemetery vacant since March 2013 and no longer required. The property is an attractive three-bedroom link-detached property in need of modernisation.

### **3) 51 The Gardens West Harrow HA1 4HE**

This is an ex School caretaker house for Vaughan School shortly to be vacated by a retiring caretaker. The house comprises a 1930s 3-bed semi-detached house in need of modernisation.

The property is located within a residential street and not situated within the school grounds and the headteacher has confirmed that the school has no further use for the property.

#### **Options Considered**

**Option 1- Retain the houses for council use and transfer from General Fund to HRA.** The cost of conversion to HRA Decent Homes Standard would not be economic in relation to market value and the General Fund would receive a substantially higher capital receipt by selling in the open market. The ownership of individual housing units is not a preferred option by registered providers.

**Option 2 - Retain the houses, refurbish and relet in the open market to generate revenue.**

Legal advise that a Local Authority is unable to grant non-secure short-term leases of residential property (other than introductory tenancies): any tenancy of a dwellinghouse would fall under the Housing Act 1985 and create a secure tenancy. Unlike residential properties let on an assured shorthold tenancy which do not materially affect the capital value of the property, the inability to achieve vacant possession of a property with a secure tenant has the effect of reducing its capital value by up to a third. Economically, it would therefore make no financial sense in granting residential tenancies of these properties.

**Option 3 - Sell the houses in the open market.** There is a good market for houses of this type as demonstrated by recent sales by the council. A substantial capital receipt would be obtained with a reduction in backlog maintenance.

#### **Recommendation**

Option 3 is recommended as this will deliver a substantial capital receipt and reduce backlog maintenance and contribute to the council's MTFS.

### **4) Public Lavatories Whitchurch Lane Edgware HA8 6LP**

Single-storey detached public conveniences built in the 1950s on a site of approximately 0.0255ha (0.06 acres) adjacent to a modern block of flats and non-operational for several years.

## **Options Considered**

**Option 1 - Retain the building.** There is no identified alternative Council use for this property. This property is not considered suitable for retention as an investment.

**Option 2 – Sell the Council’s freehold interest.** This would realise a capital receipt and revenue savings as well as reducing backlog maintenance. Subject to planning, the property would be suitable for residential redevelopment.

## **Recommendation**

**Option 2** is recommended as the property is surplus to the Council’s requirements and will generate a capital receipt and revenue savings and contribute to the MTFS.

### **5) 76 Marlborough Hill Harrow HA1 1TY**

A large detached three-storey former house constructed circa 1910, vacant from 1 June 2013 having formerly been in institutional use as a mental health resource centre for the care of people with mental health problems.

July 2012 Cabinet authorised closure of the service in a review on Harrow’s mental health day service.

The site has an area of approximately 0.08 ha (0.2 acres).

## **Options Considered**

**Option 1 - Retain the building.** There is no identified alternative Council use for this property. This property is not considered suitable for retention as an investment.

**Option 2 – Sell the Council’s freehold interest.** This would realise a capital receipt and revenue savings as well as reducing backlog maintenance. The property would be suitable for institutional use or, subject to planning, a residential conversion to flats.

## **Recommendation**

**Option 2** is recommended as the property is surplus to the Council’s requirements and will generate a capital receipt and revenue savings and contribute to the MTFS.

## **6) Bentley Day Care Centre 94 Uxbridge Road Harrow HA3 6DH**

A single-storey building constructed in 1979 having a gross floor area of approximately 744m<sup>2</sup> / 8,000 ft<sup>2</sup> with D1 planning use and in use as a day centre for people with physical disabilities. The site has an area of approximately 0.73 ha (1.8 acres).

July 2013 Cabinet authorised the rationalisation of Adult Day Services and the closure of the Bentley Day Care Centre with the property either retained for an alternative Council use or for disposal.

### **Options Considered**

**Option 1 - Retain the building.** There is no identified alternative Council use for this property. This property is not considered suitable for retention as an investment

**Option 2 - Sell the Council's freehold interest.** This would realise a capital receipt and revenue savings as well as reducing backlog maintenance. The property would be suitable for institutional use or subject to planning low density residential redevelopment given its current green belt designation.

### **Recommendation**

Option 2 is recommended as this will deliver a substantial capital receipt and reduce backlog maintenance and contribute to the council's MTFS.

## **7) Wood Farm Cottage Wood Lane Stanmore HA7 4LJ**

This is a four-bedroom detached house constructed around the turn of the last century adjacent to Wood Farm and Stanmore Country Park. The property is currently let to the developer of Wood Farm until the Country Park is completed in December 2013. At that time, the property is considered surplus to requirements.

### **Options Considered**

**Option 1 - Retain the house for Council use and transfer from General Fund to HRA.** The cost of conversion to HRA use would not be economic in relation to market value and the General Fund would receive a substantially higher capital receipt by selling at auction. The ownership of individual housing units is not a preferred option by registered providers.

**Option 2 - Sell the house in the open market.** There is a good market for houses of this nature as demonstrated by recent sales by the council. A substantial capital receipt would be obtained at auction with a reduction in backlog maintenance.

## **Recommendation**

Option 2 is recommended as this will deliver a substantial capital receipt and reduce backlog maintenance and contribute to the council's MTFS.

### **8) Rayners Lane Library 226 Imperial Drive Harrow HA2 7HJ**

Forms part of a parade of four-storey properties along Imperial Way in mixed use: retail and office on the ground and basement floors with commercial and residential use on the upper floors.

The property has a gross floor area of approximately 788m<sup>2</sup> / 8,500 ft<sup>2</sup>.

## **Options Considered**

**Option 1- Retain the building and the Library Service.** The property is not ideally laid out for a library being over four floors and with limited DDA compliance.

**Option 2 - Relocate the library service and retain the property.** There is no suitable alternative property available for the Library Service in Rayners Lane. There is no identified alternative Council use for this property. This property is not considered suitable for retention as an investment.

**Option 3 - Sell the Property to the adjacent freeholder with re-provision of the Library Service on the ground floor of its building.** This would provide better operational accommodation rent-free and realise a larger capital receipt to the Council in view of the special purchaser status of the adjacent owner and the combined marriage value potential of the two properties. The level of capital receipt is dependent upon the scope of development permitted through a planning consent.

The Library Service has been consulted on the proposal and are broadly in favour; however, this is at an early stage and the Council await further details and plans from the developer. At this stage the Council have not received an offer nor are they committed and have merely expressed an interest in principle so as to encourage the developer to incur professional costs in providing more detailed plans and costings.

It is understood that the terms of the libraries contract does not preclude the ability for the Council to determine any lease for redevelopment purposes.

## **Recommendation**

Option 3 is recommended whereby the property is sold to the owner of the adjacent property subject to re-provision of the Library Service on the ground floor of Talbot House on a 125-year lease at a peppercorn rent and additionally a cash receipt reflecting the residential development potential and marriage value of the combined two buildings' freehold interests.

## **9) 231a Station Road Harrow**

The property is a first and second floor maisonette above a walkway to Greenhill Way car park from Station Road and forms part of a parade of shops on ground floor with residential flats on the two upper floors.

The property, built circa 1910, comprises two-bedroom accommodation which was substantially fire damaged and has remained vacant since then. As a result, it has no services or fixtures internally, is boarded up and will require a complete overhaul including structural work to at least the floors and staircase.

### **Options Considered**

**Option 1 - Retain the flat for council use and transfer from General Fund to HRA.** The cost of conversion to HRA Decent Homes Standard would not be economic in relation to market value and the General Fund would receive a substantially higher capital receipt by selling in the open market. The ownership of individual housing units is not a preferred option by registered providers.

**Option 2 - Sell the houses in the open market.** There is a good market for flats of this nature particularly from local builders. A substantial capital receipt would be obtained with a reduction in backlog maintenance.

### **Recommendation**

Option 2 is recommended whilst retaining the current access at ground level as this will deliver a substantial capital receipt, reduce backlog maintenance and contribute to the council's MTFS

## **10) Site off Elm Park to the rear of 52-58 Church Road Stanmore**

The broadly rectangular site has an area of approximately 0.066 ha (0.165 acres) and has previously had a temporary planning consent as a car park when the site was used for the temporary displacement of a Council tenant from Stanmore MSCP at the time of its demolition.

The site is backland accessed across a vehicular access way privately owned off Elm Park. The site has remained vacant since its temporary use in 2007.

### **Options Considered**

**Option 1 - Retain the site.** There is no identified alternative Council use for this property. This property is not considered suitable for retention as an investment or as a site for the development of a Council operational property.

**Option 2 – Sell the Council's freehold interest.** This would realise a capital receipt and revenue savings, as well as reducing backlog maintenance. The site would be suitable for a small residential or office

development or as a private commercial car park subject to planning consent.

### **Recommendation**

**Option 2** is recommended as the property is surplus to the Council's requirements and will generate a capital receipt, revenue savings and contribute to the MTFS.

### **11) Former Park Keeper's House, Canons Park Donnefield Avenue, Stanmore**

The property is a detached three-bedroom house built in the 1970s.

The property has been adapted and is currently let to the Metropolitan Police as a Police Neighbourhood Unit. They have served notice to terminate their lease in November 2013.

### **Options Considered**

**Option 1 - Retain the houses for council use and transfer from General Fund to HRA.** The cost of conversion to HRA Decent Homes Standard would not be economic in relation to market value and the General Fund would receive a substantially higher capital receipt by selling in the open market. The ownership of individual housing units is not a preferred option by registered providers.

**Option 2 - Sell the houses in the open market.** There is a good market for houses of this nature as demonstrated by recent sales by the council. A substantial capital receipt would be obtained with a reduction in backlog maintenance.

### **Recommendation**

Option 2 is recommended as this will deliver a substantial capital receipt and reduce backlog maintenance and contribute to the council's MTFS.

### **12) Public Lavatories Greenhill Way**

Single storey detached Public Convenience built in 1984 having a gross internal are of approximately 720 ft<sup>2</sup> on a site of approximately 0.11 acres.

Immediately adjacent (to the west) of the site and unaffected by the proposal to dispose are improvements being carried out by the Town Centre Regeneration Project involving the provision of additional car parking bays.

### **Options Considered**

**Option 1 - Retain the building.** There is no identified alternative Council use for this property. This property is not considered suitable for retention as an investment.



**Option 2 – Sell the Council’s freehold interest.** This would realise a capital receipt and revenue savings as well as reducing backlog maintenance. Subject to planning, the property would be suitable for commercial and/or residential redevelopment.

## **Recommendation**

**Option 2** is recommended as the property is surplus to the Council’s requirements and will generate a capital receipt and revenue savings and contribute to the MTFS.

## **Legal Implications**

The Council has the general power under section 123(1) of the Local Government Act 1972 to dispose of land and property in any manner it wishes. The Secretary of State’s consent is not required provided the disposal is for the best consideration that can reasonably be obtained.

The residential properties referred to in this report are not held by the Council for the purposes of Part 2 of the Housing Act 1985.

## **Financial Implications**

There are assumed capital receipts of £12M for 2013/14 and £10M for 2014/15 from the disposal programme as part of the capital MTFS, to finance expenditure in the Council’s capital programme. The proposed disposal of the properties detailed in this report will generate significant capital receipts to the Council in 2013/14 and 2014/15. Up to 4% of the capital receipts can be used to fund direct disposal costs.

It should be noted that some properties listed in this report are currently income-generating; the disposal of these could lead to revenue budget pressure for specific service areas. The pressure will need to be reviewed and addressed on a case-by-case basis and it is anticipated that this will be met corporately. On the other hand, ongoing revenue savings will be expected on premises-related expenditure as a result of the reduction in backlog maintenance liability. Appendix 1 (exempt from publication) provides details of the estimated capital receipts as well as revenue implications relating to the loss of income for relevant properties.

## **Performance Issues**

The proposed disposals contribute to meeting the capital receipt target for MTFS.

## **Environmental Impact**

A number of the properties are currently vacant or will become so. The disposals will result in these properties being brought back into beneficial use or redeveloped. This will remove or prevent potential sources of anti-social behaviour. The proposals do not conflict with relevant environmental legislation and no environmental impact assessments are considered necessary.

The developments resulting from the sale of some of these properties offer the opportunity to build to modern standards with good insulation, renewable energy technologies and efficient heating, heating controls and lighting. This would result in lower carbon emissions and reduced running costs.

Similarly, the developments would seek to install water efficient equipment wherever possible to minimise demand for potable water. This would reduce running costs and help minimise demand for water in an area of the country that is classified as water-stressed by the Environment Agency.

## **Risk Management Implications**

It is a risk that the disposals do not occur within the proposed fiscal time scales.

The anticipated capital receipts may not be achievable if there is a further economic downturn.

The opportunity with respect to the Rayners Lane Library is dependent upon the adjacent owner carrying out his refurbishment proposals to Talbot House and the Council reaching a mutually beneficial negotiated settlement with the developer.

Risk included on Directorate risk register? **No**

Separate risk register in place? **Yes**

Risks are monitored under the monthly Property Review Project

## **Equalities implications**

No equality impact assessment was carried out as the proposal is consistent with Corporate Estate's existing Disposal of Property Policy which has been subject to an equalities impact assessment and which identified no adverse equality impact issues.

### **Section 3 - Statutory Officer Clearance**

Name: Jessie Mann	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 7 October 2013		
Name: Ian Goldsmith	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 7 October 2013		

### **Section 4 – Performance Officer Clearance**

Name: David Harrington	<input checked="" type="checkbox"/>	on behalf of the Divisional Director Strategic Commissioning
Date: 8 August 2013		

### **Section 5 – Environmental Impact Officer Clearance**

Name: Andrew Baker	<input checked="" type="checkbox"/>	on behalf of the Corporate Director (Environment & Enterprise)
Date: 7 August 2013		

### **Section 6 - Contact Details and Background Papers**

**Contact:**

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**Background Papers:** None

**Call-In Waived by the  
Chairman of Overview  
and Scrutiny  
Committee**

**NOT APPLICABLE**

*[Call-in applies]*