
REPORT FOR: CABINET

Date of Meeting:	17 th November 2016
Subject:	Property Disposal Programme 2016-2017
Key Decision:	Yes
Responsible Officer:	Tom McCourt Corporate Director Community
Portfolio Holder:	Deputy Leader Councillor Keith Ferry Portfolio Holder for Business, Planning and Regeneration
Exempt:	No except for Appendix 1 which is exempt under paragraph 3 of Schedule 12A to the Local Government Act 1972 - information relating to the financial or business affairs of any particular person
Decision subject to Call-in:	Yes
Wards affected:	Canons, Edgware, Harrow Weald, Headstone North, Kenton East, Marlborough, Pinner South, Queensbury, Rayners Lane and West Harrow
Enclosures:	Appendix 1 Exempt information

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 estimated sale prices detailed in Appendix 1;
- 3) Authorise the Corporate Director Community, following consultation with the Portfolio Holder for Business Planning and Regeneration, to take all appropriate action to dispose of the Council's interests in the land and properties detailed for the best consideration reasonably obtainable and to continue the review of assets and take actions necessary to maximise the return from these assets.
- 4) Authorise the Corporate Director Community to appropriate the properties listed in this report for any purpose pursuant to the Local Government Act 1972 and to take any steps necessary to implement the disposal programme.

Reason:

The disposals will generate a significant capital receipt for the Council to support service improvements.

Section 2 – Report

Introductory paragraph

In undertaking its Corporate Landlord functions the Community Directorate has undertaken a review of the Council's General Fund Properties.

The asset management strategy adopted for the review requires that surplus properties and those not meeting the Investment Strategy criteria are to be proposed for disposal to maximise on the capital receipt to fund service improvements across the Council. It is to be noted that for the financial years that begin on 1st April 2016, 1st April 2017 and 1st April 2018, Local Authorities can use capital receipts to fund expenditure that is incurred to generate on going revenue savings in the delivery of public services and / or transform service delivery to reduce costs and / or transfer service delivery in a way that reduces costs or demand in future years. Therefore this review and the proposals below are beneficially timely.

The properties listed in this report are no longer required for the purposes for which they are currently held.

1) Former Rayners Lane Library Imperial Drive, Rayners Lane HA2 7JW

Forms part of a mixed use parade of four-storey properties along Imperial Way. All the properties to the north of the property have either been or have prior approval rights for residential redevelopment.

Cabinet in March 2015 authorised the closure of the library and confirmed the property surplus to requirements. The property has been occupied since 17th January 2016 on a short term, temporary rent free basis, by the Meanwhile Foundation, a charitable trust running a start-up work space operation.

Options Considered

Option 1- Retain the building

The Council can retain the building and continue existing arrangements. However the building has a difficult internal layout and is not suitable for an alternative Council Service. The existing occupier does not contribute to repair and maintenance and the building will continue to deteriorate.

Alternatively the Council can retain the building and redevelop it for other purposes including housing. This option does not yield an immediate capital receipt and would need capital funding to undertake any development.

Option 2 - Sell the Property

It is anticipated that there will be strong demand from both owner occupiers and residential developers for the building. This provides an opportunity to maximise the capital receipt.

Recommendation

Option 2 is recommended as it is the option that best meets the asset strategy objective of disposing of surplus property and maximising the capital receipt.

2) Land at Marsh Road Pinner HA5 5PA

The property was formerly used as a surfaced car park by business permit holders only and provides 8 parking bays in total, having an area of approximately 400m² – 0.1(acre).

It is currently vacant with no business permit holders.

Options Considered

Option 1- Retain the land

The property is currently vacant and in view of its size too small for the Regeneration Team to consider within their programme. Alternative uses have been previously reviewed and dismissed.

Option 2 - Sell the Property

The site is surplus to council requirements and is suitable for disposal.

Recommendation

Option 2 is recommended as this maximises the capital receipt.

3) 27/29/31 Masons Avenue Wealdstone HA3 5AH

Single storey building refurbished and converted to provide three industrial units and yard adjacent to and under George Gange Way overpass.

This investment property has three commercial tenants and an advertising hoarding Licensee producing an annual total rent of £50,000 p.a.x.

Options Considered

Option 1- Retain the land

The property provides a good revenue stream and the revenue income of £50,000p.a.x. which meets the objectives of the Council's Investment Strategy criteria and would not ordinarily be recommended for disposal.

Option 2 – Sell the Property to Origin

The sale of the property will facilitate Origin Housing Association's residential redevelopment of Palmerstone Road which in partnership with the Council will provide significant Public Realm improvements.

In the event that Origin does not require the property it is recommended that the property is retained for its investment revenue.

Recommendation

Option 2 – a sale to Origin Housing Association in relation to the adjacent development is recommended.

4) Ruth & Mary Close Stanmore HA7 1HQ

This land is let to a housing association on a ground lease for a term of 99 years from 12th March 1976 with the intention that the site was used for the development of flats and houses.

The total site is approximately 4.91 acres and was developed in the 1970s by the lessee to provide 42 x 2 bed flats and 36 x 3 bed houses.

The commencing rent was £250 per annum and the rent is stepped increasing by £250 pa every 25 years. The current rent of £500 per annum is payable from 2001. The rent will increase to £750 per annum in 2026 and to £1,000 per annum in 2051 payable until expiry in 2075. A premium was paid by the lessee at the commencement of the Lease of £367,500.

59 years of the lease term remains.

Options Considered

Option 1- Retain the land

The Council will retain a minimal income rising to a maximum of £1,000 per annum in 2051 for the remaining unexpired term of 59 years

Option 2 - Sell the Property

It is believed that there would be a strong interest from specific areas of the investment market which would give rise to a significant capital receipt for the Council.

Recommendation

Option 2 is recommended as it is anticipated it will deliver a significant capital receipt.

5) The Hive Camrose Ave, London HA8 6AG

This site is currently leased to Football First on a 125 year ground lease from March 2010 at a peppercorn rent and subject to a community use agreement. It is considered that a sale of the freehold would facilitate the further development and expansion of the first class sporting facilities on this site to the benefit of the Borough as a whole as well as producing a capital receipt.

Options

Option 1 Retain the freehold subject to the existing lease and community use agreement at a nil rent until 2126.

Option 2 Sell the freehold to obtain a significant capital receipt enabling further sports development of the site, the continuation of a community use agreement and seek a share of future development proceeds.

Recommendation

Option 2 is recommended as it maximises the capital receipt.

6) The Lodge Pinner New Cemetery 660 Pinner Road HA5 5RH

This is an ex Park Caretaker house to be vacated shortly.

The house comprises a 1930s 3-bed semi- detached house..

The property is located within Pinner New Cemetery and whilst access is from the within the Cemetery, it is located on the southern boundary and is save for access, self contained

The Local Government Act 1972 specifically disappplies the Cemeteries Clauses Act 1847 and permits the Council to dispose of the land. An appropriation under s.238 of the Town and Country Planning Act 1990 will ensure that a buyer can enjoy the use of the land, where that use has planning permission, irrespective of any ecclesiastical law concerns.

7) 19 Chicheley Gardens Harrow HA3 6QH

This is an ex Park Caretaker house vacated in July 2016. The house comprises a 1970s 3-bed two storey detached house.

8) 45 Warneford Road Harrow HA3

This is an ex School Caretaker house for Kenmore School which is now vacant. The house comprises a 1930s 3-bed detached house.

The property is located adjacent to the School but not within the School grounds.

As an educational property it will require Secretary of State approval to dispose.

The options for the properties listed at numbers (6) (7) and (8) are as follows:

Option 1- Retain the houses for Council use and transfer from General Fund to HRA at best consideration.

The HRA does not have the funds to acquire the properties and the cost of conversion to HRA Decent Homes Standard would not be economic in relation to market value. The ownership of individual housing units is not a preferred option by registered providers.

Option 2- Retain the houses , refurbish and re-let to the HRA

The cost of refurbishment to Decent Homes Standard would be uneconomic by virtue of the level of rents achievable from Council tenants. Additionally

and more significantly, granting tenancies to Council tenants would create secure tenancies pursuant to the Housing Act 1985 and thereby reduce the asset value by 75%, as possession could never be guaranteed.

Option 3 - Sell the houses on 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.

Performance Issues

The proposed disposals meet the assets management strategy.

Environmental Implications

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.

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 post brexit economic downturn.

The disposal of 45 Warneford Road is not granted consent by the Secretary of State.

Risk included on Directorate risk register? **No**, but will be monitored via the Directorate's monthly revenue monitoring processes.

Legal Implications

Section 123(1) of the Local Government Act 1972, provides the Council with the power to dispose of land and property, provided such disposition is made for the best consideration reasonably obtainable. The Secretary of State's consent is not required where the Council obtains such consideration.

Financial Implications

The proposed disposal of assets listed in this report will generate significant capital receipts for the Council. These assets have been reviewed and considered as surplus to Council's requirements in line with the asset management strategy. The indicative values of these assets are shown in the Exempt appendix. It should be noted that the final sale value of individual assets will be subject to a number of factors including market condition. Direct costs associated with the disposal such as legal fees and surveys, up to a maximum of 4% of the capital receipt, can be funded from the capital receipts. The net capital receipts can be used to reduce the borrowing requirements of the Council's capital programme, re-invested into improving the borough's infrastructure or applied under capital flexibilities to transform service delivery as detailed in the introduction to this report.

Some of the properties, if retained, will require on-going repair & maintenance by the Council, therefore the disposal of these can reduce the revenue burden.

The disposal of 27/29/31Masons Avenue and Ruth & Mary Close will result in a loss of rent income currently achieved, of approximately £50k in total. Should any of these be disposed of, the revenue impact will need to be reflected in the Council's MTFS.

Equalities implications / Public Sector Equality Duty

Section 149 of the Equality Act 2010 requires that public bodies, in exercising their functions, have due regard to the need to (1) eliminate discrimination, harassment, victimisation and other unlawful conduct under the Act, (2) advance equality of opportunity and (3) foster good relations between persons who share a protected characteristic and persons who do not share it.

Was an Equality Impact Assessment carried out? - No

There is no requirement to carry out an equalities impact assessment for the property proposals, the subject of this report, because the impact of implementing the proposals has either been cleared by the service provider in the case of closing down a service or is consistent with Corporate Estates existing strategy for the disposal of land and buildings which has been subject to an equalities impact assessment and which identified no adverse equality impact issues.

Council Priorities

The decisions being requested at Cabinet will support the following key aim and Vision of the Council:

Build a Better Harrow – the decisions in this report will lead towards better housing by releasing buildings either capable of conversion to housing or in need of refurbishment which can be better sourced by the private sector.

Be more Business-like and Business Friendly – releasing surplus property not appropriate for adaption for Council use to the private sector for a capital receipt offers opportunities to the local property market whilst reducing significant back log maintenance.

Section 3 - Statutory Officer Clearance

Name: Jessie Man	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 10 th October 2016		
Name: Matthew Dineen	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 10 th October 2016		

Ward Councillors notified:	Yes
EqIA carried out:	NO
EqIA cleared by:	

Section 4 - Contact Details and Background Papers

Contact: Andrew Connell
SM Strategic Asset Management
D/L 0208 424 1259
email: Andrew.connell@harrow.gov.uk

Background Papers: None

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

NOT APPLICABLE

(Call in applies)