

REPORT FOR: **CABINET**

Date of Meeting:	21 July 2011
Subject:	Second Phase Property Disposal Programme 2011/12
Key Decision:	Yes [Over £500k]
Responsible Officer:	Andrew Trehern, Corporate Director Place Shaping
Portfolio Holder:	Councillor Thaya Idaikkadar, Portfolio Holder for Property and Major Contracts
Exempt:	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)
Decision subject to Call-in:	Yes
Enclosures:	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

Recommendations:

- 1) Declare surplus the land and properties detailed in the report and in Appendix 1
- 2) Note the financial implications and projected sale prices detailed in Appendix 1

3) Authorise the Corporate Director Place Shaping in consultation with the Portfolio Holder for Property and Major contracts 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 significant capital receipts for the Council, provide revenue savings and reduce back log maintenance, thereby fulfilling the objectives of the Place Shaping and Property Transformation Work Stream.

Section 2 – Report

The land and properties detailed in this report and in Appendix 1 and shown for illustrative purposes only on the location plans at Appendix 1 and Appendix 2 form part of the Place Shaping and Property Transformation Work stream-Better Deal for Residents Programme: Shaping Harrow for the Future.

This overarching Property Review, has identified these land and properties as surplus and available to deliver capital receipts.

The proposed disposals will generate significant capital receipts, reduce back log maintenance and produce revenue savings.

Honey Pot Lane Clinic

The property is a 1930's constructed three storey detached building let to Harrow PCT and operated as a Health Centre. It is let on a lease for a term of 25 years from 29th November 1993 subject to 5 yearly RPI rent reviews at a passing rent of £7,627 per annum exclusive with effect from 29th November 2008. Local GP partners have expressed interest in providing an upgraded facility to meet increasing local demand, which in part derives from the new Berkley Home Development.

There is some uncertainty regarding the future strategic management of local health services as a result of a developing government policies. It is therefore considered that resolution of the property ownership issue would be helpful to the development of modern locality base health services.

Options Considered

Option 1 Retain the building -There is no prospect of getting vacant possession until 2018 at the earliest however there is no identified

alternative council use for this property and it is not therefore considered suitable for retention until 2018 for an alternative use.

Option 2 Sell the Council's Freehold interest-this would realise a capital receipt and enable a GP consortium to develop an upgraded medical centre for the local community. A restriction to be placed on the freehold title limiting the principal use of the site to the provision of primary medical care and a sale to be subject to the council's consent to the refurbishment/ redevelopment scheme.

Recommendation

Option 2 is recommended as it will generate a capital receipt and revenue savings and contribute to the MTFs whilst enabling the provision of an enhanced GP led medical centre safe guarding the principal future use of the site to the provision of primary medical care.

Belmont Health Centre

The property is a 1970's constructed two storey detached building let to Harrow PCT and operated as a Health Centre and GP practice. A ground lease was granted by the Council to what is now the PCT for a term of 99 years from 25th December 1977 at a peppercorn to build the Health Centre. Additionally an 80 Year Licence was granted from 25th December 1977 for use of part of the adjacent public car park at a current passing licence fee of £6,500 per annum with effect from 25th December 2002. Interest has been expressed by local GP partners in the possibility of creating an enhanced Medical facility to serve the community.

There is some uncertainty regarding the future strategic management of local health services as a result of a developing government policies. It is therefore considered that resolution of the property ownership issue would be helpful to the development of modern locality base health services.

Option 1 Retain the building - There is no prospect of getting vacant possession of either the building or that part of the car park on Licence until expiry of the Agreements a minimum of 65 and 46yrs respectively at the earliest. There is no identified alternative council use for this property either currently or forecast in the future and it is not therefore considered suitable for retention.

Option 2 Sell the Council's Freehold interest- Which will generate a capital receipt as well as enabling the provision of a GP led enhanced medical centre for the community. A restriction to be placed on the freehold title limiting the principal future use to the provision of primary medical care.

Recommendation

Option 2 is recommended as it will generate a capital receipt and revenue savings and contribute to the MTFs as well as facilitating the provision of an enhanced Medical Centre. The principal future use to be safe guarded

for the provision of primary medical care by placing a restriction on the freehold title.

Enterprise House

This building, at 297 Pinner Road used to be the West Harrow Library building. After this it was occupied by Harrow in Business (HIB). The Council has provided for office accommodation for HIB as part of the business development facility (incubator and move on space) at Berkeley Homes Honey Pot Lane site as part of Section 106 agreement. Berkeley Homes will shortly give formal notice to the Council as to when the new HIB office will be available. At this point, and not before, the Council will give a minimum of 12 weeks notice to HIB to vacate Enterprise House and move to the new facility. Thereby providing them with adequate time. The HIB Board have been aware of this arrangements for many years and the Chairman for HIB has had detailed discussions directly with Berkeley Homes over a considerable period of time.

Enterprise House occupies a broadly rectangular site fronting Pinner Road. Adjacent to the property to the west is 301 Pinner Road, a Housing Revenue Account (HRA) property comprising 12 flats, two of these flats have been sold under the Right to Buy process. This property is "L" shaped wrapping around the west and southern boundaries of Enterprise House with the building located in the upright of the "L". To the rear of this property is 307 Pinner Road which is accessed along a roadway to the west of 301 Pinner Road and is occupied by Hearn's Depot, a coach company.

Hearn's have expressed an interest in purchasing Enterprise House, but only on the basis that they could also acquire the HRA land in between which would enable them to link their property with Enterprise House. This land is laid with grass. Their rationale behind this is that they could operate their entire business more efficiently from one site rather than the three sites they currently use.

In 2008 a consultation was held with the 10 tenants and 2 leaseholders at 301 Pinner Road regarding the potential sale of the land between Enterprise House and the Hearn Depot. At this time no objections were raised by the occupants of 301 Pinner Road regarding the potential sale of this area of open land.

Should Hearn's continue to be interested in Enterprise House on the basis that they can acquire the HRA land a further consultation exercise will have to be undertaken with the residents regarding the proposed sale. The Council is of the view that the opportunity to conclude a sale with Hearn's may provide the best consideration for the land as the company is a special purchaser since it occupies adjoining land. Furthermore the sale will support a Harrow business allowing it to operate more efficiently.

Should a sale to Hearn's not be achievable or at a figure representing a premium to market value authority is also sought to dispose of the property on the open market.

Concern over workforce parking has been raised and will be considered as part of the actions to manage the disposal.

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 back log maintenance.

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.

Financial Implications

The sale of land and properties will generate a significant capital receipt to the council within the 11/12 financial year, producing revenue savings in subsequent financial years and a reduction in back log maintenance liability. The schedule in Appendix 1 details the estimated projected receipts.

The Council anticipates generating a capital receipt of £13.580m from phase 1 and 2 disposals listed in Appendix 1 this year against a full year planning assumption of £11.788m

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 they wish. The Secretary of State’s consent is not required provided the disposal is for the best consideration that can reasonably be obtained.

Performance Issues

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

These proposals do not impact directly on any individual performance indicators.

The disposals are identified as part of the overarching property review a project within the Place Shaping and Property transformation work stream Better Deal for Residents Programme ; Shaping Harrow for the Future

The disposals programme will contribute to the Council meeting all its corporate priorities

- Keeping neighbourhoods clean, green and safe

- United and involved communities: A Council that listens and leads
- Supporting and protecting people who are most in need
- Supporting our Town centre, our local shopping centres and businesses

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 budgetary time scales

The anticipated capital receipts may not be achievable if there is further economic down turn or a delay in the Governments new legislation in respect of the NHS

Significant work has already been carried out on this disposal project to minimise the risk of delay as far as possible if approval is granted by Cabinet to proceed

Risk included on Directorate risk register? No

Separate risk register in place? Yes

Risks are monitored under the monthly Property Review Project

Equalities implications

The proposals are consistent with Corporate Estate's existing Disposal of Property Policy which has been subject to an Equalities Impact Assessment and which identified the policy to have no adverse equality impact issues. It is not envisaged that the disposals of the Council's freehold interests in Honey Pot Lane Clinic and Belmont Health Centre will have any detrimental impact on groups and individuals using the services offered from those properties as the disposals would be made to GP Consortia for them to facilitate future healthcare provision. Development of those services in the future would be a matter for the GP Consortia. The services are currently commissioned by the PCT.

Section 3 - Statutory Officer Clearance

Name: Kanta Hirani	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 08/07/2011		
Name: Matthew Adams	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 07/07/2011		

Section 4 – Performance Officer Clearance

Name: Martin Randall

On behalf of Divisional
Director
Partnership,
Development and
Performance

Date: 17/06/2011

Section 5 – Environmental Impact Officer Clearance

Name: John Edwards

on behalf of the
Divisional Director
(Environmental
Services)

Date: 13/06/2011

Section 6 - Contact Details and Background Papers

Contact: Philip Loveland-Cooper, Head of Corporate Estate, Place Shaping Directorate

Philip.Loveland-Cooper@Harrow.gov.uk

Tel:020 8424 1877

Background Papers: None

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

NOT APPLICABLE

[Call-In applies]