

Item No. 12.	Classification: Open	Date: 9 March 2021	Meeting Name: Cabinet
Report title:		Strategic property purchase: Stork On The Hill Midwifery Centre, Blanchedowne, Denmark Hill	
Ward:		Champion Hill	
Cabinet Member:		Councillor Stephanie Cryan, Council Housing	

FOREWORD – COUNCILLOR STEPHANIE CRYAN, CABINET MEMBER FOR COUNCIL HOUSING

We have the opportunity to purchase a site that will help deliver our commitment to build 11,000 new council homes. The site we are looking to purchase is home to Stork on the Hill Midwifery Centre. Buying this property means that we will be able to build new council homes as well as providing space on the ground floor for a medical centre.

With 14,000 households in need of a council home this site will help to provide much needed new council homes and will provide a new home to some of our residents who have are currently living in overcrowded homes, fleeing domestic abuse or need to move for medical reasons, amongst others. For every new council home we build there are residents who are able to move in and have a place to call home.

As with all of our new council homes, we want to work with the local community to help shape the plans and build the homes that people need. This site gives the opportunity to work with residents to ensure their voice is heard in the design and build process to deliver exemplary new council homes.

RECOMMENDATIONS

That Cabinet:

1. pursuant to s17 of the Housing Act 1985 the council acquires the freehold interest in the land edged red on the plan at Appendix A in accordance with the principal terms set out substantially in paragraph 15 of this report and fully in paragraph 3 of the closed version of the report
2. delegates to the director of regeneration authority to agree detailed terms of the transaction.

BACKGROUND INFORMATION

3. Stork on the Hill Midwifery Centre is shown edged red on the plan at Appendix A of this report. It comprises a single storey brick and tile building dating from approximately 1996 and was until last year used as

a general practice doctor's surgery and clinic. The surgery use moved to the new Tessa Jowell Health Centre in East Dulwich and since then the property has been occupied by Kings College Hospital as a community midwifery clinic.

4. The freehold interest in the property is held by Denmark Hill Property Limited ("DHPL"). It is subject to a lease held by NHS Property Services Limited for a term of thirty years from 7 September 1995 at an annual rent. The lease is let on full repairing and insuring terms which effectively relieves the freeholder of any responsibility for the property. There is an under-lease in favour of Kings College. Cabinet will note that the lease will expire in less than five years time enabling DHPL to gain possession of the site. However the lease and under-lease have been subject to variations that may enable the freeholder to break the lease for redevelopment or the freeholder may need to apply to court for termination of the lease on the grounds of redevelopment.
5. Discussions have taken place with DHPL resulting in the council having the opportunity to purchase the property.

KEY ISSUES FOR CONSIDERATION

6. The council (through its Housing Revenue Account) is the predominant land owner in Blanedowne and the purchase of the subject property offers the opportunity to consolidate its ownership here.
7. In principle the property could in the future be redeveloped to reprovide the existing use or similar with housing above. This is subject to such a scheme complying with relevant planning policy.
8. Should the council purchase the property it will receive an income from it providing a return on the capital invested but this income is only assured until the lease expires in four years time.
9. On 28 November 2018 council assembly approved the current Council Plan. This sets a number of commitments to our community including *A Place to Belong*; one of the undertakings to meet this commitment is to *Build at least 1,000 more council homes.....by 2022*. Purchase of the subject property offers an opportunity to provide add a site to the council's portfolio to built new homes.

THE COUNCIL'S ASSET MANAGEMENT PLAN

10. On 19 January 2021 cabinet approved a refreshed Asset Management Plan ("AMP") part of which included an investment strategy. The purpose of the Plan is to align asset related decision making to the council's corporate priorities. This applies equally to existing assets and deciding whether to acquire new ones.

11. Section 6 of the Plan addresses Investment and Land Acquisition Strategy. It provides the following strategic criteria:
- Affordable housing supply
 - Securing economic and infrastructure investment
 - Securing sustainable, high-quality employment opportunities
 - Delivering a sustainable response to the climate emergency.
12. The purchase of the subject property will provide an opportunity to provide new social housing and the resultant construction work will secure economic investment and employment and the new homes provided can contribute to responding to the climate emergency. The proposal therefore fulfils the strategic criteria of the AMP.
13. The AMP then sets a four stage evaluation for possible purchases covering:
- ◆ Strategic fit/focus
 - ◆ Feasibility
 - ◆ Value for money/risk
 - ◆ Maximisation of opportunity.
14. Proposed purchases are then assessed against a matrix and must score at least 50/100. The assessment matrix for the subject property is set out at Appendix B to this report and scores 87.5/100. Cabinet is therefore assured the proposed purchase will be in keeping with the AMP. The Council's Asset Investment Board has considered the proposed purchase and recommends that it be pursued.

PRINCIPAL PURCHASE TERMS

15. (a) The council acquires the freehold interest in the property subject to the lease held by NHS Property Services Limited.
- (b) The parties meet their own costs of the transaction.
- (c) The council pay the consideration set out in paragraph of the closed report.

RATIONALE FOR RECOMMENDATIONS

16. ◆ To enhance the council's asset base.
- ◆ To provide an opportunity to deliver a Council Plan commitment namely additional social housing.

Community impact statement

17. The Council Plan was the subject of extensive community consultation. The recommendations herein further the delivery of the *A Place to Belong* commitment set out in the Plan.
18. The Equality Act 2010 requires the council in the exercise of its functions to have due regard to the need to:
 - a) eliminate discrimination
 - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
 - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
19. Relevant protected characteristics for the purposes of the Equality Act are:
 - Age
 - Civil partnership
 - Disability
 - Gender reassignment
 - Pregnancy and maternity
 - Race
 - Religion or belief
 - Sex and sexual orientation.
20. In considering the recommendations herein the cabinet must have due regard to the possible effects of them on any groups sharing a protected characteristic in order to discharge its public sector equality duty. This is an ongoing obligation.
21. If the recommendations set out are approved, there will be no immediate impact as the existing use of the property will continue. In the future, if the use of the building is to change as a consequence of council action, there will need to be a review of the public sector equality duty taking into account the implications on protected characteristics arising from the action.

Financial implications

22. The acquisition of the property will utilise capital resources but will provide an income for the duration of the lease set out in paragraph 4. Further details are set out in the closed version of this report.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Governance

23. Section 17(1)(b) of the Housing Act 1985 states that a local housing authority may acquire houses, or buildings which may be suitable as houses, together with any land occupied with the houses or buildings.
24. There are adequate powers available to the council to acquire the property for housing.
25. The report comments that the acquisition is in accordance with the Asset Management Plan. It may well be the case that a future use for the site will be for social housing which would make provision for those members of society in greater need of housing. The report makes reference at paragraph 21 that the Public Sector Equality Duty will be considered further at that stage in order to ensure that the requirements of the Equality Act 2010 will be complied with

Strategic Director of Finance and Governance (H&M 20/138)

26. Acquisition of the of the Stork on the Hill Midwifery centre will enable the council to consolidate its land ownership in the area. Paragraphs 4 to 18 of the closed report set out how the proposed consideration has been determined and how it represents value for money for the council. The acquisition is subject to the director of regeneration agreeing detailed terms and the cost will be met from resources supporting the council's Housing Investment Programme, which may include borrowing where appropriate.

Strategic Director of Housing and Modernisation

27. The site may offer the opportunity to develop much needed new affordable homes, of which 50% on the council rented homes will be available to local residents in housing need. Any homes developed will assist in meeting the long term target to build 11,000 new Council homes by 2043.

BACKGROUND DOCUMENTS

Background Papers	Weblink
Council Plan 2018/9 – 2021/22	Link (please copy and paste into browser): http://moderngov.southwark.gov.uk/documents/s78763/Report%20Council%20Plan.pdf
Refreshed Asset Management Plan report and Appendix I Part 1 approved by Cabinet on 19 January 2021	Links (please copy and paste into browser): http://moderngov.southwark.gov.uk/documents/s92966/Report%20Corporate%20Asset%20Management%20Plan.pdf http://moderngov.southwark.gov.uk/documents/s92967/Appendix%201%20Asset%20Management%20Plan%202021%20Managing%20Assets%20Through%20Recovery%20and%20Change%20-%20Part%201.pdf

APPENDICES

Appendix	Title
Appendix A	Stork On The Hill Midwifery Centre Denmark Hill plan
Appendix B	Stork On The Hill Midwifery Centre assessment matrix

AUDIT TRAIL

Cabinet Member	Councillor Stephanie Cryan, Council Housing		
Lead Officer	Eleanor Kelly, Chief Executive		
Report Author	Patrick McGreal, Regeneration North		
Version	Final		
Dated	24 February 2021		
Key Decision?	Yes		
CONSULTATION WITH OTHER OFFICERS/CABINET MEMBER			
Officer Title		Comments Sought	Comments included
Director of Law and Governance		Yes	Yes
Strategic Director of Finance and Governance		Yes	Yes
Strategic Director of Housing and Modernisation		Yes	Yes
Cabinet Member		Yes	Yes
Date final report sent to Constitutional Team			25 February 2021