

<b>Decision Taker:</b>	Strategic Director of Finance
<b>Date:</b>	10 July 2024
<b>Report title:</b>	Disposal of freehold vacant property at 121 Chatham Street, SE17 1PA
<b>Ward(s) or groups affected:</b>	North Walworth Ward
<b>Classification:</b>	Open
<b>Reason for lateness (if applicable):</b>	Detailed due diligence into impediments to sale have taken longer than first expected.
<b>From:</b>	Mark Grant Head of Property

### **RECOMMENDATION(S)**

1. That the Strategic Director of Finance authorises the disposal of the property at auction.
2. That the Strategic Director authorises the Head of Property to determine the appropriate reserve price.

### **BACKGROUND INFORMATION**

3. This property is held in the housing revenue account and has been declared as a void, being not fit for purpose and uneconomic to be brought back into use as an affordable home.
4. The property is to be sold with the net receipts used to support the financing of the Council's Housing Investment Programme.

### **KEY ISSUES FOR CONSIDERATION**

5. Auctioneers have provided an informal estimate of value assuming continued residential use and without the benefit of any planning advice.
6. Authority to sell is delegated to the Head of Property in individual cases where the sale price is below £3,000,000. Based upon the advice given by the auctioneers and other research undertaken, it is considered that the sale price of the property will remain within that delegated limit.

### **Policy framework implications**

6. The Council has a void disposal policy as agreed by Cabinet in December 2020. This is attached at appendix 1 for reference. The sale of this property is fully compliant with that policy.

- 7 The Housing Investment Programme (HIP) is financed in part by capital receipts including those from void disposals of voids and other surplus assets. Receipts generated will be ring fenced for the HRA and reinvested in the estate and will help fund the Council's new homes build programme.
- 8 Properties submitted for disposal are generally in poor condition and are a financial burden on the HRA for their upkeep and maintenance. The properties referred often have inherent long term defects that are not cost effective to maintain. These type of properties often become complex complaints and are prone to becoming legal disrepair claims which are expensive to settle and resource intensive to manage. The properties are generally poorly insulated, energy inefficient and conducive to problems with damp. They are also prone to have other complications such as poor internal layouts, fire safety concerns for compartmentation breaches and designs that put them at greater risk in the event of a fire.
- 9 Cabinet approved on 6 February 2024 to raise the delegated authority of leasehold or freehold interests in property and land from £750K to £3M. The sale of this property and its approval via delegated is compliant with that new threshold.
- 10 For marketing purposes a guide price has been set at £725,000. As outlined under the recommendations reserves will be set just prior to auction when market intelligence will be used to ensure that the reserves reflects market interest and that the property is not undersold ensuring our statutory duties are met

## **Community, equalities (including socio-economic) and health impacts**

### **Community impact statement**

11. The sale of this property will generate a capital receipt which will be re-invested in the housing estate for the benefit of it tenants and assist in the funding of new Council homes for the benefit of the community. It will also bring a vacant property back into beneficial use.

### **Equalities (including socio-economic) impact statement**

#### **Health impact statement**

12. There are no Health impacts in regard to this disposal.

### **Climate change implications**

13. There are no climate change implications save as to the works that will likely be taken by a purchaser to make the property habitable and fit for purpose in accordance with building regulations.

### **Resource implications**

14. The disposal of this property will bring in a much needed capital receipt to support the financing of the HRA's Housing Investment programme. The property has been declared surplus to the Council's requirement and declared unfit for any operational purpose including affordable housing.
15. If the Council invested in making this property safe and accessible it would still not offer modern, fit for purpose accommodation for an affordable home. The sums required would not represent best value.
16. Disposal costs, which comprise reasonable incidental management and legal charges as well as sales and marketing costs, will be met from the sale receipt.
17. There are no other risks or costs involved save as those highlighted in the disposal process.

### **Consultation**

18. There has been no specific consultation required

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Head of Procurement**

19. There are no procurement issues in respect of this disposal.

### **Assistant Chief Executive, Governance and Assurance**

20. Section 1 of the Localism Act 2011 grants Councils a general power of competence whereby a local authority has the power to do anything that individuals generally may. However, that power does not enable a local authority to do anything which it is unable to do by virtue of a pre-commencement limitation. Section 32 of the Housing Act 1985 is a pre-commencement statute which imposes limitations on the Council's power of disposal.
21. The Property is a housing void and is held in the Council's Housing Revenue Account. As such, the decision maker is advised that section 32 of the Housing Act 1985 and The General Housing Consents 2013 ("General Consents") is relevant to the proposed disposal of the Property. The General Consents, state at "A3.1.1 A local authority may, subject to paragraph 3.1.2, dispose of land for a consideration equal to its market value". None of the exceptions in paragraph 3.1.2 applies here and the Council is able to dispose.

Under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 – 28 days notice needs to be given before the decision is taken, Regulation 9(2). However, this is subject to Regulation 10 (General exception) and 11 (Cases of special urgency), Agreement from the Chairman of the Overview and Scrutiny Committee is needed in cases of special urgency and the Council need to comply with the

notice and publishing requirements.

22. It is noted in this report that professional opinions have been sought from the auctioneer as to the market value of the Property.
23. The decision maker is therefore advised that authority to dispose of the Property may be delegated to the Head of Property so long as the requirements for best consideration are met.

**Strategic Director, Finance (H&M 24/022)**

24. This report is requesting the decision maker to note that 121 Chatham Street, SE17 1PA (the 'Property') was confirmed as a void property on the basis that it was not fit for purpose and that it was uneconomic to carry out necessary works to be made so.
25. This report is also requesting the decision maker to delegate the disposal of the Property to the Head of Property at auction and to authorise the Head of Property to determine the appropriate reserve price. This will be subject to ensuring arrangements are in place and are applied to ensure best consideration is achieved.
26. The financial implications section explains that any investment in this property is not advisable.
27. The Strategic Director of Finance notes that the property has been declared surplus due to being uneconomic to repair. It is also noted that professional advice has been sought from the auctioneers and to assess the market value of the property and setting a realistic reserve price.
28. It is noted that the net receipt will be returned to the HRA following the deduction of all costs relating to the sale of the property. Including sales and professional fees, repairs and enabling works, security, rates and taxes and any other relevant costs.

**FOR DELEGATED APPROVAL**

**PART A – TO BE COMPLETED FOR ALL DELEGATED DECISIONS**

Under the powers delegated to me in accordance with the Council's constitution, I authorise action in accordance with the recommendation(s) contained in the above report (and as otherwise recorded in Part B below).

Signature:



Designation: Director of Corporate Finance

Date: 10<sup>th</sup> July 2024

**PART B – TO BE COMPLETED BY THE DECISION TAKER FOR:**

- 1) All key decisions taken by officers (including contract reports)
- 2) Any non-key decisions which are sufficiently important and/or sensitive that a reasonable member of the public would reasonably expect it to be publicly available (see paragraph 41 of the guidance).

<b>1. DECISION(S)</b>
The approval to disposal of the property to the Head of Property at auction including the setting of the appropriate reserve,

<b>2. REASONS FOR DECISION</b>
This property is held in the housing revenue account and has been declared as a void being not fit for purpose and uneconomic to be brought back into use as an affordable home.  The property is to be sold with the net receipts being returned to the HRA to support the Housing Investment Programme.

<b>3. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED BY THE OFFICER WHEN MAKING THE DECISION</b>
Prior to being declared void the property was assessed as to whether it would be viable to be brought back into housing stock. Being uneconomic the capital receipt from a sale was the only option as the alternative is to hold vacant with significant revenue costs and depletion of the value of the asset.

<b>4. ANY CONFLICT OF INTEREST DECLARED BY ANY CABINET MEMBER WHO IS CONSULTED BY THE OFFICER WHICH RELATES TO THIS DECISION (IF APPLICABLE)*</b>
None

\*Contract standing order 4.5.1 states that for contracts with an Estimated Contract Value of over £100,000, the lead contract officer (LCO) must consult with the relevant cabinet member before a procurement strategy is implemented.

<b>5. NOTE OF ANY DISPENSATION GRANTED BY THE MONITORING OFFICER, IN RESPECT OF ANY DECLARED CONFLICT OF INTEREST</b>
<i>If a decision taker or cabinet member is unsure as to whether there is a conflict of interest they should contact the legal governance team for advice.</i>
None

**6. DECLARATION ON CONFLICTS OF INTERESTS**

**I declare that I was informed of no conflicts of interests.**

**7. CONSIDERATION GIVEN TO WHETHER AS A NON-KEY DECISION, THIS DECISION SHOULD BE FORWARDED TO THE CONSTITUTIONAL TEAM FOR PUBLICATION IN ACCORDANCE WITH REGULATION 13(4)\***

*The decision taker should consider whether although a non-key decision, the decision is sufficiently important and/or sensitive that a reasonable member of the public would reasonably expect it to be publicly available. Where there is any doubt, having considered the importance and/or sensitivity of a decision, it should be deemed that Regulation 13(4) would apply.*

**I consider that the decision be made available for publication under Regulation 13(4).**

\* Under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, the Council is required to put in place a scheme for recording and publishing some officer executive decisions. This process is sometimes referred to as "Regulation 13(4)".

**BACKGROUND DOCUMENTS**

None

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<b>Background Papers</b>	<b>Held At</b>	<b>Contact</b>
None		

**APPENDICES**

<b>No.</b>	<b>Title</b>
1	Cabinet Report, Review of Void Disposal Strategy Report: 2024-25 Budget and MTFs update including capital programme refresh dated December 2020
2	Cabinet Report, Policy and Resources Strategy Report: dated 6 February 2024

## AUDIT TRAIL

*This section must be included in all reports.*

<b>Lead Officer</b>	Clive Palfreyman, Strategic Director of Finance	
<b>Report Author</b>	Mark Grant, Head of Property	
<b>Version</b>	Final	
<b>Dated</b>	9 July 2024	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments Included</b>
Assistant Chief Executive, Governance and Assurance	Yes	Yes
Strategic Director of Finance	Yes	Yes
List other officers here		
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>	10 July 2024	