

Decision Taker:	Strategic Director of Finance
Date:	10 July 2024
Report title:	Disposal of freehold vacant property at 2 Woodwarde Road and 364-366 Lordship Lane, SE22
Ward(s) or groups affected:	Dulwich Village Ward
Classification:	Open
Reason for lateness (if applicable):	Detailed due diligence into impediments to sale have taken longer than first expected.
From:	Mark Grant Head of Property

RECOMMENDATION(S)

1. That the Strategic Director of Finance authorises the disposal of the above 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 vacant commercial property investment, being not fit for purpose and uneconomic to be brought back into use.
4. The property is to be sold and 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 existing 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

7. This property was previously let as a bank and held as an income producing investment. The building is vacant and in poor condition with a history of squatting requiring court action to gain vacant possession. Currently permanent security and other holding costs are creating a significant financial burden on the HRA.

- 8 The Housing Investment Programme (HIP) is financed in part by capital receipts including those from void disposals 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.
- 9 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.
- 10 Cabinet approved on 6 February 2024 to raise the delegated authority of leasehold or freehold interest in property or land from £750K to £3M. The sale of this property and its approval via delegated is compliant with that new threshold.
11. For marketing purposes a guide price has been set at £975,000. 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

8. The sale of this property will generate a capital receipt which will be re-invested in the housing estate for the benefit of its 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

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

Climate change implications

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

Resource implications

15. 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.

16. If the Council invested in making this property safe and accessible it would still not offer modern, fit for purpose accommodation. The sums required would not represent best value.
18. Disposal costs, which comprise reasonable incidental management and legal charges as well as sales and marketing costs, will be met from the sale receipt.
19. There are no other risks or costs involved save as those highlighted in the disposal process.

Consultation

20. There has been no specific consultation required.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

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

Assistant Chief Executive, Governance and Assurance

22. 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.
23. The Property is a vacant commercial property but is held in the 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 the 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.
24. 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.

Strategic Director of Finance (H&M 24/016)

26. This report is requesting the decision maker to note that the Property was confirmed as a vacant commercial property on the basis that it was not fit for purpose and that it was uneconomic to carry out works to be made so.
27. 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.
28. The financial implications section explains that any investment in this property is not advisable.
29. The Strategic Director of Finance notes that the property has been declared surplus due to it being uneconomic to repair. It is also noted that professional advice has been sought from the auctioneers to assess the market value of the property and setting a realistic reserve price.
30. 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 and will be used to fund the Council's Housing Investment Programme

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: 10th 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).

1. DECISION(S)

The approval to disposal of the property to the Head of Property at auction including the setting of the appropriate reserve,

2. REASONS FOR DECISION

This property is held in the housing revenue account and has been declared as a vacant commercial property being not fit for purpose and uneconomic to be brought back into use.

The property is to be sold with the net receipts being returned to the HRA to support the Housing Investment Programme.

3. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED BY THE OFFICER WHEN MAKING THE DECISION

Prior to being declared vacant the property was assessed as to whether it would be viable to be brought back into use. 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.

4. ANY CONFLICT OF INTEREST DECLARED BY ANY CABINET MEMBER WHO IS CONSULTED BY THE OFFICER WHICH RELATES TO THIS DECISION (IF APPLICABLE)*

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.

5. NOTE OF ANY DISPENSATION GRANTED BY THE MONITORING OFFICER, IN RESPECT OF ANY DECLARED CONFLICT OF INTEREST

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.

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

5. None

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
1	Cabinet Report, Policy and Resources Strategy Report: dated 6 February 2024

AUDIT TRAIL

This section must be included in all reports.

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