

Item No. 11.	Classification: Open	Date: 19 April 2011	Meeting Name: Cabinet
Report title:		Disposal of 51 Lorrimore Road, Walworth, SE17 3LX	
Ward:		Newington	
Cabinet Member:		Councillor Richard Livingstone - Finance, Resources and Community Safety	

FOREWORD – COUNCILLOR RICHARD LIVINGSTONE, CABINET MEMBER FOR FINANCE, RESOURCES AND COMMUNITY SAFETY

1. This report proposes the sale of the old Duke of Sutherland pub on Lorrimore Road. The council owns the freehold on this property as an investment property on the housing revenue account. However the property has been vacant for over a year and is unlikely to be let again as a pub and as a result is now a drain on the housing revenue account. Sale of the premises will provide a return that the council will be able to invest in helping to make every council home warm, safe and dry.

RECOMMENDATIONS

That Cabinet agrees:

2. 51 Lorrimore Road (The Property) be sold on the open market subject to the council discharging its obligation to obtain the best consideration that can be reasonably obtained.
3. To delegate authority to the Head of Property to market the Property and agree detailed terms for its sale.

BACKGROUND INFORMATION

4. The Property is shown edged red on the plan at Appendix A. It comprises a former public house known as the Duke of Sutherland. It is a two (rear) and three storey (Lorrimore Road frontage) building dating from Victorian times. There is a basement that extends to the full footprint of the building. There is a small rear yard. As well as providing ground floor bar accommodation there are six bedrooms, a kitchen and ablution facilities on the upper floors. It is however generally in a run down condition and in need of substantial investment to meet current day aspirations in both public house and living accommodation terms.
5. The council holds the freehold interest of the Property. The interest is not subject to any leases or licences. It is currently occupied by guardians that secure it whilst vacant. These guardians will vacate at short notice enabling vacant possession to be readily provided.
6. The Property has not been used as a public house for over a year when the tenant became insolvent.

7. The Property is situated at the corner of Lorrimore Road and Draco Street and forms the end of a terrace of Victorian houses many of which have been converted to flats. This is a mixed neighbourhood comprising privately and publically owned housing between Kennington and Walworth.
8. In the current economic climate small non town centre public houses find it very difficult to make a profit. Some are sustainable because they provide food and attract custom through the cuisine they provide. These are sometimes referred to as *gastropubs*. The location of the Property is such as to make this unlikely here because it is a complex route by car and not on a bus route. Furthermore, the kitchen is on the first floor and there is no scope to relocate it to the ground floor without substantial structural works that will reduce the bar area.
9. The Property is held by the council's housing revenue account.

KEY ISSUES FOR CONSIDERATION

10. The council therefore faces a choice to endeavour to re-let the Property as a public house or to dispose of it.
11. The location of the Property and the need for extensive modernisation work limits the amount of rent that can be achieved from it being re-let as a public house. The closed version of this report sets out the investment return such a letting would generate. If it were sold on the market a prospective public house operator would be able to bid for it but it is anticipated that the likely successful bidder is likely to want to convert it to flats.
12. Should the recommendation to dispose be approved the Head of Property will select the method most likely to achieve a certain sale and to discharge the council's obligation to obtain the best consideration that can be reasonably obtained.

Policy implications

13. The recommendation will produce a capital receipt that will be available to supplement the capital programme.

Community impact statement

14. The recommendation could result in a substantial vacant property coming back into use as residential accommodation.

Resource implications

15. These are set out in the exempt version of the report.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Communities, Law & Governance

16. Cabinet is recommended to agree the disposal of the Property on the open market for the best consideration that can reasonably be obtained and to delegate authority to the Head of Property to market the Property and agree detailed terms for its disposal. Cabinet will note from paragraph 9 of this report

that the Property is held by the council's Housing Revenue Account and therefore held for housing purposes. Disposal of housing land can only proceed in accordance with Section 32 of the Housing Act 1985 (as amended) ("the 1985 Act"), for which purposes the consent of the Secretary of State for Communities and Local Government is required ("the CLG"). However, a number of general consents have been issued in The General Housing Consents 2005 which permit the sale of housing land, provided that certain conditions are met.

17. General Consent A5.3.1 provides that a local authority may dispose of a building held for the purposes of Part II (housing land) to any individual for the best consideration that can reasonably be obtained, where:
 - (a) The building was not constructed by or for any local authority for the purpose of providing housing accommodation; and
 - (b) The building consists of residential accommodation and non-residential accommodation; and
 - (c) All or most of the ground floor consists of non-residential accommodation; and
 - (d) The residential accommodation is vacant or let with the non-residential accommodation under a tenancy to which Part II of the Landlord and Tenant Act 1954 applies.

18. This consent permits the sale of buildings which include both business and residential accommodation but all of the above (a)-(d) must be satisfied to fall under this consent.

19. As the Head of Property confirms that all of the criteria set out in (a)-(d) are satisfied and the Strategic Director of Housing Services has declared the property surplus to housing requirements Cabinet may approve the recommendations.

Finance Director

20. These are set out in the closed version of the report.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Correspondence file	Property Services 160 Tooley Street SE1 2QH	Patrick McGreal 020 7525 5626

APPENDIX

No.	Title
Appendix A	Land ownership plan

AUDIT TRAIL

Cabinet Member	Councillor Richard Livingstone - Finance, Resources and Community Safety	
Lead Officer	Eleanor Kelly, Deputy Chief Executive	
Report Author	Patrick McGreal Property Services	
Version	Final	
Dated	7 April 2011	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	In closed report
Cabinet Member	Yes	Yes
Date final report sent to Constitutional/Community Council/Scrutiny Team	7 April 2011	