

Item No. 20.	Classification: Open	Date: 17 September 2013	Meeting Name: Cabinet
Report title:		Wilkinson House Dewar Street London SE15 – Surrender of Lease	
Ward or groups affected:		The Lane	
Cabinet Member:		Councillor Richard Livingstone, Finance, Resources and Community Safety	

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

The decision by the receiver for Cherry Croft Care Home Ltd to put Wilkinson House up for sale has created a unique opportunity for the council to purchase a strategic plot of land at a price that represents very good value for money for the council.

This purchase will provide land to help realise the council's ambition to build 10,000 new council homes in the borough.

RECOMMENDATIONS

That cabinet agrees:

1. To accept a surrender of the lease of this property on the terms set out in the closed version of the report.
2. That proposals are brought forward for the regeneration of the property and its site.

BACKGROUND INFORMATION

3. Wilkinson House is shown edged and hatched on the plan at Appendix 1. The freehold interest in the property is held by the council but is subject to a lease of 125 years from 25 March 1993 in favour of a care home provider.
4. The property comprises a one and two storey residential home with a separate bungalow of traditional brick and tile construction. It is a purpose built facility that appears to be approximately forty years old. It provides sixty-two bedrooms.
5. The property was directly operated by the council but the decision was taken in the 1990s for it to be transferred to an external care provider. This was a common approach by local authorities at the time to address the service and financial challenges of institutional care facilities.
6. As a result of long standing concerns about the quality of the nursing and care services provided by Abbey Health Care at Cherrycroft Care Home Ltd (the trading name used by the provider for the services at the property) the council took a decision to move residents it had placed at this home to alternative

nursing and care home earlier this year. As a consequence of this decision, the property is now vacant.

7. The care operator used the lease as financial collateral and as a result of default the lender has put the operator into receivership. The receiver is obliged to realise the assets of the operator including the lease.

KEY ISSUES FOR CONSIDERATION

8. The receiver has invited offers for the lease and a council offer has been submitted and accepted. Details of the offer are contained in the closed version of this report.
9. By taking the surrender, control of the property will revert to the council. As can be seen on the plan, the property is situated in a predominantly residential area and is vulnerable to squatting particularly as a result of a change in the law last year that has displaced squatters from vacant residential properties to vacant non-residential ones. Squatting of this building will give rise to community anxiety and potentially anti-social behaviour and nuisance to nearby residents.
10. This is an opportunity rather than planned acquisition by the council. As a consequence, there is not a strategy in place for the property. Wilkinson House occupies a substantial site of almost an acre and is in a predominantly residential area that is close to shopping and bus and railway transport facilities. It is therefore an attractive regeneration prospect. However, it will take time in order to establish the planning potential, consult and determine aspirations for the site and how to achieve them. It is therefore recommended that if the surrender proceeds, work commences to produce a regeneration strategy that is brought to the cabinet for future approval.
11. As discussed in paragraph 10, a vacant non-residential building such as this is vulnerable to squatting. The best way of avoiding this is for the property to be occupied. There will inevitably be a time lag between the surrender completing and implementation of the regeneration strategy discussed at paragraph 11.
12. The council's Temporary Accommodation, Procurement and New Initiatives service is under considerable pressure at the moment and is having to make out of the borough placements to discharge statutory duties. This is far from ideal for users and is very costly to the council. The subject property can therefore be utilised in the short-term for temporary accommodation purposes. This will protect it from squatting and enable more Southwark temporary accommodation clients needs to be met in the borough. There may be some local reluctance from residents close to Wilkinson House for this use but this will be managed by the Temporary Accommodation, Procurement and New Initiatives Team.
13. In line with the councils Fairer Future promises and Adult Social Care Vision, modern practice seeks where possible to support older people to remain in their homes for as long as possible. Therefore the loss of the subject property as a nursing and care home is not considered to have any immediate detrimental impact on adult social care provision in the borough.
14. As part of the proposed regeneration, the opportunity exists for the site to provide some specialist adult care dwellings and this will be reflected in the regeneration strategy for the site that will emerge.

Policy implications

15. There are no policy implications pertaining to the report's recommendations.

Community Impact Statement

16. The proposed surrender and the vacant property will mitigate the potential for the building to be squatted particularly once it is an operation temporary accommodation provider. As mentioned there may be some concern from the locality about this use but this can be managed through consultation and dialogue.
17. The regeneration of the site will enable additional housing to be provided that will assist in reducing the under-supply of housing in Southwark when compared with demand.

Resource implications

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

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

19. The council has the power to acquire land for the purpose of one or more of the functions it is empowered to carry out in accordance with section 120 Local Government Act 1972.
20. In this instance, the council has previously taken a decision to move residents from the home because of concerns in relation to the standard of care. As a result, the home became vacant and indirectly led to the operating company failing to meet its mortgage obligations.
21. Acquiring the property will ensure that the council is able to control the site and ensure that it does not become subject to squatters. The acquisition will also contribute to the council being able to meet its obligations in providing temporary accommodation.
22. Furthermore, the site may have longer term redevelopment possibilities. If these are eventually realised, this will allow the council to promote or improve the economic, environmental and social well being of the area.

Strategic Director of Finance and Corporate Services

23. This is set out in the closed version of this report.

Head of Specialist Housing Services

24. Wilkinson House lends itself to being used as temporary accommodation, although the building will require considerable expenditure in works to bring it up to standard. The works will include fire risk assessment works and the refurbishment of all kitchen and bathroom areas, with the removal of specialist adaptations. We estimate that works could take up to 26 weeks.

25. In order for refurbishment costs to be recovered, it is recommended that the building will need to be in operation for an absolute minimum of three years, preferably five.
26. However, using the building in this way would be hugely advantageous to the council as there will be significant savings to the council's general fund with the council placing homeless households in Wilkinson House as opposed to expensive and inappropriate bed and breakfast accommodation, which would cost the council in excess of £1m pa.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
Appendix 1	Plan of land

AUDIT TRAIL

Cabinet Member	Councillor Richard Livingstone, Finance, Resources and Community Safety	
Lead Officer	Eleanor Kelly, Chief Executive	
Report Author	Patrick McGreal - Property Services	
Version	Final	
Dated	6 September 2013	
Key Decision	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
Head of Specialist Housing Services	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		6 September 2013