

<b>Item No.</b> 20.	<b>Classification:</b> Open	<b>Date:</b> 14 July 2020	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		18 St Mary's Road, SE15 2DW	
<b>Ward(s) or groups affected:</b>		Nunhead and Queens Road	
<b>Cabinet Member:</b>		Councillor Victoria Mills, Finance, Performance and Brexit	

## **FOREWORD FROM COUNCILLOR VICTORIA MILLS, CABINET MEMBER FOR FINANCE, PERFORMANCE AND BREXIT**

This report proposes the sale of the council's freehold interest in 18 St Mary's Road, Nunhead. The council ceased to run services from the building in November 2018 and has no operational need for the building. Consideration has been given to converting the building to affordable housing but this would need substantial investment, alteration and modernisation. It is therefore recommended that we dispose of the premises.

The proceeds from the sale will fund our ambitious general fund capital programme including vital projects such as school building and refurbishment, an expansion of our school streets programme, new investment in our adventure playgrounds and sports pitches, much needed transport improvements as well as continued investment in our award winning parks, libraries and leisure centres.

The capital programme currently has a substantial funding gap of £394m over future years. Capital receipts from buildings that are no longer needed and unfit for further council purpose, form a key part in ensuring the programme's ambitions can be met.

## **RECOMMENDATIONS**

1. That cabinet notes the decision to vacate 18 St Mary's Road (the 'Property') was taken in 2017 on the basis that it was not fit for purpose and that it was uneconomic to carry out necessary adaptations.
2. That cabinet delegates the disposal of the Property to the Head of Property at auction or via any other method deemed appropriate.
3. That cabinet authorizes the Head of Property to determine the appropriate reserve price or asking price appropriate to the method of disposal.

## **BACKGROUND INFORMATION**

4. 'The Office Accommodation Strategy – Queen's Road 4' Cabinet Report 12 December 2017 approved the disposal of buildings which were unfit for purpose including the Property.
5. The Property (as identified in bold outline on Ordnance Survey map at appendix 1) is unfit for any operational purpose including affordable housing.

6. The Property's historic use has been as a non- residential facility accommodating services for young people. It is held in the General Fund.
7. The Property is a large, semi detached Victorian house built over basement, ground, first and second storey located in Nunhead. It has a one storey side extension which accommodates a garage and a large meeting room. It has large front and back gardens.
8. It currently has a D1 use class as defined in the use classes order 2020. Until November 2018 it housed Southwark Choices and the Alternative Education Provision.
9. The services have been decanted respectively to the Queen's Road complex and Notre Dame School as the building posed serious health and safety risks and accessibility issues for both staff and users which couldn't be addressed without significant and costly adaptation. The running costs were also disproportionately high for services of the same type in modern accommodation.
10. The property was declared surplus on 23 November 2018.
11. It is currently occupied by residential guardians as it's not fit for purpose for any other council function.

#### **KEY ISSUES FOR CONSIDERATION**

12. Savill's Auctioneers provided an informal estimate of value assuming continued D1 use and without the benefit of any planning advice.
13. Officers have instructed Purcell Architects to work up a very outline scheme for discussions with the Local Planning Authority to establish the property's development potential and set a realistic reserve price.
14. The Head of Development, Housing and Modernisation, has confirmed that the property is not appropriate for new homes delivery.
15. Authority to sell is delegated to the Head of Property in individual cases where the sale price is below £750,000 but based upon the advice given by Savills and other research undertaken it is considered that the sale price of the Property may exceed this limit and Cabinet approval is therefore required.

#### **Policy implications**

16. As set out in the 2017 cabinet report the decision to dispose of 18 St Mary's Road (and other properties) supports the overall priority to be a council that is fit for the future, as set out in the council plan and set out in the respective workforce, workplace and IT strategies.

#### **Community impact statement**

17. The Equality Act 2010 requires the council in the exercise of its functions to have due regard to the need to :
  - Eliminate discrimination;

- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

18. Relevant protected characteristics for the purposes of the Equality Act are :

- Age
- Civil partnership or marriage
- Disability
- Gender reassignment
- Pregnancy and maternity
- Race
- Religion or belief
- Sex or sexual orientation.

19. In order to discharge its public sector equality duty, in considering the recommendations of this report the Cabinet must have due regard to the possible effects of them on any groups sharing a protected characteristic. This is an ongoing obligation.

20. An Equality and Health analysis was carried out on the impact on service users of moving services from buildings such as 18 St Mary's Road to modern, alternative provision .It was concluded there would be a positive effect. It is not thought that the current recommendations would alter that conclusion.

### **Resource implications**

21. The disposal of this property will bring in capital receipt to fund council projects. The Property has been declared surplus to the council's requirement and declared unfit for any operational purpose including affordable housing.

22. If the Council invested in making this property safe and accessible it would still not offer modern, fit for purpose accommodation for Council services. The sums required would certainly not represent best value and the running costs would continue to be disproportionately high.

23. Even where properties are secured by residential guardians and there is a minimal income stream, there is always the risk that repairs and maintenance will be required to keep the property compliant and structurally sound.

24. Disposal costs, which comprise reasonable incidental management and legal charges as well as sales and marketing costs, will be met from the sale receipts

25. There are no other risks or costs involved.

### **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

#### **Director of Law and Democracy**

26. 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 123 of the Local Government Act 1972 is a pre-commencement statute that imposes limitations on the council's power to dispose of property.

27. The director of law and democracy has been informed by the author of this report that the Property is non-housing stock and is held in the council's general fund. As such, the Cabinet is advised that section 123 of the Local Government Act 1972 is the legislation relevant to the proposed disposal of the Property.
28. Section 123 of the Local Government Act 1972 provides that a council shall not (save where the consent of the Secretary of State has been obtained) dispose of non-housing land for anything less than the best consideration that can reasonably be obtained, other than by way of a short tenancy. It is noted in this reports that professional opinions have been sought from Savills Estate Agents as to the market value of the Property. It is also noted in the report that professional architects' opinions are being sought in order to ascertain the potential development opportunities which the Property presents. In doing so, an accurate market value may be ascertained taking into consideration the future scope for development which the Property may offer.
29. Cabinet 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 of Finance and Governance (FC20/003)**

30. This report is requesting Cabinet to note the decision to vacate 18 St Mary's Road (the 'Property') was taken in 2017 on the basis that it was not fit for purpose and that it was uneconomic to carry out necessary adaptations.
31. This report is also requesting Cabinet to delegate the disposal of the Property to the Head of Property at auction or via any other method deemed appropriate and to authorise the Head of Property to determine the appropriate reserve price or asking price appropriate to the method of disposal.
32. The financial implications section explains that any investment in this property is not advisable and loss of rental income from the disposal will be minimal as the property was occupied by residential guardians.
33. The Strategic Director of Finance and Governance notes that the property has been declared surplus due to being uneconomic to repair. It is also noted that professional advice is being sought from Savill's Auctioneers and architects to assess the market value of the property and setting a realistic reserve price. The capital receipts generated from the disposal will be recycled into the capital programme to fund projects in line with council priorities.
34. Staffing and any other costs connected with this report to be contained within existing departmental revenue budgets.

#### **VAT implications from Corporate Finance (same concurrent ref)**

35. The disposal of a General Fund categorised property asset at 18 St Mary's Road, SE15 2DW will generate capital receipts due to the council, which will be exempt from VAT (no VAT payable).

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

## APPENDICES

No.	Title
Appendix 1	Ordnance Survey Extract

## AUDIT TRAIL

<b>Cabinet Member</b>	Councillor Victoria Mills, Finance, Performance and Brexit	
<b>Lead Officer</b>	Eleanor Kelly, Chief Executive	
<b>Report Author</b>	Pascale Rosenbloom, Senior Surveyor	
<b>Version</b>	Final	
<b>Dated</b>	3 July 2020	
<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>
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>	3 July 2020	